FEE GUIDELINES: A DECADE OF DEBATE

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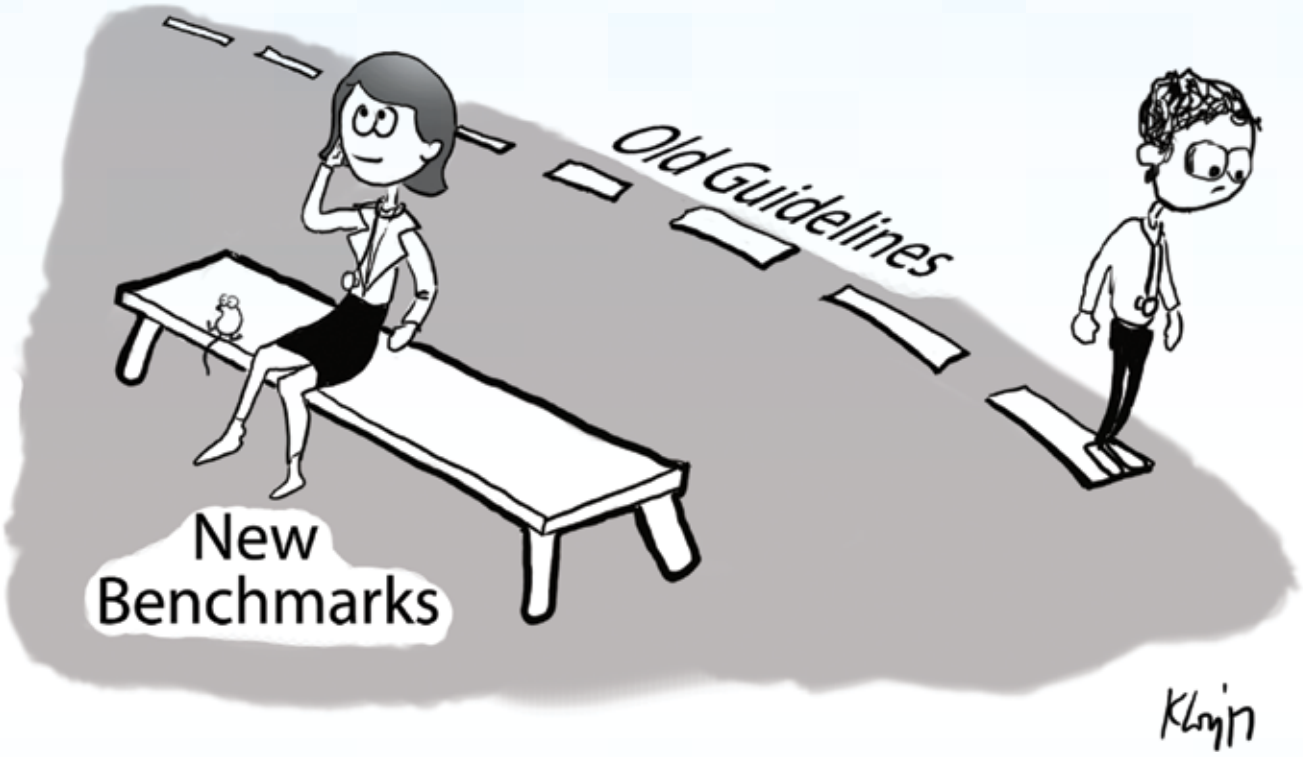

Illustration: Dr Kevin Loy

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In April 2007, SMA withdrew our Guideline on Fees (GOF) on the advice of our lawyers that it may be deemed anti-competitive by the Competition Commission of Singapore (CCS). This was shortly after the Competition Act came into effect in 2006 to prohibit "practices which prevent, restrict or distort competition".[1]

SMA has always maintained that a guideline for doctors' charges is in the best interest of society, because of the inexact nature of medical practice, the large body of knowledge required to understand medicine (leading to information asymmetry) and the effect of disease on patients that renders them vulnerable.[2,3] Simply put, choosing a doctor who charges a reasonable fee may not be the prime consideration when a patient engages in medical services.

Dr Wong Chiang Yin was SMA President in 2007 when the GOF was withdrawn and had addressed the rational of fee guidelines and information asymmetry in the April 2007 issue of *SMA News*.[3]

Our local healthcare system is roughly divided into **primary care** services, of which the majority (80%) is provided by private GPs, and **tertiary** hospital-based specialist care from both public and private hospitals. Market forces operate quite effectively in primary care settings because patients have the benefit of experience. They may have an acute ailment or a chronic disease that requires medical services, and know roughly what

to expect in terms of bill size when they see a GP. If a GP charges excessively, he will eventually find himself being priced out of the market.

In a specialist setting, patients generally do not have the benefit of experience as it usually involves a disease that requires more expertise or is more serious in nature. In such a situation, patients are more vulnerable to information asymmetry as they are less able to make an informed choice on the specialists that they see. They have to rely on referrals, recommendations, published information or advertisements. The process is even more acute during an emergency when patients have no ability to "shop around". Market forces cannot be applied in such a situation, and a fee guideline is one way to keep prices transparent and fair.

Therefore, it was important that the previous SMA GOF applied more for specialist charges than for GP charges. In the last and final edition of the GOF, less than 20% of the recommendations were applicable to GP charges, with the vast majority of recommendations applicable to specialist and procedural charges.

Dr Wong CY defended the role that the SMA GOF played in Singapore's healthcare, saying: "SMA can look back proudly and be confident that GOF did its part to keep private healthcare in Singapore affordable."[3] Our main point, embedded in a letter to the Competition Commission of Singapore (CCS) in February 2007 (https://goo.gl/pHpgaw), deserves a reminder. We stated that: "The withdrawal of the GOF and the resulting increase in information asymmetry will mean that patients' interests might not be better served, especially amidst rising concerns of increasing and unaffordable healthcare costs." It is because of this that the SMA Complaints Committee has since been unable to handle complaints about overcharging as there is no reference to what fair charging is.

Charging a reasonable fee

Doctors' professional fees have always been a topic of interest and public scrutiny. This is because every person will at some point fall ill and require medical care, and therefore has a personal interest in keeping healthcare affordable and within reach.

On the part of doctors, even though we are called to the profession for the service of humanity, we ourselves are not spared from the realities of having to make a decent income. This is especially pertinent in the commercial world of the private sector where medical practices are businesses dealing with increasing overheads and where the possibilities of failure are always present.

Doctors therefore need to recognise the persistent tension between professionalism and commercialism, and between altruism and self-interest. However, as professionals, doctors cannot exploit patients for monetary gain and there is always a need to exercise restraint even in the face of commercial interest.

In *Lim Mey Lee Susan v Singapore Medical Council* (SMC),[4] a medical practitioner was for the first time found guilty of professional misconduct for overcharging and the term "ethical limit" to a doctor's charges was introduced into our local lexicon. Much debate ensued about where the "ethical limit" was and when a doctor would cross the line for overcharging. The matter has never been adequately addressed.

However, the court did affirm the SMC Disciplinary Committee's view that there were certain factors to help determine how a reasonable fee could be derived, including:

(a) the nature and complexity of the services rendered;

(b) the time spent in rendering the services;

(c) specific demands made by patients;

(d) any special relationship of trust and confidence between the medical practitioner and the patient;

(e) the medical practitioner's professional standing and seniority;

(f) the fees generally invoiced for comparable services by other medical practitioners of similar skill and standing;

(g) the opportunity costs of rendering the services in question; and

(h) the circumstances of urgency under which the services were rendered.

Rising cost of healthcare

The Health Insurance Task Force (HITF) was an industry-wide initiative formed in 2015 with representation from the Life Insurance Association, Singapore (LIA), the Consumer's Association of Singapore (CASE), and SMA, and was supported by the Ministry of Health (MOH) and the Monetary Authority of Singapore (MAS). The HITF published its recommendations in October 2016 on the management of health insurance costs in Singapore.

An LIA study found that medical charges have been increasing at such a rapid rate that the current level of premiums for integrated shield plans (IP) and IP riders are becoming unsustainable. IPs supplement MediShield Life by offering policyholders higher coverage for stays in Class B1 and above wards in public and private hospitals. IP riders covered policyholders from first dollar and thus removed the patient from any out-of-pocket expenses in hospital bills.

To manage rising IP premiums arising from healthcare costs, the HITF made a number of recommendations, including the need for medical fee benchmarks or guidelines "to address the issue of information asymmetry by providing stakeholders access to information on appropriate charges" and "to mitigate cases of overcharging".[5]

It is important to note that medical fee benchmarks is only **one** of the many recommendations put forth by the HITF. Other equally important measures that were recommended include redesigning insurance products (eg, forming panels of preferred providers) and having co-insurance and deductibles so that patients do not engage medical services with a "buffet syndrome" mentality. Consumer education was also an important area to address, so that they can make better informed choices.

Introduction of fee benchmarks

On 30 November 2017, Minister for Health Mr Gan Kim Yong told local media that MOH intends to introduce professional fee benchmarks in 2018.

With a fee benchmark in place, doctors will finally have a guide when they set their fees and charges, and provide more transparency for patients and the public. It is hoped that the wide variance in charges that we currently see will be reduced, hence leading to less complaints of unfair charging or overcharging. The benchmark will also facilitate patient empowerment and promote trust within the doctor-patient relationship.

The SMA supports this effort and we will provide representation for the proposed MOH fee benchmark committee. We would also like to hear your views and we welcome your comments at sma@sma.org.sg. ◆

References

1. Competition Commission of Singapore. Competition Act. Available at: https://www.ccs.gov.sg/legislation/competition-act.

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3. Wong CY. Could SMA have not withdrawn the guidelines on fees (GOF)? SMA News 2007; 39(4):4-7.

4. Lim Mey Lee Susan v Singapore Medical Council [2013] SGHC 122.

5. Health Insurance Task Force. Managing the cost of health insurance in Singapore. 13 October 2016. Available at: https://goo.gl/pa3XQP.