

Cabinet-in-Confidence

REMOVAL OF AUSTRALIAN GOVERNMENT REBATE ON PRIVATE HEALTH INSURANCE FROM LIFETIME HEALTH COVER LOADINGS

Background

- Legislative changes in 2007 mean that the Lifetime Health Cover (LHC) loading is no longer paid after 10 years of continuous hospital cover; this has removed much of the need for the additional incentive received by individuals with LHC loadings.

Before the measure is implemented

- As at 30 June 2012, there were 1,052,994 people with a LHC loading. Currently they are all eligible to receive a rebate on the total cost of their private health insurance premium inclusive of the LHC loading payable.

After the measure is implemented

- Following implementation, the rebate will no longer apply to the LHC component of premiums.