

The Australian Government Rebate

on Private Health Insurance



The Australian Government provides a rebate on premiums paid for private health cover. On 1 July 2012 the rebate became subject to income testing and three rebate tiers were created. The level of rebate you are now entitled to depends on your level of income and which rebate tier (or income threshold) you fall into. In addition to the income test, the level of rebate you are entitled to also depends on the age of the oldest person covered by your policy as the rebate increases when you turn 65 and again when you turn 70. People on very high incomes may not be eligible for any rebate from the government.

On 1 July 2013, the Government introduced a further change to remove the rebate from any Lifetime Health Cover loading that may apply to a policy, meaning that as from 1 July 2013, the rebate only applies to the base premium of a private health insurance product.

Furthermore, as part of the 2014-15 Federal Budget, the Government has paused the indexing of the income thresholds for a period of three years. This means the current income thresholds will remain in place from 1 July 2015 to 30 June 2018.

Indexing the Australian Government Rebate: On 1 April 2014, the government also introduced new legislation to index the rebate and cap how much it contributes towards private health insurance. The indexing of the rebate means the rebate percentages are adjusted each year from 1 April. The new rebate percentages apply to payments made on or after 1 April each year, regardless of the period the payment covers.

The following tables show the rebate tiers and income thresholds that apply from 1 July 2017 and 1 April 2018.

Table 1 shows the rebate percentages that apply to payments made prior to 1 April 2018. Table 2 shows the percentage rebates that apply to payments made on or after 1 April 2018.

Table 1: Private Health Insurance Rebate Tiers - Effective 1 April 2017 (for the 2016-2017 and 2017-2018 income years) for payments made between 1 April 2017 and 31 March 2018.

	Income			
	Base Tier	Tier 1	Tier 2	Tier 3
Single Income	\$0 - \$90,000	\$90,001 - \$105,000	\$105,001 - \$140,000	\$140,001 +
Families Income	\$0 - \$180,000	\$180,001 - \$210,000	\$210,001 - \$280,000	\$280,001 +
	Private Health Insurance Rebate on Base Premium			
Less than 65 years	25.934%	17.289%	8.644%	Nil
65 to 69 years	30.256%	21.612%	12.966%	Nil
70 years or over	34.579%	25.934%	17.289%	Nil

Table 2: Private Health Insurance Rebate Tiers - Effective 1 April 2018 (for the 2017-2018 and 2018-2019 income years) for payments made between 1 April 2018 and 31 March 2019.

	Income			
	Base Tier	Tier 1	Tier 2	Tier 3
Single Income	\$0 - \$90,000	\$90,001 - \$105,000	\$105,001 - \$140,000	\$140,001 +
Families Income	\$0 - \$180,000	\$180,001 - \$210,000	\$210,001 - \$280,000	\$280,001 +
	Private Health Insurance Rebate on Base Premium			
Less than 65 years	25.415%	16.943%	8.471%	Nil
65 to 69 years	29.651%	21.180%	12.707%	Nil
70 years or over	33.887%	25.415%	16.943%	Nil

For families with children, the above income thresholds are increased by \$1,500 for each child after the first.

The income testing applies to the financial year in which the payment is received by the health fund, regardless of the period the payment covers.

The income thresholds are usually reviewed and indexed by the Government each year. However, as part of the Federal Budget, the Government has paused the indexing of the income thresholds until 30 June 2018.

How can you claim the Rebate?

You can lower your health cover premium by applying to receive the rebate as a reduction in the premium you pay to St.LukesHealth, providing everyone on your policy is eligible for Medicare.

If you do wish to claim the rebate as a premium reduction you will need to nominate a rebate tier from the above table so that we know how much rebate you wish to claim.

To register for a premium reduction all you need to do is complete the Australian Government Rebate application form. Alternatively, you can claim the rebate in your annual tax return.

What if you claim the wrong level of rebate as a premium reduction?

If at the end of the financial year you find out you are eligible for a different level of rebate to the level you have claimed as a premium reduction, an adjustment will be made in your annual tax return.

You may wish to nominate a rebate tier based on what you believe would be the upper limit of the income you expect to earn to avoid a tax liability at the end of the financial year.

There is no penalty imposed by the ATO for claiming the wrong level of rebate, however, if you have claimed too much or too little this will be adjusted in your annual tax return.

What if I'm already claiming the rebate as a premium reduction?

You may wish to consider nominating a rebate tier if you expect your income to exceed the amounts shown under Tier 1 to avoid a tax liability at the end of the financial year. If you do not nominate a rebate tier, your premium won't change and we will continue to claim your current rebate level on your behalf.

How can I nominate a new rebate tier?

You can nominate a new rebate tier in one of four ways:

1. Call us on **1300 651 988**;
2. Email general@stlukes.com.au;

3. Visit your nearest St.LukesHealth office; or

4. Through online member services at <https://myaccount.stlukes.com.au>

If you are not registered for online member services you can register at <https://myaccount.stlukes.com.au/default.aspx>

How often can I change my rebate tier nomination?

You can change your rebate tier as often as you wish, however you can't backdate a tier nomination as the rebate would already have been claimed from the government for your previous premium payments.

What income is included in the income test?

To find out what income is tested for a single person or for a family or couple go to www.ato.gov.au/privatehealthinsurance

How can I find out more information about the rebate?

Go to www.ato.gov.au/privatehealthinsurance

To find out how the rebate changes may affect your individual circumstances, consult your tax advisor or contact the ATO on **13 28 61**.

Lifetime Health Cover

On 1 July 2013, the Australian Government introduced a further change to remove the rebate from any Lifetime Health Cover (LHC) loading that may apply to a policy. Therefore from 1 July 2013, the rebate only applies to the base premium of a private health insurance product, subject of course to the income test.

For more information on Lifetime Health Cover visit our web site at www.stlukes.com.au or contact St.LukesHealth on **1300 651 988**.

Medicare Levy Surcharge

If you or your family don't have private hospital cover, or if you choose not to maintain your cover, you may have to pay the following Medicare Levy Surcharge based on the income tiers shown in the above tables.

Medicare Levy Surcharge				
		Tier 1	Tier 2	Tier 3
All ages	0.0%	1.0%	1.25%	1.5%

For more information on the Medicare Levy Surcharge, visit the Australian Tax Office website at www.ato.gov.au

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