

# Premium Support Scheme (PSS)

Important Information

Effective from 1 July 2013







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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 and Ageing's medical indemnity webpage [health.gov.au](http://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 Ageing 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 4 for more information) and
2. comply with certain conditions, as set out on page 9, including the requirement to participate in and complete a risk management activity in the Premium Period.

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.

*\*Please refer to the Definitions section of this document*

## SECTION 2: Eligibility

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

Your 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 primarily 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 continue to work in the same specialty

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) you may still be eligible for the PSS.

You are not eligible if:

Your gross billings 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.

\*Please refer to the Definitions section of this document

**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 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 Section 4: Conditions for Medical Practitioners for more information.

*\*Please refer to the Definitions section of this document*

## SECTION 3: 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 Scheme 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 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 PSS payment will be payable unless you are charged a higher premium solely because of the performance of Non Pathological 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\* if you are eligible for a higher subsidy under the Basic PSS calculation.

*\*Please refer to the Definitions section of this document*



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 requirements of the PSS 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 specialty.

	Eligibility criteria
<b>Rural Procedural GP</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004</li> <li>• conduct procedural work in an area classified by the Department of Health and Ageing as a Rural, Remote or Metropolitan Area (RRMA) 3-7</li> <li>• are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of Non Pathological Cosmetic Procedures* and</li> <li>• continue to work as a procedural GP.</li> </ul>
<b>Procedural GP (non rural)</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004</li> <li>• are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of Non Pathological Cosmetic Procedures* and</li> <li>• continue to work as a procedural GP.</li> </ul>
<b>Procedural GP Registrar</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004</li> <li>• are liable to pay a higher premium for medical indemnity cover unless that higher premium is solely because of the provision of Non Pathological Cosmetic Procedures* and</li> <li>• continue to work as a procedural GP Registrar.</li> </ul>
<b>Rural Specialist Obstetrician</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004</li> <li>• conduct procedural work in an area classified by the Department of Health and Ageing as a Rural, Remote or Metropolitan Area (RRMA) 3-7 and</li> <li>• continue to work as a Specialist Obstetrician.</li> </ul>
<b>Specialist Obstetrician (non rural)</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004 and</li> <li>• continue to work as a Specialist Obstetrician.</li> </ul>
<b>Neurosurgeons</b>	<ul style="list-style-type: none"> <li>• applied to the Department of Health and Ageing and received a subsidy under the MISS prior to 30 June 2004 and</li> <li>• continue to work as a Neurosurgeon.</li> </ul>

\*Please refer to the Definitions section of this document

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

## SECTION 4: 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 and 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 payments for more information)
- you participate in a risk management program, training or activity during the Premium period and provide MDA National Insurance with information regarding such participation, and
- you are required to 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.

### Risk management requirements for the PSS

Medical Practitioners are required to complete a risk management activity 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. This risk management activity is aimed at assisting Members to identify risks in their practice and to implement appropriate risk management strategies.

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 activity is completed prior to the end of the Premium Period to which the application applies.

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 and a calendar of events please visit our website [mdanational.com.au](http://mdanational.com.au) or contact our Member Services team on 1800 011 255 or email [peaceofmind@mdanational.com.au](mailto:peaceofmind@mdanational.com.au).

*\*Please refer to the Definitions section of this document*

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 reviews
- morbidity/mortality meetings
- clinical or practice audits
- practice improvement
- adverse outcome/event or 'near miss' analysis and
- clinical up-skilling or other CPD/CME activity.

In order for us to assess if such activities will fulfil your risk management requirements under the PSS, we require you to complete and return 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 found under the Downloads section of our website or by contacting our Member Services team.

### **Advance payment and repayment of PSS payments**

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.

## **SECTION 5: 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 and Ageing, 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 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 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 and Ageing or Medicare Australia, including information linked to your provider number.

### **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 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 and Ageing or Medicare Australia should be referred to those bodies.

## **SECTION 6: Definitions**

### **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 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 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 to you (excluding procedural General Practitioners practising in a RRMA 3-7).

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)

- charges imposed for quarterly instalment premium payments
- 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 Pathological Cosmetic Procedures**

Non Pathological Cosmetic Procedures are those procedures NOT mentioned in the General Medical Services Table under the *Health Insurance Act 1973* (Cth) (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)**

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



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