

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 237

Topic: Private Health Insurance – Means Testing

Hansard Page: Transferred from Department of Finance

Senator Adams asked:

- 1 Would the Department clarify their understanding of the precise levels of expected savings to be under this measure?
- 2 At what income levels will the three income tiers now apply?
- 3 Will the proposed changes to the Medicare Levy surcharge still go ahead
- 4 What will be the savings (from both the rebate changes and from the Medicare Levy surcharge over the forward estimates?
- 5 Why were these savings estimates not explicitly outlined in the Budget instead of being in Table 8.1?
- 6 Given that the levels of anticipated savings have nearly doubled to around \$3.4 billion according to Budget paper no 1 (Table 8.1), does this figure remain an accurate estimate in Finance's opinion?

Answer:

1. The changes to the private health insurance rebate and Medicare levy surcharge will have these budgetary implications:

<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
\$369.6m	\$768.4m	\$817.1m	\$828.6m

2. From 1 January 2012 the following income tiers will apply:

	<b>MLS threshold in 2011-12</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Singles income pa</b>	<b>\$0 to \$80,000</b>	<b>\$80,001 to \$93,000</b>	<b>\$93,001 to \$124,000</b>	<b>Above \$124,001</b>
<b>Couples/families (combined)</b>	<b>\$0 to \$160,000</b>	<b>\$160,001 to \$186,000</b>	<b>\$186,001 to \$248,000</b>	<b>Above \$248,001</b>
<b>MLS</b>	0	1%	1.25%	1.5%
<b>PHI rebate:</b>				
<b>Up to 65 years</b>	30%	20%	10%	0
<b>65-69 years</b>	35%	25%	15%	0
<b>Over 70 years</b>	40%	30%	20%	0

3. The changes to the Medicare levy surcharge and private health insurance rebate will commence from 1 January 2012.

4. See answer 1 above.

5. The saving from the private health insurance measure was originally published in the 2009-10 Budget with a 1 July 2010 start date. This start date was subsequently delayed by one year to 1 July 2011 which was reflected in the 2010-11 Budget papers. As there was no change to the measure at the 2011-12 Budget, it was not included as a separate item. This is the convention for all Government measures.

6. This is a question for Finance.