

2 College Road Level 2
Alumni Medical Centre
Singapore 169850



SINGAPORE
MEDICAL
ASSOCIATION

Tel: 6223 1264 Fax: 6224 7827
Email: sma@sma.org.sg
Website: www.sma.org.sg
Reg No.: ROS 198/59 TAP

Our Ref: SMA/WCY/kt/120/2007

2 April 2007

TO: ALL SMA MEMBERS

Dear Colleague

WITHDRAWAL OF SMA GUIDELINE ON FEES (GOF) W.E.F. 1 APRIL 2007

We have been advised by several of our legal advisors that the SMA Guideline on Fees (GOF) may be in contravention of Section 34(2)(a) of the Competition Act, of which an extract is attached below:

Section 34(1):- Subject to section 35, agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore are prohibited unless they are exempt in accordance with the provisions of this Part.

(2) For the purposes of subsection (1), agreements, decisions or concerted practices may, in particular, have the object or effect of preventing, restricting or distorting competition within Singapore if they —

- (a) directly or indirectly fix purchase or selling prices or any other trading conditions;*
- (b) limit or control production, markets, technical development or investment;*
- (c) share markets or sources of supply;*
- (d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; or*
- (e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.*

At the 47th SMA Annual General Meeting on 1 April 2007, the matter was given careful consideration. In view of the legal opinions from our legal advisors, as well as the advice from MOH and the response from the Competition Commission of Singapore (Ministry of Trade and Industry), members present unanimously agreed that the SMA GOF (including the tent card) should be withdrawn with immediate effect.

Notwithstanding the withdrawal of the GOF, we urge members not to vary pricing practices drastically in the short term, so as not to possibly lead to unnecessary increases in healthcare costs. We would also like to highlight paragraph 7.9 of Chapter 7 from "Guidelines under The Private Hospitals and Medical Clinics Act and Regulations", which states: "The medical practitioner shall make available to the patient, prior to the consultation, information on charges which are likely to be incurred for consultation, investigation and treatment."

Enclosed herewith is a list of "Frequently Asked Questions" which we have prepared for members who may have questions about pricing practices. We hope you will find it useful.

We will also be conducting a survey on clinic charges and professional fees later in the year, and we will publish the data before the next Annual General Meeting.

Yours sincerely,

Dr Wong Chiang Yin
President
48th SMA Council

Encs.



Withdrawal of SMA Guideline on Fees W.E.F. 1 April 2007

FREQUENTLY ASKED QUESTIONS (Version 1.0 dated 2 April 2007)

1. Why is there a need to withdraw the SMA GOF?

SMA had received legal advice that the GOF may be in contravention of Section 34(2)(a) of the Competition Act.

Section 34(1):- Subject to section 35, agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore are prohibited unless they are exempt in accordance with the provisions of this Part.

(2) For the purposes of subsection (1), agreements, decisions or concerted practices may, in particular, have the object or effect of preventing, restricting or distorting competition within Singapore if they —(a) directly or indirectly fix purchase or selling prices or any other trading conditions;(b) limit or control production, markets, technical development or investment;(c) share markets or sources of supply;(d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; or(e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

2. Can I still use the SMA tent card?

No. You should create your own equivalent of the tent card which is visible and easy to use.

3. Is there still a requirement to give financial counselling?

MOH previously issued the "Guidelines on Financial Counselling by Hospitals" under Regulation 11 of the Private Hospitals and Medical Clinics Regulations to all government, restructured and private hospitals. This requires all private hospitals (other than maternity homes or nursing homes) to provide financial counselling to their patients, so as to allow the patient and family to make a proper informed choice. In addition, the guidelines also state that consultation fees should be displayed prominently either on the signboards, counter-top tent cards or supplementary brochures providing information on the fees charged.

However, please note that this requirement of mandatory financial counselling only applies to private hospitals but not primary care medical clinics.

4. How do I know if I am undercharging or overcharging?

The best way is to advise the patient of your charges first during financial counselling and to display the charges clearly in your clinic/institution. Nonetheless, in the short term, one should not vary pricing practices drastically so as not to possibly lead to unnecessary increase in healthcare costs.

5. Can I give a 'range estimate' rather than a 'point price'?

Yes. In fact, a range estimate is probably better than a point price, due to the uncertainties inherent in medical practice.

6. Should I request patients to sign a form documenting that they have received a financial counselling session and that a price range has been agreed upon?

For clinic consultations and routine investigations, this is probably unnecessary. Nevertheless, it would be advisable to document in the medical casenotes that financial counselling has been done and that the patient had accepted the price quoted.

For procedures and inpatient admissions however, this is preferable since documentation of financial counselling may already be bundled with the patient consent documentation process.

7. How do I charge for consultation fees?

The charges levied by doctors on patients should be appropriate and within reasonable limits. This would depend on a few factors, i.e. the skill-set, competence, experience and specialties of the doctors.

8. How do I charge for medications?

Doctors are allowed to dispense based on the principle that it is a service to patients. Drug-pricing should be priced based on cost, with a suitable mark-up based on administrative, storage, packaging and dispensing costs incurred for this dispensing service.

9. How do I charge for investigations?

Doctors are allowed to dispense based on the principle that it is a service to patients. Investigation-pricing should be priced based on cost of the services offered by laboratories, with a suitable mark-up based on administrative costs incurred. The cost for explaining the results may be lumped with the investigation price or charged separately as a consultation. Accordingly, patients should be informed beforehand which practice you are adopting

10. How do I charge for (civil) court attendance fees and insurance medical reports?

You would have to state your charges first and come to an agreement with the lawyers and/or insurance companies beforehand when they inform you that they require your services.

11. How do I charge for urgent out-of-office-hour consultations?

Where possible, you would have to state your charges first and reach an agreement with the the patients beforehand.

12. How do I conduct financial counselling in emergency life-threatening situations?

Obviously prior agreement on prices would not be possible in such situations. One suggestion would be to charge what you would have quoted to a patient in an urgent situation, including a suitable (if any) mark-up.

13. If I am a patient, how would I know what is considered a reasonable rate?

MOH has been publishing bill sizes for the various procedures in the hospitals on the MOH website. This is to ensure transparency of prices so that patients can make a better informed choice. In the meantime, SMA will also be conducting a survey to find out the prices of the various charges (such as consultation charges) in the primary care clinics. Results will be announced before the next AGM.