National Seniors AUSTRALIA

MEDIA RELEASE

Pensioners spared… but Private Health Insurance becomes less affordable

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Private Health Insurance (PHI) will become less affordable for self-funded retirees and others on 1 April 2027 as the cut to the PHI rebate for older Australians looks set to pass the House and Senate with a Greens amendment to exempt pensioners.

National Seniors Australia CEO Chris Grice said while pensioners and part-pensioners have been spared the pain of this cruel cut, NSA is disappointed to see other retirees weren't given the same consideration.

What is uncertain is how these policy holders will react and what this might mean for premiums for all policy holders on 1 April 2027 as those affected reconsider their cover.

"Since this proposal was raised in April, NSA has campaigned fiercely against the cut and tried to help the government understand the impacts for older Australians who have paid into PHI for decades and for the health systems that are meant to support them," NSA CEO Chris Grice said.

"Even before the cut was announced, NSA affordability research showed PHI was the number one cost of living concern for older people with private health cover – 56% of full pensioners, 38% of part pensioners and 24% of self-funded retirees were concerned about the affordability of PHI.

"Additional NSA research showed that 30% of self-funded retirees would most likely drop or downgrade their cover in response to a price increase (16.3% downgrade and 13.7% drop their cover). Despite this, the government pressed ahead.

"This is a short-sighted policy that fails to consider the flow on effects for retirees with PHI who will be forced to downgrade or drop their cover completely and Australia's already stretched public health system that will suffer even more as more sick older patients try to access its services.

The cut to the rebate will coincide with the annual April 1 premium increase. NSA estimated in its submission to the inquiry that the premium for a gold hospital only product for a couple over 70 currently costing $9,325.20 could increase by $1,690.84 on 1 April 2027 (rebate cut + annual premium increase).

"As NSA has said all along, there is so much uncertainty about the premiums for all policy holders and the sustainability of private health system if older people choose to drop or downgrade their cover.

"While we welcome the pensioner carve out, other older Australians, including those aged 65-66 not yet eligible for the pension, will tighten their belt on 1 April 2027 and wonder if private health is worth it."

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Concerned about affordability of…	FULL PENSIONERS	PART PENSIONERS	SELF FUNDED
private health insurance	56%	38%	24%
power	49%	27%	18%
insurance - car, home, other	49%	30%	19%
holidays & travel	42%	33%	21%
healthcare	42%	27%	21%
groceries	39%	18%	11%
transport	34%	15%	9%
phone & internet	27%	12%	8%
housing	26%	12%	7%
interests & hobbies	24%	13%	9%
aged care services	18%	12%	8%
subscriptions & memberships	17%	9%	5%

Results of unpublished NSA affordability research conducted in February 2026

(Note: sample for PHI affordability only includes people who said they held PHI)

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