

## Staff Specialists Private Practice Arrangements: Medical Indemnity

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**Functional Sub group** Corporate Administration - Finance  
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**Summary** This Policy Directive makes provision for the continuing operation of the scheme whereby medical indemnity costs incurred by Level 2 to 5 Staff Specialists can be reimbursed.

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**Applies to** Area Health Services/Chief Executive Governed Statutory Health Corporation, Board Governed Statutory Health Corporations, Affiliated Health Organisations - Non Declared, Affiliated Health Organisations - Declared, Public Health System Support Division, Public Hospitals

**Audience** Administration, Staff Specialists Levels 2-5

**Distributed to** Public Health System, Health Associations Unions, NSW Ambulance Service, NSW Department of Health

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### Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

## **STAFF SPECIALIST RIGHTS OF PRIVATE PRACTICE ARRANGEMENTS REIMBURSEMENT OF MEDICAL INDEMNITY COSTS**

### **PURPOSE**

This Policy Directive makes provision for the continuing operation of the scheme by which medical indemnity costs incurred by Level 2 to 5 Staff Specialists can be reimbursed until 30 June 2011. It should be read in conjunction with the Determinations which deal with the private practice arrangements for Staff Specialists (see Policy Directive PD2005\_598 and the *Staff Specialists Determination 2009*, which is available on the Department's internet site at: [http://www.health.nsw.gov.au/resources/jobs/conditions/awards/ss\\_determination\\_pdf.asp](http://www.health.nsw.gov.au/resources/jobs/conditions/awards/ss_determination_pdf.asp) ).

### **MANDATORY REQUIREMENTS**

1. Staff Specialists who have elected Level 2 to 5 private practice arrangements are authorised to receive reimbursement for amounts paid in the financial years 2009/10 and 2010/11 in order to obtain medical indemnity cover relating to the exercise of their rights of private practice. This includes all amounts paid in relation to membership and insurance (excluding those costs incurred in respect of outside private practice as specified below at paragraph 6). The following charges are to be made on a monthly basis against the relevant sub-ledgers of the No. 1 Accounts, in the order given and only to the extent that funds are available:
  - (i) monthly infrastructure charges;
  - (ii) approved costs for Levels 2 to 5 Staff Specialists, which are accounting costs for partnerships as per Policy Directive PD2005\_534 and, as authorised by this Policy Directive, reimbursement of medical indemnity insurance costs;
  - (iii) drawing rights as provided for in the Determination issued as Policy Directive PD2005\_429.
2. Where a Staff Specialist is entitled under the Determination to a guaranteed level of drawings under Level 2, 3 or 4 rights of private practice arrangements, supplementation shall take into account and be reduced by any amounts paid to the Staff Specialist for approved costs (i.e. under (ii) above). (Therefore supplementation in these circumstances would be the amount of the guaranteed supplementation, minus amounts already paid or payable as approved costs under (ii) above and drawing rights under (iii) above.)
3. Approved costs and drawing rights are only to be paid to the limit of funds that are available in the No. 1 Account during the financial year. If there are insufficient funds to pay fully for approved costs, a partial reimbursement is payable, to the extent that funds are available. (There would be no entitlement to drawing rights in these circumstances.) At the end of the financial year public health organisations are to raise a tax invoice for the residual funds in the No. 1 Account (called the annual infrastructure charge) and transfer the appropriate residual funds to the No 2 Account.
4. In circumstances where an agreed group or a partnership pools private practice billings, it is a matter for the members of the agreed group or partnership to determine the manner in which claims for reimbursement are to be made, having regard to the possibility that there may be insufficient funds to meet all costs. Each agreed group or partnership will need to advise their public health organisation of the approach they wish to take in respect of reimbursement prior to reimbursement being paid.
5. Reimbursement is only payable where originals or certified copies of renewal forms, receipts or other documents provided by the medical insurer have been provided, which show the amount of the membership subscription or premium payable, and the amount paid.

6. The amount that can be reimbursed will reflect only the costs relating to obtaining indemnity cover in respect of a Staff Specialist's private practice billings in the public hospital system (not relating to any outside private practice component). Staff Specialists can obtain reimbursement only for that part of their indemnity costs that would have been paid exclusive of any outside practice billings. Any additional premium or membership costs that arise from or are due to outside practice will not be reimbursed.
7. The costs for which reimbursement can be made also include payments made during a financial year to purchase run off cover where a Level 2 to 5 Staff Specialist proposes to acquire Treasury Managed Fund cover in respect of all patients treated as private patients under the private practice arrangements, and as a consequence purchases run off cover from a medical defence organisation. For such reimbursement to be made, it will be necessary for a Staff Specialist to provide evidence that is acceptable to the relevant public health organisation that an election to Level 1 private practice arrangements has been made or that a contract of liability coverage for the treatment of private rural and/or paediatric patients has been signed, and that the reimbursement is only of costs incurred in purchasing run off cover and does not involve any other costs (such as obtaining medical indemnity cover for patients treated outside the public health system).
8. Public health organisations are to reimburse only the GST-exclusive amount of the medical indemnity costs. It is a matter for the individual Staff Specialist or the Staff Specialist partnership, as appropriate, to claim input tax credits in relation to the GST paid on these costs.
9. Where a Staff Specialist ceases employment in the New South Wales public health system, having obtained reimbursement for indemnity costs which relate to a full year of practice, before the conclusion of that year, a pro rata repayment of that extent of the reimbursed costs which corresponds to that proportion of the year of practice which remains following the cessation of the employment should be recovered from the Staff Specialist. Where a Staff Specialist increases the proportion of outside practice so as to reduce the amount of indemnity insurance costs payable that relate to public hospital private practice, the amount of any reimbursed indemnity costs that no longer relates to private practice billings should also be recovered with effect from that time.

## IMPLEMENTATION

Chief Executives are responsible for ensuring that this Policy Directive is brought to the attention of Staff Specialists and staff who are involved with staff specialist private practice billing arrangements.

Staff Specialists are responsible for ensuring that claims for reimbursement are in conformity with the provisions of this Policy Directive.

## REVISION HISTORY

Version	Approved by	Amendment notes
January 2009 (PD2009_002)	Deputy Director General Health System Support	Made provision for the reimbursement from private practice revenue of medical indemnity costs incurred by Level 2 to 5 Staff Specialists 2008/09 financial year
October 2009 PD2009_066	Deputy Director General Health System Support	Rescinds PD2009_002. Issues a new policy continuing operation of the scheme