



## Policy costing request—during the caretaker period for a general election

<b>Name of policy:</b>	Phasing Out Private Health Insurance																												
Person requesting costing:	Senator Di Natale																												
Parliamentary party:	Australian Greens																												
Date of request to cost the policy:	23 June 2016																												
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>																													
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No																												
Details of the public release of this policy (Date, by whom and a reference to that release):	<a href="http://www.abc.net.au/news/2016-03-30/dumping-private-health-insurance-rebate-could-save-billions/7285428">http://www.abc.net.au/news/2016-03-30/dumping-private-health-insurance-rebate-could-save-billions/7285428</a>																												
<b>Description of policy</b>																													
Summary of policy (as applicable, please attach copies of relevant policy documents):	<p>Phasing out of the Private Health Insurance rebate over next three years while retaining the additional rebate for over 65s.</p> <p>The phase out would occur as follows:</p> <table border="1"> <thead> <tr> <th>Tier</th> <th>Single</th> <th>Family</th> <th>Current</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>\$90K</td> <td>\$180K</td> <td>30%</td> <td>20%</td> <td>10%</td> <td>-</td> </tr> <tr> <td>1</td> <td>\$105K</td> <td>\$210K</td> <td>20%</td> <td>10%</td> <td>-</td> <td>-</td> </tr> <tr> <td>2</td> <td>\$140K</td> <td>\$280K</td> <td>10%</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Tier	Single	Family	Current	2016-17	2017-18	2018-19	0	\$90K	\$180K	30%	20%	10%	-	1	\$105K	\$210K	20%	10%	-	-	2	\$140K	\$280K	10%	-	-	-
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What is the purpose or intention of the policy?	To withdraw public subsidies for private health systems in order to free up revenue for public health.																												
<b>What are the key assumptions that have been made in the policy, including:</b>																													
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	No																												
Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	N/A																												

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Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No			
Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	Private Health Insurance			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	Yes			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
<b>Expected impacts of the proposal</b>				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
<b>Estimated financial implications (outturn prices)<sup>(a)</sup></b>				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	1178	2800	4380	4500
Fiscal balance (\$m)	1308	2960	4540	4500
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?				
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			

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<p>What is the expected community impact of the policy?</p> <p>How many people will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	<p>People with private health insurance will no longer be subsidised to hold private health cover. This may result in people opting to no longer hold private health insurance.</p> <p>Significant investment into the public health system would arise from the money raised to make our health system more efficient.</p>
<p><b>Administration of policy:</b></p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>	<p>ATO and Department of Health</p>
<p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>	<p>No</p>
<p>Intended date of implementation:</p>	<p>1 September 2016</p>
<p>Intended duration of policy:</p>	<p>Ongoing</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No</p>
<p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>	
<p>Are there any other assumptions that need to be considered?</p>	<p>No</p>
<p><b>NOTE:</b></p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p>	