

Third-Party Administrators

A CALL FOR FEEDBACK

Text by Dr Ng Chee Kwan

Third-party administrators (TPAs) have been a feature of the local corporate healthcare landscape since the 1990s. Oftentimes, companies may purchase healthcare coverage for their employees from TPAs. Doctors under TPA panels are contracted to see patients at pre-determined rates, which are usually at a discount compared to the doctors' usual fees. The TPAs reimburse doctors accordingly after deducting administrative fees (charged by TPAs).

In recent years, TPAs have also played an increasingly prominent role in the personal health insurance landscape by providing panel management services for many Integrated Shield Plan (IP) insurers.

Managing healthcare through TPAs reduces costs for both companies and insurers. Many doctors, especially those new to private practice or those in group practices, sign up with TPAs in the hopes of boosting patient volume, despite the restrictions in payments.

However, doctors have given negative feedback about TPAs since the early 2000s.¹ SMA conducted managed care surveys in 2003 and 2015 – both showed a high rate of dissatisfaction with TPAs,² with a 56% dissatisfaction rate in the 2015 survey.³

One common complaint about TPAs is that the fee and drug restrictions imposed by the TPAs put patients at risk of poor outcomes.⁴ At the same time, the Singapore Medical Council's Ethical Code and Ethical Guidelines require doctors seeing TPA patients to provide them with the expected standard of care regardless of financial constraints or pressures.⁵

Another reason for dissatisfaction is that TPAs remunerate doctors substantially below fair market rates. For example, the consultation fee could be as low as S\$2 to S\$10 for GPs after the TPA's administrative fees are deducted.⁴ Similarly, for specialists, surgical procedure fees are consistently below the lower bound of the Ministry of Health (MOH) Fee Benchmarks.

Arguably, TPAs function like medical entities. In addition, TPAs collect patients' health information, including details of diagnoses and treatments. With TPAs now providing management services for both corporate employees and patients with IPs, the amount of patients' health information that they collect has also increased. As with all personal data collected by any organisation, there is a risk of data leakage.

Despite the widely known issues with TPAs, many doctors have few options but to sign on with TPAs, so as to keep their practices viable.

There have been multiple calls for MOH to regulate TPAs.^{1,4,6} A regulatory framework for TPAs would ensure that restrictions on patient care are reasonable and do not compromise quality of care, that patients' healthcare information are properly safeguarded, and that the doctors' practices are sustainable. MOH stated in May 2021 that "if there is evidence of patient risks, [MOH] will look further into how TPA should be regulated"⁶

SMA will continue to advocate for doctors and patients with regard to TPAs.

Your Membership gives us a mandate to represent you and we welcome any feedback on TPAs, especially regarding potential patient risks. If you have any comments or feedback, please email us at sma@sma.org.sg. ♦

References

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