



MDA National

Premium Support Scheme (PSS)

Important Information
Effective 1 January 2008

Terms and Conditions of the Premium Support Scheme (PSS)

This document describes the terms and conditions of the scheme 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 herein or your interpretation of this document.

Further information regarding the scheme can be found on the Department of Health & Ageing's medical indemnity webpage www.health.gov.au/medicalindemnity

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 decide whether to apply and, if so, to what extent you might receive premium support.

If you have any queries, please contact us on 1800 011 255.

2. The Nature of the Scheme

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

Advance payment based on estimate

Medical practitioners can apply by providing an estimate of their 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 renewal notice if the application is received prior to the renewal being generated. Otherwise, if the premium is paid in full, a refund can be issued.

Once your Actual Income and Gross Indemnity Costs are known and prior to 12 months after the end of the premium period, you are required to submit a statutory declaration detailing your Actual Income and your Gross Indemnity Costs for the 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 revised figures.

Payment based on Actual Income

Once your Actual Income and Gross Indemnity Costs are known after the end of the premium period, you may simply apply at that time by providing a Statutory Declaration. Your eligibility will be assessed based on these actual figures and if you are eligible, we will pay you the PSS payment amount.

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, where a calculation is being made as to the amount of an advance subsidy, 7.5% of your Estimated Income (see section 5 for definition of Estimated and Actual Income); or
- you are a procedural general practitioner practising in an area that is classified by the Department of Health and Ageing as a Remote, Rural or Metropolitan Area (RRMA) 3-7; or
- you previously received a subsidy under the Government's Medical Indemnity Subsidy Scheme (MISS) and continue to work in the same speciality; or
- you practice solely in the public sector during a premium period (thereby earning no income from private medical practice) and you hold a contract of insurance which provides run-off cover, retroactive cover or both, for incidents which occurred in the course of, or in connection with, private medical practice at a time when you were deriving Actual Income from private practice.

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 fail to pay a UMP Support Payment (if liable) within the time specified by MDA National Insurance or Medicare Australia; 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.

You are not eligible if:

- you practice primarily in the public sector and earn under \$1,000 in gross private practice billings; or
- you practice as a medical practitioner outside Australia[^] for a total of six months or more during the premium period; or
- you are eligible for 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.

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.

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 3-7, qualify for the rural calculation.

This support will be payable unless you are charged a premium higher than the premium charged to non-procedural general practitioners solely because of the performance of non-therapeutic cosmetic procedures.

However, for rural procedural GPs should the application of the basic PSS calculation result in premium support of greater dollar value the basic calculation will apply.

d) Alternate PSS Calculations - MISS

Some groups of doctors may qualify for alternate calculation methods if they received previous subsidy support under the Medical Indemnity Subsidy Scheme (MISS). This is intended to ensure that no doctor who has been receiving a subsidy under MISS is disadvantaged by the application of the basic PSS calculation. It is not compulsory for doctors who have been receiving a MISS subsidy to provide Estimated 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 16 for details.

5. Definition of Actual and Estimated Income

Actual Income

Actual Income means the total of all billings generated by you from your practice for which you require medical indemnity cover for a premium period (in your name) or for which you are personally liable, 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;

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

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 your gross income includes income 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 medical services for which medical indemnity cover is not provided by a public sector organisation.

Note: Actual Income is limited to billings generated from the provision of private medical services only.

Estimated Income

Estimated Income means an estimate of the Actual Income.

6. Definition of Gross Indemnity Costs

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

- premium;
- MDO membership subscription;
- UMP Support Payment (if any);
- costs payable for retroactive or run-off cover; and
- for a member other than a procedural general practitioner in a rural area, 50% of any risk surcharge charged to the member;

BUT DOES 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).

Note: Premium is limited to the premium that is for medical indemnity cover in respect of private medical services.

7. 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 to 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) if you have a liability for a UMP Support Payment, you must pay the amount specified by the date it is due; and
- (d) you have paid MDA National Insurance an amount that equals the amount of the premium less the subsidy (if applicable); and
- (e) you have paid to a medical indemnity insurer (whether or not you are still insured by that insurer), on demand, the full amount of any subsidy that the insurer has repaid or is required to repay to Medicare Australia under this Scheme for any premium period; and
- (f) if your application for the contract of insurance, or application for renewal of a contract of insurance, as the case may be, required you to do any of the following:
 - i. participate in a risk management program, risk management training or risk management activities;
 - ii. provide to MDA National Insurance information regarding such participation;

you must comply with that requirement in the premium period.

8. 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 of PSS you are entitled to receive is reduced, you must repay to MDA National Insurance the amount of PSS that you are not entitled to.

9. Change of Insurance Details or Estimated Income

While participating in the PSS you are required to advise MDA National Insurance if your Estimated Income (see definition in Section 5) or any other insurance details change. This includes a change in billings patterns, the work that you perform and any temporary or permanent cessation of practice.

10. Risk Management Activities

By electing to participate in the scheme, you agree to participate in and complete risk management programs that are considered by MDA National Insurance to be appropriate. If you receive an advance PSS payment but do not complete the required risk management activity or program, you will be ineligible for the PSS and will need to repay any PSS payment you received or that was paid on your behalf.

11. 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, 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.

For the purposes of administration of this 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.

12. Assessing Your Eligibility

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.

13. 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.

14. GST and Stamp Duty

Premium support does not include GST or Stamp Duty.

UMP Support Payments do not include 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.

15. 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.

16. Table of MISS Methodology Calculations

If you are eligible to receive a PSS payment under the 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.

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

Procedural GP	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.	<p>This calculation applies to General Practitioners who:</p> <ul style="list-style-type: none"> • 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 for procedural general practice unless that higher premium is solely because of the provision of non-therapeutic cosmetic procedures; and • continue to work as a procedural GP.
Procedural GP Registrar	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.	<p>This calculation applies to General Practitioner Registrars who:</p> <ul style="list-style-type: none"> • 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 for procedural general practice unless that higher premium is solely because of the provision of non-therapeutic cosmetic procedures; and • continue to work as a procedural GP registrar.
Rural Specialist Obstetrician	PSS support is equal to 80% of the difference between your premium and that of a Gynaecologist in the same income band and state.	<p>This calculation applies to Rural Specialist Obstetricians who:</p> <ul style="list-style-type: none"> • 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 3-7.
Specialist Obstetrician (non-rural)	PSS support is equal to 50% of the difference between your premium and that of a Gynaecologist in the same income band and state.	<p>This calculation applies to Specialist Obstetricians who:</p> <ul style="list-style-type: none"> • 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.
Neurosurgeons	<ul style="list-style-type: none"> • 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. • 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"> • 80% of the amount by which the total amount of premium exceeds \$50,000, PLUS • 50% of the difference between \$50,000 and the premium of the General Surgeon. • 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. 	<p>This calculation applies to Neurosurgeons who:</p> <ul style="list-style-type: none"> • 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.

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