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Singapore
Medical
Association
For Doctors, For Patients

23 June 2017

Joint Advisory on fees paid to Managed Care and Third-Party Administrator (TPA) companies

by

Academy of Medicine, Singapore (AMS)
College of Family Physicians, Singapore (CFPS)
Singapore Medical Association (SMA)

1. We refer to SMC's advisory issued on 13 December 2016 ["Advisory to Medical Practitioners on payment of fees to Managed Care Companies, Third Party Administrators, Insurance Entities or Patient Referral Services"], the subsequent joint opinions issued by the three professional bodies (3PBs) on 14 December 2016 and 11 April 2017, and the latest SMC advisory issued on 23 June 2017.
2. In response to the changes in the SMC Ethical Code and Ethical Guidelines (ECEG), some TPAs have proposed new structures for charging of administration fees. One example is a tiered fee schedule with administrative fees that vary according to doctor's fees or to the table of surgical procedure. The 3PBs would like to remind doctors that in accordance with Guideline H3(7) of the SMC ECEG,
 - a. *the quantum of administrative fee should reflect their (i.e. TPAs') actual work in handling and processing the patients,*
 - b. *the administrative fee should not be based primarily on the services you provide or the fees you collect,*
 - c. *the administrative fee should not be so high as to constitute "fee splitting" or "fee sharing" or which render you unable to provide the required standard of care, and*
 - d. *if you pass on such fees to patients, you must disclose this to your patients.*
3. The 3PBs have received feedback from its members and from doctors regarding the latest contracts being offered by TPAs that aim to satisfy the above criteria set out in the ECEG.
 - a. We are heartened to see that most TPA contracts have stopped using percentages as a basis for the calculation of administrative fees that are levied on the doctor.
 - b. However, the 3PBs remain concerned that while tiered fee structures have been offered in place of percentage calculations, some of the tiered fees

appear to be primarily based on what the doctors charge the patient, and therefore may not fulfill the spirit of the ECEG.

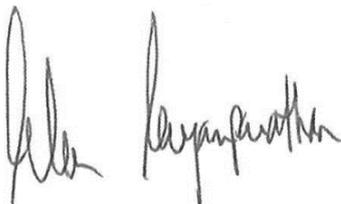
- c. An example given below is illustrative of a tiered administrative fee structure where, barring further explanation made by the TPA, the administrative fee tiers do not appear to bear relation to the actual work done by the TPA, but instead appears to be primarily based on what the doctor charges the patient.

Medical Bill payable to doctor		Admin Fee
Minimum	Maximum	
\$10	\$20	\$2
\$20.01	\$45	\$5
\$45.01	\$120	\$12
\$120.01	\$250	\$25
\$250.01	\$500	\$50
\$500.01	\$900	\$90
\$900.01	\$1,500	\$150
\$1,500.01	\$4,000	\$400
\$4,000.01	\$8,000	\$800
Above \$8,000		\$1,000

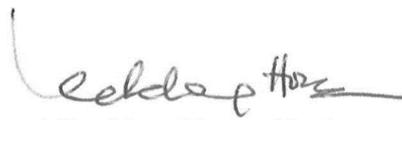
[Note: quantum of admin fees stated above are only used for illustration, and should not be taken as acceptable/unacceptable fees for TPAs to charge]

4. The 3PBs strongly urge our members to ask the TPAs to justify the administrative fees that are charged, such that they are not in breach of point 2 above, to a standard the doctor is confident will be defensible to the SMC. In the event that such transparency in fee pricing is not forthcoming from a TPA, we advise our members to refrain from entering into a business agreement with such a TPA.

Yours sincerely,



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