

PROFESSIONAL SERVICES REVIEW

PSR

**Agency resources and
planned performance**

Professional Services Review

Health and Ageing Portfolio Agency

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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 making prescriptions under the Pharmaceutical Benefits Scheme (PBS). The PSR Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists and osteopaths.

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

The role and functions of PSR are set out in the *Health Insurance Act 1973*. PSR is prescribed as an Agency under the *Financial Management and Accountability Act 1997*.

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 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Estimated available appropriation 2011-12 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	3,369	-	3,369	3,978
Departmental appropriation ³	-	5,791	5,791	6,667
s31 Relevant agency receipts	-	50	50	50
Total	3,369	5,841	9,210	10,695
Total ordinary annual services	3,369	5,841	9,210	10,695
Other services - Bill 2⁴				
Departmental non-operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services	-	-	-	-
Total available annual appropriation	3,369	5,841	9,210	10,695
Total appropriations excluding Special Accounts	3,369	5,841	9,210	10,695
Special Accounts				
Opening balance ⁵	-	-	-	-
Appropriation receipts ⁶	-	-	-	-
Non-appropriation receipts to Special Accounts	-	-	-	-
Total Special Accounts	-	-	-	-
Total resourcing	3,369	5,841	9,210	10,695
Less appropriations drawn from annual or special appropriations above and credited to Special Accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for PSR	3,369	5,841	9,210	10,695

All figures are GST exclusive.

¹ Appropriation Bill (No.1) 2012-13.

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

³ Includes an amount of \$0.032 m in 2012-13 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) 2012-13.

⁵ Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.

⁶ Appropriation receipts from PSR annual and special appropriations for 2012-13 included above.

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1.3 Budget Measures

Section 1.3 is not applicable to PSR in 2012-13.

Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

Outcome 1 – 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. This review could be in relation to the MBS and/or the PBS, both of which are administered by the Department of Human Services. 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.

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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 Program.

Table 2.1.1: Budgeted Expenses and Resources for PSR

	2011-12 Estimated actual \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Program 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ¹	5,913	5,809	5,848	5,896	5,813
Expenses not requiring appropriation in the budget year ²	196	397	397	397	397
Total for Program 1.1	6,109	6,206	6,245	6,293	6,210
Total expenses for Outcome 1	6,109	6,206	6,245	6,293	6,210
	2011-12	2012-13			
Average staffing level (number)	27	24			

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.

Program 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme

Program 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 of Health and Ageing (DoHA), the Department of Human Services (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 Program, 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 2012-13, PSR will continue to work closely with the health care professions, DoHA 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.

PSR is linked as follows:

- The Department of Human Services (Medicare Australia – Program 1.1) to administer the Pharmaceutical Benefits Scheme, Repatriation Pharmaceutical Benefits Scheme, Indigenous Access to PBS, and Medicare services and benefit payments.

Program 1.1: Deliverables²

Table 2.1.2: Qualitative Deliverables for Program 1.1

Qualitative Deliverables	2012-13 Reference Point or Target
Maintain professional support for PSR	
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

Table 2.1.3: Quantitative Deliverables for Program 1.1

Quantitative Deliverables	2011-12 Revised Budget	2012-13 Budget Target	2013-14 Forward Year 1	2014-15 Forward Year 2	2015-16 Forward Year 3
Protect against inappropriate health care practice					
Percentage of reviews by the Director of PSR finalised within 12 months	100%	100%	100%	100%	100%
Number of committees established ³	20	10	15	20	20
Total number of matters finalised ⁴	20	30	40	50	50

² In 2012-13, all deliverables and key performance indicators have been reviewed and updated to ensure targeted performance reporting.

³ This deliverable has been amended in the 2012-13 PB Statements to reflect the impact of the PSR Panel resignations in March 2011 and the subsequent reduced number of cases on hand.

⁴ Including section 91 no further actions, section 92 negotiated agreements and final determinations resulting from a committee hearing.

Program 1.1: Key Performance Indicators

Table 2.1.4: Qualitative Key Performance Indicators for Program 1.1

Qualitative Indicator	2012-13 Reference Point or Target
Protect against inappropriate health care practice	
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

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Table 2.1.5: Quantitative Key Performance Indicators for Program 1.1

Quantitative Indicators	2011-12 Revised Budget	2012-13 Budget Target	2013-14 Forward Year 1	2014-15 Forward Year 2	2015-16 Forward Year 3
Protect against inappropriate health care practice					
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 2012-13 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program 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

In 2012-13, the Australian Government Indigenous Expenditure 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 2012-13 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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	3,144	3,025	3,116	3,210	3,306
Supplier expenses	2,769	2,784	2,732	2,686	2,507
Depreciation and amortisation	196	397	397	397	397
Total expenses	6,109	6,206	6,245	6,293	6,210
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	50	50	50	50	50
Total revenue	50	50	50	50	50
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	50	50	50	50	50
Net cost of (contribution by) services	6,059	6,156	6,195	6,243	6,160
Revenue from Government	5,863	5,759	5,798	5,846	5,763
Surplus (Deficit)	(196)	(397)	(397)	(397)	(397)
Surplus (Deficit) attributable to the Australian Government	(196)	(397)	(397)	(397)	(397)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	(196)	(397)	(397)	(397)	(397)

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June) (Cont.)**

Note: Reconciliation of comprehensive income attributable to the agency					
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income (loss) attributable to the Australian Government	(196)	(397)	(397)	(397)	(397)
plus non-appropriated expenses depreciation and amortisation expenses	196	397	397	397	397
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

Table 3.2.2: Budgeted Departmental balance sheet (as at 30 June)

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	242	242	242	242	242
Receivables	3,262	3,262	3,262	3,262	3,262
Total financial assets	3,504	3,504	3,504	3,504	3,504
Non-financial assets					
Land and buildings	411	331	251	171	91
Property, plant and equipment	198	142	85	28	132
Intangibles	1,128	899	670	441	212
Other	1	1	1	1	1
Total non-financial assets	1,738	1,373	1,007	641	436
Total assets	5,242	4,877	4,511	4,145	3,940
LIABILITIES					
Payables					
Suppliers	331	331	331	331	331
Other payables	-	-	-	-	-
Total payables	331	331	331	331	331
Provisions					
Employees	530	530	530	530	530
Other provisions	105	105	105	105	105
Total provisions	635	635	635	635	635
Total liabilities	966	966	966	966	966
Net assets	4,276	3,911	3,545	3,179	2,974
EQUITY					
Contributed equity	1,453	1,485	1,516	1,547	1,739
Reserves	357	357	357	357	357
Retained surpluses or accumulated deficits	2,466	2,069	1,672	1,275	878
Total equity	4,276	3,911	3,545	3,179	2,974

**Table 3.2.3: Departmental statement of changes in equity — summary of movement
(Budget year 2012-13)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	2,466	357	-	1,453	4,276
Surplus (deficit) for the period	(397)	-	-	-	(397)
Capital budget - Bill 1 (DCB)	-	-	-	32	32
Estimated closing balance as at 30 June 2013					
	2,069	357	-	1,485	3,911

DCB=Departmental Capital Budgets.

**Table 3.2.4: Budgeted Departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,512	5,799	5,798	5,846	5,763
Net GST received	332	326	331	342	342
Other cash received	50	50	50	50	50
Total cash received	6,894	6,175	6,179	6,238	6,155
Cash used					
Employees	3,173	3,055	3,146	3,210	3,306
Suppliers	2,780	2,794	2,702	2,686	2,507
Net GST paid	332	326	331	342	342
Total cash used	6,285	6,175	6,179	6,238	6,155
Net cash from (or used by) operating activities	609	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,413	32	31	31	192
Total cash used	1,413	32	31	31	192
Net cash from (or used by) investing activities	(1,413)	(32)	(31)	(31)	(192)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	804	32	31	31	192
Total cash received	804	32	31	31	192
Net cash from (or used by) financing activities	804	32	31	31	192
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	242	242	242	242	242
Cash and cash equivalents at the end of the reporting period	242	242	242	242	242

DCB = Departmental Capital Budgets.

Table 3.2.5: Capital budget statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	804	32	31	31	192
Total capital appropriations	804	32	31	31	192
Total new capital appropriations represented by:					
Purchase of non-financial assets	804	32	31	31	192
Total items	804	32	31	31	192
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹					
- current year appropriation	804	32	31	31	192
- prior year appropriation	609	-	-	-	-
Total acquisitions of non-financial assets	1,413	32	31	31	192
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,413	32	31	31	192
Total cash used to acquire assets	1,413	32	31	31	192

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



Table 3.2.6: Statement of asset movements (2012-13)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012				
Gross book value	587	432	1,518	2,537
Accumulated depreciation/amortisation and impairment	176	234	390	800
Opening net book balance	411	198	1,128	1,737
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	32	-	32
Sub-total	-	32	-	32
Other movements				
Depreciation/amortisation expense	80	88	229	397
As at 30 June 2013				
Gross book value	587	464	1,518	2,569
Accumulated depreciation/amortisation and impairment	256	322	619	1,197
Closing net book balance	331	142	899	1,372