



Australian Government

Department of Veterans' Affairs

Submission to the

**THE SENATE STANDING COMMITTEE
ON COMMUNITY AFFAIRS
Legislation Committee**

**Inquiry into the Social Services and Other
Legislation Amendment (Lifting the Income
Limit for the Commonwealth Seniors Health
Card) Bill 2022 [Provisions]**

August 2022

Senate Standing Committee Inquiry into the Social Services and Other Legislation Amendment
(Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 [Provisions] August
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Table of Contents

1. Introduction	3
2. Purpose of the Commonwealth Seniors Health Card	3
3. Eligibility for the Commonwealth Seniors Health Card	3
4. The Commonwealth Seniors Health Card and DVA	3
5. History of the Commonwealth Seniors Health Card	4
5.1. Introduction – 1 July 1994	4
5.2. Extension of Eligibility – 1995	4
5.3. Cessation of Dental & Hearing treatment – 1997	4
5.4. Introduction of Telephone Allowance – 2001	4
5.5. Introduction of Seniors Concession Allowance – 2004	4
5.6. Introduction of Seniors Supplement – 2009	4
5.7. Changes to Income Test – 2010	4
5.8. Portability provision changes – 2013	4
5.9. Indexation introduced and removal of Portability provisions – 2014	5
5.10. Changes to Income Test – 2015	5
5.11. Cessation of Energy Supplement – 2017	5
6. Current Bill	5
7. Conclusion	5

Senate Standing Committee Inquiry into the Social Services and Other Legislation Amendment
(Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 [Provisions] August
2022

1. Introduction

The Department of Veterans' Affairs (DVA) welcomes the opportunity to make a submission to the Senate Standing Committee's Inquiry into the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 [Provisions].

2. Purpose of the Commonwealth Seniors Health Card

The Commonwealth Seniors Health Card is a concession card that provides cardholders with access to Australian Government health concessions including the lower threshold of the Extended Medicare Safety Net and cheaper medicines listed under the Pharmaceutical Benefits Scheme.

3. Eligibility for the Commonwealth Seniors Health Card

Australian residents or special category visa holders who are of age pension age or veteran pension age who do not receive a social security payment, service pension, income support supplement or veteran payment may claim a Commonwealth Seniors Health Card, subject to meeting the relevant qualification criteria.

One of the criteria is that the person must satisfy the Commonwealth Seniors Health Card income test. To satisfy this test, the person's total adjusted taxable income, as well as deemed income from any account based superannuation pensions held, must not exceed the applicable income test limit. On 20 September of each year, the Commonwealth Seniors Health Card income test limits are indexed in line with increases in the Consumer Price Index.

Different income test limits apply depending on the person's family situation, namely if they are a single person or a member of a couple. Couples separated due to illness, respite care or imprisonment have a combined income test limit of two times the single limit. This is because the assumption that members of a couple are able to share the financial costs and expenses arising from the relationship does not apply in cases of illness, respite care or incarceration.

The current income limits (as at 1 July 2022) are \$57,761 per year for a single person, \$92,416 (combined) per year for members of a couple and \$115,522 (combined) per year for members of a couple who are separated due to illness, respite care or imprisonment.

4. The Commonwealth Seniors Health Card and DVA

The following persons are eligible for a Commonwealth Seniors Health Card at DVA:

- Australian, Commonwealth or Allied veteran with qualifying service;
- Australia and Allied mariners of World War 2 with qualifying service;
- The partners (including surviving widows and widowers) of veterans or mariners with qualifying service; and
- War widows/widowers.

Senate Standing Committee Inquiry into the Social Services and Other Legislation Amendment
(Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 [Provisions] August
2022

5. History of the Commonwealth Seniors Health Card

5.1.Introduction – 1 July 1994

The Commonwealth Seniors Health Card was announced in the 1993 Budget to assist those retirees who qualified for fringe benefits under the income test, but either failed the assets tests or were excluded by the residency requirements. The Commonwealth Seniors Health Card originally provided a limited range of health-related concessions and was targeted at those retirees that were asset rich but income poor.

5.2.Extension of Eligibility – 1995

Eligibility for the Commonwealth Seniors Health Card was extended to widows and widowers and non-illness separated spouses who lost entitlement to the pensioner concession card due to the application of the income support means-test.

5.3.Cessation of Dental & Hearing treatment – 1997

Eligibility for Commonwealth Seniors Health Card holders to access dental treatment through the Commonwealth Dental Program ceased from 1 January 1997. Access to hearing aids through the Australian Hearing Services was discontinued from 1 July 1997.

5.4.Introduction of Telephone Allowance – 2001

Commonwealth Senior Health Card holders who were eligible telephone subscribers became eligible to receive a quarterly payment of Telephone Allowance.

5.5.Introduction of Seniors Concession Allowance – 2004

A Seniors Concession Allowance was introduced to assist Commonwealth Seniors Health Card holders with the payment of energy, rates, water and sewerage expenses.

5.6.Introduction of Seniors Supplement – 2009

Introduction of the Seniors Supplement replaced both telephone Allowance and Seniors Concession Allowance from September 2009 for Commonwealth Seniors Health Card Holders.

5.7.Changes to Income Test – 2010

From 1 July 2010, two new income items were added to the Commonwealth Seniors Health Card income test: net financial investment loss and reportable superannuation contributions.

5.8.Portability provision changes – 2013

The Commonwealth Seniors Health Card portability provisions that relate to overseas travel were changed on 1 January 2013. The portability restrictions that were previously set at 13 weeks were reduced to 6 weeks.

Senate Standing Committee Inquiry into the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 [Provisions] August 2022

5.9. Indexation introduced and removal of Portability provisions – 2014

Annual indexation of the income thresholds commenced from 20 September 2014, with reference to the Consumer Price Index.

The Portability provisions for Commonwealth Seniors Health Card holders were removed from 1 July 2014. The provisions remained for the seniors supplement and the energy supplement.

5.10. Changes to Income Test – 2015

From 1 January 2015, account-based income streams were deemed to earn income for the purposes of the Commonwealth Seniors Health Card income test. Grandfathering applies to those who continuously held a Commonwealth Seniors Health Card and income stream since 31 December 2014.

5.11. Cessation of Energy Supplement – 2017

For Commonwealth Senior Health Card holders granted on or after 20 September 2016, Energy Supplement ceased to be payable from 20 March 2017.

6. Current Bill

The Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 (the Bill) was introduced in the House of Representatives on 27 July 2022.

The Bill will increase the Commonwealth Seniors Health Card income test limits from \$57,761 to \$90,000 per year for a single person and from \$92,416 to \$144,000 per year for couples.

These changes require legislative amendment to the *Social Security Act 1991* and the *Veterans' Entitlements Act 1986* and will allow an estimated 586 additional veterans and families to access relevant pharmaceutical and medical benefits.

7. Conclusion

The Commonwealth Seniors Health Card, introduced in 1994 and reviewed regularly since, continues to meet the original purpose and intent of providing concessions to retirees of pension age who fail to qualify for an income support payment from DVA or a pension or benefit under Social Security law.

DVA supports the increase to the income limits as proposed in the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 as this would allow for more veterans and their families to access the relevant pharmaceutical and medical benefits and associated non-government concessions that it provides.

DVA trusts that the information provided in this submission will assist the Committee in its deliberations.