

No matter where you are in life, there are lots of good reasons to have private health insurance

Aside from the peace of mind and security that comes with increased choice and quicker access to healthcare, there are some incentives and rebates to be aware of when it comes to making the decision to take out private health cover. These don't apply to everyone, so we've put together some information to explain each.

There are three main incentives or rebates that may impact you at tax time:

- Medicare Levy Surcharge (MLS)
- Lifetime Health Cover loading (LHC)
- Australian Government Rebate on private health insurance.

Let's look at these in more detail.

Medicare Levy Surcharge

Who needs to know about it?

Anyone earning more than \$90,000 a year as a single or \$180,000 as a couple or family.

What is it?

The Medicare Levy Surcharge was created to take the pressure off the public health system by encouraging higher-earning Aussies to take out private hospital cover.

You may not realise that most of us pay a Medicare Levy through our income tax.

This levy helps to fund the public health system and pay for the health services we use and claim through Medicare.

If you earn over a certain amount, and don't have private hospital cover, you'll have to pay an additional amount. That's the MLS.

If you earn more than \$90,000 as a single and \$180,000 as a family, you may be charged an additional amount – calculated in your annual tax return.

There are special rules to determine your income for this calculation – it is not the same as your taxable income. The MLS can be up to 1.5% of your income, payable at tax time.

Check out our website for more information. Just look for 'Incentives and Rebates' under the 'Health Insurance tab'. You can also check out the ATO website at: www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge.

There are a lot of specific rules that might impact your personal situation and we recommend you check the ATO website carefully to determine your own situation.

Lifetime Health Cover (LHC) loading

Who needs to know about it?

Anyone turning 31 who doesn't have Hospital cover, anyone who has had Hospital cover since turning 31 but let it lapse, or anyone

who has moved to Australia from overseas and received full Medicare entitlements.

What is it?

Lifetime Health Cover (LHC) is an incentive designed to encourage people to take out private hospital cover earlier in life.

If you purchase hospital cover earlier in life (and keep it), you'll avoid paying the LHC loading.

From 1 July following your 31st birthday, if you do take hospital cover later in life you'll pay 2% LHC loading on top of the normal premium for each year you have not had hospital cover since turning 30 (up to 70%) and you'll be required to pay this loading for 10 continuous years.

LHC loading only applies to hospital cover, so you won't need to pay it on any Extras or Ambulance cover. There is no government rebate for any LHC loading portion you have to pay.

If you're already over 31, taking our private hospital cover may help you avoid paying any extra loading as you get older. The longer you wait to take out private hospital cover after turning 31, the higher your LHC loading.

You can find more details about LHC loading on the ATO website at: www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge.

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The Australian Government Rebate on private health insurance

Who needs to know about it?

Anyone with private health insurance or who is thinking about getting private health insurance.

What is it?

Most Australians with private health insurance receive a rebate from the Australian Government to help cover the cost of their premiums.

It's the portion of your private health insurance that the government pays for you. It applies to both hospital and extras cover.

The rebate is income tested. Depending on your age, income and the number of dependent children you have, the government will contribute up to 32.812% of the cost of your private health cover. The rebate percentage is adjusted on 1 April each year.

Most people choose to receive their rebate as a reduction in their premiums. However, you can also choose to pay the full premium and claim the rebate at the end of the financial year as a tax offset.

You can find more info, including current

rebate amounts and details, on our website. Just take a look at 'Incentives and Rebates' under the 'Health insurance' tab.

You can find more details about the government rebate on the ATO website at: www.ato.gov.au/Individuals/Medicare-and-private-health-insurance/Medicare-levy-surcharge.

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