

General Practice Corporatisation – A Rising Trend in Singapore?

By Dr Tham Tat Yean

The context of general practice in Singapore, for many years, has been an industry where solo general practitioners (GPs) predominate. They operated out of small offices and in the waiting rooms of these offices, you would tend to find old furniture and outdated copies of magazines like *Her World*, *Newsweek* and *Time*. These GPs tended to operate individually and independently. Their practices would not be opened seven days a week or extended hours. It was also unlikely that other services like radiology, clinical lab, specialist consultation and physiotherapy were available in the same setting.

Over the last few decades there has been a great change in society – affluent living standards, increasing patient awareness of medical problems and certainly rising consumerism. Parallel to this development is the growth in medical knowledge and treatment options – improved understanding of disease processes, a wide array of investigative techniques, a formidable pharmaceutical armoury and innovative surgical and treatment procedures. To practise with the background of such changes, the GP of today is required to participate actively in continuing medical education and certainly encouraged to acquire postgraduate qualifications in Family Medicine and related disciplines. Until recently, there is a somewhat interesting situation where GPs have the medical skills required for the new millennium but applying them in a setting largely unchanged for many years. However, falling income levels in general practice, increased stress levels, changing medico-legal climate and difficulty in running a small business are gradually changing the nature and organisation of general practice in Singapore. In recent times, there appears to be an emergence of corporate models of general practice. It remains debatable whether this trend is in response to the challenges that GPs are facing nowadays, but the landscape is complex and changing.

This article attempts to raise awareness of general issues associated with corporatisation of general practice.

WHAT IS CORPORATISATION?

A corporate is a legal entity created through the process of incorporation. This entity may enter into contractual relations and engage in commercial activities. The principal concern of any corporation engaged in commerce or trade is to return a profit to its shareholders. A fundamental concept of corporatisation is the changing of traditional ownership and practice structures to improve the profitability levels. With corporatisation, non-physician investors and other stakeholders can participate in the business operations. Importantly, general practice corporatisation may be part of the bigger picture of integrated healthcare business development.

Corporatisation of medical services is not a new phenomenon locally. The largest private general practice group in Singapore is listed on the Stock Exchange of Singapore. Other corporate entities have acquired local general practices of varying sizes over the years. In nearby Australia, there has been a huge upsurge in general practice corporatisation over the past two years. A recent article in the *Medical Journal of Australia (MJA)* stated that about 10% of Australian GPs now work in practices owned by large corporations.

In a free market economy, it is not easy to identify with certainty the trigger factors that lead to medical corporatisation. Broadly speaking, there appears to be a couple of important issues and these were identified in the *MJA* article. Firstly, the private healthcare industry is going through a transition from a “cottage industry” to a more commercially sophisticated industry. Secondly, GPs collectively as a group, because of the gatekeeper role, can influence revenue flow associated with prescriptions and referrals (investigations, specialists and ancillary services). This has direct and indirect implications on the total

healthcare expenditure in industry. Consequently, general practices are logical targets for acquisition or transformation.

WHAT ARE THE CONCERNS WITH CORPORATISATION?

The most obvious concern to a practitioner would be loss of clinical autonomy. This relates to issues like medical record ownership, constraints in prescriptions and referrals. If the practice is part of an integrated care entity, the GP may be contractually bound to use only affiliated pharmacies, labs and specialists. However, it should be acknowledged that some of these issues do not necessarily occur in corporatisation alone. They may be seen in managed care schemes or certain group practices.

Another concern is the scenario where GPs are closely linked with their specialist colleagues, say, in a multi-physician centre in the same location. Will this lead to unnecessary increase in specialists’ referral by virtue of easy access, even though the GP may be trained to manage the condition? From a healthcare expense point of view, this is an important consideration in view of the cost differential between GP and specialist consultations. Will this also lead to higher patient expectations and demands? Will there be medico-legal concerns about not referring when specialists are easily available? Similar considerations may surface in other scenarios involving easy access to medical laboratory, radiology and ancillary services. These are difficult questions to answer and are related to different stakeholder interests and concerns. At the heart of these are the professional integrity and ethical standards that may be challenged in the day-to-day practice of the GP.

ADVANTAGES OF CORPORATISATION

The proponents would argue that if properly and ethically managed, corporatised general practices can provide efficient

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◀ Page 17– *General Practice Corporatisation* and quality primary healthcare. In short, the best of both worlds – medical professionalism and business efficiency. It would appear logical to expect doctors to do what they are trained to do – practise medicine and free them from the administrative tasks of running their practices. In a business sense, the small, individual and isolated practices may be ill-equipped to compete in the modern competitive external environment. Corporatisation offers these practices the opportunity to compete in a different league.

In addition, with rising patient expectations and increasing affluence in a developed country like Singapore, it is not enough to have a competent doctor

in the consultation room – high standards of business operations and services (human resource management, financial operations, marketing development, inventory management, and so on) have to be maintained too. A well-trained clinician is not necessarily a successful business manager. Corporatisation may allow the practices to cope with these challenges better.

THE FUTURE – WHAT’S NEXT?

For many GPs, the industry may appear big enough to accommodate different models of general practices. However, regionalisation (and globalisation) is fast transforming the business environments of every industry. National healthcare

needs will evolve with changes in demographics and disease patterns. The healthcare industry and its business climate will change. The corporate model may be an answer to this or perhaps practitioners may be forced to adopt this to survive. An important consideration is to look into alternative models with emphasis on patient values, standards of care, autonomy, and so on, in addition to what is emphasised in the corporate model. ■

References:

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2. Catchlove B R. *GP Corporatisation: The Why and the Wherefore*. *MJA* 2001; 175(2):68-70.