

2 College Road Level 2  
Alumni Medical Centre  
Singapore 169850



**Singapore  
Medical  
Association**

Website: [www.sma.org.sg](http://www.sma.org.sg)  
Email: [sma@sma.org.sg](mailto:sma@sma.org.sg)  
UEN No.: S61SS0168E  
Tel: 6223 1264 Fax: 6224 7827

22<sup>nd</sup> March 2016

Via email & post

Ms Serene Wong  
Head, Professional Conduct & Professional Standards Division  
SINGAPORE MEDICAL COUNCIL  
16 College Road #01-01  
College of Medicine Building  
Singapore 169854

Dear Ms Wong,

**Re: Administration Fees charged by Managed Care (MC) and Third Party Administrator (TPA) Companies**

1. I refer to your letter dated 9<sup>th</sup> March 2016.
2. Attached are copies of letters between a MC and TPA company and registered medical practitioners (i.e. doctors) as well as the actual agreement between them. The identities of the doctors concerned and the Company have been blanked out. It is now not uncommon that MC and TPA companies require the doctor to give up 15% of their fees to them. The actual amount may even be more, i.e. 16 to 19% after further modulation by the MC and TPA companies.
3. We do understand that regulation of MC and TPA companies do not come under the ambit of the SMC. However the SMA feels that doctors in Singapore need guidance from SMC on whether they can participate in such practices.
4. To reiterate, the 56th SMA Council feels that
  - a. From the point of view of medical ethics, an administrative fee can be levied on the doctor, provided this fee has some basis from the point of resources utilised or services rendered (with a reasonable profit margin for the MC or TPA) by the MC or TPA
  - b. Because such resources utilised or services rendered will be essentially the same, both from patient to patient and from case to case, a fixed administrative fee is more easily understood as fair, to MC, TPA, doctor and patient than a percentage
  - c. A percentage fee, especially when it comes to a large amount, with no semblance to resources utilised or services rendered can be difficult to differentiate from fee-splitting
  - d. A percentage fee, especially when it comes to a large amount, with no semblance to resources utilised or services rendered can be difficult to differentiate from a "kickback" from, or at a minimum, an inducement for these MC and TPA companies to refer patients to, the selected doctors who participate in this scheme.

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5. We would like SMC to advise doctors and SMA if SMC is in agreement with the position of 56th SMA Council on subparas 4(a), (b), (c) and/or (d)
6. If so, would actions by doctors as described in subparas 4(c) and/or 4(d) possibly constitute unethical behaviour or professional misconduct on the part of these participating doctors.
7. We look forward to SMC's advice and position on Paras 5 and 6.
8. You may also wish to know that in our background checks, we have ascertained that several of the larger local law firms in Singapore do advise some of the MC and TPA companies. Accordingly there could be a possible conflict of interests should SMC decide to seek the advice of firms whose clients include these MC and TPA companies.

Yours sincerely

Mr Martin Ho  
Chief Administrator  
Singapore Medical Association

Encl:

1. Agreement between MC and TPA company and registered medical practitioner
2. Letter from MC and TPA company
3. Addendum to agreement

cc:

A/Prof Benjamin Ong  
Registrar, Singapore Medical Council  
Director of Medical Services, Ministry of Health

Prof Tan Ser Kiat  
President  
Singapore Medical Council