



MANAGED CARE: *A Private Specialist's* POINT OF VIEW

In recent years, private specialists have been seeing increasing numbers of patients who are under managed care and referred by a family physician. A specialist who wishes to see managed care patients has to enter a contractual agreement with the managed care provider. The specialist's charges for consultations, clinic procedures and surgery are in accordance to the rates specified in the contract and will claim his fees online through the managed care portal. For each patient visit, a certain amount of administrative fees will be retained by the managed care provider.

THE BENEFITS

Increase number of patient referrals

The obvious benefit for a specialist in signing up with managed care is that it increases the number of patients being referred to him. Many family physicians have patients on managed care and they may refer patients to the specialist if he or she is on the panel. For a specialist that is just starting out in private practice, signing on with managed care may help to provide a welcome source of revenue. It also helps the new private specialist to establish a working relationship with a network of GPs.

Quality healthcare for patients

In most instances, the specialist is able to arrange for reasonable

diagnostic investigations such as blood tests, X-rays and ultrasound investigations (although CT scans and MRIs are usually not claimable). The specialist is free to prescribe his preferred choice of medications, as long as there is a medical indication.

The specialist on managed care has the opportunity to see patients from various socio-economic strata, ranging from chief executive officers to junior employees. One of the benefits of being on a managed care panel is that the specialist is given the opportunity to treat patients that may not otherwise be able to afford good quality private healthcare. I know of some specialists who continue to be on managed care so that they can provide healthcare to the staff in the hospitals that they work in.

THE LIMITATIONS

A specialist involved in managed care has to accept certain limitations that are common in all managed care providers.

Fee restrictions

The fees claimable for consultations and procedures are fixed and generally lower than the market rate. The amount of fees could have been derived many years ago and not revised to keep up with medical inflation; the fees for a first visit consultation may be as low as \$70 with subsequent consultations at \$45. As surgical fees are pegged to the Ministry of Health's Table of Surgical Procedures, remuneration can be quite low when the procedure has a low surgical table. For example, adult circumcision takes some

time to perform but is only a table 1B procedure. Under the managed care contract, the surgeon and anaesthetist may bill the patient only \$450 and \$150, respectively – substantially less than market rate. The remuneration can also be a problem for high surgical table procedures which may require the involvement of two or more surgeons. In some contracts, the surgical assistant is not able to claim any fees. For example, a radical prostatectomy is a complex table 6A procedure but the surgeon may bill the patient only \$6,800, regardless of how many surgeons are involved in the procedure.

Percentage-based administration fees

Administrative fees are imposed by managed care companies to cover their cost of operations and provide a reasonable profit for the company. The administrative fees payable to a managed care company is based on a percentage of the fees that the doctor has billed the patient. Typically, these fees range from 8% to 15% of the doctor's charges.

For example, if the doctor's fee for outpatient consultation (inclusive of medication) is \$250, the managed care company may charge a 15% administrative fee amounting to \$37.50. If the fee for a major surgery is \$4,000, the company may charge a 15% administrative fee amounting to \$600.

There are differing views on the practice of charging percentage-based administrative fees. Some may view it as a legitimate business practice while others may view it as potentially unethical. It can be argued that this practice may lead to excessive administrative fees being charged when a patient goes for major surgery.

Open-ended contracts

Some managed care contracts have clauses that allow the managed care company to add to the terms and conditions of the contract without

giving prior notice to the specialist. If the specialist does not agree to the new terms and conditions, the only likely recourse for the specialist would be to resign from the managed care arrangement.

Collaboration with insurance companies

In the past year, some insurance companies have been collaborating with managed care companies, whereby patients who have bought private integrated shield plans for hospitalisation are recommended by the insurance company to see managed care panel specialists for consultation and treatment. The insurance company's enquiry hotline may in fact be outsourced to the managed care company. If the patient requires hospitalisation for treatment, the panel specialist is expected to charge procedure fees according to the rates specified in his contract. In addition, the specialists are required to pay 8% to 15% of their professional fees as administrative fees. In the case of one managed care company, specialists were retrospectively included in this arrangement and not given the opportunity to opt out of the scheme.

It is this writer's opinion that managed care companies should not be involved with integrated shield plans, as there is a lack of transparency in the referral process. Patients are not informed by their insurance company that the recommendation of specialists is based on a business arrangement rather than the specialist's expertise. Patients who are on integrated shield plans have not entered into a managed care contract and should not be treated as such.

CONCLUSION

Managed care is firmly entrenched in the practice of medicine in Singapore. For specialists involved in managed care, seeing patients on the scheme can be both a rewarding and a frustrating experience. While the fundamental concept of managed care is sound (ie, to keep medical

costs reasonable and to provide access to good medical care), there is a need for managed care companies to provide fair remuneration for specialists and a fair system of charging administrative fees. Remuneration should keep up with medical inflation. At the same time, specialists should be realistic in their expectations of the fees that can be charged. It is this writer's opinion that managed care companies should adopt a more consultative approach and engage their doctors on matters of remuneration, for the benefit of all involved. ♦

PROFILE



TEXT BY

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Dr Ng Chee Kwan is a urologist in private practice and a member of the SMA Council. He has special interests in urologic oncology, laparoscopic surgery and prostate disease. He is concerned about the issues doctors who manage their own medical practice face. He is honoured to be invited to write his first article for *SMA News*.