

Warning to GPs about Seeing Patients on Contract

By Dr Lee Pheng Soon

DISCLAIMER: The following is an open letter from an SMA Member to others, and is his personal opinion. It is not necessarily that of the SMA, nor its Council.

DEAR COLLEAGUES

Perhaps because I am one of the few doctors with a business degree, I have been repeatedly approached in the past few months by GPs (most whom I do not even know) for advice on one of these two situations. I now share my personal thoughts on this matter because I have been urged to, and because many of our colleagues – including you – may be similarly affected, either now or in the future.

- 1) The GP seeing patients for a HMO as an associate clinic, has not been paid for his work for some months, and now learns that the HMO has gone bust.
- 2) The same as above, but instead of an HMO, it is a Company whose employees the GP has been seeing “on contract”.

WHAT CAN GPs DO WHEN COMPANIES OWING THEM MONEY GO BUST?

Sadly, very little can be done at this stage that will be effective. Shareholders of any Company – including an HMO – can wind up the Company when they decide it is no longer worthwhile to

continue business. Few customers and suppliers get any forewarning, and commonly very little is left to pay unsecured creditors like Clinics after winding up. GPs may feel cheated when we learn that we cannot ask the shareholders to pay – but this is our fault for not realizing shareholders are separate legal entities from the Company. Plainly said, at this point, there is little that can be done.

WHAT CAN THE GP DO TO PREVENT THIS FROM HAPPENING?

- 1) Quote realistic prices for your services knowing that such business risks exist. In the recent past, at least 2 HMOs and several Companies have wound up. Possibly more than 100 GP clinics were left unpaid for their services. You must price your services realistically when you negotiate the contract before starting. Some have suggested to me: 10% higher than the price of your walk-in patients.
- 2) Decide on a cut-off point at which you will see no more patients on credit. Perhaps 2 months of unpaid bills, or a maximum sum like \$10,000,

is appropriate for most contracts. Be firm when you get all sorts of excuses (e.g. cheque lost in mail, cheque signatory away on leave till next month). Reply that you will continue to see their employees, but each must pay on consultation – i.e. you can no longer extend credit. This measure will cut your own losses when things start to look unstable.

- 3) Do not be misled by the size of the Company you deal with, or the “big names” on its Board. Even HMOs and Companies with these have folded up.
- 4) Finally, if you are encountering problems with payment, share it with the SMA. Though the SMA cannot do very much to intervene on your behalf, the information can be shared among other Members as a warning for them to be careful. Even those not yet having trouble, but have thoughts to share, should write in. The SMA is **your** organization.

Hopefully, my sharing these thoughts might serve as a reminder to all of us that we need to be especially careful about matters we are not expert in, like dealing with HMOs and Companies. ■

About the author:

Dr Lee Pheng Soon BSc (Hons) (Flinders), MBBS (S), FPPM (UK), MBA (Warwick), graduated from Flinders in 1978 and NUS in 1982. He is an SMA Member and has been a Council Member since 1992. He is employed as a Regional Medical Director in the Pharmaceutical Industry, but has also worked part-time as a GP since graduation.