



Background

The Medicare system provides a strong backbone to the health care services provided in Australia. Medicare subsidises the cost of many health care items relating to hospitals, medical care and pharmaceutical expenses.

Notwithstanding the strengths of the Medicare system, it does not cover certain expenses such as private patient hospital costs, dental examinations and treatments, physiotherapy, podiatry, acupuncture, glasses, contact lenses, hearing aids, home nursing, ambulance cover and so on. To access medical benefits such as these (and many more) private health cover is an additional option that can provide a suitable solution.

Types of Private Health Insurance

There are two broadly two types of private health insurance:

1. Hospital cover – Helps cover the cost of in-hospital services. Insurers will typically offer a number of different levels of cover with the better cover coming at the cost of higher premiums.
2. General Treatment cover – Again, you will find most insurers offering multiple options. These policies maybe offered separately, or combined with hospital cover, and may include cover for items such as dental, optical and physiotherapy services.

Just like any type of insurance, there is a cost, however, you are reducing your risk that you will be faced with significant or unforeseen expenses and outgoings. It also leads to a healthier way of life as people are less inclined to defer medical or health related issues purely for financial reasons.

Another Reason - Medicare Levy Surcharge

A Medicare Levy of 1.5% is charged to taxpayers based on their taxable income. An additional 1% Medicare Levy surcharge will apply to individuals and families that do not have private patient hospital insurance AND exceed the income thresholds below.

Category of taxpayer	Current income threshold
Unmarried	\$70,000
Family 0 children	\$140,000
Family 1 child	\$141,500
Family 2 children	\$143,000
Family 3 children	\$144,500
...for each extra child	Increase by \$1,500

For a family with a taxable income of \$150,000 (by way of example) this can add another \$1,500 onto their annual tax bill.

Private Health Insurance Rebate

For every dollar of Private Health Insurance (paid to a registered health insurer for a complying policy) the Government will rebate 30% of the costs. For older Australians, higher percentages of 35% (age 65-70) and 40% (age 70+) apply.

Starting Early Can Save You Money

Lifetime Health Cover is an initiative designed to encourage people to take out hospital insurance earlier in life and maintain that cover.

If you take out private hospital cover before you are 31, you will avoid Lifetime Health Cover loading. For each year you defer private hospital cover over the age of 30, you will usually pay 2% more for your premium, up to a maximum of 70%. A 38 year old for example would pay a 16% premium. This loading can add a significant cost to your premium - with the only good news being that once you have paid the loading on your Private Health Cover for 10 continuous years, the loading is removed.

Questions You Should Ask Insurers?

Some questions to ask potential Insurers:

- What does the policy cover?
- Does the policy exempt us from the Medicare Levy Surcharge?
- Who is covered under the policy (individual, spouse, children...)?
- What type of hospital accommodation is covered?
- Which hospitals have agreements with the Insurer?
- What hospital treatments will not be covered?
- What are the waiting periods?
- What are the limits to the benefits under the general treatment cover?
- What out of pocket expenses will I have to pay for certain services?

Where Should I Look?

Some of the big names in private health insurance in Australia include:

- MBF
- Medibank Private
- BUPA Australia
- NIB Health Funds
- HCF
- Australian Unity Health.

A comparison website such as www.iselect.com.au can also be a useful tool for comparing multiple service providers.

More information

- Call 1300 314 335
- Email info@f3fs.com.au
- Visit www.f3fs.com.au

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