



# ***Balancing the Incentives for Doctors: Lessons And Examples from Singapore***

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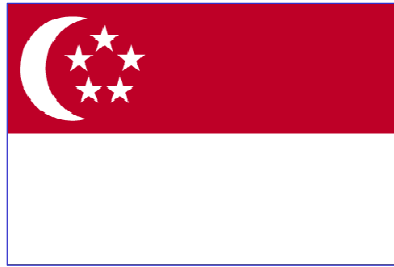
**Melbourne, Oct 2006**

## **CONTENTS OF PRESENTATION**



- Overview of Singapore and Singapore healthcare system
- Incentives for Healthcare Professionals- Ethical?
- Specific Examples from Singapore
  - How does Singapore Incentivise Doctors?
  - SGH Faculty Practice Plan
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  - Teaching Incentives
- Lessons Learnt
- Moving Forward- A Personal View

# OVERVIEW OF SINGAPORE



- GDP per capita- \$28,100 (2005 est.): *industry: 33.6%, services: 66.4%* (2005 est.)
- *Roads- total: 3,165 km, paved: 3,130 km* (including 150 km of expressways) (2003)
- Small compact, urban population
- Very good population health indices
- Low spending on healthcare relative to other developed countries



# SINGAPORE HEALTHCARE- FACTS AND FIGURES



## Organization

- Dual delivery of healthcare- Public Sector 80% hospital beds, 20% primary healthcare
- Patients free to choose provider and ward class
- Doctors employed by hospitals in public sector; self-employed by and large in private sector

## Financing

- 3.8% of GDP spent on healthcare; government share approximately 1/3 or S\$507 per capita; Government subvention of S\$1.475 billion in FY2005
- 3M framework of financing- Medisave (compulsory medical savings account 6-8% of income); Medishield (government initiated health insurance scheme) and Medifund (endowment fund to provide subsidies to the indigent)
- Co-payment philosophy sacrosanct
- Government subsidies based on ward class chosen; No subsidies available for private sector healthcare

Wards			Day Surgery	SOCs	Step-down	Polyclinics (Elderly, Chronic)
B1	B2	C				
20%	65%	80%	65%	50%	Means tested	75%

# SINGHEALTH IS SINGAPORE'S LARGEST HEALTHCARE GROUP



## 9 institutions

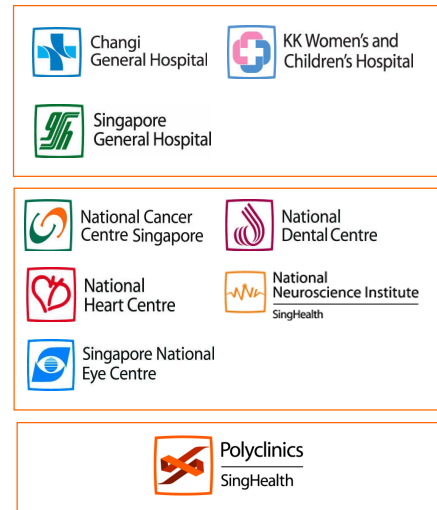
- 3 hospital,
- 5 national centres
- Polyclinics in 9 different locations

## 3,400 beds

## 36 specialties

Each year:

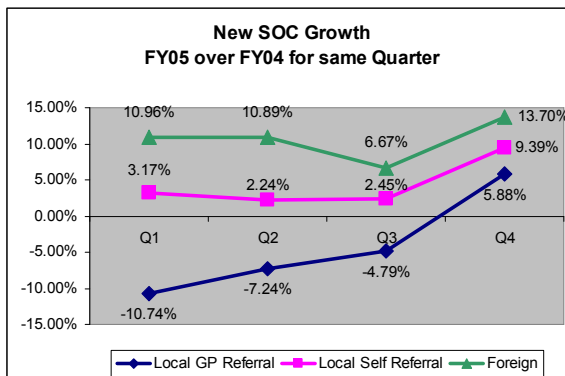
- 180,000 Inpatient Admissions
- 850,000 Patient Days
- 73,000 Inpatient Surgeries
- 117,000 Day Surgeries
- 1.8 m Specialist Outpatient Clinic Visits
- 1.5 m Polyclinic Visits



# CHALLENGES FACED BY SINGHEALTH



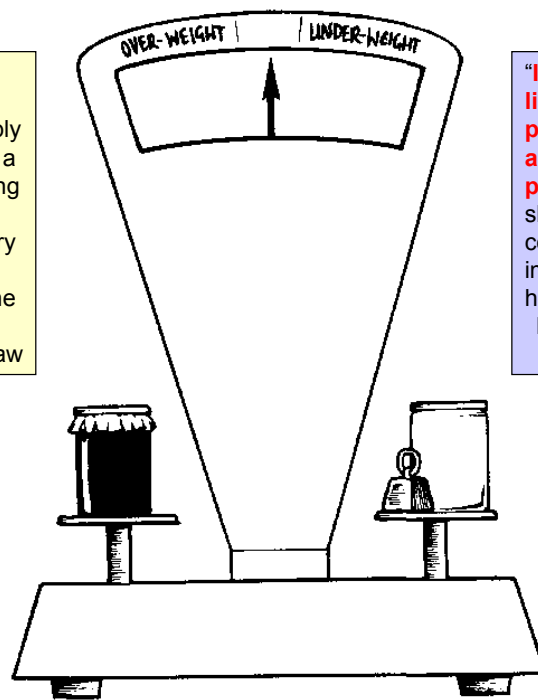
- Triple mission of service provision for public patients, SingaporeMedicine and research/ education
- External competition from private sector for talent;
- Internal competition between service, teaching, administration and research



# INCENTIVES FOR HEALTHCARE PROFESSIONALS



“That any sane nation, having observed that you could provide for the supply of bread by giving bakers a pecuniary interest in baking for you, should go on to give a surgeon a pecuniary interest in cutting off your leg, is enough to make one despair . . .”  
George Bernard Shaw



“Incentives can and should link the natural motivational power of reimbursement and a physician’s clinical performance. Incentives should also be an important component of any effort to improve quality in the American health care system.”  
National Healthcare Purchasing Institute



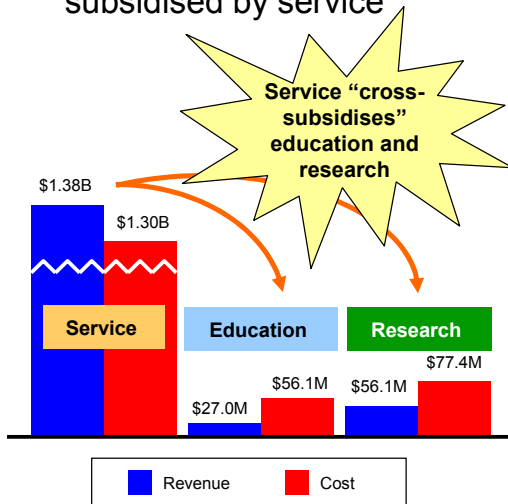
**“Let not the world’s noblest profession become the oldest”**



# SINGAPORE HEALTHCARE- PRAGMATISM AS A VIRTUE



- The Mount Elizabeth hospital experience
- Need to pay for talent but money to do so can only come from private medicine revenues
- Education and research chronically under-funded and cross-subsidised by service



“When society uses incentives to promote changes in clinical behaviour, it sends a signal that doctors should consider their self interest when making medical decisions. That may lead to better practice in the short run. However, **calling forth the self interest of doctors compromises a patient centred ethos that is central to good medical practice.** No compensation system will produce the results we want if it undermines the ethos that is necessary for professionalism. If the behaviour of doctors is motivated primarily by self interest we will need to monitor their behaviour carefully and adjust incentives precisely.”  
Rodwin MA, BMJ 2004

# HISTORICAL PERSPECTIVES- CHANGING NATIONAL NEED FOR DOCTORS



**Affordable Health Care**  
**Regulating Supply of Doctors and Hospitals**  
The Government will regulate the overall number of doctors and specialists. It will control the total number of hospital beds, the number of subvented hospitals to be built, and the mix of private and subvented hospitals.



Factors like an ageing population or more intensive practice of medicine can raise demand for health care, but to a significant extent health services are supply driven. Studies have shown that countries with more doctors, especially specialists, tend to spend more on health care. Therefore we must continue to control the number of doctors trained and the type of training they receive.

The Ministry of Health (MOH) needs to regulate the number and type of specialists to be trained, and the development of specialist departments and sub-specialisations in subvented hospitals. At present 40% of Singapore doctors are specialists. This proportion compares favourably with other countries and should not be increased.



“Another important component of our overall strategy is to recruit and train many more doctors and nurses. This is critical because **matching supply of healthcare workers with demand is the key to ensuring that becoming a medical hub does not push up healthcare cost.** If foreign patient load grows, without corresponding increase in doctors and nurses, then healthcare cost is bound to rise.”  
Khaw Boon Wan

“Within the Ministry, there seems to be a view that the “loss of doctors to the private sector is not a loss, for as long as they continue their practice in Singapore”. I do not agree with this view. **The loss of good teachers and clinicians from the public sector is a big loss to Singapore.** ...it is a big loss for our young doctors who will miss out on the teaching and mentoring by these senior teachers. Forging the right values for public service is critical for our medical service to remain what it is - highly competent and at the cutting edge.”  
Khaw Boon Wan

**More specialists leaving public sector**

**Loss of top doctors troubles minister**

**Doc brain drain not OK**

**THE public health sector is possibly seeing the biggest exodus of specialists in a decade**, including six heads of department among the more than 50 who have left for private practice this year. The average number of specialists leaving the public sector has been just over 40 a year since 1995.

In the past decade, the only time when more than 50 consultants quit in a year was in 2000, when 61 specialists moved to the private sector. That year, a record 243 doctors - or more than 20 a month - left the public service.

Straits Time, 4 Sept 2004

## HOW DOES SINGAPORE INCENTIVISE PUBLIC SECTOR DOCTORS?

**Junior Doctors-** House Officers, Medical Officers, Registrars

- Fixed pay; variable annual bonus based on performance
- Incentive to perform based on training and job opportunities
- Compete with other public healthcare cluster and with private GP sector

# HOW DOES SINGAPORE INCENTIVISE PUBLIC SECTOR DOCTORS?



**Senior Doctors**- Associate Consultants, Consultants, Senior Consultants

- Variable MONTHLY pay: Basic Salary + Clinical Allowance + PFS
- Annual bonus determined based on points system
  - Current system in response to requests for more 'objectivity' in appraisal and less emphasis on 'impression' assessment
  - 80% of points scored from self-reporting (verification by HOD)- focus on service, education and research as well as national recognition
  - 20% based on assessment by HOD with input from Div Chair and CMB
  - Performance bonus component has narrow variance

Table of Operation	Surgeon Fee	Anaesthetist Fee
	'A' price	'A' price
1A	\$40	\$20
2C	\$220	\$110
3B	\$400	\$220
4A	\$610	\$310
5B	\$1,120	\$560
6A	\$1,570	\$780
7B	\$2,240	\$1,120
7C	\$2,470	\$1,230

Table with 3 columns and multiple rows, containing text and data. A large red 'ILLUSTRATIVE' watermark is overlaid on the table.



# HOW DOES SINGAPORE INCENTIVISE PUBLIC SECTOR DOCTORS?



The KK Women's and Children's Hospital performance appraisal system adopts the principle of 'mass customization'.

- Appraisal areas of
  - Service performance (Foreign > Private > Subsidised)
  - Research
  - Education
  - Recognition nationally
  - Community Service
- Weightage individually determined with individual staff within bands set by management
- Dept performance tied to HOD appraisal
- 'Growth goals' important for all staff



## FACULTY PRACTICE PLAN (SINGAPORE GENERAL HOSPITAL)



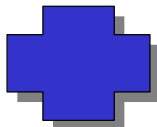
“The Faculty Practice Plan (FPP) is a strategy for SGH to retain highly skilled, experienced clinicians who are committed to our Public First mission to grow SGH as an academic center of excellence grooming future generations of medical talents to deliver leading-edge medicine and quality healthcare to meet our nation’s aspirations.”

From Faculty Practice Plan Policy Document

- Talent retention scheme allowing senior doctors to spend up to 40% of their time in private practice
- Practice established and run by SGH as a strategic business unit
- Surplus shared between doctor, hospital and doctor’s department



## ANALYSIS OF FACULTY PRACTICE PLAN



- Only 1 out of 14 staff in the scheme have left for private practice
- Extremely profitable for SGH
- Model for future expansion of private services
- Need to monitor for perverse referral behaviour
- Erosion of ethos of practice and teaching
- Possible adverse impact on public patients
- Great unhappiness amongst private sector doctors

Monitoring of scheme currently at 3 levels:

- Financial
- Clinical Quality and Patient Safety in Faculty Practice Plan
- Referral Behaviour

*Need for study into impact on public patients?*

## CLINICIAN-SCIENTIST SCHEME

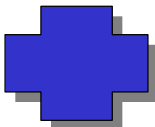


*"As Singapore pushes forth with the biomedical sciences initiative, it is important that we develop a talent pool of clinician-scientists. This new breed of researchers can bridge basic scientific research and clinical applications and will bring the rigors of scientific investigation into the patient care arena, and at the same time, thrust clinically relevant questions back to the lab for further study."*



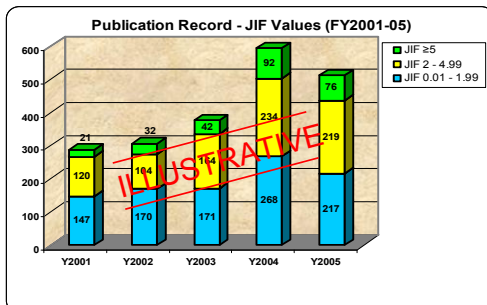
- Scheme started in 2005 to attract doctors into pursuing careers as scientists. Government support for part of clinician-scientist's salary to free up time for research
- Up to S\$200,000 in additional grants also provided to support clinician-scientist's research

## ANALYSIS OF CLINICIAN-SCIENTIST SCHEME



- Protected time to conduct research
- Adequate resources for high quality research
- Increase in publications in higher Journal Impact Factor journals

- Departmental workload issues not resolved (senior doctors not fungible asset) and resentment among full-time clinician staff
- Lack of role models for younger doctors
- Distancing from parent clinical department
- Creation of class of 'prima donnas'?



## INCENTIVISING TEACHING AND EDUCATION



- No additional payment for teaching at individual doctor level
- Clinical title and membership to NUS Medical Library main perks

Nonetheless, there is funding available:

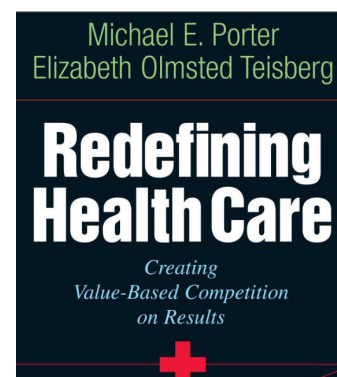
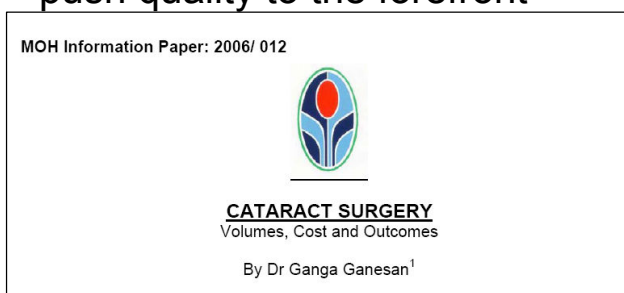
- NUS Medical School pays hospitals significant amounts of money to teach medical students
- All interns salaries paid for by Ministry of Health under separate training budget
- 40% of residents' salaries paid for by Ministry of Health under training budget

## PAYING FOR QUALITY



- Concept bandied for years and developed new impetus with Michael Porter's book 'Redefining Healthcare'
- 'Positive-sum Competition' at the individual and at disease level
- Challenge is to develop metrics that fairly define quality in a way the lay person can understand
- Pivotal to rigorously adjust for casemix

Singapore embarking on journey to  
push quality to the forefront



## LESSONS LEARNT



- 'Doctors are smarter than administrators' and gaming of the system is inevitable
- The public sector can never pay enough and public service must be more than just money
- Performance metrics need to be risk-adjusted, balanced and robustly followed through
- Accountability at level of individual, department and hospital

## MOVING FORWARD- A PERSONAL VIEW



- Money as a hygiene factor
- Recognition over Reward
- Return to values
- The central role of leadership and culture
- Employee Value Proposition built around MISSION
  - Serving Singapore
  - Clinical Excellence
  - Opportunity to conduct world-class research
  - Leaving a human legacy
  - Ability to make a difference in policy and practice
- Look after the 'stars' and be transparent about it
- SingHealth big enough to fit in and be valued

What Managers are Looking For (McKinsey & Company War for Talent Survey 2000)	
Interesting, Challenging Work	59%
Company is well-managed	48%
Work I feel passionate about	45%
Good relations with my boss	43%
I like the culture and values	39%
Recognised, rewarded for my individual contribution	39%

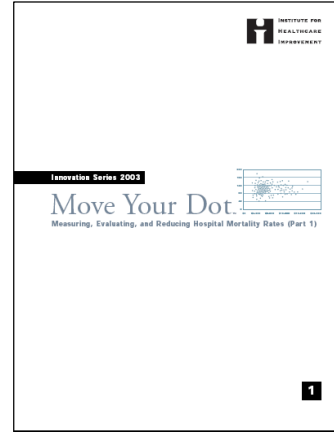
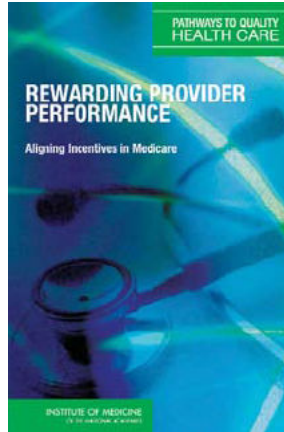
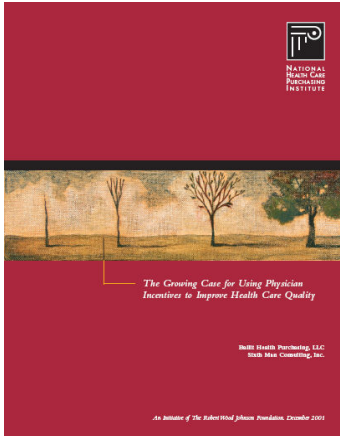
## FURTHER READING



### Financial incentives for doctors

*Have their place but need to be evaluated and used to promote appropriate goals*

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# THANK YOU



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