National Seniors AUSTRALIA

MEDIA RELEASE

PENSIONERS WITH PRIVATE HEALTH SET TO LOSE $15 PER FORTNIGHT AS BILL PASSES LOWER HOUSE

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Older Australians are now one step closer to a cut to their standard of living as the bill to remove the higher Private Health Insurance (PHI) Rebate for people 65+ passes the lower house.

National Seniors Australia's (NSA's) analysis of figures from the Parliamentary Budget Office (PBO), shows pensioners with Private Health Insurance (PHI) could be on average almost $15 per fortnight worse-off under the proposed cut to the PHI Rebate for Australians 65+. This is almost half the pension increase due to indexation on September 20.

The PBO analysis, commissioned by Member for Kooyong, Dr Monique Ryan, shows the cut will cost Age Pension recipients with PHI more than $462 million in 2027/28. Separate estimates from the Department of Health show around 1.2 million Age Pension recipients have PHI, including 700,000 receiving the full-rate Age Pension.

National Seniors Australia CEO Chris Grice said the proposed cut to the higher rebate is cruel and makes it harder for older and vulnerable Australians who have dutifully paid into health care for decades.

"As Dr Monique Ryan rightfully points out – this cut will impact those least able to afford it. People have paid taxes and into private health their whole working lives, believing their insurance would help to meet their needs when they need it most," Mr Grice said.

"We welcomed Dr Ryan's attempts to protect pensioners but ideally, we would like to see the cut stopped for all older Australians. We thank Dr Ryan, as well as Senator Anne Ruston, Anne Webster, Rebekha Sharkie and others who have also been fierce opponents to this change."

With the passage of the bill now through the House of Representatives, it is up to the Senate to stop this harmful legislation.

According to NSA's own research, 8.4% of older Australians surveyed are considering dropping hospital cover entirely and 12.5% are considering downgrading their cover to manage potential cost increases from changes to the PHI rebate.

"If these results were reflected in the wider population, it could see older people drop or reduce their level of cover – much higher than the government estimates," Mr Grice said.

“As our survey shows, it will be pensioners, particularly full pensioners, who are most at risk of dropping or downgrading their private health insurance if this cut goes ahead.

“Even before these cuts were announced, older Australians were struggling to afford private health insurance. While some will do anything to keep it and begrudgingly absorb the increase, this might be the final straw, especially for seniors on lower incomes.

NSA survey shows seniors have already dropped and downgraded private health cover in response to price pressures over the past two years. Many are considering these strategies in response to the rebate cut. If that happens, the sustainability of both private and public health could be at risk.

“State and territory governments are grappling with older patients stranded in public hospitals. Do we need to add pressure on a system already struggling to cope?

"Long before this cut was announced, NSA questioned the value of private health and recommended an inquiry into the private health system and for the PHI rebate to be increased for older people with limited means. That call has become more urgent.

“We must reduce health inflation and improve value for all policy holders. If we can find efficiencies to drive down premiums, this will reduce the cost of the rebate. A win-win situation,” Mr Grice said.

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