





# **Private Health Insurance Incentives Amendment Act 2005**

**No. 9, 2005**

**An Act to amend the law relating to private health  
insurance incentives, and for other purposes**

Note: An electronic version of this Act is available in SCALEplus  
(<http://scaleplus.law.gov.au/html/comact/browse/TOCN.htm>)



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## **An Act to amend the law relating to private health insurance incentives, and for other purposes**

[Assented to 22 February 2005]

The Parliament of Australia enacts:

### **1 Short title**

This Act may be cited as the *Private Health Insurance Incentives  
Amendment Act 2005*.

## **2 Commencement**

This Act commences on the day on which it receives the Royal Assent.

## **3 Schedule(s)**

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

## Schedule 1—Changes to the private health insurance rebate for people aged 65 and over

### Part 1—Amendment of the Private Health Insurance Incentives Act 1998

#### 1 Subsections 4-10(5) and (6)

Repeal the subsections, substitute:

*If no-one registered or eligible to apply for registration*

- (5) If no person was so registered or eligible to apply for registration, the amount payable is the sum of the following amounts:
- (a) 30% of the amount of the premium paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later financial year on which no person covered by the policy was aged 65 years or over;
  - (b) 35% of the amount of the premium paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later financial year on which:
    - (i) at least one person covered by the policy was aged 65 years or over; and
    - (ii) no person covered by the policy was aged 70 years or over;
  - (c) 40% of the amount of the premium paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later financial year on which at least one person covered by the policy was aged 70 years or over.

*If someone registered or eligible to apply for registration*

- (6) If a person was so registered or eligible to apply for registration, the amount payable is the greater of:
- (a) the sum of the amounts referred to in paragraphs (5)(a), (b) and (c); and
  - (b) the \*incentive amount for the policy for the later financial year.

## 2 After section 4-10

Insert:

### 4-12 Saving provision where a person 65 years or over ceases to be covered by policy

- (1) This section applies to a person (the *first person*) at a particular time (the *relevant time*) if:
    - (a) at any time before the relevant time, the first person was covered by an \*appropriate private health insurance policy (the *original policy*), other than as a \*dependent child; and
    - (b) at any time when the person was so covered, the amount payable under this Chapter was 35% or 40% of the amount of premium payable under the original policy because of the age of another person (the *entitling person*) covered by the policy; and
    - (c) before the relevant time, the entitling person ceased to be covered by the original policy.
  - (2) If, at the relevant time:
    - (a) the first person is covered by an \*appropriate private health insurance policy (which may be either the original policy or another policy); and
    - (b) each other person (if any) covered, since the entitling person ceased to be covered by the original policy, by an \*appropriate private health insurance policy that also covered the first person:
      - (i) is or was covered as a \*dependent child; or
      - (ii) is a person who was covered by the original policy immediately before that cessation;subsections 4-10(5) and (6) are taken to apply (other than for the purposes of working out the \*incentive amount) as if the entitling person:
    - (c) were covered by the policy mentioned in paragraph (a); and
    - (d) were the same age as at that cessation.
  - (3) Subsection (2) does not apply if its application would result in the amount payable under subsection 4-10(5) or (6) being less than it would otherwise have been.
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### **3 Subsections 12-5(2A) and (3)**

Repeal the subsections, substitute:

- (2A) If the financial year is a later financial year, and no person was so registered or eligible to apply for registration, the amount of the reduction is the sum of the following amounts:
- (a) 30% of the amount of the premium payable under the policy in respect of days in the later financial year on which no person covered by the policy was aged 65 years or over;
  - (b) 35% of the amount of the premium payable under the policy in respect of days in the later financial year on which:
    - (i) at least one person covered by the policy was aged 65 years or over; and
    - (ii) no person covered by the policy was aged 70 years or over;
  - (c) 40% of the amount of the premium payable under the policy in respect of days in the later financial year on which at least one person covered by the policy was aged 70 years or over.
- (3) If the financial year is a later financial year and a person was so registered or eligible to apply for registration, the amount of the reduction is the greater of:
- (a) the sum of the amounts referred to in paragraphs (2A)(a), (b) and (c); and
  - (b) the \*incentive amount for the policy for the later financial year.

### **4 After section 12-5**

Insert:

#### **12-7 Saving provision where a person 65 years or over ceases to be covered by policy**

- (1) This section applies to a person (the *first person*) at a particular time (the *relevant time*) if:
- (a) at any time before the relevant time, the first person was covered by an \*appropriate private health insurance policy (the *original policy*), other than as a \*dependent child; and
  - (b) at any time when the person was so covered, the amount of the premium reduction under this Chapter was 35% or 40%

of the amount of premium payable under the original policy because of the age of another person (the *entitling person*) covered by the policy; and

(c) before the relevant time, the entitling person ceased to be covered by the original policy.

(2) If, at the relevant time:

(a) the first person is covered by an \*appropriate private health insurance policy (which may be either the original policy or another policy); and

(b) each other person (if any) covered, since the entitling person ceased to be covered by the original policy, by an \*appropriate private health insurance policy that also covered the first person:

(i) is or was covered as a \*dependent child; or

(ii) is a person who was covered by the original policy immediately before that cessation;

subsections 12-5(2A) and (3) are taken to apply (other than for the purposes of working out the \*incentive amount) as if the entitling person:

(c) were covered by the policy mentioned in paragraph (a); and

(d) were the same age as at that cessation.

(3) Subsection (2) does not apply if its application would result in the amount of the premium reduction under subsection 12-5(2A) or (3) being less than it would otherwise have been.

## Part 2—Amendment of the Income Tax Assessment Act 1997

### 5 Subsections 61-340(5) and (6)

Repeal the subsections, substitute:

- (5) If no person was so registered or eligible to apply for registration, the amount of the \*tax offset is the sum of the following amounts:
- (a) 30% of the amount of the premium, or of the amount in respect of a premium, paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later income year on which no person covered by the policy was aged 65 years or over;
  - (b) 35% of the amount of the premium, or of the amount in respect of a premium, paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later income year on which:
    - (i) at least one person covered by the policy was aged 65 years or over; and
    - (ii) no person covered by the policy was aged 70 years or over;
  - (c) 40% of the amount of the premium, or of the amount in respect of a premium, paid by you, or by your employer as a \*fringe benefit for you, under the policy in respect of days in the later income year on which at least one person covered by the policy was aged 70 years or over.
- (6) If a person was so registered or eligible to apply for registration, the amount of the \*tax offset is the greater of:
- (a) the sum of the amounts referred to in paragraphs (5)(a), (b) and (c); and
  - (b) the incentive amount for the policy for the later income year.

### 6 After section 61-340

Insert:

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**61-342 Saving provision where a person 65 years or over ceases to be covered by policy**

- (1) This section applies to a person (the *first person*) at a particular time (the *relevant time*) if:
  - (a) at any time before the relevant time, the first person was covered by an appropriate private health insurance policy (the *original policy*), other than as a dependent child; and
  - (b) at any time when the person was so covered, the amount of the \*tax offset under section 61-340 was 35% or 40% of the amount of premium payable under the original policy because of the age of another person (the *entitling person*) covered by the policy; and
  - (c) before the relevant time, the entitling person ceased to be covered by the original policy.
- (2) If, at the relevant time:
  - (a) the first person is covered by an appropriate private health insurance policy (which may be either the original policy or another policy); and
  - (b) each other person (if any) covered, since the entitling person ceased to be covered by the original policy, by an appropriate private health insurance policy that also covered the first person:
    - (i) is or was covered as a dependent child; or
    - (ii) is a person who was covered by the original policy immediately before that cessation;subsections 61-340(5) and (6) are taken to apply (other than for the purposes of working out the incentive amount) as if the entitling person:
  - (c) were covered by the policy mentioned in paragraph (a); and
  - (d) were the same age as at that cessation.
- (3) Subsection (2) does not apply if its application would result in the amount of the \*tax offset under subsection 61-340(5) or (6) being less than it would otherwise have been.

- (4) In this section:

*dependent child* has the same meaning as in the *Private Health Insurance Incentives Act 1998*.

## **Part 3—Application**

### **7 Application of amendments**

The amendments made by this Schedule apply to amounts of premium, and amounts in respect of premium, paid or payable in respect of a period beginning on or after 1 April 2005.

## Schedule 2—Gold cards

### *National Health Act 1953*

#### **1 Paragraph 4(2)(a) of Schedule 2**

Omit “under the *Veterans’ Entitlements Act 1986*”.

#### **2 Subclause 4(3) of Schedule 2 (definition of *gold card*)**

Repeal the definition, substitute:

***gold card*** means a card that evidences a person’s entitlement to be provided with treatment:

- (a) in accordance with the Treatment Principles prepared under section 90 of the *Veterans’ Entitlements Act 1986*; or
- (b) in accordance with a determination made under section 286 of the *Military Rehabilitation and Compensation Act 2004* in respect of the provision of treatment.

#### **3 Application of amendment**

The amendment made by item 2 of this Schedule applies to a card held in respect of a period beginning on or after 1 July 2004.

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[*Minister’s second reading speech made in—  
House of Representatives on 18 November 2004  
Senate on 9 February 2005*]

(214/04)

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