

**MEDIA RELEASE**

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**Senate Estimates Reveals Government Has No Answers on Rebate Cuts That Will Hit Older Australians Hardest**

Members Health, the peak body for Australia’s member-owned and not-for-profit health funds, says [Senate Estimates](#) has revealed a deeply troubling lack of preparation and empathy behind the Government’s decision to reduce the private health insurance rebate for Australians over 65.

During questioning from Senator Anne Ruston, officials were unable to provide basic information about the impact of the policy, including how many pensioners will be affected and how many earn less than \$55,000 per year.

Officials also confirmed they do not know how many of the 2.8 million Australians on the base rebate tier are pensioners, how many receive the full versus part pension, or how the policy will affect the most vulnerable.

“For a policy that affects affordability for older Australians, the absence of this information is extraordinary,” said Members Health CEO, Matthew Koce.

“It shows the work simply wasn’t done and this was a rushed decision.”

Mr Koce notes the Government’s modelling does not consider downgrades, despite the clear risk that older Australians will move to cheaper policies that do not cover cataract surgery or joint replacements. Older Australians tend to hold higher cover policies and therefore contribute most to the private health system.

“It is reasonable to expect that those who contribute more should not be penalised with a lower subsidy.”

The Government has suggested the changes take an additional \$252 from older people’s pockets, but Members Health says this significantly understates the reality. “For many seniors, especially those on higher cover policies, the real impact could be over \$400,” Mr Koce said.

“These are older Australians who have paid into the system their entire lives. They are now being placed in a position where they may have to walk away from the cover they rely on, placing the public health system under further strain.”

A [Finity model commissioned by the Department of Health](#) predicted more than 1.1% of older Australians would drop cover, significantly higher than the Government’s latest claims of 0.4%.

“The inconsistency raises serious questions about whether this policy was imposed on the Department,” Mr Koce said.

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If older Australians drop or downgrade their cover, public hospitals will face longer wait times, private hospitals will face reduced activity and financial strain, aged care will come under increased pressure as delayed treatment leads to earlier and avoidable entry, and preventative health will suffer as private health insurance supports dental, optical, physio, chiro and other services that keep people out of emergency departments.

“The Government is sailing in the dark,” Mr Koce said.

“This policy puts the public system, private hospitals, aged care and the entire health system at risk.”

Members Health said assumptions by the Department of Health that low income seniors can simply “self fund” treatment if they drop their cover are unrealistic.

“A single joint replacement can cost more than \$30,000. Lower income pensioners cannot absorb that cost. This reflects a serious disconnect from reality,” Mr Koce said.

Officials also confirmed that no behavioural modelling was conducted and no consideration was given to the emotional value older Australians place on private health insurance.

“This is a fundamental failure of policy design and shows a complete lack of consultation,” Mr Koce said.

“Older Australians’ emotional reliance on private health insurance is real. Ignoring it means ignoring how people will behave.”

The risk is that if older Australians do not have access to timely healthcare it risks pushing them into aged care.

The rebate cut removes around \$3 billion from healthcare, despite healthcare being one of the top concerns for all Australians.

“Labor is taking money out of private health and not providing any additional healthcare support for anyone, either young or old,” Mr Koce said.

“This is a costly and painful recipe for older Australians who will be pushed away from cover for treatments they are most likely to need.”

*Members Health is the peak industry body for an alliance of more than 20 health funds that are not-for-profit or part of a member-owned group, regional or community based. They all share the common ethic of putting their members’ health before profit. Our funds represent the interests of more than 5.4 million Australians.*

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