

PROFESSIONAL SERVICES REVIEW

Entity Resources and Planned Performance

Professional Services Review

Health Portfolio Entity

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Section 1: Entity 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 (DHS). '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 a Non-corporate Commonwealth Entity under the *Public Governance, Performance and Accountability Act 2013*.

1.2 Entity Resources

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classifications.

Table 1.1: PSR Resource Statement – Budget Estimates for 2015-16 as at Budget May 2015

	Estimated available appropriation	Estimate of prior year amounts available in	Proposed at Budget	Total estimate
	2014-15 \$'000	2015-16 \$'000	2015-16 \$'000	2015-16 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	8,001	8,043	-	8,043
Departmental appropriation ³	5,742	-	5,533	5,533
s74 retained revenue receipts ⁴	-	-	-	-
Total	13,743	8,043	5,533	13,576
Total ordinary annual services	13,743	8,043	5,533	13,576
Other services - Bill 2⁵				
Departmental non-operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services	-	-	-	-
Total available annual appropriations	13,743	8,043	5,533	13,576
Total net resourcing for PSR	13,743	8,043	5,533	13,576

All figures are GST exclusive.

- 1 Appropriation Bill (No. 1) 2015-16.
- 2 Estimated adjusted balance carried forward from previous year.
- 3 Includes an amount of \$0.005m in 2015-16 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 Estimated retained revenue receipts under s74 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.
- 5 Appropriation Bill (No. 2) 2015-16.

1.3 Budget Measures

Section 1.3 is not applicable to PSR.

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 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 Authority,¹ 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 provides an overview of the total expenses for PSR by programme.

Table 2.1: Budgeted Expenses for PSR

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward Year 1 \$'000	2017-18 Forward Year 2 \$'000	2018-19 Forward Year 3 \$'000
Programme 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ¹	5,688	5,528	5,160	5,235	5,270
Expenses not requiring appropriation in the budget year ²	193	217	224	187	180
Operating deficit (surplus)	(163)	(187)	-	-	-
Total for Programme 1.1	5,718	5,558	5,384	5,422	5,450
Total expenses for Outcome 1	5,718	5,558	5,384	5,422	5,450
	2014-15	2015-16			
Average staffing level (number)	17	17			

1 Departmental appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s74)".

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

Programme 1.1: Safeguarding the Integrity of the Medicare Program 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 2015-16, 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 – Health 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	2015-16 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.

Protect against inappropriate health care practice

Qualitative Deliverable	2015-16 Reference Point or Target
The Director of PSR will review the provision of services by practitioners referred by Medicare (DHS) and where appropriate refer the practitioner to a PSR Peer Review Committee.	PSR Committees will be convened and will conduct hearings in a timely manner ensuring that practitioners being reviewed by their peers are afforded procedural fairness in each stage of the hearing process.

Quantitative Deliverables for Programme 1.1

Protect against inappropriate health care practice

Quantitative Deliverables	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
Percentage of reviews by the Director of PSR finalised within 12 months.	100%	100%	100%	100%	100%
Total number of matters finalised. ²	50	50	50	50	50

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

Programme 1.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 1.1

Protect against inappropriate health care practice

Qualitative Indicators	2015-16 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.

Quantitative Key Performance Indicators for Programme 1.1

Protect against inappropriate health care practice

Quantitative Indicators	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 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 entity finances for the 2015-16 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 Australian 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)

Section 3.1.3 is not applicable to PSR.

3.2 Budgeted Financial Statements

3.2.1 Differences in Entity 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 financial statements follows in order to provide clarification and additional detail for readers.

Departmental Resources

Comprehensive Income Statement

PSR's level of funding in 2015-16 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 forward years is a result of unfunded depreciation.

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 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
EXPENSES					
Employee benefits	2,575	2,873	2,349	2,421	2,516
Supplier expenses	2,980	2,498	2,841	2,844	2,784
Depreciation and amortisation	163	187	194	157	150
Total expenses	5,718	5,558	5,384	5,422	5,450
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	-	-	-	50	50
Total revenue	-	-	-	50	50
Gains					
Other	30	30	30	30	30
Total gains	30	30	30	30	30
Total own-source income	30	30	30	80	80
Net cost of (contribution by) services	5,688	5,528	5,354	5,342	5,370
Revenue from Government	5,688	5,528	5,160	5,185	5,220
Surplus (Deficit)	-	-	(194)	(157)	(150)
Surplus (Deficit) attributable to the Australian Government	-	-	(194)	(157)	(150)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	(194)	(157)	(150)
Note: Reconciliation of comprehensive income attributable to the agency					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income (loss) attributable to the Australian Government	-	-	(194)	(157)	(150)
plus non-appropriated expenses depreciation and amortisation expenses	163	187	194	157	150
Total comprehensive income (loss) attributable to the agency	163	187	-	-	-

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

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	79	79	79	79	79
Receivables	7,981	8,113	8,107	7,885	8,002
Total financial assets	8,060	8,192	8,186	7,964	8,081
Non-financial assets					
Land and buildings	177	92	8	311	259
Property, plant and equipment	129	66	159	120	102
Intangibles	172	193	139	85	34
Other	36	36	36	36	36
Total non-financial assets	514	387	342	552	431
Total assets	8,574	8,579	8,528	8,516	8,512
LIABILITIES					
Payables					
Suppliers	262	262	262	262	262
Other payables	74	74	74	74	74
Total payables	336	336	336	336	336
Provisions					
Employees	554	554	554	554	554
Other provisions	82	82	82	82	82
Total provisions	636	636	636	636	636
Total liabilities	972	972	972	972	972
Net assets	7,602	7,607	7,556	7,544	7,540
EQUITY					
Contributed equity	(6,835)	(6,830)	(6,687)	(6,542)	(6,396)
Reserves	507	507	507	507	507
Retained surpluses or accumulated deficits	13,930	13,930	13,736	13,579	13,429
Total equity	7,602	7,607	7,556	7,544	7,540

Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015				
Balance carried forward from previous period	13,930	507	(6,835)	7,602
Surplus (deficit) for the period	-	-	-	-
Capital budget - Bill 1 (DCB)	-	-	5	5
Estimated closing balance as at 30 June 2016	13,930	507	(6,830)	7,607

DCB = Departmental Capital Budget.

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

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	5,646	5,396	5,166	5,407	5,103
Net GST received	342	342	342	342	342
Other cash received	-	-	-	50	50
Total cash received	5,988	5,738	5,508	5,799	5,495
Cash used					
Employees	2,575	2,873	2,349	2,421	2,516
Suppliers	2,950	2,468	2,811	2,814	2,754
Net GST paid	342	342	342	342	342
Total cash used	5,867	5,683	5,502	5,577	5,612
Net cash from (or used by) operating activities	121	55	6	222	(117)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	175	60	149	367	29
Total cash used	175	60	149	367	29
Net cash from (or used by) investing activities	(175)	(60)	(149)	(367)	(29)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	54	5	143	145	146
Total cash received	54	5	143	145	146
Net cash from (or used by) financing activities	54	5	143	145	146
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	79	79	79	79	79
Cash and cash equivalents at the end of the reporting period	79	79	79	79	79

DCB = Departmental Capital Budget.

Table 3.2.5: Departmental Capital Budget Statement (for the period ended 30 June)

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	54	5	143	145	146
Total capital appropriations	54	5	143	145	146
Total new capital appropriations represented by:					
Purchase of non-financial assets	54	5	143	145	146
Total items	54	5	143	145	146
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹					
- current year appropriation	54	5	143	143	29
- prior year appropriation	121	55	6	224	-
Total acquisitions of non-financial assets	175	60	149	367	29
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	175	60	149	367	29
Total cash used to acquire assets	175	60	149	367	29

DCB = Departmental Capital Budget.

- 1 Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets.

Table 3.2.6: Statement of Asset Movements (Budget year 2015-16)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015				
Gross book value	261	196	599	1,056
Accumulated depreciation/amortisation and impairment	(84)	(67)	(427)	(578)
Opening net book balance	177	129	172	478
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	10	50	60
Total additions	-	10	50	60
Other movements				
Depreciation/amortisation expense	(85)	(73)	(29)	(187)
Total other movements	(85)	(73)	(29)	(187)
As at 30 June 2016				
Gross book value	261	206	649	1,116
Accumulated depreciation/amortisation and impairment	(169)	(140)	(456)	(765)
Closing net book balance	92	66	193	351