

PROFESSIONAL SERVICES REVIEW

Entity Resources and Planned Performance



PROFESSIONAL SERVICES REVIEW

Section 1: Entity Overview and Resources	406
1.1 Strategic Direction Statement	406
1.2 Entity Resource Statement	407
1.3 Budget Measures	408
Section 2: Outcomes and Planned Performance.....	409
2.1 Budgeted Expenses and Performance	409
Section 3: Budgeted Financial Statements	412
3.1 Budgeted Financial Statements	412
3.2 Budgeted Financial Statements Tables	413



Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT¹

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

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 PSR Scheme covers medical practitioners, dentists, optometrists, midwives, nurse practitioners, chiropractors, physiotherapists, podiatrists, osteopaths, audiologists, diabetes educators, dietitians, 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 Authority².

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, 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 2019-20 as at Budget April 2019

	2018-19 Estimated actual \$'000	2019-20 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	2,274	2,276
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	6,006	9,556
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	62	29
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	6,068	9,585
Total departmental resourcing	8,342	11,861
Total resourcing for PSR	8,342	11,861
	2018-19	2019-20
Average staffing level (number)	25	25

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2019-20.

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

^(c) Departmental Capital Budgets 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) 2019-20.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to PSR are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: PSR 2019-20 Budget Measures

Program		2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Guaranteeing Medicare - improving quality and safety through stronger compliance ^(a) ^(b)						
Professional Services Review						
Departmental expenses	1.1	-	-	-	-	-
Total		-	-	-	-	-

^(a) Full details of this measure are published under Department of Health (Table 1.2).

^(b) Funding for this measure has already been provided for by the Government.

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 that 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 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 (Health) Program 4.1: Medical Benefits Health has policy responsibility for Medicare and the Pharmaceutical Benefits Scheme (PBS).</p> <p>Program 4.7: Health Benefit Compliance Under the Health Provider 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 (DHS) Program 1.2: Services to the Community – Health DHS 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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
Program 1.1: Safeguarding the Integrity of the Medicare Program and Pharmaceutical Benefits Scheme					
Departmental expenses					
Departmental appropriation ^(a)	6,946	8,616	8,673	8,729	8,792
Expenses not requiring appropriation in the Budget year ^(b)	298	325	322	313	224
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	7,244	8,941	8,995	9,042	9,016
Total expenses for Outcome 1	7,244	8,941	8,995	9,042	9,016
	2018-19	2019-20			
Average staffing level (number)	25	25			

^(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 details the performance criteria for the program associated with Outcome 1. It also summarises how the program is delivered and where 2019-20 Budget measures have materially changed the program.

Table 2.1.2: Performance Criteria for PSR

Outcome 1				
A reduction of the risks to patients and costs to the Australian Government of inappropriate practice, including through investigating health services claimed under the Medicare and Pharmaceutical benefits schemes.				
Program Objective - 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 and the Pharmaceutical Benefits Scheme.				
Delivery				
Protecting against inappropriate health care practice				
<ul style="list-style-type: none"> Engage expert consultants to advise the Director of PSR regarding the conduct of 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, establish PSR Committees to conduct hearings to investigate possible inappropriate practice. PSR's Determining Authority determines appropriate sanction decisions and ratifies agreements that are fair and reasonable. Consult representative bodies to ensure that PSR can perform its peer review function, and raise awareness of inappropriate practice issues. 				
Performance Criteria				
Total number of matters for review finalised.³				
2018-19 Target	2019-20 Target	2020-21 Target	2021-22 Target	2022-23 Target
90	110	120	120	120
Estimated result				
110				
Material changes to Program 1.1 resulting from the following measures:				
<ul style="list-style-type: none"> <i>Guaranteeing Medicare – improved access to diagnostic imaging.</i> 				
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.				

³ 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 2019-20 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 years have been adjusted for unfunded depreciation and amortisation expenses.

Balance Sheet

PSR's total assets and liabilities are expected to remain relatively 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)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES					
Employee benefits	3,168	3,598	3,676	3,759	3,873
Supplier expenses	3,810	5,043	5,031	5,005	4,955
Depreciation and amortisation	264	290	286	276	186
Other	2	10	2	2	2
Total expenses	7,244	8,941	8,995	9,042	9,016
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	34	35	36	37	38
Total gains	34	35	36	37	38
Total own-source income	34	35	36	37	38
Net cost of (contribution by) services	7,210	8,906	8,959	9,005	8,978
Revenue from Government	6,946	8,616	8,673	8,729	8,792
Surplus (deficit)	(264)	(290)	(286)	(276)	(186)
Surplus (deficit) attributable to the Australian Government	(264)	(290)	(286)	(276)	(186)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total other comprehensive income attributable to the Australian Government	(264)	(290)	(286)	(276)	(186)
Note: Reconciliation of comprehensive income attributable to the agency					
	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Total comprehensive income (loss) attributable to the Australian Government	(264)	(290)	(286)	(276)	(186)
plus non-appropriated expenses depreciation and amortisation expenses	264	290	286	276	186
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	80	80	80	80	80
Receivables	2,245	2,318	2,322	2,323	2,344
Total financial assets	2,325	2,398	2,402	2,403	2,424
Non-financial assets					
Land and buildings	388	286	165	144	152
Property, plant and equipment	347	285	307	232	199
Intangibles	445	409	376	347	338
Other	45	47	47	48	49
Total non-financial assets	1,225	1,027	895	771	738
Total assets	3,550	3,425	3,297	3,174	3,162
LIABILITIES					
Payables					
Suppliers	329	324	324	320	327
Other payables	134	143	136	126	139
Total payables	463	467	460	446	466
Provisions					
Employees	721	850	864	878	878
Other provisions	97	100	102	104	106
Total provisions	818	950	966	982	984
Total liabilities	1,281	1,417	1,426	1,428	1,450
Net assets	2,269	2,008	1,871	1,746	1,712
EQUITY					
Contributed equity	1,613	1,642	1,791	1,942	2,094
Reserves	831	831	831	831	831
Retained surpluses or accumulated deficits	(175)	(465)	(751)	(1,027)	(1,213)
Total equity	2,269	2,008	1,871	1,746	1,712

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2019-20)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	(175)	831	1,613	2,269
Surplus (deficit) for the period	(290)	-	-	(290)
Capital budget - Bill 1 (DCB)	-	-	29	29
Estimated closing balance as at 30 June 2020	(465)	831	1,642	2,008

DCB = Departmental Capital Budget.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,651	8,227	8,314	8,370	8,411
Net GST received	293	308	355	358	360
Total cash received	6,944	8,535	8,669	8,728	8,771
Cash used					
Employees	2,985	3,440	3,649	3,733	3,860
Suppliers	3,784	5,034	5,015	4,995	4,911
Total cash used	6,769	8,474	8,664	8,728	8,771
Net cash from (or used by) operating activities	175	61	5	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	237	90	154	151	152
Total cash used	237	90	154	151	152
Net cash from (or used by) investing activities	(237)	(90)	(154)	(151)	(152)
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	62	29	149	151	152
Total cash received	62	29	149	151	152
Net cash from (or used by) financing activities	62	29	149	151	152
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	80	80	80	80	80
Cash and cash equivalents at the end of the reporting period	80	80	80	80	80

DCB = Departmental Capital Budget.

Table 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	62	29	149	151	152
Total capital appropriations	62	29	149	151	152
Total new capital appropriations represented by:					
Purchase of non-financial assets	62	29	149	151	152
Total items	62	29	149	151	152
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ^(a)	75	29	149	151	152
Funded internally from departmental resources	162	61	5	-	-
Total acquisitions of non-financial assets	237	90	154	151	152
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	237	90	154	151	152
Total cash used to acquire assets	237	90	154	151	152

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

Table 3.6: Statement of Asset Movements (Budget year 2019-20)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019				
Gross book value	509	490	850	1,849
Accumulated depreciation/ amortisation and impairment	(121)	(143)	(405)	(669)
Opening net book balance	388	347	445	1,180
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	19	26	45	90
Total additions	19	26	45	90
Other movements				
Depreciation/amortisation expense	(121)	(88)	(81)	(290)
Total other movements	(121)	(88)	(81)	(290)
As at 30 June 2020				
Gross book value	528	516	895	1,939
Accumulated depreciation/ amortisation and impairment	(242)	(231)	(486)	(959)
Closing net book balance	286	285	409	980