

## Submission on Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 as it applies to people aged 65 years and older

### Details of the Bill

- a) The bill seeks to increase the Medicare levy from 2% to 2.5% from 1 July 2019.

‘The Government is increasing the Medicare levy rate by half a percentage point from 2 per cent to 2.5 per cent to fund the Commonwealth’s contribution to the National Disability Insurance Scheme. This provides certainty to people with permanent and significant disability and their families and carers that the National Disability Insurance Scheme will be funded in the long term.’

- b) The revenue raised is specifically directed to the NDIS.

‘One-fifth of the revenue raised by the Medicare levy from 1 July 2019 will be credited to the National Disability Insurance Scheme Savings Fund Special Account, building on the Commonwealth’s share of the DisabilityCare Australia Fund, repurposed disability-related expenditure and other credits to the National Disability Insurance Scheme Savings Fund Special Account to ensure that the Commonwealth’s National Disability Insurance Scheme contribution is fully funded.’

- c) In the Bill, there are no exemptions to this increase of 0.5% in the Medicare levy other than existing Medicare exemptions as follows:

‘The Medicare levy currently applies at a rate of 2 per cent to a person’s taxable income. Low income earners receive relief from the Medicare levy through the low income thresholds for singles, families, seniors and pensioners. A number of people are also exempt from the Medicare levy, including blind pensioners, low-income earners, non-residents for tax purposes and Medicare exemption certificate recipients.’

My submission is that this Bill, if passed, will provide inequitable treatment for people aged 65 years and older.

In support of my submission, I provide the following:

- a) People aged 65 and older are not covered by the NDIS**

People aged 65 years and older are specifically ineligible for coverage by the NDIS solely by reason of their age under section 22(1)(a) of the National Disability Insurance Act 2013. The requirement is age specific, non-discretionary and does not operate in conjunction with any other provision of the NDIS Act.

#### **‘NATIONAL DISABILITY INSURANCE SCHEME ACT 2013 - SECT 22**

##### **Age requirements**

- (1) A person *meets the age requirements* if:

(a) the person was aged under 65 when the access request in relation to the person was made;’

**b) People aged 65 years and older are required to pay the increased Medicare levy but are ineligible for the NDIS**

The Medicare levy cuts in at low income levels \$21,655.00 per annum and \$34,244.00 per annum if a person is eligible for the pensioners or seniors tax offset that is available to people of age pension age. Age pension age is rising in increments so for many people, it is 67 years. This means many people aged 65 and 66 years will pay this increased Medicare levy on income from \$21,655 per annum and people aged 67 years and older will pay this increased Medicare levy on income from \$34,244.00 per annum. Many people aged 65 years and older who are working full time or part time or who are self-funded retirees will pay this increased Medicare levy. These people will not be covered by the NDIS despite paying this increased Medicare levy to fund the NDIS.

**c) People aged under 65 years are exempt from this increased Medicare levy but are covered by the NDIS**

Some groups are exempt from the Medicare levy and will similarly be exempt from this increase in the Medicare levy. The basic principle is that no coverage or other coverage equals no Medicare levy.

These groups are:

- blind pensioners
- recipients of Sickness Allowance
- members of the Defence Forces
- Veterans’ Affairs Gold Card holders
- temporary residents who are not eligible for Medicare benefits
- foreign residents who are not eligible for Medicare benefits

With the exception of the last two dot points, these groups are covered by the NDIS.

**d) People aged under 65 years are not financially tested, do not pay for care and pensions are tax exempt while people aged 65 years and over are financially tested, pay for care and pensions are taxable**

There is no financial testing for people aged under 65 years when they access NDIS assistance which is provided free of any co-payments. For example, the NDIS has no regard to lump sum compensation payments participants may have received for incapacities. If the NDIS participant receives a Disability Support Pension or a Veterans Disability Pension, these pensions are tax exempt.

By contrast, if a person aged 65 years and older requires assistance similar to that provided by the NDIS, they will need to self-fund the required assistance. If the assistance is 'at home' care provided by Aged Care providers, people aged 65 years and older are subject to financial testing of their income and assets and then pay 15% of their income for the care.

If the assistance required is residential care, people aged 65 years and older are subject to financial testing of their income and assets and pay a basic daily fee, an income tested fee and a daily accommodation payment or an accommodation charge.

On top of this, they will be required to pay this increased Medicare levy while being ineligible for NDIS coverage. To compound this inequity, the people aged 65 years and older cannot deduct the fees paid for their care from their taxable income which is assessed for the Medicare levy. Plus their Age Pension and Veterans Service Pensions are taxable because they are over age pension age.

### Summary:

Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 will provide inequitable treatment for people aged 65 years and older by requiring them to pay an increased Medicare when they are specifically excluded from receiving assistance from the NDIS by reason of their age.

This inequitable treatment based on age must be addressed by exempting people aged 65 years and older from the increased Medicare levy in this Bill.