

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 78**

**Topic: Private Health Insurance – Hospital Cover**

**Hansard Page: E83-84**

**Senator Cormann asked:**

**Senator CORMANN**—You keep saying they are small fractions. You have just confirmed that there are some people who automatically, as a result of this measure, will be hit by an immediate and automatic 66.7 per cent increase in the cost of their health insurance. How many people is a small fraction?

**Mr M Robinson**—We estimate that out of the total privately insured population, on the basis of PHIAC data, about nine per cent of people are in the 70-plus age group.

**Senator CORMANN**—That is about 200,000 people?

**Mr M Robinson**—Many of those people are below the Medicare levy surcharge thresholds and would not be affected by that. We estimate that about the top quarter of people who are privately insured will have some impact from the rebate. Of that group who are actually impacted we estimate that only four per cent are in the top age groups, and of those people we estimate it is right down to two per cent of the people who are impacted who are going to be in that group.

**Senator CORMANN**—Rather than wasting the time of the committee, can you provide us on notice with a breakdown on exactly how many people you expect to fall into each one of the three tiers, and below any of the thresholds that would see their rebates reduced. Is that something that you would be able to provide us with on notice?

**Mr M Robinson**—I can take that on notice, yes.

**Answer:**

The distribution of people estimated to fall into each one of the three tiers (as well as those below any of the thresholds that would see their rebates reduced) is presented below:

	<b>No change</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Total</b>
<b>Total persons impacted</b>	7.4 million (76%)	870,000 (9%)	720,000 (7%)	690,000 (7%)	9.7 million

Please note: Percentages do not add to 100% due to rounding