

# Premium Support Scheme Terms and Conditions

Effective 1 July 2012

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## Section 1. Introduction

The PSS is an Australian Government Scheme introduced to assist eligible doctors to meet the costs of their medical indemnity insurance.

Avant Insurance Limited entered into an agreement with the Department of Health and Ageing and Medicare Australia to administer the PSS on the government's behalf.

In this guide a reference to 'we' 'our' or 'us' means Avant Insurance.

The following information is to assist you to understand if you are eligible to participate in the PSS and how that participation may affect your practice and insurance arrangements.

If you have any queries, please contact us on 1800 128 268.

## Section 2. The Nature of the PSS

The PSS assists an eligible doctor by reducing the doctor's medical indemnity costs in one of two ways:

- via the doctor's medical indemnity insurer through a reduction in the premium requested in the doctor's medical indemnity invoice, OR
- through a payment made directly to the doctor (when the doctor has already paid the full indemnity cost).

### Section 3. Eligibility

You may be eligible for the PSS if:

- your gross indemnity costs for a premium period exceed 7.5% of your estimated or actual income (see Section 5 for definition of income); OR
- you conduct work as a Procedural General Practitioner in an area that is classified as a Remote, Rural or Metropolitan Area (RRMA) 3-7 by the Department of Health and Ageing; OR
- you previously received a subsidy under the government's Medical Indemnity Subsidy Scheme (MISS) and continue to work in the same specialty; OR
- you have fully retired from practice OR work only in the public sector and you have:
  - an Avant run-off insurance policy to cover your past private practice, for which the premium is more than \$50.00; or
  - a medical indemnity policy with us that includes retroactive cover for your past private practice; OR
- you work primarily in the public sector but obtain medical indemnity cover for private medical services which are not indemnified under a right to private practice agreement AND you earn greater than \$1000 in gross private practice billings from provision of those services during the premium period.

You will not be eligible for the PSS if:

- you have a Run Off Cover Scheme policy (whether or not you have an additional policy with Avant Insurance); OR
- you have a run-off policy for which the premium is \$50 or less; OR

- you earn no income from private practice and your indemnity costs arise solely from cover for legal expenses and gratuitous services such as prescriptions and referrals.

#### Factors that can affect eligibility

Regardless of whether you meet the eligibility criteria, you may cease to be eligible for a PSS payment in the current or future premium periods if:

- we or Medicare Australia know, or have reason to believe, that you have provided inaccurate information
- you fail to pay the gross indemnity costs for which you are responsible within the time we specify
- you have not provided information to us on actual income within the time we specify
- you have not repaid to us an overpayment of a PSS subsidy within the time we specify
- you have an outstanding debt for overpayment of a PSS subsidy for a previous premium period
- you do not participate in and complete risk management programs that we consider appropriate during the premium period
- you practise as a doctor outside Australia for a total of 6 months or more (including holiday and sick leave) during the premium period; however, your overseas practice will not affect your eligibility if it involves the treatment of Australian citizens or residents on a sporting, cultural or official tour that you are accompanying, or if you are undertaking aid work.

If you are deemed no longer eligible for the PSS you are liable for the full amount of the gross indemnity costs.

## Section 4. PSS Payment Calculation

### The Basic PSS Payment Calculation

Anyone who meets the basic eligibility criteria qualifies for the following PSS payment calculation:

**70% of the amount by which your gross indemnity costs exceed 7.5% of your estimated or actual income**

That means that if a doctor's gross medical indemnity costs exceed 7.5% of his or her gross private medical income, he or she will only pay 30c in the dollar for the cost of the premium beyond that threshold limit.

### Rural Procedural General Practitioners

If you are a general practitioner who is liable to pay a higher premium for medical indemnity cover for procedural general practice, and you conduct procedural general practice in an area classified as a rural, remote or metropolitan area 3-7 by the Department of Health and Ageing, you qualify for the following PSS payment calculation:

**75% of the difference between your premium and that of a non-procedural GP in the same income band and state**

*unless* your premium is higher solely because you perform non-therapeutic cosmetic procedures. However, if the basic calculation would result in a higher PSS payment, we will apply the basic calculation.

### Doctors Who Received a MISS Subsidy

So that you are not disadvantaged by the introduction of the PSS, if you formerly received a subsidy under the Medical Indemnity Subsidy Scheme (MISS) – and you have continued to practise in the same specialty – you may qualify for the calculation method that applied under that scheme.

When your subsidy is determined, the respective PSS calculation (above) and the MISS calculation will be compared, and whichever produces the higher benefit will be applied.

The table on the next page shows the MISS calculations that may apply.

**If you obtained a subsidy under the MISS, and you have continued to practice in the same speciality (apart from leave of less than 12 months):**

if your area of practice is	and	then the alternative calculation is
<b>Procedural GP</b>	you are liable to pay a higher premium for medical indemnity cover than of a non-procedural GP in the same income band and state, and the higher premium is not solely because you perform non-therapeutic cosmetic procedures	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>	you are liable to pay a higher premium for medical indemnity cover than of a non-procedural GP in the same income band and state, and the higher premium is not solely because you perform non-therapeutic cosmetic procedures	80% of the difference between your premium and that of a non-procedural GP in the same income band and state
<b>Specialist Obstetrician</b>	conduct specialist obstetrician work in an area classified as a rural, remote or metropolitan area 3 - 7 by the Department of Health and Ageing	80% of the difference between your premium and that of a Gynaecologist in the same income band and state
	(non-rural)	50% of the difference between your premium and that of a Gynaecologist in the same income band and state

**If you obtained a subsidy under the MISS, and you have continued to practice in the same speciality (apart from leave of less than 12 months):**

<b>if your area of practice is</b>	<b>and</b>	<b>then the alternative calculation is</b>
Neurosurgeon	your total premium for the year is \$50,000 or less and the premium for a General Surgeon in the same income band and state is less than \$50,000	50% of the difference between your premium and that of a General Surgeon in the same income band and state
	your total premium for the year is more than \$50,000 and the premium for a General Surgeon in the same income band and state is less than \$50,000	80% of the amount by which your total premium exceeds \$50,000 PLUS 50% of the difference between \$50,000 and the premium for a General Surgeon in the same income band and state
	your total premium for the year is more than \$50,000 and the premium for a General Surgeon in the same income band and state is \$50,000 or more	80% of the difference between your premium and that of a General Surgeon in the same income band and state

## Section 5. Definitions

### Actual Income

For the purposes of the PSS, actual income is defined as the total of all billings generated by you from your provision of private medical services, whether retained by you or otherwise, and before any apportionment or deduction of any expenses and/or tax. This includes, but is not limited to:

- a) Medicare benefits
- b) payments by individuals, the Commonwealth Department of Veterans Affairs, workers compensation schemes and third-party and/or vehicle insurers
- c) income earned for the practice of your medical profession carried on outside Australia if your contract of insurance with us covers that overseas practice.

It also includes income you derive from any other sources as part of your medical practice – such as professional fees and incentive payments other than those made under the Australian Government's Practice Incentive Program (PIP).

**It does not include income from public medical services for which medical indemnity cover is provided by a public sector organisation.**

### Estimated Income

Estimated income means an estimate of the actual income.

### Gross Indemnity Costs

Gross indemnity costs means costs charged to you – or for which you are liable – for a premium period, comprising:

- the premium payable to us inclusive of any premium discounts but excluding premium for any optional cover;
- membership fees payable to Avant Mutual Group Limited;
- any costs payable to another insurer for other retroactive or run-off cover; AND
- 50% of any risk surcharge charged to you.

Gross indemnity costs do not include:

- GST;
- stamp duty;
- capital calls;
- excess payments or deductibles;
- charges imposed by us for late payment of any of these costs (including the premium);
- 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); OR
- any part of a premium that is for cover in respect of **public** medical services.

## Section 6. Payment of Gross Indemnity Costs

### Payment of the indemnity costs remains your responsibility.

Whilst this responsibility may be satisfied in part by a PSS payment from Medicare Australia, should you subsequently become ineligible for a PSS payment, you are liable for the full payment of the gross indemnity costs and repayment of any PSS overpayment.

Similarly, should the amount of the PSS payment decrease (because your declared actual income is higher than your estimated income or because you are ineligible due to factors outlined in Section 3), you are liable for the remaining proportion of your gross indemnity costs. These costs must be paid in the timeframe specified by us.

## Section 7. Provision of Information

By electing to participate in the scheme, you will be agreeing to provide Avant Insurance and Medicare Australia with any information required to assess eligibility and administer the PSS, including but not limited to:

- your estimated income for the premium period;
- a statutory declaration of your actual income for any previous premium period (or part of a premium period) for which a PSS payment was made;
- the costs payable to other insurers for run-off cover or retroactive cover for any previous premium period which are payable by you after 1 January 2004;
- your area of practice;
- your provider number(s); AND
- whether you practise in an area classified as a rural, remote or metropolitan area (RRMA 3-7) by the Department of Health and Ageing.

## Estimated Income

If you wish to have a PSS payment applied to your medical indemnity invoice at the beginning of the premium period, you must provide an estimate of your income before the start of that premium period, within the time period requested by us.

While participating in the PSS you are required to advise us if your estimated income (as defined in Section 5) or any other insurance details change. (This includes a change in insurance categories, retirement or resignation from Avant Mutual Group Limited.) We will then update the billings recorded on your Professional Indemnity Insurance policy to reflect your actual income and revise the PSS payment due.

## Actual Income

Following the end of the premium period, you will be required to provide confirmation of your actual income in the form of a statutory declaration. **A declaration must be provided within 12 months of the end of the premium period;** however, we will specify an earlier deadline to guarantee all processing will be complete in time to meet our reporting obligations to Medicare Australia. If you do not provide a declaration, or if you wish to make a further declaration to correct an error in an earlier declaration, then a declaration or the further declaration must be provided within 12 months of the end of the premium period.

Unless you qualify for a MISS or Rural Procedural GP payment calculation (see Section 4), failure to provide a declaration – and to pay any outstanding gross indemnity costs – within the deadline specified by us will mean that you cease to be eligible for a PSS payment for that premium period and you will be required to pay the full gross indemnity costs to us.

## Section 8. Determination of your PSS entitlement

When we receive your statutory declaration of actual income, we will recalculate your gross indemnity costs and your PSS entitlement for the premium period. As a result, there may be no change or you could:

- become eligible for a PSS payment and, having already paid the full indemnity costs, have the PSS payment made directly to you by us; OR
- be entitled to a refund of overpaid premium; OR
- be required to pay additional premium, offset by a PSS payment; OR
- become ineligible for a PSS payment and required to pay the full amount of all indemnity costs from the point at which you became ineligible.

If you are required to pay additional premium, you will be given 14 days notice in writing that the specified amount will be automatically debited from your bank account or credit card (otherwise, you may pay by cheque). You must pay within 12 months of the end of the premium period.

If you have any queries on how changes in your insurance categories or professional details could affect your PSS payment calculation, please contact us on **1800 128 268**.

### Rural Procedural GPs and doctors who qualified for MISS

If you qualify for the rural calculation or if you formerly qualified for a MISS subsidy, your PSS payment will be determined by whichever of the PSS and applicable alternative calculations provides the higher subsidy for you (see Section 4).

You are not subject to the requirement to supply a statutory declaration of your actual income, but if you do not provide a declaration the PSS calculation cannot be used. Therefore, if you were paid a subsidy based on the basic PSS calculation, you would have to repay the difference.

## Section 9. Participation in Risk Management Programs

By electing to participate in the PSS, you agree to participate in and complete risk management programs during the premium period that we consider appropriate to assist you to identify risks and implement risk mitigation strategies.

For further information regarding our risk management programs please contact us on **1800 128 268**.

## Section 10. Participation in Information Sharing and Confidentiality

By electing to participate in the PSS, you agree to your personal information being shared by us, the Department of Health and Ageing, Medicare Australia and Insurance Statistics Australia Pty Ltd.

We, the Department of Health and Ageing and Medicare Australia may be required by law to disclose personal information to the Australian Prudential Regulation Authority. We may also be required to provide information to parliament or a parliamentary committee, or to meet other reporting requirements. Wherever practicable, identifying details will be removed prior to disclosure.

We acknowledge our responsibilities in the proper handling of personal information we collect and hold and will not do any act or engage in any practice that would breach an information privacy principal contained in section 14 of the Privacy Act 1988 as amended.

A copy of our privacy policy is available upon request or at our website [www.avant.org.au](http://www.avant.org.au).

### **Section 11. Participation in Audits**

By electing to participate in the PSS, you agree to participate in audits initiated by Medicare Australia in relation to your stated income and other information provided by you under the scheme.

### **Section 12. The Administration Fee**

We receive an administration fee from the government to reimburse us for the implementation and ongoing costs of administering the PSS.

Apart from receiving such reimbursement, we do not receive commission or benefits, and make no charge upon the doctor, for administration of the PSS.

### **Section 13. GST and Stamp Duty**

PSS payments do not include GST or Stamp Duty.

You are liable for the full amount of GST and Stamp Duty payable on your gross indemnity costs.

### **Section 14. Dispute Resolution**

If you have any complaints about the insurance product or related services provided by us you should contact us immediately. We refer you 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.

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