

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 22-23 October 2008

Question: sbt 11

Topic: Change in Medicare Levy Threshold

Hansard Page: Written

Senator BUSHBY asked:

1. What are the current estimates for the number of people who will leave private insurance as a result of the change in the Medicare levy threshold?
2. What are the estimated changes in revenue resulting from the change?

Answer:

1. It is estimated that around 492,000 people (including children) will opt out of private health insurance as a result of the revised Medicare levy threshold increases. This compares to an estimate of 644,000 people (including children) opting out of private health insurance as a result of the Medicare levy threshold increases proposed in the 2008-09 Budget.
2. As page 126 of the 2008-09 Mid-Year Economic and Fiscal Outlook (MYEFO) indicates, the measure is estimated to increase revenue by \$300 million over the forward estimates period relative to the 2008-09 Budget measure, which was estimated to lead to a \$660 million reduction in revenue over the forward estimates period. The net impact will be a reduction of \$360 million in revenue over the forward estimates period.