



15/205 Montague Road, West End Qld 4101
PO Box 3876, South Brisbane BC Qld 4101
Phone (07) 3010 3434
Fax (07) 3844 0266
Mobile 0419 758 435
Email johns@jsha.com.au
Website www.johnsmallhealth.com.au

J S H A

John Small Health Advisory

A Member of the Morris Cox Group of Companies

May 18, 2009



Government Budget 2009 – How it affects your Private Health Insurance

The proposed changes to Private Health Insurance included in the Government's budget delivered on May, 12 are as follows:

- ▲ **Most important** – *nothing happens until 1st July 2010*, so no-one needs to panic about any immediate changes.
- ▲ **The Government rebate** paid to everyone with Private Health Insurance will be reduced from 1st July 2010 for higher income earners, as follows:

		SINGLES	COUPLES/FAMILIES
1.	Taxable income	up to \$75,000	up to \$150,000
		NO CHANGES	
2.	Taxable income	\$75,000 to \$90,000	\$150,000 to \$180,000
		REBATE REDUCED from 30% to 20% (for those aged 65-69 it is reduced to 25%, or for those aged 70 and over, reduced to 30%). A Medicare Levy Surcharge (MLS) of 1% of gross income still applies to those in these income groups who do not take up Private Hospital Insurance.	
3.	Taxable income	\$90,000 to \$120,000	\$180,000 to \$240,000
		REBATE REDUCED from 30% to 10% (for those aged 65-69 it is reduced to 15%, or for those aged 70 and over, reduced to 20%). A Medicare Levy Surcharge (MLS) of 1.25% of gross income will apply to those in these income groups who do not take up Private Hospital Insurance.	
4.	Taxable income	Over \$120,000	Over \$240,000
		NIL rebate applies. A Medicare Levy Surcharge (MLS) of 1.5% of gross income will apply to those in these income groups who do not take up Private Hospital Insurance.	

The question on everyone's mind is how will these reducing rebates and increasing MLS fees affect me? Will it be cheaper for me NOT to have private health insurance, and just pay the extra MLS?

At JSHA, we genuinely care about your needs, and we especially care that you don't pay too much in health insurance premiums or too much in tax, because of not having private hospital insurance. So here are some examples, of what the higher income brackets can expect to pay or be charged.

From the TABLE above, we will work from Taxable Income 2 through 4.

	SINGLES	COUPLES/FAMILIES
2. Taxable income	\$75,000 to \$90,000	\$150,000 to \$180,000

If you have NO private hospital insurance, your MLS payable will be:

\$800 approximately	\$1,600 approximately
---------------------	-----------------------

HOWEVER, if you take private hospital insurance (provided no age loading levies apply), you can expect to pay for a good level of private hospital insurance:

\$800-\$1,000	\$2,200
(prices quoted are after deducting the rebate)	

3. Taxable income	\$90,000 to \$120,000	\$180,000 to \$240,000
-------------------	-----------------------	------------------------

If you have NO private hospital insurance, your MLS payable will be:

\$1,250 approximately	\$1,500 approximately
-----------------------	-----------------------

HOWEVER, if you take private hospital insurance (provided no age loading levies apply), you can expect to pay for a good level of private hospital insurance:

\$900 - \$1,100	\$2,500
(prices quoted are after deducting the rebate)	

4. Taxable income	\$90,000 to \$120,000	\$180,000 to \$240,000
-------------------	-----------------------	------------------------

If you have NO private hospital insurance, your MLS payable will be:

\$2,100 approximately	\$4,200 approximately
-----------------------	-----------------------

HOWEVER, if you take private hospital insurance (provided no age loading levies apply), you can expect to pay for a good level of private hospital insurance:

\$1,000 - \$1,200	\$3,000
(prices quoted are after deducting the rebate)	

Please call or email if you have any questions – we look forward to hearing from you.

JOHN SMALL