



**Submission – First Principles Review of the Indemnity
Insurance Fund (IIF) and each of the schemes that
comprise the IIF**

Via email:

Contact for RDAA:

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RURAL DOCTORS ASSOCIATION OF AUSTRALIA

The Rural Doctors Association of Australia (RDAA) is a national body representing the interests of all rural medical practitioners and the communities where they live and work. Our vision for rural and remote communities is accessible, high quality health services provided by a medical workforce that is numerically adequate, located within the community it serves, and comprises doctors and other health professionals who have the necessary training and skills to meet the needs of those communities.

INTRODUCTION

In August 2017 the Department of Health released its discussion paper *First Principles Review of the Indemnity Insurance Fund (IIF) and each of the schemes that compromise the IIF*.

The RDAA recognises the need for Government programs that support medical practice to be reviewed. It is essential that, from this review, any proposed changes do not have unintended consequences or result in disadvantaging communities already struggling to access health services locally.

With the Commonwealth Government's commitment to establishing a National Rural Generalist Pathway, it is essential this review considers not only what is happening now, and the recent history in relation to the indemnity insurance area, but also looks to what the future may hold. Policy decisions need to be mindful of the future impacts and the cross-over between various government initiatives.

RECOMMENDATIONS

- RDAA proposes that the Premium Support Scheme continue in its current structure. Plan to review this program in five years with consideration to the outcomes of the National Rural Generalist Pathway implementation.
- RDAA proposes that the High Cost Claims scheme continues in its current format, other than to consider a tiered maximum payout level, further protecting doctors working in rural and remote locations and the additional costs associated with owning or managing a medical practice in these locations.
- With regards to changes to the Exceptional Claims Scheme, while there have been no claims against this, RDAA has significant concerns as to what the impact will be on premiums if it is left to market forces.
- RDAA supports changes to the processing systems of the Run-Off Cover Scheme, however medical practitioners need to be protected with a cap for maximum payout post retirement.
- RDAA recommends that there is a structured transition prior to ceasing the Incurred But Not Reported Claims Scheme.
- RDAA recommends the Department of Health invests in supporting private medical practitioners to undertake open disclosure training.

RESPONSE TO QUESTIONS

PREMIUM SUPPORT SCHEME AND UNIVERSAL COVER

This program is one of the key initiatives that has recognised and supported rural and remote general practitioners who provide procedural services. This relates to obstetrics, anaesthetics and surgery. It also supports medical practitioners whose gross medical indemnity costs exceed 7.5% of their gross private medical income. The subsidy is currently 60%.

In the report, there are indications of decreasing demand. This may require the further breakdown of demand between procedural GPs and GPs where the cost exceeds 7.5% of gross private medical income. If it is decreased demand for procedural GPs, that would align with the declining workforce numbers across Australia in recent years, with the continued closure of birthing services and operating theatres in rural hospitals. RDAA would like to see this trend reverse.

The Government has committed to the establishment of a National Rural Generalist Pathway and it is essential that the mechanisms, which are currently in place to support rural and remote general practice as well as GP procedural practice, remain in place — until such time as the workforce numbers start to increase in rural and remote areas.

One RDA member succinctly explained that this Premium Support program may not be a reason to commence doing procedural work, but it is a key pillar in place to continue to support those who currently provide procedural services in the bush to keep on providing these services.

It is essential for the success of the implementation of the National Rural Generalist Pathway that this scheme remains in place to maintain the current experienced rural procedural workforce to supervise, train and mentor the next generation of rural GP proceduralists. To reduce or cease this program now would have an immediate negative impact on GP procedural services in the bush and put at significant risk the potential success of the National Rural Generalist Pathway.

RDAA fully supports universal cover, and would recommend that if the Government through its regulatory powers were able to increase the number of providers in this area to generate some choice for medical indemnity insurance, that would be a significant improvement.

HIGH COST CLAIMS SCHEME

This program has provided what some have explained as a safety net for medical practitioners, particularly in rural and remote communities, who provide obstetric services, where there is potential for high cost claims. RDAA would be reluctant to support any major change of this program in line with the establishment of the National Rural Generalist Pathway.

It may be appropriate to consider a scaled application of the threshold under a Modified Monash Model:

Example MMM 1 & 2 \$500,000

MMM 3 & 4 \$400,000

MMM 5 – 7 \$300,000

This supports insurers to reduce the premium costs for medical practitioners working in locations where viability and sustainability of general practice is at significant risk.

EXCEPTIONAL CLAIMS SCHEME

For insurers to have a capped amount they will be required to pay out, provides a significant level of security for their business. While there have been no claims, if left to market forces, it may result in a significant increase in premiums as insurance companies would have to have sufficient resources for the “what if”.

RUN-OFF COVER SCHEME

This program may benefit from some revisions. Reducing the administration burden on the Department and also reducing the complex processes may be achieved by having the insurance companies manage this program for their clients. It would likely increase the potential number of settlements as opposed to insurance payouts.

The level of payout may need to be capped similar to the High Cost Claims Scheme as, without it, left to market forces this would certainly drive premiums up.

INCURRED BUT NOT REPORTED CLAIMS SCHEME

The report indicates this program will not be required within the next 10 years. RDAA would recommend that work be progressed to transition any medical practitioners eligible for this program out of the program.

OTHER COMMENTS:

- The Department of Health may wish to consider providing financial support for private practitioners to undertake open disclosure training. This has been widely used in the public and private hospital systems, and has resulted in a significant improvement in the experience for patients, families/carers and the medical practitioners. There is evidence to indicate it reduces litigation and financial settlements.