

PROFESSIONAL SERVICES REVIEW

Agency Resources and Planned Performance

Professional Services Review

Health Portfolio Agency

PSR

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Section 1: Agency Overview and Resources

1.1 Strategic Direction Statement

Professional Services Review (PSR) investigates health practitioners who are suspected of inappropriate practice, on request from the Department of Human Services. 'Inappropriate practice' includes inappropriately rendering or initiating health services that attract a Medicare Benefits Schedule (MBS) payment, or inappropriately prescribing under the Pharmaceutical Benefits Scheme (PBS). The PSR Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists and osteopaths, audiologists, diabetes educators, dieticians, exercise physiologists, mental health nurses, occupational therapists, psychologists, social workers, speech pathologists, Aboriginal and Torres Strait Islander health practitioners, Aboriginal health workers and orthoptists.

Investigations are conducted by the Director of PSR who may refer the health practitioner to a committee of peers constituted by appointed PSR Panel Members and Deputy Directors.

The role and functions of PSR are set out in Part VAA of the *Health Insurance Act 1973*. PSR is prescribed as an Agency under the *Financial Management and Accountability Act 1997*. From 1 July 2014, PSR will be governed by the *Public Governance, Performance and Accountability Act 2013*.

1.2 Agency Resources

Table 1.2.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by Departmental classifications.

Table 1.2.1: PSR Resource Statement – Budget Estimates for 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Estimated available appropriation 2013-14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	7,023	-	7,023	6,435
Departmental appropriation ³	-	5,742	5,742	6,195
s31 Relevant agency receipts	-	-	-	-
Total	7,023	5,742	12,765	12,630
Total ordinary annual services	7,023	5,742	12,765	12,630
Other services - Bill 2⁴				
Departmental non-operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services	-	-	-	-
Total available annual appropriations	7,023	5,742	12,765	12,630
Total net resourcing for PSR	7,023	5,742	12,765	12,630

Notes:

All figures are GST exclusive.

1 Appropriation Bill (No.1) 2014-15.

2 Estimated adjusted balance carried from the previous financial year for annual appropriations.

3 Includes an amount of \$0.054 million in 2014-15 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

4 Appropriation Bill (No.2) 2014-15.

1.3 Budget Measures

Budget measures relating to PSR are detailed in Budget Paper No. 2 and are summarised below.

Table 1.3.1: PSR Budget Measures

Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Whole of Government Measures					
Efficiency Dividend - a further temporary increase of 0.25 per cent					
Professional Services Review Departmental	1.1	(15)	(28)	(43)	(44)
Total	-	(15)	(28)	(43)	(44)

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Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

A reduction of the risks to patients and costs to the Australian Government of inappropriate clinical practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes

Outcome Strategy

The Australian Government, through PSR, aims to safeguard the public against the risks and costs of inappropriate practice by health practitioners. PSR works with Governments, medical and health care regulatory bodies and professional organisations to protect the integrity of the MBS and the PBS.

The PSR Scheme is part of a strong regulatory regime designed to ensure that appropriate and cost-effective clinical services are delivered. The PSR Scheme provides the legislative framework within which services provided by a health practitioner may be peer reviewed, in response to a request from the Department of Human Services (DHS). This review could be in relation to the MBS and/or the PBS, both of which are administered by DHS. The PSR Scheme also applies sanctions if required through the Determining Authority¹, an independent body within the PSR Scheme.

PSR seeks to change behaviour across the health professions by deterring inappropriate practice and thereby raising awareness of the Australian Government's expectation of high quality health service delivery.

¹ The Determining Authority is the body established by section 106Q of the *Health Insurance Act 1973* that determines the sanctions that should be applied in cases where PSR committees have found inappropriate practice, and decides whether or not to ratify negotiated agreements.

PSR Budgeted Expenses and Resources

Table 2.1.1 provides an overview of the total expenses for PSR by Programme.

Table 2.1.1: Budgeted Expenses and Resources for PSR

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ¹	5,740	5,688	5,552	5,556	5,599
Expenses not requiring appropriation in the budget year ²	169	190	218	213	218
Operating deficit (surplus)	(153)	-	-	-	-
Total for Programme 1.1	5,756	5,878	5,770	5,769	5,817
Total expenses for Outcome 1	5,756	5,878	5,770	5,769	5,817
	2013-14	2014-15			
Average staffing level (number)	17	17			

1 Departmental appropriation combines “Ordinary annual services (Appropriation Bill No 1)” and “Revenue from independent sources (s31)”.

2 Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, make good expense and audit fees.

Programme 1.1: Safeguarding the integrity of the Medicare Programme and Pharmaceutical Benefits Scheme

Programme Objectives

Protect against inappropriate health care practice

The Australian Government, through PSR, contributes to the delivery of high quality health services by ensuring that the public is protected from the adverse consequences of inappropriate practice. PSR will collaborate with the Department, DHS, health and medical regulatory bodies and professional organisations to ensure it achieves this aim.

PSR's workload is dependent upon the number of cases referred by DHS. Under the DHS National Compliance Programme, suspected cases of inappropriate practice by health care service providers are identified and referred to PSR. All referred cases are investigated by PSR.

Where it is found that the practitioner has practised inappropriately, sanctions can include a reprimand, counselling, repayment of MBS payments received, or partial to full disqualification from rendering or initiating MBS payments or writing PBS prescriptions. The Determining Authority imposes the sanctions as a 'final determination'.

If, during an investigation, PSR identifies a practice that poses either a significant threat to the life or health of a patient, or does not meet professional standards, the practitioner is referred to the relevant regulatory body. Through this activity, PSR is able to integrate its activities within the broader health care regulatory framework, including State and Territory health departments, registration boards and health care complaint mechanisms.

Maintain professional support for PSR

PSR is the Australian Government's means of investigating inappropriate clinical practice. PSR utilises a peer review process and relies on the support of health practitioners and their representative registration bodies to perform its statutory function. In 2014-15, PSR will continue to work closely with the health care professions, the Department and DHS. PSR will consult with relevant professional bodies to raise awareness of inappropriate practice issues and work with those bodies to ensure that PSR's processes are transparent and fair.

Programme 1.1 is linked as follows:

- The Department of Human Services (Services to the Community - Programme 1.2) to administer the PBS, Repatriation PBS, Indigenous Access to PBS, and Medicare services and benefit payments.

Programme 1.1: Deliverables

Qualitative Deliverables for Programme 1.1

Maintain professional support for PSR

Qualitative Deliverable	2014-15 Reference Point or Target
PSR will engage with Governments and relevant professional and regulatory bodies to discuss the nature and cause of inappropriate practice to reduce these behaviours	Actively engage with stakeholders to provide information on the nature and cause of inappropriate practice through a variety of avenues

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Quantitative Deliverables for Programme 1.1

Protect against inappropriate health care practice

Quantitative Deliverables	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of reviews by the Director of PSR finalised within 12 months	100%	100%	100%	100%	100%
Number of committees established	15	20	20	20	20
Total number of matters finalised ²	40	50	50	50	50

Programme 1.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 1.1

Protect against inappropriate health care practice

Qualitative Indicators	2014-15 Reference Point or Target
Positively influence health care professional behaviour	Analysis of available information demonstrates a positive change in health care professional behaviour by those who have been subject to a review under the PSR Scheme
Professional bodies actively engaged in consultation	Professional bodies actively engaged in the process for appointments to the PSR Panel, and PSR receives the required number of nominees to ensure broad professional representation on the PSR Panel

² Including section 91 no further actions, section 92 negotiated agreements, and final determinations resulting from a committee hearing.

Quantitative Key Performance Indicators for Programme 1.1

Protect against inappropriate health care practice

Quantitative Indicators	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of cases referred to regulatory bodies where a possible threat to life or health of a patient is identified	100%	100%	100%	100%	100%
Total PSR actions upheld by the courts after appeal	100%	100%	100%	100%	100%

Section 3: Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014-15 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 Explanatory Tables

3.1.1 Movement of Administered Funds Between Years

Section 3.1.1 is not applicable to PSR.

3.1.2 Special Accounts

Section 3.1.2 is not applicable to PSR.

3.1.3 Australian Government Indigenous Expenditure (AGIE)

The 2014-15 AGIE statement is not applicable because PSR has no specific Indigenous expenses.

3.2 Budgeted Financial Statements

3.2.1 Differences in Agency Resourcing and Financial Statements

Section 3.2.1 is not applicable to PSR.

3.2.2 Analysis of Budgeted Financial Statements

An analysis of PSR's budgeted financial statements is provided below.

Departmental Resources

Comprehensive Income Statement

PSR's level of funding in 2014-15 and the forward years is consistent with the expected number of cases it receives from the Department of Human Services each year.

The income statement deficit in the budget year and forward years is a result of the Government decision to no longer fund for depreciation as part of 'Operation Sunlight'.

3.2.3 Budgeted Financial Statements Tables

**Table 3.2.1: Comprehensive Income Statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	2,453	2,575	2,705	2,840	2,982
Supplier expenses	3,150	3,129	2,863	2,732	2,633
Depreciation and amortisation	153	174	202	197	202
Total expenses	5,756	5,878	5,770	5,769	5,817
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	-	-	50	50	50
Total revenue	-	-	50	50	50
Gains					
Other	16	16	16	16	16
Total gains	16	16	16	16	16
Total own-source income	16	16	66	66	66
Net cost of (contribution by) services	5,740	5,862	5,704	5,703	5,751
Revenue from Government	5,740	5,688	5,502	5,506	5,549
Surplus (Deficit)	-	(174)	(202)	(197)	(202)
Surplus (Deficit) attributable to the Australian Government	-	(174)	(202)	(197)	(202)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	(174)	(202)	(197)	(202)
Note: Reconciliation of comprehensive income attributable to the agency					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total comprehensive income (loss) attributable to the Australian Government	-	(174)	(202)	(197)	(202)
plus non-appropriated expenses depreciation and amortisation expenses	153	174	202	197	202
Total comprehensive income (loss) attributable to the agency	153	-	-	-	-

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	96	96	96	96	96
Receivables	7,009	6,829	6,829	6,829	6,298
Total financial assets	7,105	6,925	6,925	6,925	6,394
Non-financial assets					
Land and buildings	237	159	81	3	606
Property, plant and equipment	202	147	93	180	113
Intangibles	28	221	156	93	31
Other	38	38	38	38	38
Total non-financial assets	505	565	368	314	788
Total assets	7,610	7,490	7,293	7,239	7,182
LIABILITIES					
Payables					
Suppliers	390	390	390	390	390
Other payables	66	66	66	66	66
Total payables	456	456	456	456	456
Provisions					
Employees	465	465	465	465	465
Other provisions	84	84	84	84	84
Total provisions	549	549	549	549	549
Total liabilities	1,005	1,005	1,005	1,005	1,005
Net assets	6,605	6,485	6,288	6,234	6,177
EQUITY					
Contributed equity	(6,889)	(6,835)	(6,830)	(6,687)	(6,542)
Reserves	477	477	477	477	477
Retained surpluses or accumulated deficits	13,017	12,843	12,641	12,444	12,242
Total equity	6,605	6,485	6,288	6,234	6,177

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Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2014-15)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	13,017	477	-	(6,889)	6,605
Surplus (deficit) for the period	(174)	-	-	-	(174)
Capital budget - Bill 1 (DCB)	-	-	-	54	54
Estimated closing balance as at 30 June 2015	12,843	477	-	(6,835)	6,485

DCB = Departmental Capital Budget.

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	5,152	5,868	5,502	5,506	6,080
Net GST received	331	342	342	342	342
Other cash received	-	-	50	50	50
Total cash received	5,483	6,210	5,894	5,898	6,472
Cash used					
Employees	2,483	2,575	2,705	2,840	2,982
Suppliers	3,104	3,113	2,847	2,716	2,617
Net GST paid	331	342	342	342	342
Total cash used	5,918	6,030	5,894	5,898	5,941
Net cash from (or used by) operating activities	(435)	180	-	-	531
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20	234	5	143	676
Total cash used	20	234	5	143	676
Net cash from (or used by) investing activities	(20)	(234)	(5)	(143)	(676)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	455	54	5	143	145
Total cash received	455	54	5	143	145
Net cash from (or used by) financing activities	455	54	5	143	145
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	96	96	96	96	96
Cash and cash equivalents at the end of the reporting period	96	96	96	96	96

DCB = Departmental Capital Budget.

Table 3.2.5: Capital Budget Statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	455	54	5	143	145
Total capital appropriations	455	54	5	143	145
Total new capital appropriations represented by:					
Purchase of non-financial assets	455	54	5	143	145
Total items	455	54	5	143	145
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹					
- current year appropriation	20	234	5	143	400
- prior year appropriation	-	-	-	-	276
Total acquisitions of non-financial assets	20	234	5	143	676
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	20	234	5	143	676
Total cash used to acquire assets	20	234	5	143	676

1 Does not include annual finance lease costs. Includes purchases from current and previous years' appropriation (Departmental Capital Budget).
DCB = Departmental Capital Budget.

Table 3.2.6: Statement of Asset Movements (2014-15)

	Buildings \$'000	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2014				
Gross book value	395	348	444	1,187
Accumulated depreciation/amortisation and impairment	158	146	416	720
Opening net book balance	237	202	28	467
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	4	230	234
Sub-total	-	4	230	234
Other movements				
Depreciation/amortisation expense	78	59	37	174
as at 30 June 2015				
Gross book value	395	352	674	1,421
Accumulated depreciation/amortisation and impairment	236	205	453	894
Closing net book balance	159	147	221	527