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National survey reveals many Australians unaware of private health insurance tax benefits

One in five uninsured Australians are looking to take out private cover before June 30

Australia's leading health insurance comparison service [iSelect](#) today released the results of a national Ipsos research study commissioned in June to assess the attitudes and behaviors of Australians towards private health insurance.¹ The study highlighted a significant lack of awareness about the tax implications of not holding private health insurance as we approach the end of financial year.

The survey revealed **over a third** of Australians without private health insurance are unaware of the Medicare Levy Surcharge (MLS), while a staggering **72 per cent** are unaware that they may be liable for Lifetime Health Cover (LHC) loading in the future if they don't take out private health insurance before 1 July following their 31st birthday.

Even those with private health insurance are confused about LHC, with a **third** of privately insured Australians unsure if they are paying LHC loading on their policy.

The Medicare Levy Surcharge (MLS) is an additional tax levied on those who don't have health insurance and earn above \$90,000 for singles or \$180,000 for families and couples. The Lifetime Health Cover (LHC) loading is a two per cent loading payable on top of your premium for every year you were aged over 30 and did not hold private health insurance.

This is noteworthy given that the iSelect/Ipsos research showed almost **one in five** uninsured Australians will be looking to take out a policy prior to June 30, while **52 per cent** of uninsured couples between 18-31 years of age are considering signing up for private health insurance before June 30 2015.

The figures are even higher for younger Australians with **80 per cent** of 18-31 year olds without health insurance unaware of LHC and **51 per cent** unaware of the MLS, despite a **third** of 18-31 year olds planning to take out private health insurance before the end of the financial year.

With this in mind, iSelect spokesperson Matt Cuming suggests uninsured individuals and families seek expert advice before June 30 to determine if they are going to be liable for the MLS or LHC over the financial year ahead.

"If you are liable, then taking out health cover before June 30 this year could make good financial sense. That being said, it's not just about money, it is also important to choose the right policy for your current and future health needs."

Matt said the complexities of private health insurance can make it a difficult product to understand, particularly if you are taking it out for the first time.

¹ In June 2015 iSelect commissioned a nationally representative consumer research study with IPSOS Australia to assess the attitudes of over 1,000 Australian adults towards private health insurance in the lead up to June 30 2015.

"It can be a really confusing process to go about alone as there are over 34,000 different policies currently available in Australia," Matt said.

"By speaking to one of our health insurance experts, iSelect can help you understand what you options are and recommend the policy with features that are relevant to your personal circumstances."

iSelect's top tips for taking out Private Health Insurance for the first time	
1. Think about your current and future health needs	– consult a private health insurance expert to discuss your life stage. This ensures you take out the right policy that covers you for everything you need and so you are not paying for things you don't need
2. Opt for an excess or co-payment	– if you are unlikely to need hospital admission in the near future, choosing a co-payment option or an excess (such as \$500 excess) will bring down your monthly/annual premium
3. Only hospital cover delivers tax benefits	– taking out an extras only policy will not deliver any tax benefits, such as excluding you from the Medicare Levy Surcharge. If you are looking to save on tax, make sure your private health insurance includes hospital cover
4. Review the extras	– if you don't think you'll use them, why pay for them? Also consider flexible extras products that combine your separate extras limits into a single annual limit for you to use across different services
5. Make sure ambulance is covered	– not all private health insurance policies include ambulance cover and it can also vary by state. Make sure your policy includes ambulance cover or you could be left thousands out-of-pocket after an emergency
6. Look for payment discounts	- some providers offer a discount for paying by direct-debit. Similarly, paying 12 months of premiums upfront can see you avoid the annual premium increase

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About iSelect

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