National Seniors AUSTRALIA

MEDIA RELEASE

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Axe on health insurance rebate a stain on budget for seniors

National Seniors Australia (NSA) has called the cut to the Private Health Insurance (PHI) rebate for older Australians the most shortsighted yet overlooked part of the budget.

NSA is calling on the parliament to reject the move, which risks putting the both the private and public health care systems on a knife edge after 1 April 2027 when it is slated to start.

Seniors will also be concerned about the changes to Capital Gains Tax, which include an imposition of a minimum 30% tax on net capital tax gains. These changes will apply not only to housing but to all capital gains, including shares and other assets.

The grandfathering of the CGT changes will be welcomed but this is only for gains made before 1 July 2027. Beyond this time, existing property will be taxed using the Keating era model using real gains after inflation.

NSA welcomes increased investment in health and aged care that will impact on seniors in the federal budget, including:

- free RSV vaccinations for seniors 75 and over and for Aboriginal and Torres Strait Islander adults aged 60 and over;
- the removal of co-contributions for showering, continence management, and dressing through the Support at Home Program;
- the delivery of 20 additional Specialist Dementia Care units;
- the expansion of the Hospital to Aged Care Dementia Support Program from 11 to 20 locations;
- incentives to construct an estimated additional 5,000 beds a year; and
- additional funding for Support at Home Packages.

But these funding boosts shouldn't have come at the expense of the private health insurance rebate.

Pensioners rely on private health to ensure they can access timely medical care at a time when they need it most. The risk is that over time only the wealthy will be able to afford private health and the rest will have to turn to the already stretched public system with long wait times.

NSA CEO Chris Grice said "Older Australians continue to be shocked by the decision to cut the higher health insurance rebate and overwhelmingly reject the proposal. Our biggest concern is that it will push older people with limited incomes out of the private health system at a time of greatest need putting both the public and private health systems at risk.

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"A recent NSA survey found that as many as 45% of people relying on the pension as their sole income source could hold private health insurance – these are people with low incomes and limited savings. They will either drop their cover, downgrade their cover or cut spending on other essentials if this cut to the rebate is made law." Mr Grice said.

"Many of these older people would have paid private health for decades. Now, at a time in their life when they really need that insurance – when affordability is paramount – it has been swept from under their feet.

"Recent NSA research shows that private health insurance is one of the top cost-of-living concerns for seniors. Separate research by NSA found that older Australians value the peace of mind and control over healthcare PHI provides. Many wish to maintain it, even at great cost to themselves.

"The risk for government is that older people drop their private health insurance cover, and place even greater pressure on the public system.

"NSA has been calling for reforms to private health for many years on the back of growing concern among older people about the affordability of private health insurance and out-of-pocket costs, including for higher rebates for low-income policy holders.

"Our budget submission called for a Productivity Commission review of the private health system to identify the causes of premium increases, rising specialists' costs, and increased hospital charges to identify ways to reduce the cost of private health in Australia. That call will only get louder!"

NSA estimates that a gold-level hospital policy (couple, aged over 70) costing $7,000 will increase by $830 per year as result of rebate reduction. We have created a new online rebate estimator to raise awareness of this impact and build opposition to this proposal.

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