



Australian Government

Medicare Australia

Practice Incentives Program

Guidelines—August 2011

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Introduction

The Practice Incentives Program (PIP) aims to encourage continuing improvements in general practice through financial incentives to support quality care, and improve access and health outcomes for patients.

Payments are made through the PIP:

- to encourage use of electronic health systems
- to ensure patients have access to after hours care
- to support rural practices
- to encourage rural general practitioners (GPs) to provide procedural services
- to support practices to employ practice nurses
- to encourage practices to teach medical students
- for participating in educational activities to improve prescribing behaviour
- to encourage cervical screening
- for best practice management of patients with asthma and diabetes
- to encourage GPs to provide increased and continuing services in Commonwealth-funded Residential Aged Care Facilities
- to support best practice management of Aboriginal and Torres Strait Islander patients with chronic disease.

The PIP is administered by Medicare Australia on behalf of the Australian Government Department of Health and Ageing (DoHA).

Definition of a General Practitioner

For the purposes of the PIP, GPs include general practitioners and/or non-specialist medical practitioners, known as other medical practitioners, who provide non-referred services and are not GPs. General practitioners include Fellows of the Royal Australian College of General Practitioners (RACGP) and the Australian College of Rural and Remote Medicine (ACRRM), vocationally registered general practitioners and medical practitioners undertaking approved training.

Is our practice eligible for the Practice Incentives Program?

To be eligible to participate in the PIP, a practice must:

- meet the RACGP definition of a 'general practice' (see below)
- maintain full accreditation or be registered for accreditation against the RACGP *Standards for general practices*
- achieve full accreditation within 12 months of joining the PIP and maintain full accreditation thereafter
- maintain current public liability insurance
- ensure that all practice GPs maintain current professional indemnity cover.

The RACGP *Standards for general practice* (The Standards) define a 'general practice' as the provision of patient centred continuing comprehensive, coordinated primary care to individuals, families and communities. The Standards are wholly relevant to general practices which meet this definition.

How does the practice apply for the Practice Incentives Program?

Practices may apply to join the PIP at any time. Practices applying for the PIP must read these guidelines, complete and submit the Practice Incentives Program and General Practice Immunisation Incentive application form along with the required supporting documentation, to:

Mail: **Practice Incentives Program**
GPO Box 2572
ADELAIDE SA 5001

Fax: **1300 587 696**

or through the PIP and General Practice Immunisation Incentive (GPII) Online (see below)

Practices must include the name and contact details of the authorised contact person(s) for the practice. The contact person(s) must be authorised by the current owner(s) of the practice to advise Medicare Australia of any changes and will be the person(s) to whom all correspondence or enquiries are addressed. Medicare Australia can only communicate with the current owner(s) or authorised contact person(s).

Each participating GP is required to complete the Individual General Practitioner Details and Declaration section of the application form which includes consent to use their Medicare and Department of Veterans' Affairs service data to calculate the practice's PIP payments. GPs joining the practice after approval to participate in the PIP has been provided will need to complete the Individual General Practitioner Details form.

If a GP does not consent or does not sign the relevant part of the application form, their service data will be excluded from the calculation of the practice's PIP payments. GPs may consent at a later date to have their service data included by advising Medicare Australia of this decision in writing. The GP service data will then be included in the calculation of the practice's payments from the next payment date.

Medicare Australia will assess applications and advise applicants in writing of their eligibility.

PIP and GPII online administration system

Medicare Australia manages an online administration system where practices can:

- apply for the PIP and/or the GPII, and/or individual PIP incentives
- maintain and update practice and GP details
- receive updates from Medicare Australia.

Practice owners, authorised contact persons and GPs who have a Public Key Infrastructure (PKI) Individual Certificate can access the system if their PKI Individual Certificate is linked to the practice. Details of the PKI Individual Certificate's unique 10 digit Registration Authority (RA) number, for practice owners, authorised contacts and GPs at the practice, must be provided to Medicare Australia in order to have access to the system.

To register for a PKI Individual Certificate go to www.medicareaustralia.gov.au/pki or call the eBusiness Service Centre on **1800 700 199** (call charges may apply).

If you already have a PKI Individual Certificate and need assistance with installation, access or technical difficulties, call the eBusiness Service Centre on **1800 700 199**.

Details of the RA numbers, for practice owners, authorised contacts and GPs at the practice, must be provided to Medicare Australia in order to have access to the system.

Eligibility for individual Practice Incentives Program incentives

Practices must also read the guidelines and meet the eligibility requirements of each of the PIP incentives they wish to apply for. Guidelines are available online at www.medicareaustralia.gov.au/pip or by contacting the PIP on **1800 222 032** (call charges may apply).

Practices with multiple locations

Practices with multiple locations may apply to join the PIP as a single practice provided the eligibility requirements set out below are met. Practices will need to nominate the main practice location when completing the Practice Incentives Program and General Practice Immunisation Incentive application form. The main practice location should be the practice location that provides the highest number of Medicare Benefits Schedule (MBS) services per annum. For the purposes of the PIP, additional practice locations are known as practice branches.

Eligibility requirements

To be considered eligible as a practice branch for the purposes of the PIP:

- MBS services must be provided from the practice branch
- one or more GPs must provide MBS services at both the main practice and the practice branch
- the practice branch must maintain current public liability insurance
- all GPs at the practice branch must maintain current professional indemnity cover.

Accreditation requirements

Practice branches providing less than 3,000 services per annum do not need to be accredited in their own right to be eligible to participate in the PIP. The MBS services of these practice branches will be automatically included in the calculation of the practice's PIP payments, regardless of accreditation status.

Practice branches providing 3,000 or more services per annum need to maintain full accreditation or be registered for accreditation in their own right, for services to be included in the calculation of the practice's PIP payments. If the practice branch is registered for accreditation, full accreditation must be achieved within 12 months of joining the PIP and maintained thereafter.

Practice Incentives Program payments

Types of payments

Practice Payments

The majority of payments through the PIP are made to practices and focus on those aspects of general practice that contribute to quality care.

PIP payments are intended to support the practice to purchase new equipment, upgrade facilities or increase remuneration for GPs working at the practice.

Service Incentive Payments

Service Incentive Payments (SIPs) are generally made to GPs to recognise and encourage the provision of specified services to individual patients.

Rural Loading Payments

Practices participating in the PIP with a main practice location situated outside capital cities and other major metropolitan centres are automatically paid a rural loading. If a practice with multiple locations is eligible for a rural loading, the loading will be calculated based on the main practice's location using the *Rural, Remote and Metropolitan Areas (RRMA) Classification, 1991 Census Edition* (Department of Primary Industries and Energy and Department of Human Services and Health, November 1994).

More information on the rural loading is provided in the PIP Rural Loading guidelines.

Calculation of payments

PIP payments are generally based on a measure of the practice size known as the Standardised Whole Patient Equivalent (SWPE) value. The SWPE value is calculated using MBS claims by patients attending the practice during a historical 12 month period known as the reference period. The reference period is a rolling 12 month period that commences 16 months prior to the payment quarter. For example, payments received in the August quarter are calculated using practice size data for the 12 month period ending 31 March of that year.

Calculating the SWPE value

The SWPE value of a practice is the sum of the fractions of care provided to practice patients, weighted for the age and gender of each patient. As a guide, the average full-time GP has a SWPE value of around 1,000 SWPEs annually. The SWPE value of a practice is calculated in three steps:

1. Calculation of the Whole Patient Equivalent of each patient

The fraction of care provided by the practice to each patient is calculated. For example, in a 12 month period, a patient has \$100 in MBS benefits at Practice A and \$400 at Practice B, to a total of \$500.

- Practice A would be assigned $\$100/\500 or 0.2 of the patient's care.
- Practice B would be assigned $\$400/\500 or 0.8 of the patient's care.

The total care for each patient equals one (1.0) and is known as the Whole Patient Equivalent (WPE). The WPE is based on GP and other non-referred consultation items in the MBS and uses the value rather than the number of consultations per patient.

2. Weighting of the WPE

The WPE is weighted for the age and gender of each patient to become the SWPE. The weighting factor recognises that people generally require different amounts of care at different stages in their life and that the amount of care differs for males and females. The weighting factors are routinely updated and are available on the Medicare Australia website.

3. Total the individual SWPE values

The individual SWPE values are added together to determine the SWPE value of the practice.

Practices without a historical SWPE value

Payments to practices without a historical SWPE value (e.g. newly established practices) will not reflect the current patient load of the practice. As a practice's historical SWPE value is established payments will increase over time to the full value of the practice's entitlement. It takes approximately six payment quarters from the time of joining the PIP to establish a full SWPE value.

The SIPs for the GP Aged Care Access, Cervical Screening, Asthma, and Diabetes Incentives; and payments for the Procedural GP Payment, Indigenous Health, and Teaching Incentives are not affected by the lack of a historical SWPE value.

When payments are made

To qualify for payments, practices must be participating in the PIP and meet the eligibility requirements of the incentives at a 'point in time' date. The 'point in time' date corresponds to the last day of the month prior to the next PIP quarterly payment. The quarterly payment months, 'point in time' dates and reference periods are provided in table 1.

Table 1

Quarterly payment month	'Point in time' assessment of eligibility	SWPE value reference period
February	31 January	1 October to 30 September
May	30 April	1 January to 31 December
August	31 July	1 April to 31 March
November	31 October	1 July to 30 June

Practices that meet the eligibility requirements of a PIP incentive will be paid in the first payment quarter after application, provided Medicare Australia receives their application by the 'point in time' date. Thereafter, the practice will be paid quarterly in February, May, August and November each year provided the practice continues to meet the eligibility requirements.

PIP payments are made both retrospectively and prospectively. Payments that are currently made prospectively will be gradually changed to become retrospective over the coming years. Practices will be kept informed of these changes.

Where payments are made prospectively, the quarterly payment is made for committing to meet eligibility requirements for a particular incentive in the coming months. For example, the February quarterly payment for the After Hours Incentive is made for **committing to meet** the eligibility requirements in February, March and April.

Where payments are made retrospectively, the quarterly payment is made for having already met the eligibility requirements for a particular incentive in the preceding months. For example, the February quarterly payment for the Asthma Incentive is made for **having met** the eligibility requirements in November, December and January.

As payments are not made pro rata, practices must meet the eligibility requirements for the entire period including the 'point in time' date.

How payments are made

PIP payments are made by Electronic Funds Transfer (EFT) to the account nominated by the practice on the application form. PIP payments do not attract a Goods and Services Tax (GST).

Withheld payments

Payments to practices are sometimes withheld by Medicare Australia. Payments may be withheld for a number of reasons including, but not limited to:

- a change of practice ownership
- non-compliance
- expiry of accreditation status
- significant variance of practice data
- incomplete or inaccurate practice details.

Practices have up to three consecutive 'point in time' dates to provide the required information to Medicare Australia. Once the required information is provided and the practice is assessed as eligible for payments, Medicare Australia will release the payment(s).

If the practice remains ineligible for payment(s) at three consecutive 'point in time' dates, the practice will be ineligible to claim any withheld payment(s) and will be withdrawn from the PIP. The practice will need to complete a new application form to re-join the PIP.

Practices are given 12 months from the date of joining the PIP to obtain accreditation, and are not eligible for any further payments beyond this period until full accreditation is achieved. Once accreditation is achieved, payments will commence from the payment quarter following the date of accreditation. The practice will be withdrawn from the PIP if the practice does not have full accreditation by the third consecutive 'point in time' date after the initial 12 month period expires. If a practice receives an extension on their registration for accreditation, payments will be withheld until evidence of accreditation is provided.

Where a practice's accreditation has expired, payments will be withheld until confirmation of re-accreditation is received. The full payment(s) will only be released if the practice was accredited for the full period that payments were withheld. The practice will be withdrawn from the PIP if the practice has not provided evidence of re-accreditation by the third consecutive 'point in time' date after the accreditation expired.

In all cases where a practice is withdrawn from the PIP withheld payments will be forfeited.

Recovery of payments

In circumstances where PIP payments have been made as a result of an administrative error or inappropriate claiming, Medicare Australia may seek to recover those payments.

Maintaining and changing practice information

Notification of changes

It is important that PIP practices advise Medicare Australia in writing of any changes in practice arrangements that may affect their eligibility for the PIP and/or individual PIP incentives. While practices generally have 14 calendar days in which to advise Medicare Australia of changes, practices need to make sure that this information is provided to Medicare Australia by the 'point in time' date. This will ensure that changes to practice arrangements are taken into account to accurately calculate the practice's next quarterly PIP payment. When inaccurate information is used in the calculation process, the practice may not receive all of their entitled incentive payments and any overpayments may be recovered by Medicare Australia. Relevant changes include but are not limited to:

- GPs leaving or joining the practice (please note, the Individual General Practitioner Details form will need to be submitted for each new GP that joins the practice)
- changes to the authorised contact person(s) for the practice
- changes to the bank account nominated for PIP payments
- changes in accreditation status, such as the practice becoming fully accredited or accreditation lapsing
- changes in eligibility or level of activity for individual incentives (e.g. reduced employment of a practice nurse, or less after hours cover or procedural services)
- changes to the practice location, ownership or structure
- lapses in the practice's public liability insurance or an individual GPs professional indemnity cover
- changes in provider numbers for any practice GPs.

All changes should be advised in writing on practice letterhead and signed by the authorised contact person. Changes to practice details should be sent to:

Mail: **Practice Incentives Program**
GPO Box 2572
ADELAIDE SA 5001

Fax: **1300 587 696**

Email: **pip@medicareaustralia.gov.au**

Practices should routinely check their PIP quarterly payment advice for accuracy, particularly the GPs listed at the practice and the incentives the practice is participating in.

Some incentive payments (such as for the Practice Nurse and After Hours Incentives) are affected by changes in the practice's SWPE value. It is important that practices regularly check their SWPE value to assess their ongoing eligibility for these payments.

Transferring the SWPE value of a practice

In general, the SWPE value of a practice remains with the location. For example, if a practice is sold and the original owners relocate, the SWPE value will remain at the original location. The relocating practice is required to apply to participate in the PIP and will need to establish a historical SWPE value. It is the practice owner's responsibility to ensure that the SWPE value of the practice is taken into account in the sale price.

The only instances where the SWPE value of a practice may be transferred are outlined below.

Amalgamations

For the purposes of the PIP, the Department of Health and Ageing defines an amalgamation as:

'two or more practices coming together into one common location and sharing access to all patient records, belonging to each of the previously individual practices **and** the closure of the remaining original location(s)'.

The SWPE value of a practice may be transferred to the amalgamated practice when:

- the original and final locations of the amalgamating practices are within the local area (see below)
- another practice is not operating from any of the original location(s) at the 'point in time' date following the amalgamation.

The term 'local area' refers to the same suburb, same street, same postcode, around the corner etc. There is no specific kilometre limit as this does not take into account differences between urban and rural settings. Whether a practice has moved within a local area is determined by Medicare Australia.

If the amalgamated practice meets the above requirements, the SWPE values of the original practices will be added together to form the new SWPE value of the amalgamated practice.

If the amalgamated practice does not meet the above requirements, the practice will need to apply for the PIP as a new practice and establish a historical SWPE value. However, if one (or more) of the amalgamating practices is situated outside the local area of the final location, the SWPE value of the practice originally on site at the final location is maintained.

Relocation

The SWPE value of a practice may be transferred when a practice relocates if:

- the original and final locations are within the local area
- another practice is not operating from the original location
- the patient base remains the same and all patient records are held with the relocated practice.

If the relocated practice does not meet these requirements, the practice will need to apply for the PIP as a new practice and establish a historical SWPE value.

Change of ownership

When there is a part or full change of ownership of a practice, the SWPE value of the practice remains with the location. It is the practice's responsibility to ensure that the SWPE value of the practice is taken into account in the sale price.

Confirmation of practice information

Medicare Australia requires accurate information about practices to ensure PIP payments are calculated correctly. As part of Medicare Australia's annual confirmation statement process, Medicare Australia will confirm practice details annually in May. In addition, practices must comply with requests for information, at any time, from Medicare Australia in order to continue receiving payments.

Practice Incentives Program audits

Medicare Australia conducts both targeted and random audits of PIP practices each year to verify that practices are meeting the eligibility requirements. Audits may include practice visits or a review of practice documentation. If requested, practices must provide documentary evidence to support their eligibility and claims for payment.

What are the obligations of the practice?

The practice must:

- be able to substantiate its claims for payments, including any relevant documentary evidence
- provide information to Medicare Australia as part of its ongoing audit program to verify that the practice meets the PIP eligibility requirements
- make sure information provided to Medicare Australia is accurate
- advise Medicare Australia in writing of any changes to practice arrangements by the relevant 'point in time' date or within 14 calendar days, whichever date is earliest.

On joining the PIP, the practice must nominate an authorised contact person(s), who will be required to verify on the practice's behalf, any changes to information submitted for PIP claims and payments.

Is there an appeals process?

The PIP has an established appeals process. To request a review of a decision the authorised contact person or the person(s) or the owner(s) must write to Medicare Australia within 28 calendar days of the date on the notice of the decision they would like reviewed.

The request must include the following details:

- the name and address of the person requesting the review
- the name and PIP practice identification number of the practice
- the decision to be reviewed
- the grounds for requesting the review.

Medicare Australia will reassess its decision in accordance with the PIP eligibility requirements and/or payment formula used to make the original decision and advise the practice in writing of the outcome of the review.

More information

For more information about the PIP email pip@medicareaustralia.gov.au or go to www.medicareaustralia.gov.au/pip or call **1800 222 032** (call charges may apply) between 8.30 am and 5.00 pm, Monday to Friday, Australian Central Standard Time (ACST).

These guidelines are for information purposes only. While it is presently intended that the Commonwealth will make payments as set out in these guidelines, the making of payments is at the sole discretion of the Commonwealth. The Commonwealth may alter arrangements for the PIP at any time and without notice.

The Commonwealth does not accept any legal liability or responsibility for any injury, loss or damage incurred by the use of, reliance on or interpretation of the information provided in these guidelines.