



Private health insurance reforms: Discounts for 18 to 29 year olds

Australians aged 18-29 years of age can be offered discounts of up to 10 per cent of their private hospital insurance premiums

- From 1 April 2019, insurers will be able to offer premium discounts on hospital cover of two per cent for each year that a person is aged under 30 when they first purchase hospital insurance, to a maximum of 10 per cent for 18 to 25 year olds (see Table 1).
- For a consumer on a \$1,500 policy the savings will be up to \$150 and for a young family on a \$3,000 policy the savings will be up to \$300.
- Once a policy holder has an age-based discount, they will retain that discount rate until they turn 41 if they remain on the same policy. These discounts will then be gradually phased out after a policy holder turns 41.
- The provision of discounted products by insurers will be voluntary. If an insurer chooses to offer discounts on a particular product they must offer the discount on the same basis to all eligible holders of that product, including new and existing policy holders.
- Insurers will be able to choose whether their age-based discounted products honour existing age-based discounts when a consumer transfers between discounted products and funds. Consumers who are transferring between products or funds will be able to confirm – before they transfer – whether their existing discount will continue to apply to the new product. Consumers will be able to refer any concerns to the Private Health Insurance Ombudsman.

Why is this important?

- Private health insurance provides consumers with greater choice in the provision of treatment, access to shorter waiting times, and coverage for some services not funded by Medicare.
- Younger Australians, particularly those under the age of 30, have far lower rates of private health insurance than most other age groups.
- The viability and sustainability of the private health insurance system relies on a broad membership base. Encouraging more young people to take out private health insurance will benefit everyone.

Who will benefit?

- This will help to improve the affordability of private health insurance for young Australians, increasing their access to private hospital services.

What impact will this change have on private health insurance?

Premiums for hospital cover for young Australians will be up to 10 per cent cheaper. The age-based discounts on hospital insurance premiums will be based on a person's age when they become insured under a policy that offers discounts. The discount rates are shown below.

Table 1: Allowable age-based discounts by age

Person's age when they become insured under a hospital policy offering discounts*	Percentage discount that insurer may offer
18-25	10
26	8
27	6
28	4
29	2
30	0

* as a transitional arrangement for existing policy holders, their age when their insurer first introduces age-based discounts to their product. For example, a consumer who is 28 on 1 April 2019 could receive a 4 per cent discount, even if they first purchased hospital insurance when they were 26 years old.