



THE BASICS OF FEE-\$PLITTING

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What is fee-splitting or fee-sharing?
This occurs when a party takes a fee from the consultation or procedure charge by the doctor. This fee serves as a kickback if there is no relationship between the size of the fee and the actual work that is done. The party can be a third-party administrator (TPA), healthcare organisation, financial agent or another doctor who referred the patient. If there is no way for the recipient to justify doing the necessary work to deserve this fee, it becomes a potent financial reward. This reward incentivises the recipient to keep sending patients to a particular doctor and becomes the main and only consideration for referring a patient, and all other factors, including the doctor's competency, skillset and experience, may turn out to be inconsequential. This issue is articulated in section H3 of the Singapore Medical Council (SMC) Ethical Code and Ethical Guidelines (ECEG): "In managing your patients, you must always place patients' best interests above your personal interests and any business or financial considerations." Taking a fee for yourself, alongside that for the other doctors, without contributing a commensurate portion of care in collaboration with these doctors, is inappropriate. You should refer a patient to a colleague to provide a part of their care as it is in the patient's best interests and not because you will profit from it.

When is the fee paid not considered a kickback? The answer is simply when it is commensurate with the work done by the party during the referral process. For example, if a TPA charges a flat fee for every patient that walks through the clinic doors, that fee should cover the TPA's cost of running a managed care scheme with managers, staff, computer systems, rentals, marketing, auditing and courier services. What may not be justifiable is a tiered fee that increases according to the size of the doctor's bill. The work done by the TPA then does not justify the increase in fees as the work is similar regardless of how much the patient is charged. The SMC ECEG clarifies this point: There may be fees that you are charged by managed care companies, TPAs, insurance companies or patient referral services that you engage. These fees ought to be proportionate to the actual work done by these companies in handling and processing such patients. It follows therefore, that such fees ought to be based on the work of the third party and not on the services that you provide or the fees you collect. Any fee that is too high in quantum could be deemed "fee-splitting" or "fee-sharing".

Radiology practices that pay an administrative fee to doctors who refer patients to them are potentially also running foul of

the ethics of fee-sharing. This is true even when administrative fees are set up as company-to-company transactions to circumvent scrutiny as such invoices are also governed by contract law. However, doctors can justify some charges for the work done in obtaining appointments, tracing reports and contacting patients. There should be transparency in making these additional charges clear to the patients before any fee is levied on them. Since the SMA Guidelines on Fees were withdrawn, there is no explicit guiding principle to the pricing of drugs. There are holding, storage, inventory and dispensing costs that need to be accounted for. Laboratory services are another area of concern. There are procedural costs, as well as costs of hazards such as needlestick injuries, biohazardous substances and sharps disposal. In addition, work is done in tracing reports and contacting patients.

These factors may justify reasonable mark-ups on the cost price.

Fee-splitting is often covert and doctors may inadvertently rationalise their way out of situations. Nevertheless, charging a reasonable fee for expertise and work done is legitimate. When in doubt, respected senior colleagues can be a source of help in providing guidance. Fee-splitting serves as a conflict of interest that may adversely affect patients if referrals are not made in their best interests. For the medical profession that values service before personal gain, it is important that public trust is not eroded by such practices. ◆

Further reading

1. Singapore Medical Council. *Ethical Code and Ethical Guidelines 2016 Edition*. Available at: http://www.healthprofessionals.gov.sg/content/hprof/smc/en/topnav/guidelines/ethical_code_and_ethical_guidelines.html.

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