



# The Coalition's Policy to Index the Commonwealth Seniors Health Card

August 2013

## Key Points

The Coalition recognises that self-funded retirees, after a life-time of hard work, have made a significant contribution to our nation's success and are entitled to a safe and secure retirement.

The Coalition recognises that by looking after their own retirement needs, self-funded retirees save the Commonwealth Budget considerable pension costs.

That's why we will provide Australian seniors with further peace of mind regarding their health care costs by indexing eligibility for the Commonwealth Seniors Health Card (CSHC).

The Coalition knows that many self-funded retirees are not wealthy and are under financial pressure.

Having done the right thing and saved for their retirement, many seniors live in fear of unexpected medical bills and of losing their entitlement because of modest changes in retirement income.

Indexing the current income thresholds so that they do not erode in real terms will allow more self-funded retirees to access the Commonwealth Seniors Health Card.

This will allow more self-funded retirees access to medicines listed on the Pharmaceutical Benefits Scheme at the concessional rate.

The Coalition's indexation of the CSHC will help reduce the cost of living for self-funded retirees.



## Introduction

The Commonwealth Seniors Health Card (CSHC) is provided to people who are of pension age but who do not qualify for the Age Pension.

Eligibility for the CSHC is means-tested and income thresholds apply. Those thresholds are currently set at \$50,000 for singles and \$80,000 for a couple.

These thresholds were set in 2001 by the Howard Government and greatly expanded those eligible for the card by including both low income and middle income self-funded retirees.

The Coalition has since wanted to re-start indexation of the income thresholds to allow more self-funded retirees to access the CSHC, reflecting that the passage of time has seen the eligibility thresholds decline significantly in real terms.

At the last election we had a plan to restore indexation and to fight Labor's attempts to restrict eligibility. The Coalition believes that self-funded retirees have made a significant contribution to the success of the nation over their life-time, and we should not be discouraging seniors from being self-reliant by constantly reducing entitlement to the CSHC.

The CSHC was introduced in 1994. The original purpose of the card was to provide assistance to retirees who were on a low income. When it was first introduced, the income limits for the card were the same as those for the age pension. This meant the vast majority of retirees who were issued with the card were those who were asset rich but income poor such as farmers.

From January 1999, the income test for the CSHC was changed to one based on taxable income, and the income limits were substantially increased. The Coalition chose to increase these limits in order to expand access to the CSHC for self-funded retirees. The Coalition again lifted these income limits in 2001 to their current rates of \$50,000 for singles, and \$80,000 for couples. This helped to further expand access to the Card, with the number of cardholders rising to around 318,000 during the term of the Howard Government.

When the Howard government came to power in March 1996 there were just 33,000 of these health care cardholders. One of the many achievements of the previous Coalition Government was to greatly expand the CSHC as a means of assisting self-funded retirees to access medicines. The Coalition increased access to the card almost tenfold. While this had a direct cost to the Budget it also encouraged seniors to be self-reliant in retirement, by reducing a major disincentive for them to provide for themselves in their later years.



# The Plan

## 1. Index the Commonwealth Seniors Health Card

The Coalition will index the income thresholds for the CSHC by the Consumer Price Index. This will allow recipients of the CSHC who maintain their incomes in real terms to continue to receive the card. This indexation will be of particular benefit to recipients who are on the cusp of the income thresholds.

An amendment to existing legislation would be made to re-commence indexation of the income thresholds for eligibility for the CSHC.

Indexation will occur annually in September each year, with the first indexation to occur in September 2014 to take into account changes in consumer prices over the current financial year.

## 2. Allow more self-funded retirees access to medicines listed on the Pharmaceutical Benefits Scheme at the concessional rate

The Coalition's indexation of the CSHC will allow more self-funded retirees access to medicines listed on the Pharmaceutical Benefits Scheme at the concessional rate.

CSHC cardholders receive:

- medicines listed on the Pharmaceutical Benefits Scheme at the concessional rate;
- access to Pharmaceutical Benefits Scheme prescriptions, generally without charge, for the remainder of the calendar year after reaching the Pharmaceutical Benefits Scheme Safety Net;
- bulk-billed general practitioner appointments, at the discretion of the doctor;
- a reduction in the cost of out-of-hospital expenses, through the Medicare Safety Net;
- payment of the Seniors Supplement; and
- concessions offered by State, Territory and Local Governments.

The Coalition's indexation of the CSHC will help reduce the cost of living for many more self-funded retirees.



## Cost

The Coalition will index the income thresholds for the Commonwealth Seniors Health Card to take into account annual changes in consumer prices from the current financial year. This is expected to cost \$100 million over the forward estimates.

It is estimated that indexation will result in up to an additional 20,000 people having the CSHC in 2016-17, compared with the number who would otherwise have the card without the indexation.



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