



# How does Health Insurance work?

There are 2 Tiers

Tier 1  
Medicare

Tier 2  
Private Health Insurance

Safety net  
Trauma Insurance

## Tier 1: Medicare

Medicare provides basic health cover for all Australians.

Treatment in public hospitals is free.

Some services, such as doctors, dentists, optometrists and specialists are free or subsidised.



Funded by taxes and the Medicare levy.

The purpose is to provide high quality, affordable care for all Australians.

There are limitations with the Medicare system:

Lots of people are using it

Waiting lists are long

Choice is limited



## Tier 2: Private Health Insurance



Due to the pressure on the Medicare system the government is encouraging private health insurance.

Private health offers cover beyond what Medicare provides.

This is why some people use private health insurance:

### The carrot

#### Tax rebate

A tax rebate is available to help with premium costs.

The rebate can be up to approx 30%.

Eligibility is based on an income test.



### The sticks

#### Lifetime health loading

A 2% loading on your premium is added for each year after age 30 if you do not take out private health cover.

When you do get cover the loading remains in place for 10 years.



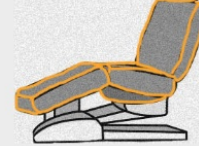
#### Medicare Levy Surcharge

An additional tax of up to 1.5% will apply if your income is above a certain threshold and you do not have private health cover.

There are two types of hospital cover:



Hospital cover is for when you go to hospital. It allows you to select your doctor and choose when you want your treatment.



Extras cover is for ancillary treatment such as dental, optical, physiotherapy, chiropractic and podiatry to name a few.

You can get combined cover for both types.

Policies vary by provider and range from basic to comprehensive cover. It depends on your needs and budget.

## Did you know?



Private health cover is for everyday essentials such as hospital visits, dental and optical.

Out of pocket expenses can arise if your doctor charges above the scheduled fee.

Once you are discharged from hospital any additional treatment required is a direct cost to you. Out patient costs are not covered under private health cover.

Your policy may be subject to exclusions and waiting periods.

## Want more?

Trauma insurance, is a type of life insurance, that provides a lump sum for one off big costs such as heart attack, stroke and cancer.



Trauma insurance is your safety net if something really bad happens.

## Safety Net: Trauma Insurance



Provides a lump sum if a specified illness occurs.

Can cover around 40 different illnesses.

Examples are stroke, cancer, heart attack, coma or dementia.

The money can be used for anything, not just medical costs.

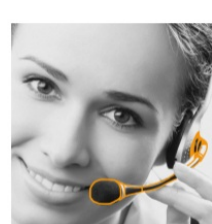
For a 30 year old female...



Trauma cover of \$100,000 is approx \$35 per month.\*

\* This is using an average premium of four providers. Based on a level premium for a non smoker living in Victoria.

## Contact Us



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