

Newsletter

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SMC Issues Advisory Clarifying Prohibited Financial Arrangements in New Ethical Code and Ethical Guidelines

For further information please contact

Andy Leck
+65 6434 2525
andy.leck@bakermckenzie.com

Lim Ren Jun
+65 6434 2721
ren.jun.lim@bakermckenzie.com

Baker McKenzie Wong & Leow
8 Marina Boulevard
#05-01 Marina Bay
Financial Centre Tower 1
Singapore 018981

SMC Issues Advisory Clarifying Prohibited Financial Arrangements in New Ethical Code and Ethical Guidelines

The Singapore Medical Council (the "**SMC**") has clarified in its latest advisory dated 13 December 2016, what types of payments of fees to managed care companies, third party administrators, insurance entities or patient referral services (collectively, "**Third Parties**") would constitute a breach of Guideline H3(7) of the new Ethical Code and Ethical Guidelines (the "**2016 ECEG**"). Guideline H3(7) provides that a doctor may pay Third Parties fees that reflect the Third Parties' actual work, but prohibits fee splitting or fee sharing. The relevant provision is set out below:

"You may pay managed care companies, third party administrators, insurance entities or patient referral services fees that reflect their actual work in handling and processing the patients. Such fees must not be based primarily on the services you provide or the fees you collect and you must not pay fees that are so high as to constitute "fee splitting" or "fee sharing" or which render you unable to provide the required standard of care. In addition, if you pass on such fees to patients, you must disclose this to your patients."

The SMC highlighted that the crux of this provision is to curb rising medical costs for patients and not compromise the treatment of patients. As the SMC is of the view that paying Third Parties fees which are based on a percentage of what doctors charge patients may be construed as a form of fee splitting between doctors and Third Parties, and inadvertently promote cost escalation, such arrangements will be prohibited when Guideline H3(7) comes into force.

The 2016 ECEG will come into force on 1 January 2017, but doctors will have a further 6 months to modify or exit existing arrangements with Third Parties so as not to flout Guideline H3(7). All such arrangements should cease by 1 July 2017.

The September 2016 and October 2016 editions of our newsletter reporting on the changes to the 2016 ECEG can be accessed [here](#) and [here](#).

A copy of the SMC's advisory and the full text of the 2016 ECEG can be found on the SMC's website [here](#).

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