

Medical Indemnity Insurance

Title: Medical Indemnity Insurance

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From: Department of Health, Ireland

To: Chief Executive Officer, Each Health Board

Re: Medical Indemnity Insurance

Dear Chief Executive Officer,

I am directed by the Minister for Health to refer to the recommendations in the Report of the Review Group on the General Medical Services under the Chairmanship of Mr John Horgan (Limerick, February 1991) in relation to the above matter.

1. Report of Review Group.

As you will be aware, the Chairman of the Group recommended, in relation to the principle of reimbursement of medical indemnity insurance that, "in the light of the spirit of the G.M.S. agreement and the nature of the contractual relationship which the agreement establishes, I would consider it would be inequitable to exclude General Practitioners from this principle".

2. Approval to pay refunds of Medical Indemnity premia.

This Circular now conveys formal approval to each Health Board to make arrangements for the appropriate refund of medical indemnity insurance to Doctors who hold contracts for the provision of services under Section 58 of the Health Act, 1970.

3. Calculation of refunds.

The refund to a doctor will be based on the size of the G.M.S. panel as follows:

Number of patients on panel	% Net Amount Re-imbursement
100 - 250	10%
251 - 500	25%
501 - 1000	50%
1001 - 1500	75%
1501 - RPAGP's	95%

(RPAGP's refers to GPs on Rural Practice Allowance)

The refund is calculated as a percentage of the net premium paid by the doctor. The net premium is the gross premium less the benefit which the doctor receives as a tax rebate on the total amount. Payment of a refund can only be made on receipt, by the Health Board, of evidence of the payment of medical indemnity cover and the appropriate marginal rate of tax. An example of the calculation of a refund is shown in the Appendix to this letter. Applications for refunds should be processed as soon as possible after the renewal date and only in respect of premia which fall to be paid on or after the 1st January 1992.

4. Interim arrangements to apply in 1992.

For administrative reasons and for 1992 only, all doctors will be regarded as being taxable at 48p in the £ and re-imbursements will be made on receipt of evidence of payment of medical indemnity insurance. From 1st January, 1993 onwards, refunds will be calculated on the basis of the doctor's actual marginal tax rate in the tax year ending in the previous calendar year. An appropriate adjustment can be made in respect of the 1992 refund on receipt of this information.

5. Arrangements for paying the refund.

Each Health Board should calculate the refund payable to each doctor in accordance with the arrangements set out above and advise the General Medical Services (Payments) Board accordingly of the amount of the refund to be paid. The Payments Board will then arrange to have the amount paid to the doctor.

Yours sincerely

Alan Aylward

Principal Officer GMS Division

10 January 1992

Appendix

Calculation of refund of medical indemnity premium, Example:

- (a) Doctor's premium (gross) £3,024.00
- (b) Multiplied by 90% - (amount allowable by Revenue Commissioners) £2,722.00
- (c) Tax allowance (marginal rate of tax @ 48p in £ on £2,722.00) £1,306.00
- (d) Net premium (i.e. amount at (a) less amount at (c)) £1,718.00
- (e) Refund based on panel size of 1,100 (i.e. 75% of net premium) £1,289.00