

Premium Support Scheme (PSS)

Important Information

Effective from 1 July 2014





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SECTION 1: Terms 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 PSS are legislated and this document cannot and does not vary the terms and conditions of the PSS. 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 PSS can be found on the Department of Health's medical indemnity webpage health.gov.au.

Introduction

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

This document describes the terms and conditions of the PSS and will help you determine your eligibility for premium support.

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

The nature of the Scheme

To be eligible for a PSS payment, Members must:

1. satisfy the eligibility criteria (please refer to page 6 for more information) and
2. comply with certain conditions, as set out on page 11.

Medical Practitioners must apply each year that they wish to participate in the PSS. 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 PSS allows for applications to be made in one of two ways.

Advance payment based on Estimated Income

Medical Practitioners can apply by providing their Estimated Income for the Premium Period and, if they meet the eligibility 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 able to receive an advance PSS payment, you may receive a PSS payment based on your Actual Income.

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.

SECTION 2: Definitions

There are a number of definitions that are specific to the PSS which are referred to throughout this information booklet. Please familiarise yourself with the following terms to assist in your understanding of the PSS.

Actual Income

Actual Income, for the purpose of the PSS, is defined as the total of all billings generated by you from your provision of private healthcare 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.

This is whether these amounts are 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 healthcare services, your Actual Income should be limited to the income that relates to the provision of private healthcare 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 RRMA 3-7).

Gross Indemnity Costs 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 or run-off cover
- late payment penalties under the *Medical Indemnity Act 2002* (Cth) 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 Procedure means a procedure that is cosmetic in nature and is NOT a professional service mentioned in the general medical services table under the *Health Insurance Act 1973* (Cth) (i.e. procedures NOT claimable under Medicare) or a health service specified under subsection 3C(1) of that Act.

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)

Medical Practitioners (or their estate) become eligible for cover under ROCS when the practitioner:

- 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 Medical Practitioner's estate) or
- is a former temporary resident Medical Practitioner holding Visa sub-class 422 or 457 who has left Australia permanently.

SECTION 3: Eligibility

Subject to the terms and conditions of the PSS, you are eligible if one of the following applies:

Gross Indemnity Costs for a Premium Period exceed 7.5% of your Estimated Income.

Your Gross Indemnity Costs for a Premium Period exceed 7.5% of your Actual Income.

You are a procedural General Practitioner practising in a rural area (RRMA 3-7).

If you work only in the public sector, thereby earning no income from private practice, but have a contract of insurance which provides run-off cover, retroactive cover or both for incidents that occurred in connection with past private medical practice.#

You previously received a subsidy under the Australian Government's Medical Indemnity Subsidy Scheme (MISS) and have continued to work in the same speciality.

Note: If you work primarily in the public sector but obtain medical indemnity cover for private healthcare services (which are not indemnified under a right to private practice agreement) for which income is received, you may still be eligible for the PSS.

You are not eligible if:

Your actual income from private practice is less than \$1,000.

Your run-off cover costs, if any, are capped at \$50.

You are eligible for the Run-Off Cover Scheme (ROCS).

You have practised outside Australia for a period of six months or more within the Premium Period.^

#This does not include an insurance contract which only provides cover for medico-legal costs and/or damages in respect of gratuitous services.

^Your overseas practice will not affect your eligibility if it involves treatment of Australian citizens or residents while on a sporting, cultural or official tour, or any aid work undertaken outside Australia.

You cease to be eligible if:

- MDA National Insurance or Medicare Australia know, or have reason to believe, that you have provided inaccurate information
- you have not provided a Statutory Declaration of your Actual Income in the time required
- 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.

SECTION 4: How PSS is Calculated

Basic PSS calculation

You receive 60% 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 PSS works based on this calculation:

Example	
Gross Annual Billings (Estimated or Actual Income)	\$100,000
Premium (Gross Indemnity Costs ex tax)	\$10,000
Basic PSS calculation	
7.5% of Gross Annual Billings (\$100,000)	\$7,500
Difference (Gross Indemnity Costs subtract \$7,500)	\$2,500
PSS payment = 60 % of difference	\$1,500

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 Estimated or Actual Income will be zero. The PSS calculation is simply 60 % of your Gross Indemnity Costs.

Rural Procedural General Practitioners calculation

General Practitioners who are liable to pay a higher premium for medical indemnity cover for procedural general practice conducted in an area classified by the Department of Health 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 PSS payment 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 a PSS payment of greater dollar value, the higher value will be applied.

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.

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 PSS.

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 specialty.

	Eligibility criteria
Rural Procedural GP	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 • conducts procedural work in an area classified by the Department of Health 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.
Procedural GP (non rural)	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 • 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.
Procedural GP Registrar	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 • 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.
Rural Specialist Obstetrician	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 • conducts procedural work in an area classified by the Department of Health as a Rural, Remote or Metropolitan Area (RRMA) 3-7 and • continue to work as a Specialist Obstetrician.
Specialist Obstetrician (non rural)	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 and • continue to work as a Specialist Obstetrician.
Neurosurgeons	<ul style="list-style-type: none"> • applied to the Department of Health and received a subsidy under the MISS prior to 30 June 2004 and • continue to work as a Neurosurgeon.

Eligibility criteria	Comparison to corresponding Medical Practitioners in the same Gross Annual Billings Band and state	PSS Payment percentage
Rural Procedural GP	A Non Procedural GP	75% of the difference
Non rural Procedural GP	A Non Procedural GP	50% of the difference
Procedural GP Registrar	A Non Procedural GP	80% of the difference
Rural Specialist Obstetrician	A Gynaecologist	80% of the difference
Non rural Specialist Obstetrician	A Gynaecologist	50% of the difference
Neurosurgeons with a premium of <\$50,000	A General Surgeon with a premium of <\$50,000	50% of the difference
Neurosurgeons with a premium of >\$50,000	A General Surgeon with a premium of <\$50,000	50% of the difference between \$50,000 and the premium of the General Surgeon Plus 80% of the difference by which the Neurosurgeon's premium exceeds \$50,000
Neurosurgeons with a premium of >\$50,000	A General Surgeon with a premium of >\$50,000	80% of the difference

SECTION 5: Conditions for Medical Practitioners

You must comply with certain conditions in order to remain eligible for a PSS payment:

- you consent to MDA National Insurance receiving payments, if any, under the PSS on your behalf
- you provide to MDA National Insurance or Medicare Australia the information requested by MDA National Insurance or the Medicare Australia CEO in the form within the period of time required by MDA National Insurance or the Medicare Australia CEO
- you pay MDA National Insurance an amount that equals the amount of the premium less the subsidy (if applicable)
- you repay to a medical indemnity insurer (whether or not you are still insured by that insurer) the full amount of any overpayment of a PSS payment that the insurer has repaid or is required to repay to Medicare Australia under the PSS for any Premium Period (please refer to the Advance payment and repayment of PSS Subsidy for more information) and
- you advise MDA National Insurance if your Estimated Income or any other insurance details change, including changes in your Gross Annual Billings, the nature of your practice and any temporary or permanent cessation of practice.

Advance payment and repayment of PSS Subsidy

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

SECTION 6: General Information

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, Australian Prudential Regulation Authority (APRA) and MDA National Insurance may exchange information and data which they have respectively obtained under the PSS, other relevant legislation, the PSS contract or the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003* (Cth).

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

In assessing whether you are an eligible Member under the PSS 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 or Medicare Australia, including information linked to your provider number.

Administration fee

MDA National Insurance receives an administration fee from the Australian Government as reimbursement for the implementation and ongoing costs of administering the PSS. Apart from receiving such reimbursement, MDA National Insurance does not receive commission or other benefits and makes no charge upon the Medical Practitioner for administration of the PSS.

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.

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 or Medicare Australia should be referred to those bodies.



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