

Premium Support Scheme Information guide

This guide provides details of the Australian
Government Premium Support Scheme (PSS)

Effective from 1 July 2020

The Premium Support Scheme is an Australian Government scheme that helps eligible medical practitioners with the cost of their professional indemnity insurance. MDA National Insurance Pty Ltd (MDA National) administers the PSS for its members on behalf of the Government. The subsidy amounts are payable for each premium year to MDA National who provide cover to you.

Please note that the current PSS applies to contracts of insurance made with MDA National on or after 1 July 2020. If your contract of insurance was made prior to 1 July 2020, the old PSS applies. For information on the previous PSS please refer [here](#).

Who is eligible

You may be eligible for the PSS if you are an eligible medical practitioner for a premium year and if you have a contract of insurance with MDA National providing cover for that year and one of the following applies.

You have substantial insurance costs for the premium period

This means if your gross indemnity costs for the period exceed 7.5% of your private practice income for the period. Your gross indemnity costs include:

- a) The indemnity premium, excluding any risk surcharge;
- b) any membership fee from MDA National; and
- c) any costs payable by you to MDA National for retroactive cover or run-off cover.

Gross indemnity costs **DO NOT** include:

- GST or stamp duty on your contract with MDA National;
- capital contributions required from you under MDA National rules;
- payment of excess or deductibles;
- costs for earlier premium periods;
- charges imposed by an insurer for late payment including premium, (excluding any risk surcharge), membership fee, and costs by you for retroactive cover or run-off cover); 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).

Your private practice income for a premium year is the total of the gross income received by you for your private medical practice for which MDA National provides cover or you are personally liable for. It does not matter where the private practice income is received from.

Private practice income includes;

- Medicare benefits assigned to you
- payments by individual patients
- Veterans Affairs payments
- workers compensation scheme payments
- payments by insurers for injuries.

You are a procedural general practitioner practising in a rural area

This means you paid or are liable to pay a premium for professional indemnity cover with MDA National for that premium period and:

- where your practice includes any of the following activities:
 - administration of anaesthetic
 - a surgical procedure for which hospital facilities are or would normally be required
 - an obstetric procedure
 - accident and emergency medicine
 - an invasive medical procedure, except for the admission of Implanon; and

- most of the services provided by you in the relevant period for which medical benefits are payable under the *Health Insurance Act 1973* (Cth), are provided in Monash Medical Model (MMM) 3 to 7 as classified by the Australian Government Department of Health.

Note: If you practiced in a rural area and were eligible for a subsidy under the previous PSS prior to 1 July 2020, you will remain eligible if you continue to practice in the same area from 1 July 2020 to the end of the relevant period of the application. Please note, if you move your practice from this location, you will lose your grandfathered eligibility. However, if you move to a new rural or remote MMM (3 to 7) area, you will be eligible under the new MMM arrangements.

You qualified under the Australian Government's Medical Indemnity Subsidy Scheme (MISS)

This means you previously received a subsidy under the MISS and have continued to work in the same specialty. If you qualify under the MISS, you are considered eligible and do not need to make an application under the PSS for the premium year commencing 1 July 2020. You will, however, need to make an application under the PSS for the premium year commencing 1 July 2021 when the MISS ceases to operate.

Who is Not Eligible

You are not eligible for the PSS if you are a medical practitioner in the following scenarios.

Nil private practice income

- Your private practice income for the premium period is nil.

Note: if your only practice in the premium period is in the public sector and your contract with MDA National provides for retroactive and/or run-off cover only in relation to incidents in the course of your past private practice from which you derived income, you may be eligible for the PSS;

Low private practice income

The majority of your practice in the premium period involves:

- the treatment of public patients in one or more public hospitals; and
- your private practice income for the premium year containing the period is less than \$1000; and
- you are not indemnified in your private medical practice under an agreement with an organisation that operates one or more public hospitals that allows you to carry out private medical practice in the period.

Practising outside Australia

- in a premium year, you have practised outside Australia and the external territories for at least 6 months of that year (counting as practice any leave taken in the ordinary course of practice).

Note: 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 as this will be deemed to be practice within Australia.

Subsidy not paid

- you have not paid MDA National or another insurer for a subsidy that MDA National or that insurer must repay and MDA National or that insurer has requested you repay the amount.

How to apply

MDA National invites members to participate in the PSS prior to each premium year. Eligible members will receive a PSS subsidy as a reduction in their premium. You will need to fully complete and return the PSS Estimate Application form to elect to participate in the PSS for each premium year. The application form is available on the Downloads section of our website mdanational.com.au

Application for advanced subsidy

Members wishing to participate in the PSS prior to or during the premium year must complete the PSS Estimate Application form and include their estimated gross indemnity costs for the following premium year. If they meet the eligibility criteria they will receive an advance subsidy. The advance PSS subsidy may be applied on the initial offer of insurance or renewal if the application is received prior to the offer or renewal being generated. Otherwise, if the premium is paid in full a refund will be issued.

In the application form, you will be required to confirm whether, if you are eligible, you are willing for the PSS to be paid to MDA National to help you meet the cost of purchasing medical indemnity insurance.

For the subsidy to be paid, you will need to give information to MDA National about your private practice income for the relevant period, among other details.

You will also need to provide the Chief Executive Officer of Medicare information about your private practice income for the relevant period, amongst other details.

If an over-payment of the subsidy is made to MDA National, you will need to pay us the amount we must pay to cover the repayment of that amount.

Application after premium year

Once your actual gross indemnity costs and private practice income are known, you are required to complete and return a statutory declaration to us disclosing these figures within 12 months of the end of the premium year.

Failure to provide a statutory declaration within the deadline will mean that you cease to be eligible for the PSS payment for that premium year and you will be required to repay the full subsidy to MDA National.

How the PSS is calculated

Any member who meets the basic eligibility criteria (not taking into account the procedural general practitioner or MISS eligibility) qualifies for the PSS calculated as follows:

60% of the amount by which your gross indemnity costs (your premium) exceeds 7.5% of your private practice income.

For example:

Estimated or actual private practice income (ppi)	\$100,000
Gross indemnity costs excluding tax	\$10,000

Basic PSS calculation

7.5% of ppi	\$7,500
Difference (Gross indemnity costs and 7.5% of ppi)	\$2,500
PSS payment at 60% of difference	\$1,500

Rural procedural general practitioner calculation

If you are a general practitioner who is liable to pay a higher premium for medical indemnity cover for procedural general practice in an area classified as a MMM area 3 to 7 by the Australian Government Department of Health, you qualify for the PSS calculated as follows:

75% of the difference between your gross indemnity costs and that amount of the lowest gross indemnity costs for that period for a non-procedural general practitioner for that period, who has professional indemnity cover with us, is practising in the same State or Territory and has the same private practice income for the period in the same range as determined by us.

For the purpose of calculating your gross indemnity costs, we need to determine if you perform procedures that are non-therapeutic cosmetic in nature. That is, the procedure is not a medical or professional service described in the general medical services table under the *Health Insurance Act 1973* (Cth), and is not a health service specified in a determination under section 3C (l) of that Act (which is a mechanism for including medical and professional services items or classes of items in the General Medical Services Table). If your gross indemnity cover for procedural general practice is increased solely to cover your performance of non-therapeutic cosmetic procedures, then the increase in premium for the extended services is not to be included in your premium for the purposes of calculating your PSS subsidy.

Eligible on different grounds in the same period

If you are eligible under the PSS on more than one ground, the amount of the subsidy is the greater of the amounts under the applicable grounds.

Public sector calculation

If you are eligible because you only work in the public sector and do not receive income from private practice but have run-off or retroactive cover for prior private practice, your estimated or actual private practice income will be zero. The PSS calculation will be 60% of your gross indemnity costs.

If you previously received a MISS subsidy

If you previously received a subsidy under the MISS and you have continued to practice in the same specialty you will continue to receive the same subsidy as provided under the previous scheme until 30 June 2021.

[Use our PSS calculator to assist you in determining your eligibility for the PSS](#)

Ceasing to be eligible

You will cease to be eligible for the PSS if:

- You fail to pay the premium for which you are responsible within a premium period;
- You have not provided a statutory declaration confirming your actual private practice income within the timeframe specified;
- You have not repaid any overpayment of a PSS subsidy within the timeframe specified;
- You have an outstanding debt for an overpayment of a PSS subsidy for a previous premium period; or
- MDA National or Medicare Australia believe that inaccurate information has been provided.

If you are deemed no longer eligible for the PSS, you must repay to MDA National any PSS subsidy that you are not entitled to within the timeframe specified by us.

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

For more information on the PSS please refer to the Australian Government Department of Health [website](#).

mdanational.com.au

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