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WHITEPAPER

Consultant Fee Models: Fixed vs Percentage vs Hybrid

Fixed per-visit fees, percentage-of-collection, and hybrid models each shift risk differently between a hospital and its visiting consultants. Here is how to choose, structure, and document the right one.

The three core models

Every hospital that works with visiting consultants eventually faces the same question: how should we pay them? The answer shapes cash flow, dispute frequency, TDS handling, and how easy your month-end close is.

Almost every arrangement in Indian hospitals is a variation of three structures. Understanding what each does to risk and administration is the foundation for choosing well.

- **Fixed per-visit or per-procedure fee:** the hospital pays a set amount regardless of what it collects from the patient.
- **Percentage of collection:** the consultant earns an agreed share of what the hospital actually collects for their work.
- **Hybrid:** a guaranteed minimum (often a small fixed fee) plus a percentage above a threshold.

Fixed per-visit fees

A fixed fee is the simplest to administer and the easiest for a consultant to predict. The hospital carries collection risk: if a patient defaults or an insurer short-pays, the consultant is still owed the agreed amount. This model suits high-volume OPD where amounts are small and predictable.

Percentage-of-collection

Here the consultant shares collection risk with the hospital. It aligns incentives, since both parties care about realised revenue rather than just billed revenue, but it demands accurate, transparent collection tracking per consultant. Disputes almost always trace back to a consultant being unable to see what was actually collected against their cases.

> **TRANSPARENCY TIP**
>
> Whatever model you pick, give consultants read-only visibility into their own collections. Transparency prevents the majority of fee disputes before they start.

The hybrid model

A hybrid gives the consultant a floor (so a slow month is not catastrophic) and upside (so a strong month is rewarded). It is the most common arrangement for mid-to-senior specialists. The trade-off is administrative complexity: you must track both the guaranteed component and the threshold calculation every cycle.

Comparing the models at a glance

Model	Collection risk	Admin load	Best for
Fixed	Hospital	Low	High-volume OPD
Percentage	Shared	Medium	High-value specialities
Hybrid	Shared	High	Mid-to-senior specialists

TDS applies the same way, but timing differs

Regardless of model, consultant fees are professional fees under Section 194J, so **10%** TDS applies once annual payments cross the **₹30,000** threshold. What changes is timing: fixed fees are easy to deduct at payment, while percentage models require you to finalise the collection figure before computing the fee and the TDS on it. Build that sequencing into your payout cycle.

> *The fee model is a business decision. The discipline of documenting and tracking it is what keeps the relationship, and the audit, clean.*
>
> ConsultPro Finance Playbook

How to choose and document

- [ ] Match the model to volume and risk: fixed for high-volume and low-value, percentage or hybrid for high-value specialities.
- [ ] Write the model into the consultant agreement, including the exact calculation, the threshold, and the payout cycle.
- [ ] Agree the data source of truth for collections up front, and give the consultant visibility into it.
- [ ] Document the TDS treatment and who issues Form 16A, so there are no surprises at ITR time.

Run any fee model cleanly

ConsultPro handles fixed, percentage, and hybrid fee models, tracks collections per consultant, and computes TDS automatically. Start your free 14-day trial at **consultpro.in.net**.

This whitepaper is general information for hospital finance teams and is not tax or legal advice.