

Private Health Insurance Rebate

From 1 July 2012 the private health insurance rebate has been means tested and there have also been increases in the Medicare Levy Surcharge.

The new means testing has meant that singles earning more than \$140,000 and households on more than \$280,000 have missed out entirely on the rebate from 1 July 2014. The reduction in rebate levels starts after individual incomes reach \$90,000 and family income passes \$180,000 (see table below).

From 1 July 2014 changes were made to the Private Health Insurance Rebate:

- Adjusting the PHI rebate percentages downwards from 1 April 2014
- From 1 July 2013 the PHI rebate is no longer available on any lifetime health cover loading component of PHI premiums
- PHI rebate frozen from 01 July 2015 to 30 June 2018

For each year, two separate PHI rebate percentages will be applied:

- Period 1 – 1 July 2018 to 31 March 2019
- Period 2 – 1 April 2019 to 30 June 2019

REBATE							
	Unchanged		Tier 1		Tier 2		Tier 3
Singles	≤ \$90,000		\$90,001-105,000		\$105,001-140,000		≥ \$140,001
Families	≤ \$180,000		\$180,001-210,000		\$210,001-280,000		≥ \$280,001
< Age 65	25.415%	25.059%	16.943%	16.706%	8.471%	8.352%	0%
Age 65-69	29.651%	29.236%	21.180%	20.883%	12.707%	12.529%	0%
Age 70+	33.887%	33.413%	25.415%	25.059%	16.943%	16.706%	0%
Medicare Levy Surcharge							
All ages	0%		1%		1.25%		1.5%

You can also contact your health insurance fund to nominate a rebate tier to apply to your policy to minimize the likelihood of having a tax liability. There is no penalty for having an incorrect rebate percentage as the ATO will calculate your rebate entitlement when you lodge your 2019 return. If during the year you have received a rebate that is less than what you are entitled to then it will be refunded as a tax credit on your tax assessment. On the other hand if you have claimed too much rebate then it will be payable via a tax debit on your assessment.

The income used to calculate your entitlement to the rebate and your exposure to the Medicare Levy Surcharge is calculated as:

- Your taxable income
- Your total reportable fringe benefits, and
- Any amount on which family trust distribution tax has been paid.

If you are thinking of opting out of private health insurance then note the increases to the Medicare levy surcharge in the above table.