

Media Release

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Private Healthcare Australia
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Government appears to be flying blind on health insurance rebate cuts for older Australians

Serious gaps in the Government's understanding of who will be affected by its plan to cut the higher health insurance rebate for older Australians have been exposed at Budget Estimates this week.

Under questioning about the proposed health insurance rebate cut for Australians aged 65 and older, Department of Health, Disability and Ageing officials confirmed around 3.1 million people would be affected from April 1 next year, including 2.8 million people in the lowest income tier.

But the Department was unable to say how many of those affected were pensioners, how many earned less than \$55,000 a year, and how many were on a part or full pension.

Private Healthcare Australia CEO Dr Rachel David said it was extraordinary that a policy of this scale was being pursued without a clear understanding of the impact on those who would bear the cost.

"We've learned this week that the Government does not know how many pensioners will be affected by this measure and they cannot say how many low-income retirees will face higher premiums as a result of this policy," Dr David said.

"These are not wealthy retirees as the rebate is already means tested. Millions of people who will be affected are in the lowest income tier, earning less than \$101,000 as singles, or \$202,000 as families."

It was also revealed at the hearing that the Department expects some people who drop out of health insurance as a result of the rebate cut to self-fund procedures they need in private hospitals, which Dr David described as a "risky assumption".

"We're talking about pensioners and retirees living on fixed incomes here, many of whom are struggling to afford their premiums each month," she said. "Health insurance protects people from large and unpredictable medical bills, so once people drop their cover, they expose themselves to the full cost of treatment, including specialist doctor fees and hospital charges."

"Many older Australians maintain their health insurance precisely because they know they are more likely to need care as they age. They are now getting the deeply demoralising message that if they drop their private health cover, despite paying for it for years, they'll need to find thousands of dollars to pay the full cost of care in a private hospital, or else join a long public hospital waiting list."

The Department acknowledged at the hearing that Australians aged over 70 receive average annual health insurance benefits of more than \$5,000, compared to paying average premiums after the rebate of around \$2,600.

Dr David said: "This demonstrates the value older Australians receive from their cover and why so many regard it as essential."

"Health insurance is not a luxury for older Australians. It is a safeguard against long waits and unexpected healthcare costs, and it allows them to choose their own doctor and private hospital for care when they need it," she said.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents more than 20 Australian health funds and 15 million Australians (55% of the population) who have private health insurance.

Private Healthcare Australia has urged the Government to release detailed analysis identifying exactly how many pensioners and low-income retirees would be affected by the rebate change, as well as detailed assessments of the likely consequences for these people and the broader health system.

"Before proceeding with a policy that targets older Australians and impacts the public hospital system, the Government should be able to explain exactly who will be affected, how many people are likely to downgrade their insurance or drop their insurance altogether, and how people are expected to cope with higher costs," Dr David said.

Last month, the Albanese Government revealed its plan to reduce the health insurance rebate discount for Australians aged over 65 to bring their rebate entitlement in line with those aged under 65. They explained this would save \$3 billion that would be redirected to aged care.

It means from April next year:

- Australians aged 65-69 earning under \$101,000 as a single or \$202,000 as a family will see their rebate reduced from 28 per cent to 24 per cent, and
- Australians aged 70 and over in the same income brackets will see their rebate reduced from 32 per cent to 24 per cent.

The changes come on top of inflation driven annual premium increases, which averaged 4.4% this year.

As a result, Australians aged 70 and older with Gold hospital cover [could see premiums surge 21 per cent](#) from 1 April 2027. This translates to an annual premium increase of about \$807 for an individual and \$1614 for a couple.

PHA is concerned the change will force millions of retirees to [pay hundreds of dollars more](#) each year to maintain their health cover, place additional pressure on public hospitals, and threaten the viability of some regional private hospitals that care for large numbers of older Australians.