

SENIORS TO WALK AWAY FROM PRIVATE HEALTH AFTER DECADES OF PAYING INTO IT**7 October 2026**

A new survey shows the government has grossly underestimated the impact of the cut to the Private Health Insurance (PHI) Rebate with pensioners, part-pensioners, and self-funded retirees likely to downgrade or drop their Private Health cover should the cut go ahead.

It comes as the [Senate Committee Report](#) into the Private Health Insurance Amendment (Modernising the Private Health Insurance Rebate) Bill 2026 raises serious concerns about the cut to the higher rebate for older Australians.

The National Seniors Australia (NSA) Survey* conducted last month asked participants their most likely response to a premium increase on 1 April 2027 due to the rebate cut (not including annual premium increases).

- **15.6% of respondents said they would drop PHI**
- **16.6% of respondents said they would downgrade their PHI**
- **20.3% of respondents said they would cut spending**
- **21.8% of respondents said they would draw on savings**
- **19.5% of pensioners** said they would most likely **downgrade their cover** and **20.5%** said they would most likely **drop their cover**.

28.6% of self-funded retirees said they would most likely **draw on their savings** to meet the premium increase from the rebate cut **30% of self-funded retirees said they would either drop or downgrade their cover** (16.3% downgrade and 13.7% drop their cover).

Consistent with NSA's previous survey work, full rate pensioners are more likely to **drop their PHI** than others. However, the proportion of those who say they would most likely drop their PHI is far higher than being reported by government and independent modelling.

"While the government might be heartened that some people will reduce their spending or dip into their savings to absorb the costs, many people have indicated they'll be forced to walk away from private health after decades of paying into it," NSA Chief Executive Officer Mr Chris Grice said.

"And while government may see cutting spending as palatable, this will come at the expense of essential goods and services, reducing quality of life. Likewise, downgrading cover means people will still pay into Private Health but lose cover for what they may need.

"Last week, the Federal Treasurer and Finance Minister announced the 2025/26 Final Budget outcome was \$6 billion better than estimated, due to \$4.6 billion in additional tax collected, and \$1.4 billion in savings. The \$1.4 billion came from underspending in the Aged Care sector.

“In a time when Support at Home packages are rationed, increasing numbers of older Australians are waiting for Support at Home Services, and thousands more are stranded in public hospitals, you have to wonder how \$1.4 billion in funding for Aged Care can be returned to Treasury as savings?

“If not for Australia’s most vulnerable who have worked, saved and contributed to this county – *what* and *who* is the \$1.4 billion being ‘saved’ for?

“As NSA has said before – the government doesn’t need to cut the Private Health Insurance Rebate to find money for Aged Care – it’s already there!”

If passed, the cut would take effect on 1 April 2027 – the same day as the annual government-approved premium increases. The change is estimated to raise more than \$870 million in the first full year of operation.

**The National Seniors Australia survey asked participants to use the NSA [rebate estimator](#) so they accurately knew what the increase would be before completing the survey question about their intentions.*

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