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“A KICK IN THE TEETH” FOR SENIORS: REBATE CUTS WILL PUSH OLDER AUSTRALIANS OUT OF PRIVATE HEALTH

Members Health Fund Alliance, the national peak body representing more than 20 not-for-profit and member-owned health funds, has criticised the Government’s decision to slash the Private Health Insurance (PHI) rebate for older Australians, arguing it undermines one of the most cost-effective parts of Australia’s health system by shifting care from the private sector to an already overstretched public hospitals.

In a speech at the National Press Club today, Minister for Health Mark Butler announced plans in the forthcoming Budget to remove the higher rebate tiers currently afforded to Australians as they age. Under current law, the [means-tested](#) rebate increases at age 65 and again at age 70, providing essential cost-of-living relief to retirees, particularly those on lower and middle incomes.

“Removing the private health insurance rebate for older Australians is likely to cost the Government much more than it saves, Matthew Koce CEO of Members Health said.

“This is a drastic policy change that will hurt older, lower-income Australians who have been loyal insurance members.”

“Analysis indicates premiums would increase by around 5 per cent for people aged 65–69, and by up to 11 per cent for people aged over 70, the equivalent of around three years’ worth of premium increases in a single year.”

“For a senior household paying an annual premium of around \$6,000 before rebates, this would mean an increase of approximately \$240 per year for people aged 65–69, and nearly \$500 per year for those aged over 70.” Mr Koce said.

This move will force the very people who need care the most to drop out or downgrade their level of private health cover, creating a ‘false economy’ that will ultimately cost the Australian taxpayer more than it saves.

Members Health said actuarial modelling commissioned by the Government demonstrated this risk clearly.

“[Independent actuarial analysis](#) found that removing higher rebates for Australians over 65 would reduce rebate expenditure by around \$482 million, but result in approximately \$547 million in additional costs being shifted onto the public hospital system.”

“You cannot fix aged care by breaking the private health system, yet that is exactly what this policy threatens to do,” said Matthew Koce.

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“The Government is effectively treating ageing as a financial liability. It’s a kick in the teeth for senior Australians who have worked hard, paid their taxes, and maintained private health cover for decades to ensure they wouldn’t be a burden on the public system.”

“The higher rebate tiers for those over 65 and over 70 are not a luxury; they are a critical affordability bridge for low- and middle-income retirees on fixed budgets who are facing the highest health risks of their lives.”

“This isn’t speculation, it’s the Government’s own commissioned actuarial modelling” Mr Koce said.

“Independent analysis shows older Australians are the group where the rebate delivers the greatest value for taxpayers. Cutting it may reduce rebate spending on paper, but it drives even higher costs back onto the public hospital system.”

Senior Australians are the most likely to require hospital care, and if they are forced out of the private system, the cost of their care doesn’t just disappear, it falls squarely back onto the taxpayer through the public hospital system.

“Private hospitals deliver the vast majority of elective surgeries including hip, knee and cataract procedures, a significant exit of older members from private health insurance will undermine the financial viability of private hospital facilities nationwide.”

“It is deeply disappointing that the Government has moved forward with such a significant change to health policy without consultation with the broader health sector, including through the CEO forum it established to examine private health reform options and hospital sustainability almost 18 months ago.”

“This is a major policy decision carrying significant and obvious risks. We should be supporting the most efficient models of healthcare and giving lower and middle-income earners more choice, not less.” Mr Koce said.

Members Health is calling on the Government to immediately halt this plan and engage in genuine consultation that a change of this magnitude demands.

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