



Insurance

Overview of health insurance

Aon Hewitt Financial Education Series

Protecting your health and wellbeing

While you may enjoy good health now, this could change as you get older. The ability to access medical treatment and your choice of doctor may become increasingly important.

Private health care is an important part of your overall financial security.

All Australian citizens currently have a level of medical cover through the Medicare system. Under Medicare, the Commonwealth Government will cover your accommodation and medical expenses in a public hospital. However, you won't have your choice of doctors, and where your condition is not life threatening, you may experience lengthy waiting periods.

Private health cover gives you the opportunity to choose your doctor and hospital, and may minimise waiting periods for elective surgery. Depending on the policy, Private Health Insurance may also cover expenses relating to dental, physiotherapy, pharmacy and optical needs. To encourage the adoption of private health cover, the Federal Government offers a health insurance rebate which can be as high as 33.89% for those aged 70 or more. This rebate may be claimed in your tax return or via a reduced health insurance premium. If you are a high income earner and you don't have adequate private health cover, your income may also be subject to the Medicare Surcharge of up to 1.5% of your taxable income, in addition to the general Medicare Levy of 2% which is payable with your annual tax assessment.

Your entitlement to a private health insurance rebate is income tested, which means that if you exceed the income thresholds for surcharge purposes you may not be eligible to receive a private health insurance rebate. The income thresholds and rebate entitlements will be as follows:

Income Thresholds (\$) 1 July 2018 – 30 June 2019				
Singles	0 - 90,000	90,001 - 105,000	105,001 - 140,000	Above 140,001
Families*	0 - 180,000	180,001 - 210,000	210,001 - 280,000	Above 280,001
Rebate for premiums paid 1 April 2018 – 31 March 2019				
Age	No Tier	Tier 1	Tier 2	Tier 3
Under 65	25.42%	16.94%	8.47%	0%
65 – 69	29.65%	21.18%	12.71%	0%
70 or over	33.89%	25.42%	16.94%	0%
Medicare Levy Surcharge				
Rates	0%	1.0%	1.25%	1.5%

* The family threshold is increased by \$1,500 for every Medicare levy surcharge dependent child after the first. Families include couples and single parent families.

Some of the benefits of having private health cover are:

- You avoid paying the Medicare levy surcharge where hospital cover is included.
- You receive up to a 33.89% tax rebate or premium reduction.
- You get a greater degree of flexibility in choosing your doctor or hospital.
- Depending on your policy you may minimise waiting periods associated with the public system.
- Depending on your policy you may be covered for conditions that aren't covered by Medicare.

Our advice to you

Whilst we aren't licensed to provide you with specific recommendations on your private health insurance, we believe you should review your cover on a regular basis to ensure adequate protection is maintained.

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This information may be regarded as general advice. That is, your personal objectives, needs or financial situations were not taken into account when preparing this information. Accordingly, you should consider the appropriateness of any general advice we have given you, having regard to your own objectives, financial situation and needs before acting on it. Where the information relates to a particular financial product, you should obtain and consider the relevant product disclosure statement before making any decision to purchase that financial product.

This document, including all tax and super calculations, has been prepared using legislation in place as at the 1 July 2017.