

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2017 - 2018, 29 May 2017

Ref No: SQ17-000688

OUTCOME: 4 - Individual Health Benefits

Topic: Private Health Insurance Participation

Type of Question: Written Question on Notice

Senator: McAllister, Jenny

Question:

Budget Statement 3 (P 3-32) notes there is a reduction in growth in private health insurance participation. How much is the reduction in the growth rate?

- Could you break down the \$1.1 billion variation over the forward estimates?
- Can you provide numbers of recipients of the rebate, and by rebate income group?
- Is this putting pressure on other parts of the budget?
- Will this impact hospitals, and the Commonwealth obligations under the agreements with the States?

Answer:

The Budget documents update the projected expenditure, across the forward estimates, for the private health insurance rebate. This update followed a review by the Department of Health of recent data indicating that the growth in the number of people with private health insurance has slowed compared to the estimated number of people who would purchase private health insurance on which the earlier projections of rebate expenditure were based. The number of Australians with hospital cover in September 2015 was 11,302,105, increasing to 11,327,512 December 2016, an increase of 0.2 per cent.

This resulted in an estimates variation, and does not reduce the private health insurance rebate paid to consumers or impact other obligations, including to the States.

Breakdown of variation over the forward estimates

	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	2020-21 (\$m)
Variation	-125.2	-244.9	-425.5	-280.4	-118.9

Most people claim the private health insurance rebate as a reduction in the amount of private health insurance premiums they pay to their insurer. Alternatively, it can be a refundable tax offset when a consumer lodges their tax return.

In April 2017, some 4,928,301 policies attracted the Australian Government Rebate for private health insurance, administered by the Department of Human Services.

Around 500,000 taxpayers also receive a refundable tax offset through the Australian Taxation Office, however a number of those consumers may have also claimed a rebate through the Department of Human Services (i.e. possibly due to misidentifying their income level).

It is not possible for the Department to identify number of people by income tier. This information would be available from private health insurers.