

Increase the value of the Private Health Insurance (PHI) Rebate for people on low incomes.

Overview

- People on lower incomes have the most marginal attachment among seniors to PHI due to cost pressures and capacity to pay.
- National Seniors research shows some older people are stretching to their financial limits to hold on to PHI.
- They maintain PHI to avoid public hospital waiting times for procedures commonly required by older people and so they can choose their own doctors.
- Downgrading or relinquishing PHI are ways some older people reduce expenditure and manage financially in later life, however this is undesirable as it increases pressure on the public health system.
- The indexation freeze on PHI rebate income thresholds and the ongoing reduction in the rebate via the Rebate Adjustment Factor over the past 10 years has eroded the level of government financial support for PHI.

WHAT ARE WE CALLING FOR?

- Increase the PHI Rebate for people on low incomes, including older people, to ensure those most likely to vacate PHI are maintained within in the system and to boost membership among those most likely to take it up.
- Ensure the formulas used to calculate the rebate for people on lower incomes, supports maintenance of PHI cover into the future.

Budget Impact

- The budget impact of increasing and indexing PHI Rebates for people on low incomes will depend on the level the PHI Rebate is set for specific income groups.
- Expert modelling and advice should be sought to calibrate the PHI Rebate amount for lower-income groups to:
 - Maximise the positive impact on those under the most intense cost-of-living pressure
 - Maximise the return on investment for government
 - Reduce the cost to the public health system.

