Australian Government
Department of Health, Disability and Ageing

Modernising the Private Health Insurance Rebate

July 2026

What is changing?

The Australian Government announced changes to the Private Health Insurance Rebate in the 2026-27 Budget. From 1 April 2027, older Australians will receive the same rebate rate as other people in the same income tier, subject to legislation passing Parliament.

Table 1 shows the current PHI Rebate rates. Table 2 shows the proposed rates from 1 April 2027.

Table 1: Current rates for PHI Rebate (1 July 2026 – 31 March 2027)

	PHI Rebate %			
Singles Tier threshold Families Tier threshold	< $105,000 < $210,000	$105,001-123,000 $210,001-246,000	$123,001-164,000 $246,001-328,000	>$164,001 >$328,001
	Base Tier	**Tier 1**	**Tier 2**	**Tier 3**
Age <65	24.118%	16.079%	8.038%	0%
Age 65-69	28.139%	20.098%	12.058%	0%
Age 70+	32.158%	24.118%	16.079%	0%

Income tier thresholds presented are current for 1 July 2026 to 30 June 2027 and are subject to annual indexation on 1 July based on changes in AWOTE.

Table 2: New rates for PHI Rebate (from 1 April 2027)

	PHI Rebate %			
	Base Tier	**Tier 1**	**Tier 2**	**Tier 3**
Age <65	24.118%	16.079%	8.038%	0%
Age 65-69	24.118%	16.079%	8.038%	0%
Age 70+	24.118%	16.079%	8.038%	0%

The Rebate rates will be subject to annual indexation through the Rebate Adjustment Factor (RAF) on 1 April 2028 and subsequent years based on the difference between the CPI and the industry weighted average premium increase. However, the RAF will be set to 1 for 1 April 2027 so the percentages remain unchanged from the prior year, to provide certainty of the rates to apply on 1 April 2027.

Why is this changing?

Currently, people on the same income can receive different rebate rates depending on their age. The Government believes people in the same income tier should receive the same level of support.

Savings from this change will be invested in aged care services, including more residential aged care places and improved access to home care support.

What does this mean for me?

The Australian Government will continue to provide more than $7 billion a year in support through the PHI Rebate. People on lower incomes will continue to receive the highest levels of assistance.

If you are under 65 years and currently receive a PHI Rebate

You will continue to receive a rebate of around 24%, 16% or 8%, depending on your income.

If you are 65 years or older and currently receive a PHI Rebate

Your rebate will decrease from 1 April 2027 to around 24%, 16% or 8%, depending on your income.

How much will my premiums increase?

The average additional cost for those affected by this change is expected to be $252 per year, or less than a dollar a day. The impact for each affected person will vary depending on your age, income and the premium charged by your insurer.

Looking for more affordable cover?

If you are concerned about the cost of your health insurance, you can compare health insurance policies and prices on the free and independent Private Health Insurance Ombudsman website: www.privatehealth.gov.au.

What if I want to change insurers?

If you decide to change health insurers or switch to another policy, in most cases you will not have to serve waiting periods again for services already covered by your current policy. More information is available at www.privatehealth.gov.au by searching for ‘the right to change’.