



# TOP 6

## BENEFITS OF PRIVATE HEALTH INSURANCE IN AUSTRALIA



# 1 An overview of private health care in Australia

## Q What is private health insurance?

In Australia, the healthcare system consists of both public and private services. The government funds public healthcare through Medicare and is free or low-cost for anyone with a Medicare number. Private healthcare, on the other hand, is funded by private health insurance and allows patients to be treated in private hospitals as a private patient. While Medicare covers most medical treatments, private health insurance can help pay for additional healthcare costs and provide more options for treatment.

## Q Why is private health insurance important?

Private health insurance is important because it provides financial protection against high out-of-pocket expenses that are relatively unpredictable. Depending on your level of coverage, it can allow you to avoid lengthy public hospital waiting lists, decide when and where you'd prefer to be treated, and claim benefits on services such as dental, optical, physiotherapy, and remedial massage.

## Q How does private health insurance work in Australia?

In Australia, private health insurance allows individuals to be treated in a hospital as a private patient and can help pay for healthcare costs. Private health insurance is community-rated, meaning everyone is entitled to buy the same product at the same price, except for Lifetime Health Cover and age-based Discounts. Members pay private health insurance premiums, and private health organizations generate a profit from the premiums, after benefit payments and operating costs are deducted. The Australian healthcare system also has a universal public health insurance program called Medicare, financed through general tax revenue and a Medicare levy.



## 2 What types of private health insurance are available?



In Australia, private health insurance is divided into three types of cover: hospital cover, general treatment cover (also known as extras cover), and ambulance cover.



**Hospital Cover:** Having hospital cover means you can be treated in a private hospital and avoid public hospital waiting lists. You get more control over where you're treated and who treats you.



**Extras Cover:** General treatment (also known as Extras) cover is for treatments that do not take place in a hospital, like visits to the dentist, physiotherapy, or optical services. This type of cover is to help with out-of-hospital services and treatments that Medicare doesn't cover.

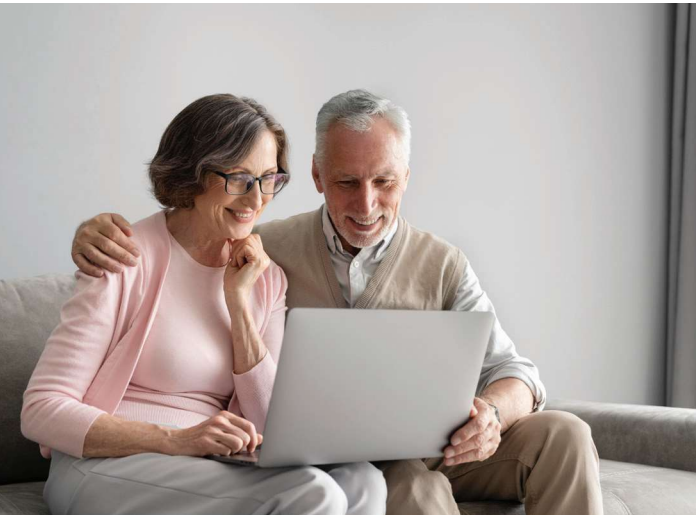


**Combined Cover:** When you take out both Hospital and Extras cover, it's known as combined cover. That's why you'll hear the term 'Hospital and Extras' thrown around so much when it comes to health insurance — it's a popular choice.



**Ambulance Cover:** This covers the cost of treatment and transportation by emergency services. Check with your state Ambulance authority to ensure you have the right level of cover for non-emergency ambulance transport within Australia.

### 3 What tax benefits are provided by the government for having private health insurance?



The Australian government provides incentives for people to have and maintain some level of hospital cover to ease the burden on public hospitals and the Medicare system.

This means that having basic private hospital cover may cost less than what you would pay in tax. You can use the private health insurance rebate calculator provided by the Australian Taxation Office to check if you'd pay less tax by having hospital cover.

**Here are the main incentives and tax benefits provided by the government:**



#### Medicare Levy Surcharge

The Medicare Levy Surcharge is an extra tax that people above a certain income threshold must pay if they don't have eligible private hospital cover. If you earn more than \$90,000 as an individual or \$180,000 as a couple or family, buying Health Insurance may be cheaper than paying the surcharge.



#### Lifetime Health Cover Loading

The Lifetime Health Cover Loading is a government loading on your private hospital cover premiums. It was introduced on 1 July 2000 to encourage people to take out private hospital cover earlier in life and maintain it as they get older. There is a 2% loading on top of your premium for every year you don't have hospital cover after you turn 30 (with a maximum loading of 70%). The sooner you get private hospital cover, the lower your loading.



#### Private Health Insurance Rebate

The government provides a rebate towards the cost of your private health insurance premiums. The rebate is income tested, so you won't qualify if you earn more than the threshold. If you are eligible, you can claim through your private health insurance provider or when you lodge your tax return as a refundable tax offset.



## 4 How do I choose the right health insurance policy?

Deciding which private health insurance policy is the best option for you can be complex because there are multiple factors to consider. It is a good idea to compare policies from different providers and evaluate the level of coverage, cost, and benefits. It is also important to consider personal circumstances and budget when deciding whether to take out private health insurance.

## 5 What are my consumer rights and responsibilities?

Each consumer has healthcare rights that apply to any healthcare they receive, whether in public hospitals, private hospitals, general practice, or in the community. Private health insurers must comply with Australian private health insurance laws when offering policies. Private health insurers cannot refuse to insure any person. They must charge everyone the same premium for the same level of cover, despite their risk profile and likelihood of claiming. Consumers must comply with Australian private health insurance laws when applying for policies and understand their healthcare rights to ensure they receive the best care.

If consumers have any concerns or complaints about their private health insurance, they can contact the **Private Health Insurance Ombudsman online or by calling 1300 737 299.**

# Tips for selecting the best policy for you

Decide what you want to pay and choose a policy that suits your budget



Find coverage for services you will use and learn how much you can claim and when



Look for discounts and rebates



Check which extras are covered and what is excluded, by the policy



Seek unbiased advice and product reviews



Consider your tax implications and utilise online calculators



Check with your state Ambulance authority to see what ambulance cover you may need



Review your current policy regularly to check cover and determine if there is a better option



Clarify whether the hospital cover options include excess payments or co-payments



Review waiting periods



### 3 How do I claim my health insurance?

To lodge a health insurance claim, you have several options depending on your health insurance fund and the type of claim you are making. If you receive treatment that's covered by your insurance, you can make a claim. Some healthcare providers process claims on the spot, or you can lodge the claim with your insurer online or over the phone. It is recommended to make your claim as soon as possible after treatment to limit the chances of losing receipts, to ensure you get paid as quickly as possible, and avoid claim period limits.

#### What Medicare Covers

- ▶ GP (general practitioner) and specialist consultations
- ▶ Hospital care
- ▶ Diagnostic tests and scans
- ▶ Most surgery procedures
- ▶ Eye tests by optometrists
- ▶ Some dental treatments
- ▶ Discounted prescription medicines via the Pharmaceutical Benefits Scheme

#### What Medicare Does Not Cover

- ▶ Ambulance services (except in Queensland and Tasmania, where ambulance costs are covered by the state government)
- ▶ Most dental examinations and treatments
- ▶ Glasses and contact lenses
- ▶ Most physiotherapy, speech therapy, and psychology services
- ▶ Treatment that isn't clinically essential

The image shows a hand writing on a 'Health Insurance Claim Form'. The form is titled 'Health Insurance Claim Form' and includes sections for 'Personal Details', 'Status', and 'Income'. The 'Personal Details' section includes fields for 'Your first name and initial', 'Last name', 'Phone Number', and 'No.'. The 'Status' section includes a note 'Checking a box for confirmation (See instructions on page 12)' and checkboxes for 'Single', 'Married', 'Spouse', 'Divorcee', and 'Other'. The 'Income' section includes a note '1 It is a process to allow an organization to focus resources the greatest' and '2 The objectives will be based on how you gain sales'. The form also includes a 'Dependent's social security number' field. A calculator is visible in the bottom left corner, and a pen is in the bottom right corner.

# 6 Benefits of having private health insurance in Australia

Private health insurance is an important consideration for many Australians. It provides access to a range of benefits that can help you receive the healthcare you need when you need it. Benefits include the ability to be treated in a private hospital as a private patient. They can also help pay for additional healthcare costs, such as dental, optical, physiotherapy, and remedial massage.



## 1 Choice of hospital and specialist

Choose the hospital that is most convenient for you, and the specialist that you trust.

## 2 Access to additional services

Gain access to a more comprehensive range of healthcare services such as dental, optical, and physiotherapy.

## 3 Faster treatment

Receive faster treatment for non-life-threatening conditions by avoiding long waiting lists and receiving treatment when you need it.

## 4 Avoid public hospital waiting lists

Avoid public hospital waiting to receive treatment when you need it, rather than waiting for an extended period.

## 5 Reduced Tax Liability

Take advantage of eligible tax benefits by claiming the private health insurance rebate, avoiding the Medicare Levy Surcharge or minimising your Lifetime Health Cover Loading.

## 6 Waiting Periods Carry-Over

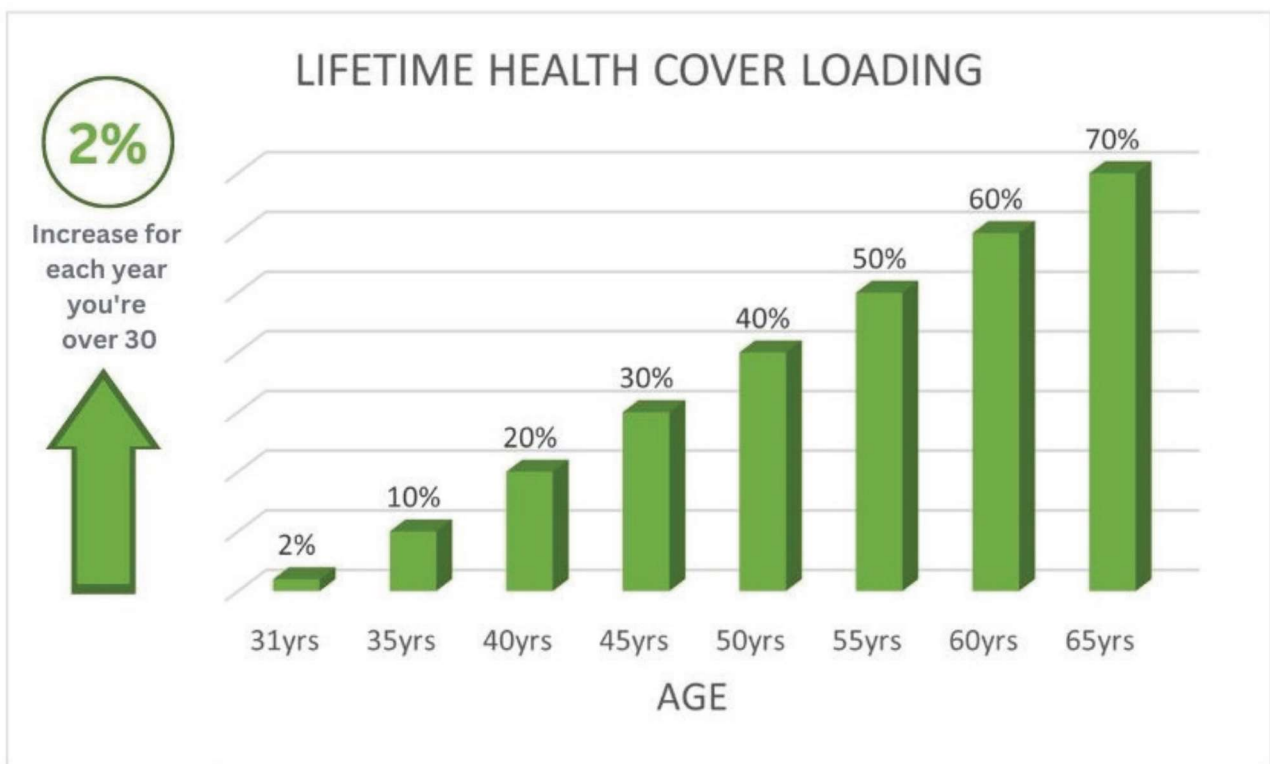
Carry-over any waiting periods you have already satisfied when you switch to a new health insurance provider. A waiting period is the time between joining or upgrading your level of cover and the date when you're allowed to start claiming. Waiting periods exist for all services within both hospital and extra covers.



# CASE STUDY

Sarah is a 30-year-old engineer and began researching the government's Lifetime Health Cover Loading while looking at ways to save money on her health insurance.

Sarah discovered that if she takes out private hospital cover after turning 31, she will have to pay an additional 2% on her premiums for every year that passes after 31. This health cover loading means that if she waits until 35 to take out private hospital cover, her premiums will be 10% higher than a 31-year-old on the same policy. If she waits until 40, her premiums will be 20% higher.



Sarah knows that having private health insurance can be expensive. Still, she also recognizes the value of having access to a range of benefits and services that can help her maintain her health and well-being. After reviewing different insurers and plans, she invested in private health insurance before reaching the Lifetime Health Cover Loading threshold.

Sarah now has greater choice and flexibility when choosing her healthcare providers and accessing services such as dental, optical, and physiotherapy without any loading on her premiums.

## Conclusion

Private health insurance provides access to a range of benefits that can help you receive the healthcare you need, when you need it. We hope this information has provided you with the information you need to make an informed decision about your healthcare needs.



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