

PROFESSIONAL SERVICES REVIEW

Entity Resources and Planned Performance

PSR

PROFESSIONAL SERVICES REVIEW

Section 1: Entity Overview and Resources	440
1.1 Strategic Direction Statement	440
1.2 Entity Resource Statement	441
1.3 Budget Measures	441
Section 2: Outcomes and Planned Performance.....	442
2.1 Budgeted Expenses and Performance	442
Section 3: Budgeted Financial Statements	447
3.1 Budgeted Financial Statements	447
3.2 Budgeted Financial Statements Tables	448

Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT¹

The Australian Government, through the Professional Services Review (PSR), aims to protect the integrity of Commonwealth Medicare benefits, dental benefits and pharmaceutical benefits programs. In undertaking this role PSR safeguards the public against the risks and costs of inappropriate practice by health practitioners.

PSR reviews and investigates health practitioners who are suspected of inappropriate practice, on request from the Chief Executive Medicare. '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 is part of a strong regulatory regime designed to ensure that appropriate and cost-effective clinical services are delivered. The Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists, 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.

Reviews are conducted by the Director of PSR who can take further action by entering into a negotiated agreement with the health practitioner or referring them to a committee of peers constituted by appointed PSR Panel members and Deputy Directors. This review could be undertaken 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 PSR Determining Authority.²

PSR seeks to change behaviour across the health professions by deterring inappropriate practice and raising awareness of the Australian Government's expectation of high quality health service delivery. 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 For more information about the strategic direction of the PSR, refer to the current corporate plan, available at: www.psr.gov.au/publications-and-resources/governance-and-corporate-documents

² 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.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: PSR Resource Statement – Budget Estimates for 2017-18 as at Budget May 2017

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	2,450	2,665
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	5,131	5,042
s74 retained revenue receipts ^(b)	40	-
Departmental capital budget ^(c)	143	649
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	5,314	5,691
Total departmental resourcing	7,764	8,356
Total resourcing for PSR	7,764	8,356
	2016-17	2017-18
Average staffing level (number)	18	18

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2017-18.

^(b) Estimated retained revenue receipts under section 74 of the PGPA Act 2013.

^(c) Departmental capital budgets (DCB) are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

^(d) Appropriation Bill (No. 2) 2017-18.

1.3 BUDGET MEASURES

This section is not applicable to PSR.

Section 2: Outcomes and Planned Performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Enhanced Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

PSR's most recent corporate plan is available at: www.psr.gov.au/publications-and-resources/governance-and-corporate-documents

PSR's most recent annual performance statement is available at: www.psr.gov.au/publications-and-resources/annual-reports

2.1 BUDGETED EXPENSES AND PERFORMANCE

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

Program Contributing to Outcome 1

Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme

Linked Programs

Other Commonwealth entities that contribute to Outcome 1
<p>Department of Health</p> <p>Program 4.1: Medical Benefits</p> <p>The Department of Health has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS).</p> <p>Program 4.7: Health Benefit Compliance</p> <p>Under the National Compliance Program, the Chief Executive Medicare refers suspected cases of inappropriate practice by health care service providers to the PSR for investigation.</p>
<p>Department of Human Services</p> <p>Program 1.2: Services to the Community – Health</p> <p>The Department of Human Services administers the PBS, Repatriation PBS, Indigenous access to PBS, and Medicare services and benefit payments.</p>

Budgeted Expenses for PSR

Table 2.1.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1: Budgeted Expenses for PSR

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward Year 1 \$'000	2019-20 Forward Year 2 \$'000	2020-21 Forward Year 3 \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	5,171	5,042	5,010	5,015	5,039
Expenses not requiring appropriation in the Budget year ^(b)	234	206	220	215	212
Operating deficit (surplus)	(253)	-	(185)	(100)	-
Total for Program 1.1	5,152	5,248	5,045	5,130	5,251
Total expenses for Outcome 1	5,152	5,248	5,045	5,130	5,251
	2016-17	2017-18			
Average staffing level (number)	18	18			

^(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s74)'.
^(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Planned Performance for PSR

Table 2.1.2 below details the performance criteria for the program associated with Outcome 1.³ It also summarises how the program is delivered and where 2017-18 Budget measures have materially changed the program.

Table 2.1.2: Performance Criteria for PSR

Purpose
To protect the integrity of the Commonwealth Medicare Benefits and Pharmaceutical Benefits programs and in doing so safeguard the Australian public from the cost and risk of inappropriate practice.
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
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme
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 Medicare Benefits Scheme (MBS) and the Pharmaceutical Benefits Schedule (PBS).
Delivery
<p>A. Protecting against inappropriate health care practice</p> <ul style="list-style-type: none"> • Where warranted the Director will review provision of services by engaging expert consultants to advise on the conduct of practitioners and the Director interviewing persons under review. • The Director enters into agreements, where appropriate, with persons under review who have acknowledged engaging in inappropriate practice. • If an agreement is not made, PSR Committees are established to conduct hearings and obtain information to investigate possible inappropriate practice of persons under review. • PSR's Determining Authority takes into account the circumstances of each case and makes appropriate sanction decisions: ratifying agreements that are fair and fitting to the inappropriate practice acknowledged by the person under review, and making determinations fitting to the inappropriate practice found by PSR Committees.

³ Progress against the performance criteria published in the 2016-17 Portfolio Budget Statements will be reported in the 2016-17 PSR Annual Report.

Performance criteria				
A. Protecting against inappropriate health care practice				
Investigate whether practitioners have engaged in inappropriate practice through a staged review process.				
<p>a. The Director of PSR will review the provision of services by practitioners referred by Medicare and, where appropriate, enter into an agreement with the practitioner.</p> <p>b. Where appropriate, the Director of PSR will refer the practitioner to a PSR Peer Review Committee.</p> <p>c. The Determining Authority will consider ratification of agreements and make appropriate determinations.</p>				
2016-17 Estimated result	2017-18 Target	2018-19 (& beyond) Target		
a. The Director conducted reviews of practitioners referred by the Chief Executive Medicare and in appropriate cases entered into agreements.	The Director will conduct reviews of practitioners referred by the Chief Executive Medicare and in appropriate cases enter into agreements.	As per 2017-18.		
b. PSR Committees were convened and conducted hearings in a timely manner ensuring that practitioners being reviewed by their peers were afforded procedural fairness in each stage of the process.	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 process.	As per 2017-18.		
c. The Determining Authority ratifies agreements and makes appropriate determinations of sanctions.	The Determining Authority will ratify agreements and make appropriate determinations of sanctions.	As per 2017-18.		
Professional bodies actively engaged in consultation.				
2016-17 Estimated result	2017-18 Target	2018-19 (& beyond) Target		
Professional bodies were actively engaged in the process for appointments to the PSR Panel, and PSR received the required number of nominees to ensure broad professional representation on the PSR Panel.	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.	As per 2017-18.		
Percentage of reviews by the Director of PSR finalised within 12 months.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
100%	100%	100%	100%	100%



PSR – Entity Budget Statements – Outcomes and Planned Performance

Total number of matters for review finalised.⁴				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
70	80	80	80	80
Percentage of court cases where PSR's application of the law upheld.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
100%	100%	100%	100%	100%
Material changes to Program 1.1 resulting from the following measures:				
<ul style="list-style-type: none"> • There are no material changes to Program 1.1 resulting from measures. 				

⁴ Reviews are requested by the Chief Executive Medicare to the Director of PSR.

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 Budget year, including the impact of Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences Between Entity Resourcing and Financial Statements

This section is not applicable to PSR.

3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

Departmental Resources

Comprehensive Income Statement

PSR is anticipating a break even position for the Budget and forward years. The Budget year and forward year three have been adjusted for unfunded depreciation and amortisation expenses.

Balance Sheet

PSR's total assets and liabilities are expected to remain stable over the forward years.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (showing net cost of services for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	2,757	2,649	2,883	3,140	3,276
Supplier expenses	2,192	2,426	1,977	1,812	1,802
Depreciation and amortisation	203	173	185	178	173
Total expenses	5,152	5,248	5,045	5,130	5,251
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	40	-	-	-	-
Total revenue	40	-	-	-	-
Gains					
Other	31	33	35	37	39
Total gains	31	33	35	37	39
Total own-source income	71	33	35	37	39
Net cost of (contribution by) services	5,081	5,215	5,010	5,093	5,212
Revenue from Government	5,131	5,042	5,010	5,015	5,039
Surplus (deficit)	50	(173)	-	(78)	(173)
Surplus (deficit) attributable to the Australian Government	50	(173)	-	(78)	(173)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	50	(173)	-	(78)	(173)

Note: Reconciliation of comprehensive income attributable to the agency

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income (loss) attributable to the Australian Government	50	(173)	-	(78)	(173)
plus non-appropriated expenses depreciation and amortisation expenses	203	173	185	178	173
Total comprehensive income (loss) attributable to the agency	253	-	185	100	-

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward Year 1 \$'000	2019-20 Forward Year 2 \$'000	2020-21 Forward Year 3 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	79	79	79	79	79
Receivables	2,617	2,502	2,716	2,787	2,717
Total financial assets	2,696	2,581	2,795	2,866	2,796
Non-financial assets					
Land and buildings	7	261	221	181	141
Property, plant and equipment	69	346	285	228	346
Intangibles	352	297	275	223	191
Other	38	38	38	38	38
Total non-financial assets	466	942	819	670	716
Total assets	3,162	3,523	3,614	3,536	3,512
LIABILITIES					
Payables					
Suppliers	352	339	339	339	339
Other payables	-	-	-	-	-
Total payables	352	339	339	339	339
Provisions					
Employees	723	610	610	610	610
Other provisions	89	100	100	100	100
Total provisions	812	710	710	710	710
Total liabilities	1,164	1,049	1,049	1,049	1,049
Net assets	1,998	2,474	2,565	2,487	2,463
EQUITY					
Contributed equity	997	1,646	1,737	1,737	1,886
Reserves	498	498	498	498	498
Retained surpluses (accumulated deficits)	503	330	330	252	79
Total equity	1,998	2,474	2,565	2,487	2,463

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	503	498	997	1,998
Surplus (deficit) for the period	(173)	-	-	(173)
Capital budget - Bill 1 (DCB)	-	-	649	649
Estimated closing balance as at 30 June 2018	330	498	1,646	2,474

DCB = Departmental Capital Budget.

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,715	5,038	4,657	4,745	5,109
Net GST received	233	272	243	248	250
Other cash received	40	-	-	-	-
Total cash received	4,988	5,310	4,900	4,993	5,359
Cash used					
Employees	2,757	2,989	2,928	3,113	3,036
Suppliers	2,199	2,321	2,001	1,851	2,253
Total cash used	4,956	5,310	4,929	4,964	5,289
Net cash from (or used by) operating activities	32	-	(29)	29	70
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	192	649	62	29	219
Total cash used	192	649	62	29	219
Net cash from (or used by) investing activities	(192)	(649)	(62)	(29)	(219)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	143	649	91	-	149
Total cash received	143	649	91	-	149
Net cash from (or used by) financing activities	143	649	91	-	149
Net increase (or decrease) in cash held	(17)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	96	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 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	143	649	91	-	149
Total capital appropriations	143	649	91	-	149
Total new capital appropriations represented by:					
Purchase of non-financial assets	143	649	91	-	149
Total items	143	649	91	-	149
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)					
- current year appropriation	143	649	62	-	149
- prior year appropriation	49	-	-	29	70
Total acquisitions of non-financial assets	192	649	62	29	219
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	192	649	62	29	219
Total cash used to acquire assets	192	649	62	29	219

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

Table 3.6: Statement of Asset Movements (Budget year 2017-18)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	261	301	793	1,355
Accumulated depreciation/ amortisation and impairment	(254)	(232)	(441)	(927)
Opening net book balance	7	69	352	428
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	300	349	-	649
Total additions	300	349	-	649
Other movements				
Depreciation/amortisation expense	(46)	(72)	(55)	(173)
Total other movements	(46)	(72)	(55)	(173)
As at 30 June 2018				
Gross book value	561	650	793	2,004
Accumulated depreciation/ amortisation and impairment	(300)	(304)	(496)	(1,100)
Closing net book balance	261	346	297	904