

Fee Splitting

Fee splitting occurs when a patient is referred by one doctor to another in return for a portion of the fee the doctor receives for treating the patient. This practice is considered unethical by the AMA and the APA. The primary rationale for the prohibition of fee splitting is that it undermines patient trust. A patient should be able to rely on a physician to make referrals based only on the skill and quality of the physician referred to. If fee splitting is involved in the referral, a question can be raised about the doctor's motivation in making the referral. Besides being unethical fee splitting puts a physician at risk for running afoul of federal and state antikickback laws.

Sometimes doctors starting out on their careers will be offered referrals by experienced physicians with strings attached that might be construed as constituting fee splitting. For instance, a young doctor may be told he can see patients using an office in the referring physician's facility, but must pay a percentage of the fees received to cover the overhead. While there is certainly nothing wrong with paying for the use of office space, the payment should not be a percentage of the patient's payment, but should be a flat fee, based on what is reasonable and customary for renting such a space. In one case that came to the APA's Managed Care Help Line, the referring physician stipulated that the new practitioner had to use his billing service for the referrals. There should be no problem with something like this, provided the fee charged by the billing service is, once again, reasonable and customary. Within a group practice, members of the group can decide how fees will be allocated. This would not be considered fee splitting.

Fee splitting is a complex legal issue, governed by both federal and state laws. As a general rule, if it looks like fee splitting, you shouldn't do it. If you have specific questions about a whether a business arrangement you would like to accept would constitute fee splitting, it is probably best to consult a lawyer familiar with the laws in your state before making any agreements.

If you have questions, contact the APA's Practice Management HelpLine at 800-343-4671.