

SMA Comments on Guideline on Fees

Recently, there have been much discussion of medical fees in the press, and SMA's Guideline on Fees, which was withdrawn in 2007, was mentioned. SMA has therefore written to the *Straits Times* (ST) to clarify our stand. We reproduce the letter below.

19 September 2012

The Editor
ST Forum
Email: stforum@sph.com.sg

Dear Sir,

Are We Better Off With or Without Guideline on Fees?

The SMA withdrew its Guideline on Fees (GOF) in 2007.

For us on the SMA Council then, it was a painful decision. Many negative consequences of the withdrawal that we foresaw then have come to pass. We withdrew the GOF not because we thought it was the right thing to do for patients' interest, but because the SMA had to obey the law.

The arguments that supported the existence of the GOF can still be found on SMA's website (<http://www.sma.org.sg/ourvoice/index.aspx?ID=71>). However, Mr Burton Ong's recent article in ST ("Fee guides: focus on patients, real charges", 17 September 2012) as well as Mr Joshua Seet's Forum letter ("Why medical fee guides don't help most patients", 19 September 2012) need clarification.

Mr Seet's arguments against the GOF centre on three points: there is price convergence; medical prices are sufficiently transparent and accessible while information search costs are very low; the patient has a choice.

Does the healthcare market have the necessary milieu for Mr Seet's theoretical framework to work? The editorial in ST 30 years ago ("Time now for a guideline", 20 January 1982) stated, "a sick person often has neither the time nor inclination to shop around to determine what a reasonable price should be". Even in the Internet age, healthcare is an example of market failure because of information asymmetry – time now is an even more precious commodity than before and patients' lack of inclination hasn't changed dramatically.

Mr Ong suggested publishing actual data on median charges. This was what SMA did in 2008 after we conducted a survey of specialist fees. We published the mean, median, 10th and 90th percentile data (<http://news.sma.org.sg/4011/Survey.pdf>). Typical of voluntary surveys, our response rate was low (51.3%). The GOF had some 1,500 fee recommendations for consultation, procedures etc. Our survey had 44 fields. Surveys cannot achieve GOF's granularity and there are practical difficulties in data collection.

The GOF existed from 1987 to 2007. We therefore have experience of life with and without GOF (20 versus 5 years). GOF increases were rather modest for the 20 years it existed and probably lagged healthcare inflation over the same period.

Putting dogma and theories aside and given this past experience, the pragmatic questions we should be asking are whether patients are better off in terms of fees increases versus inflation and are they better informed and protected against overcharging with GOF (1987-2007) or without GOF (2007-present)?

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