

# Premium Support Scheme (PSS)

Important Information

Effective from 1 July 2011





# Terms and Conditions of the Premium Support Scheme (PSS)

This document describes the terms and conditions of the PSS as at the date of publication, however the details of the Scheme are legislated and this document cannot and does not vary the terms and conditions of the Scheme. MDA National Insurance does not accept any liability for any errors or inaccuracies contained here in or your interpretation of this document. Further information regarding the PSS can be found on the Department of Health & Ageing's medical indemnity webpage [www.health.gov.au](http://www.health.gov.au)

## 1. Introduction

The Premium Support Scheme (PSS) is an Australian Government Scheme introduced to assist eligible doctors to meet the costs of their medical indemnity insurance. MDA National Insurance has entered into an agreement with the Department of Health and Ageing and Medicare Australia to administer the Scheme for our insured Members on the Government's behalf.

This document describes the terms and conditions of the Scheme and will help you determine your eligibility and to what extent you might receive premium support.

If you have any queries, please contact our Member Services team on 1800 011 255.

## 2. The Nature of the Scheme

To be eligible for a subsidy, Members must:

1. satisfy the eligibility criteria (please refer to Section 3 of this document for more information); and
2. comply with certain conditions, as set out in Section 5 of this document, including the requirement to participate in and complete risk management activities in the Premium Period (please refer to Sections 8 and 15 of this document for more information).

Medical Practitioners must apply each year that they wish to participate in the Scheme. Not all those who submit an application will be eligible for a PSS payment.

If you are entitled to a PSS payment, we will claim the payment directly from Medicare Australia and invoice you for the balance of your premium. If your premium has been paid in full, we will refund to you the amount of the PSS payment.

The Scheme allows for applications to be made in one of two ways.

*\*Please refer to Section 14 of this document for definitions.*

### **Advance Payment Based on Estimated Income\***

Medical practitioners can apply by providing their Estimated Income\* for the Premium Period and, if they meet the criteria, they will receive an advance PSS payment. The advance PSS payment may be taken into account on the initial offer of insurance or renewal notice if the application is received prior to the offer or renewal being generated. Otherwise, if the premium is paid in full, a refund can be issued.

Once your Actual Income\* and Gross Indemnity Costs\* for the Premium Period are known, you are required to submit a Statutory Declaration disclosing these figures to us within 12 months following the end of the Premium Period.

Your eligibility will be reassessed at that time and you may be required to repay some or all of your PSS payment. Alternatively, if you were not eligible to receive an advance PSS payment, you may receive a PSS payment based on your actual figures.

### **Payment Based on Actual Income\***

Once your Actual Income\* and Gross Indemnity Costs\* for the Premium Period are known, you may first apply at that time by providing a Statutory Declaration disclosing these figures to us within 12 months following the end of the Premium Period. Your eligibility will be assessed based on these actual figures and, if you are eligible, you will receive a PSS payment.

## **3. Eligibility**

Subject to the terms and conditions of the Scheme, you are eligible if:

- your Gross Indemnity Costs\* for a Premium Period exceed 7.5% of your Actual Income\* (or an estimate of this figure if you are applying for an advance subsidy); or
- you are a procedural General Practitioner practising in a rural area (3-7 of RRMA); or
- you previously received a subsidy under the Australian Government's Medical Indemnity Subsidy Scheme (MISS) and continue to work in the same specialty; or
- you are a Member who works only in the public sector (thereby earning no income from private practice) but have a contract of insurance which provides run-off cover or retroactive cover for incidents that occurred in connection with past private medical practice. This does not include an insurance contract which only provides cover for medico-legal costs and/or damages in respect of gratuitous services; or

*\*Please refer to Section 14 of this document for definitions.*

- you are a Member who works primarily in the public sector but obtains medical indemnity cover for private medical services (which are not indemnified under a right to private practice agreement) and the gross billings from that private practice is greater than \$1,000.

### **Factors Affecting Eligibility**

You may cease to be eligible for premium support in the current or future Premium Periods if:

- MDA National Insurance or Medicare Australia know, or have reason to believe, that you have provided inaccurate information; or
- you have not provided a Statutory Declaration of your Actual Income\* in the time required; or
- you have not repaid to MDA National Insurance or any other insurer any PSS payment that you are not entitled to within the timeframe specified by MDA National Insurance or that insurer; or
- you have failed to participate in and/or complete risk management programs that are considered by MDA National Insurance to be appropriate and designed to assist you to identify risks and implement appropriate risk mitigation strategies (please refer to Sections 8 and 15 of this document for more information).

You are not eligible if:

- you practice primarily in the public sector and earn under \$1,000 in Actual Income\* (for the avoidance of doubt, if you practice as a medical practitioner only in the public sector during the Premium Period (and thereby earn no income from private practice), you are not eligible for the PSS for that Premium Period if the insurance contract you hold only provides cover for medico-legal costs and/or damages in respect of gratuitous services); or
- you practised as a Medical Practitioner outside Australia^ for a total of six months or more during the Premium Period; or
- you are eligible for the Run-Off Cover Scheme (ROCS)\*; or
- your run-off cover costs are capped at \$50 in accordance with Section 23 of the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*.

*^ Does not include practice involving Australian citizens or residents which occurs outside Australia while on a sporting, cultural or official tour, or any aid work undertaken outside Australia. This type of work is taken to be practice in Australia.*

\*Please refer to Section 14 of this document for definitions.

## 4. How PSS is Calculated

### a) The Basic PSS Calculation

You receive 80% of the amount by which your Gross Indemnity Costs\* exceed 7.5% of your Estimated or Actual Income\*. Below is an example of how the Scheme works based on this calculation:

Example:	
Gross Annual Billings (Estimated or Actual Income)	\$100,000
Premium (Gross Indemnity Costs ex tax)	\$10,000
PSS Standard Calculation	
7.5% of Gross Annual Billings (\$100,000)	\$7,500
Difference (Gross Indemnity Costs subtract \$7,500)	\$2,500
PSS Subsidy = 80% of difference	\$2,000

### b) Public Sector Calculation

If you qualify because you conduct work only in the public sector (thereby earning no income from private practice) but have a contract of insurance which provides run-off cover or retroactive cover for incidents that occurred in connection with past private medical practice, your Actual or Estimated Income\* will be zero. The PSS calculation is simply 80% of your Gross Indemnity Costs\*.

### c) PSS Calculation for Rural Procedural General Practitioners

General Practitioners who are liable to pay a higher premium for medical indemnity cover for procedural general practice, and who conduct procedural general practice in an area classified by the Department of Health and Ageing as a Rural, Remote or Metropolitan Area (RRMA) 3-7, qualify for the rural calculation.

You receive 75% of the difference between your premium and that of the premium for a non-procedural GP insured by MDA National Insurance who is in the same income band and state.

This support will be payable unless you are charged a higher premium solely because of the performance of non-therapeutic cosmetic procedures\*. Should the application of the basic PSS calculation result in premium support of greater dollar value, the basic calculation will apply.

\*Please refer to Section 14 of this document for definitions.

#### **d) Alternate PSS Calculations - MISS**

The PSS replaced the Medical Indemnity Support Scheme (MISS) on 1 July 2004. Some groups of doctors may qualify for alternate calculation methods if they received subsidy support under the MISS. This is intended to ensure that no doctor who had been receiving a subsidy under MISS is disadvantaged by the introduction of the PSS.

It is not compulsory for Medical Practitioners who have been receiving a MISS subsidy to provide their Estimated or Actual Income\*, although by providing one it is possible that a higher benefit may be obtained under the basic PSS or rural calculations. Refer to Section 13 for details.

**Note: If you meet more than one of the eligibility criteria for the PSS, the amount of the PSS payment will be the higher of the amounts calculated for each criteria under which you are eligible for the Premium Period. Should you be eligible for the PSS under one criteria for part of the Premium Period and a subsequent change leads you to become eligible under another criteria for the remainder of the Premium Period, the total PSS payment payable will be the sum of the two subsidies calculated under the relevant criteria for each portion of the Premium Period.**

### **5. Conditions for Medical Practitioners**

The conditions with which an eligible Member must comply for a Premium Period are:

- (a) you consent to MDA National Insurance receiving payments, if any, under this Scheme on your behalf; and
- (b) you have given to MDA National Insurance or Medicare Australia the information requested by MDA National Insurance or the Medicare Australia CEO in the form and within the period of time required by MDA National Insurance or the Medicare Australia CEO; and
- (c) you have paid MDA National Insurance an amount that equals the amount of the premium less the subsidy (if applicable); and
- (d) you have repaid to a medical indemnity insurer (whether or not you are still insured by that insurer), on demand, the full amount of any overpayment of a subsidy that the insurer has repaid or is required to repay to Medicare Australia under this Scheme for any Premium Period; and
- (e) you have participated in risk management programs, training or activities during the Premium Period and have provided MDA National Insurance with information regarding such participation (please refer to Sections 8 and 15 of this document for more information).

## **6. Advance Payment and Repayment of Premium Support**

In the event you receive an advance PSS payment and you later become ineligible altogether or the amount you are entitled to receive is reduced, you must repay to MDA National Insurance the amount of PSS that you are not entitled to within the timeframe specified by MDA National Insurance.

## **7. Change of Insurance Details or Estimated Income\***

While participating in the PSS you are required to advise MDA National Insurance if your Estimated Income\* or any other insurance details change, including changes in the volume of billings generated, the nature of your practice and any temporary or permanent cessation of practice.

## **8. Risk Management Activities**

By electing to participate in the Scheme, you agree to participate in and complete within the Premium Period risk management programs that are considered by MDA National Insurance to be appropriate. This requirement applies to anyone who receives a subsidy under the Scheme, including those Members who are eligible under the previous MISS criteria and the Rural Procedural General Practitioners criteria. If you receive an advance PSS payment but do not complete the required risk management activity or program within the Premium Period, you will be ineligible for the PSS and will need to repay any advance PSS payment you received.

For more information on the risk management requirements for the PSS, please refer to Section 15 of this document.

## **9. Disclosure of Information**

For the purpose of administering, assessing and reviewing the operation of this Scheme or the PSS contract, the Medicare Australia CEO, the Department of Health and Ageing, Australian Prudential Regulation Authority (APRA) and MDA National Insurance may exchange information and data which they have respectively obtained under this Scheme, other relevant legislation, the PSS contract or the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*.

*\*Please refer to Section 14 of this document for definitions.*

In order to administer the Scheme, MDA National Insurance must provide to Medicare Australia or the Department of Health and Ageing such information, including personal information, as is required or requested by Medicare Australia or the Department of Health and Ageing.

In assessing whether you are an eligible Member under the Scheme and, if so, the amount of subsidy or advance subsidy payable, Medicare Australia may have regard to any information in the possession of the Department of Health and Ageing or Medicare Australia, including information linked to your provider number.

## **10. Administration Fee**

MDA National Insurance receives an administration fee from the Australian Government to reimburse us for the implementation and ongoing costs of administering the PSS. Apart from receiving such reimbursement, MDA National Insurance does not receive commission or benefits and makes no charge upon the doctor for administration of the Scheme.

## **11. GST and Stamp Duty**

Premium support does not apply to GST or Stamp Duty. You are liable for the full amount of GST and Stamp Duty payable on your medical indemnity insurance premiums and Membership subscription, including any subsidised portion.

## **12. Dispute Resolution**

If you have any complaints about the insurance product or related services provided by MDA National Insurance you should contact us immediately and refer to the dispute resolution information in our Financial Services Guide.

Matters relating to decisions or actions of the Department of Health and Ageing or Medicare Australia should be referred to those bodies.

### 13. Table of MISS Methodology Calculations

If you are eligible to receive a PSS payment under the previous MISS eligibility criteria, you are not required to submit a Statutory Declaration. However, you may receive a higher PSS payment by providing a Statutory Declaration of your Actual Income\* if under the basic calculation you are eligible for a higher subsidy.

<b>Rural Procedural GP</b>	PSS support is equal to 75% of the difference between your premium and that of a non-procedural GP in the same income band and state.
<b>Procedural GP (non-rural)</b>	PSS support is equal to 50% of the difference between your premium and that of a non-procedural GP in the same income band and state.
<b>Procedural GP Registrar</b>	PSS support is equal to 80% of the difference between your premium and that of a non-procedural GP in the same income band and state.
<b>Rural Specialist Obstetrician</b>	PSS support is equal to 80% of the difference between your premium and that of a Gynaecologist in the same income band and state.
<b>Specialist Obstetrician (non-rural)</b>	PSS support is equal to 50% of the difference between your premium and that of a Gynaecologist in the same income band and state.
<b>Neurosurgeons</b>	<ul style="list-style-type: none"> <li>• If the total amount of premium for the premium year is \$50,000 or less and the premium of a General Surgeon in the same state and income band is less than \$50,000, the PSS support is equal to 50% of the difference in premium.</li> <li>• If the total amount of premium is more than \$50,000 and the premium of a General Surgeon in the same state and income band is less than \$50,000, the PSS support is equal to:             <ul style="list-style-type: none"> <li>- 80% of the amount by which the total amount of premium exceeds \$50,000; PLUS</li> <li>- 50% of the difference between \$50,000 and the premium of the General Surgeon.</li> </ul> </li> <li>• If the total amount of the premium is more than \$50,000 and the premium of a General Surgeon in the same state and income band is \$50,000 or more, the PSS support is equal to 80% of the difference in premium.</li> </ul>

\*Please refer to Section 14 of this document for definitions.

Although you are not required to submit a Statutory Declaration, you are required to sign a declaration acknowledging that you understand and agree to the terms and conditions of the Scheme, including the requirement of the Scheme, including the requirement to participate in, and provide evidence of completion of, risk management activities during the Premium Period.

Under the MISS methodology of calculating PSS eligibility, you can take a career break of up to 12 months and still be regarded as having continued to work in your speciality.

**This calculation applies to General Practitioners who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under the Medical Indemnity Subsidy Scheme (MISS);
- conduct procedural work in an area classified by the Department of Health and Ageing as a Rural, Remote or Metropolitan Area (RRMA) 3-7;
- are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of non-therapeutic cosmetic procedures\*; and
- continue to work as a procedural GP.

**This calculation applies to General Practitioners who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under the Medical Indemnity Subsidy Scheme (MISS);
- are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of non-therapeutic cosmetic procedures\*; and
- continue to work as a procedural GP.

**This calculation applies to General Practitioner Registrars who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under MISS;
- are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of non-therapeutic cosmetic procedures\*; and
- continue to work as a procedural GP registrar.

**This calculation applies to Rural Specialist Obstetricians who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under MISS;
- continue to work as a specialist obstetrician; and
- conduct specialist obstetrician work in an area classified by the Department of Health and Ageing as a Rural, Remote or Metropolitan Area (RRMA) 3-7.

**This calculation applies to Specialist Obstetricians who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under MISS; and
- continue to work as a specialist obstetrician.

**This calculation applies to Neurosurgeons who:**

- prior to 30 June 2004, applied to the Department of Health and Ageing and obtained a subsidy under MISS; and
- continue to work as a neurosurgeon.

## **14. Definitions**

### **Actual Income**

Actual Income, for the purposes of the PSS, is defined as the total of all billings generated by you from your provision of private medical services for which you require medical indemnity cover for a Premium Period including without limitation:

- Medicare benefits;
- payments by individuals, the Commonwealth Department of Veterans' Affairs, workers' compensation schemes and third-party and/or vehicle insurers; and
- income earned for medical practice overseas if your contract of insurance covers any overseas practice;

whether retained by you or otherwise and before any apportionment or deduction of any expenses and/or tax.

In addition, if as part of your medical practice you derive income from any other sources (such as professional fees and incentive payments) this income must be included in the declaration of Actual Income.

Finally, where for a Premium Period you generate billings from the provision of both private and public medical services, your Actual Income should be limited to the income that relates to the provision of private medical services for which medical indemnity cover is not provided by the public sector organisation.

### **Estimated Income**

Estimated Income means an estimate of the Actual Income.

### **Gross Indemnity Costs**

Gross Indemnity Costs means, for a Premium Period, costs charged to you, or for which you are liable, comprising any:

- premium for medical indemnity cover in respect of private medical services;
- MDO Membership subscription;
- costs payable for retroactive or run-off cover; and
- 50% of any risk surcharge charged to you (excluding procedural General Practitioners practising in a rural area 3-7 of RRMA).

### **Gross Indemnity Costs do not include:**

- GST;
- stamp duty;
- capital calls;
- excess payments or deductibles;

- charges imposed by an insurer for late payment of any of these costs (including the premium);
- costs for previous Premium Periods except the costs of retroactive cover or run-off cover;
- late payment penalties under the *Medical Indemnity Act 2002*; or
- any amount of premium for a policy that primarily covers the employees of a medical practitioner or an entity that runs a medical practice (being a company, partnership or other entity).

### **Non-therapeutic Cosmetic Procedures**

Non-therapeutic cosmetic procedures are those procedures NOT mentioned in the General Medical Services Table under the *Health Insurance Act (1973)* (i.e. procedures NOT claimable under Medicare).

### **PSS Debts**

PSS debts are overpayments of PSS subsidies from previous Premium Periods that have not yet been repaid to the insurer.

### **Run-Off Cover Scheme (ROCS)**

Doctors (or their estate) become eligible for cover under ROCS when the Doctor:

- is 65 years of age or more and has retired permanently from all remunerated private practice;
- is 65 years of age or more and has retired permanently from all remunerated medical practice;
- has not engaged in any remunerated private medical practice at any time during the preceding three years;
- has not engaged in any (including public sector) remunerated medical practice in the preceding three years;
- has ceased all remunerated (temporarily or permanently) medical practice because of maternity leave;
- has ceased all remunerated medical practice because of permanent disability;
- is deceased (provided that a claim can still be made against the Doctor's estate); or
- is a former temporary resident Doctor holding Visa sub-class 422 or 457 who has left Australia permanently.

## **15. Risk Management Requirements for the PSS**

Medical Practitioners are required to complete risk management activities in order to be eligible for a PSS payment. This includes those Members who are eligible under the previous MISS criteria and the Rural Procedural General Practitioners criteria. These activities must be completed within the Premium Period as that to which the premium support applies.

It is important that all Members who wish to apply for the PSS, whether they apply during the Premium Period or after the end of that Premium Period, ensure that the appropriate risk management activities are completed prior to the start of the next Premium Period.

These activities are aimed at assisting Members to identify risks in their practice and to implement appropriate risk management strategies.

To assist our Members in meeting their requirements we offer a range of risk management activities each Premium Period. For full details of these activities please visit our website [www.mdanational.com.au](http://www.mdanational.com.au) or contact our Member Services team on 1800 011 255 or email [peaceofmind@mdanational.com.au](mailto:peaceofmind@mdanational.com.au)

In addition, we recognise that many of our Members are already involved in a range of risk management activities as part of their ongoing Professional or College obligations or as part of their regular hospital or practice commitments, including:

- Peer review
- Morbidity/mortality meetings
- Clinical or practice audit
- Practice improvement
- Adverse outcome/event or 'near miss' analysis
- Clinical up-skilling or other CPD activity

In order for us to assess if such activities will fulfil your risk management requirements under the PSS, we require you to complete an External Risk Management Activity Report and provide evidence of participation in and completion of the activity. The External Risk Management Activity Report can be accessed on our website [www.mdanational.com.au](http://www.mdanational.com.au) or by contacting our Member Services team on 1800 011 255.



## **Important Notice**

**If you receive an advance PSS payment but do not complete the required risk management activity prior to the end of the Premium Period the PSS payment applies, or you do not supply sufficient evidence of completion, you will be ineligible for the PSS and must repay any premium support you received in respect of the Premium Period.**



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