



SINGAPORE MEDICAL COUNCIL

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All registered medical practitioners

SECOND ADVISORY ON THE PAYMENT OF FEES TO MANAGED CARE COMPANIES, THIRD PARTY ADMINISTRATORS, INSURANCE ENTITIES OR PATIENT REFERRAL SERVICES ("THIRD PARTIES")

1. We refer to our "Advisory on the Payment of Fees to Managed Care Companies, Third Party Administrators, Insurance Entities or Patient Referral Services" dated 13 December 2016 (**"the First Advisory"**).

2. Since the issuance of the First Advisory, the Singapore Medical Council ("**SMC**") understands that various Third Parties have revised their fees, ostensibly to comply with Guideline H3(7) ("**the Guideline**") of the 2016 SMC Ethical Code and Ethical Guidelines ("**2016 ECEG**"). As a result, the SMC has received queries from doctors on whether some of these revised fee structures ("**the Revised Fee Structures**") are indeed in compliance with the 2016 ECEG.

3. While the SMC is unable to comment on individual fee structures, it notes that some of the Revised Fee Structures, based on the information provided by the Third Parties, appear to be:

- (a) tiered; and
- (b) primarily based on:
 - (i) the fee payable to the doctor;
 - (ii) the amount claimable by the patient (which is in turn based on the fee payable to the doctor); and/or
 - (iii) for surgical procedures, the Ministry of Health Table of Surgical Procedures.

4. The SMC wishes to clarify that the 2016 ECEG does not prohibit tiered fixed fee structures *per se*. However, as stated in the Guideline, and reiterated in the First Advisory, the payment of a fee to Third Parties cannot be based primarily on the services the doctors provide or the fees that doctors collect. Therefore, some of the Revised Fee Structures, insofar as they appear to calculate the fees payable by doctors to the Third Parties based primarily on the services the doctors provide or the fees that doctors collect, will not be in compliance with the Guideline when it comes into force on 1 July 2017.

5. Instead, fees paid to Third Parties should reflect their actual work done in handling and processing the patients. While the Guideline and the First Advisory have engendered greater transparency on the calculation of fees payable to Third Parties, the Revised Fee Structures should more adequately explain how the fees reflect the work done by the Third Parties.

6. Before entering any agreement that requires them to pay fees to Third Parties, doctors must be satisfied that the fees payable reflect the work done by the Third Parties, and are not based primarily on the services the doctors provide or the fees they collect. The onus is on doctors, not Third Parties, to ensure that the fees they pay Third Parties from 1 July 2017 onwards are in compliance with the Guideline. If for any reason a doctor remains uncertain whether a fee payable to a Third Party will be in compliance with the Guideline, he should refrain from entering an arrangement to pay such a fee.

7. As explained in the First Advisory, the SMC is concerned that the payment of fees by doctors to Third Parties will lead to rising medical costs for patients and/or a compromise in the treatment of patients. The SMC will therefore treat any breach of the Guideline seriously. Should the SMC receive any complaint or information that a doctor has paid a fee to a Third Party in breach of the Guideline, the SMC will refer such complaint or information to the chairman of the Complaint Panel, and a Complaints Committee will inquire into the complaint or information.



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