

# Lifetime Health Cover, Medicare Levy Surcharge and Private Health Insurance Rebate



## Lifetime Health Cover

Lifetime Health Cover (LHC) is a Commonwealth Government initiative to encourage people to take out hospital cover earlier in life and maintain it for longer. LHC recognises the length of time a person has private hospital cover with a registered health fund. If you start your cover earlier in life and maintain your hospital cover you'll pay a lower premium each year compared to someone who starts their cover at a later age.

Here's what you need to know:

- Provided you start your private hospital cover by 1 July following your 31st birthday, you won't have to pay a LHC loading.
- If you don't take out hospital cover until you're older, your premium will be 2% higher for each year that you're over 30.
- The maximum LHC loading of 70% is reached at age 65.
- People who were born on or before 1 July 1934 are exempt from LHC and can join a health fund at any time and pay the same premium as someone who takes out cover at age 30.
- LHC loadings stop after 10 years continuous hospital cover (conditions apply).
- As of 1 July 2013, the Australian Government Rebate on Private Health Insurance isn't available for the LHC loading portion of your premium (if applicable).

Source: [www.privatehealth.gov.au](http://www.privatehealth.gov.au)

## Medicare Levy Surcharge

The Medicare Levy Surcharge applies to Australian taxpayers who don't have private hospital cover and who earn above a certain income (\$90,000 per year for singles and \$180,000 for families in 2019/20).

The surcharge aims to:

1. encourage people to take out private hospital cover, and use the private system wherever possible; and
2. reduce the demand on the public system.

The surcharge is between 1% and 1.5%, depending on your household income level. It is on top of the Medicare Levy of 1.5%, which is paid by most Australian taxpayers. The income threshold changes each financial year.

If your household income is below the income threshold you don't have to pay the surcharge.

Source: <https://www.ato.gov.au/Individuals/Medicare-levy/Medicare-levy-surcharge/>

## Australian Government Rebate on Private Health Insurance

The Australian Government Rebate on Private Health Insurance was introduced as a financial incentive to help Australians afford private health cover. The rebate is income tested and applies to the standard premium of all products. The rebate isn't available for the Lifetime Health Cover (LHC) loading portion of your premium.

Your rebate amount is based on your age and taxable household income for Medicare Levy Surcharge purposes. Please refer to the thresholds set by the Australian Government for the 2019/20 financial year on the following page.

It's up to you to let us know if you'd like to nominate a rebate tier. If you don't tell us, or if you choose the wrong tier, don't worry because the Australian Tax Office will work out any differences when you lodge your annual tax return.

If you aren't sure which rebate tier you should choose please contact your tax agent, financial adviser or the Australian Taxation Office at [www.ato.gov.au/privatehealthinsurance](http://www.ato.gov.au/privatehealthinsurance)

Most people choose to take their rebate up front as a lower premium, but if you'd prefer to claim the rebate as a lump sum through your tax at the end of the financial year, you can pay the full premium.

## Rebate Tiers and Medicare Levy Surcharge

	Income threshold (for 2019/20 financial year)	Age & Rebate Amount (age of the oldest person on your cover)			Medicare Levy Surcharge (all ages)
		Under 65 years	65-69 years	70+ years	
<b>Base Tier</b>	<b>Single</b> \$90,000 or less	25.059%	29.236%	33.413%	0.0%
	<b>Family*</b> \$180,000 or less				
<b>Tier 1</b>	<b>Single</b> \$90,001 – 105,000	16.706%	20.883%	25.059%	1.0%
	<b>Family*</b> \$180,001 – 210,000				
<b>Tier 2</b>	<b>Single</b> \$105,001 – 140,000	8.352%	12.529%	16.706%	1.25%
	<b>Family*</b> \$210,001 – 280,000				
<b>Tier 3</b>	<b>Single</b> \$140,001 or more	0%	0%	0%	1.5%
	<b>Family*</b> \$280,001 or more				

\*If you're a family with children, the income threshold for each tier is increased by \$1,500 for every child after your first. Family includes couples and single parent families

Source: [www.privatehealth.gov.au](http://www.privatehealth.gov.au)