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Membership Advisory

Contingency Payment Arrangements

The Professional Practices and Ethics Committee provided advice to the Executive Council regarding the ethics of contingency fee arrangements. The Council, in its meeting on September 25, 2004, confirmed their position.

Two questions were presented to the Committee:

1. Is a psychologist permitted to enter into a contingency fee arrangement for the provision of a psychological assessment including the administration and interpretation of psychological testing instruments?
2. If a psychologist is retained to assess an individual and will only be paid for the assessment if the client is successful with a legal claim, does this violate either the bylaws or the Code of Ethics?

In regard to the first, more general, question, the opinion of the Professional Practices and Ethics Committee was that “there may be a situation in which a contingency option makes perfect sense and is permissible, primarily based upon whether or not the contingency and the outcome of the psychological service, or assessment provided, are tied together...If the service provided, and in particular, the outcome, of the service provided and the contingency are not connected, then the psychologist can make a business decision regarding if and when payment for services may occur. However, if the contingency and outcome of the service provided are tied together then a conflict of interest may exist, and the appropriateness of the arrangement is questionable.”

The Committee noted that a psychologist may choose to provide services to needy clients who have limited resources using a variety of payment methods. “However, the psychologist should explore methods of responding to that need without creating a contingency situation that may compromise the objectivity of the psychologist and the integrity of the profession.”

The second question outlined a situation that was clearly questionable under the guidelines outlined above. In the case described, payment could only occur if the assessment pointed in a direction that supported the client’s legal suit. The Committee stated that “*The contingency arrangement regarding the payment for services for an assessment based upon a successful court process appear to conflict with* (Principle III: of the [Code of Ethics for Psychologists](#)) *in both the areas of:*

1. *Objectivity and bias*
2. *Conflict of interest*”

Maximization of objectivity and minimization of bias is the hallmark of psychological assessment. The expectation of a specific outcome implicit in the contingency fee arrangement clearly conflicts with this principle.

According to the Canadian Code of Ethics 3rd Edition “Conflict-of-interest situations are those that can lead to distorted judgment and can motivate psychologists to act in ways that meet their own personal, political, financial, or business interests at the expense of the best interests of members of the public.” In the view of the Professional Practices and Ethics Committee, “the contingency of assessment outcome, and hence court outcome, and the payment of services is clearly a conflict of interest.”