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INTEGRATED SHIELD PLANS UPDATED GOOD PRACTICES ON PANEL OF PREFERRED HEALTHCARE PROVIDERS

INTRODUCTION

1. A paper issued by the Health Insurance Task Force (HITF) in October 2016 made various recommendations on how to better manage the escalation of Integrated Shield (IP) claims in Singapore so that the rising IP premiums can be moderated.
2. One of the HITF recommendations relates to the enhancement of insurance procedures via the use of preferred healthcare provider panels. The HITF has noted that charging practices vary across different medical professionals and that panels of preferred healthcare providers is common practice locally and internationally for insurers providing employee benefits insurances to manage the variation in fee charging behavior.
3. The industry agrees that the use of panel of preferred healthcare providers for IP plans, with fees being negotiated upfront based on local market data is one good approach to take on to address the underlying factors that raise IP claims.
4. This paper sets out some good practices as guidance to IP insurers who provide a panel of preferred healthcare providers for their IPs and its complementary riders.
5. These practices will be regularly reviewed and updated for relevancy and appropriateness in light of experience gained and in response to changing regulatory rules and market conditions.

COMMUNICATION TO CUSTOMERS

6. An insurer should seek to be as transparent as possible to its customers, by making available the following information to them, where applicable:
 - (1) Inform on the general criteria for healthcare providers to be on the panel,
 - (2) Advise the impact on coverage when the customer chooses to use healthcare providers on the panel and when he chooses to use healthcare providers outside of the panel, and
 - (3) Information on the other options customers may have, should they decide not to be restricted by the choice of healthcare providers.
7. An insurer should maintain a Register of its panel of preferred healthcare providers for easy access or reference by customers and its insurance intermediaries. Regular updates should be made to ensure that the information is kept up to date.

PANEL MANAGEMENT

8. For greater transparency and clarity to both customers and healthcare providers, an insurer should publish the general criteria used to select panel doctors on its website.
9. It is the insurer's prerogative to admit or decline any individual healthcare provider to its preferred provider panel. In determining whether a provider should be included in a panel, an insurer should take into account available information on the provider's clinical outcomes, credentials, disciplinary track record, and cost patterns.
10. An insurer should seek to set reasonable fixed fee schedules (FFS) in consultation with its preferred healthcare providers. For services where the Ministry of Health has issued fee benchmarks, insurers should take reference from these in setting their FFS. In particular, insurers are encouraged to take reference from the published MOH Fee Benchmarks for Private Sector Surgeon Fees and set FFS at the level of individual TOSP codes where such benchmarks exist.
11. An insurer should refrain from using FFS as a competitive tool to increase the number of healthcare providers on its panel without regard to the potential impact on long-term sustainability and proper business conduct and ethics.
12. The specifics of panel size and composition will vary depending on the insurer's portfolio of customers and business strategy. As a general principle, an insurer should aim to have a network of preferred healthcare providers that is wide enough to cover most medical services for which customers receive an insurer's coverage. This includes ensuring that the network has sufficient coverage for key specialty or sub-specialty services. Where this is not practical or reasonably possible (e.g. for extremely niche services), insurers should put mitigating measures in place to ensure that policyholders have adequate options for necessary care.
13. An insurer should aim to ensure that the standard of care provided by its panel of preferred healthcare providers is consistent with customary medical treatment and in accordance with generally accepted medical practice in Singapore.
14. An insurer should be mindful that the terms and conditions set by the insurer upon its panel of preferred healthcare providers should not impede the healthcare provider from complying with the requirements of the *Ethical Code and Ethical Guidelines (ECEG) issued by the Singapore Medical Council (SMC).

ENGAGEMENT OF THIRD-PARTY ADMINISTRATORS

15. In setting up its panel of preferred healthcare providers, an insurer may work with a Third-Party Administrator (TPA) or to form its own in-house management team.
16. Where the services of a TPA are procured, and the TPA does not have a license to carry out insurance business in Singapore, an insurer must take note that any arrangement with the TPA will not result in a transfer of insurance risks (from the insurer) to the TPA.

Example of Transfer of Insurance Risk

The arrangement between a TPA and an insurer is such that the insurer will only pay the TPA up to a pre-determined maximum amount for medical claims (whether for inpatient or outpatient). Such an arrangement results in the TPA bearing the medical claims amount in excess of that pre-determined maximum amount, as such the TPA may be deemed to be assuming insurance risks and carrying on insurance business.

17. An insurer should also take note that the MAS Outsourcing Guidelines apply to the Insurer-TPA arrangements. As such, an insurer should assess the TPA for its financial soundness and quality of management; and monitor the performance and service standards of the TPA, among other expectations set out in the said Guidelines on a regular basis.
18. An Insurer should require the TPA to comply with the requirements under the Personal Data Protection Act (PDPA) and protect the insurer's customer database in accordance to the contractual terms and regulations.

**Available on the SMC website at <http://www.smc.gov.sg>.*

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