

International Perspective : What Works & What Doesn't

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Round Table Discussion



How does the Australian Health care system work?

- Australia is a federation of 6 states and 2 territories
- Hospital care is administered by the states/territories while community care is covered by the federal govt via medicare
- Fed govt provides funds to states / territories via the GST distribution to cover costs
- Doctors cannot be forced to only charge medicare scheduled fees and can have a mix of these



Questions & Answers

- **Fact:** Australia has a universal health insurance system (called medicare) funded by the government via a tax levy
- **Question:** What is the current medicare levy
- **Answer:** The current medicare levy rate is 2% where a taxpayer has additional private health insurance. If the taxpayer does not have private health cover there may be an additional tax called the medicare levy surcharge of between 1 & 1.5% depending on the taxpayer's income



How was the Medicare Levy set and what is the Rule for Changing it?

- In broad terms, the rate is calculated on the taxpayer's taxable income and is a fixed percentage (generally 2%)
- Where the taxpayer is on a lower income or certain senior citizens on a modest income an exemption or reduction from the medicare levy or medicare levy surcharge may apply.
- Those with income <AUD 21k pay no medicare levy or medicare levy surcharge.



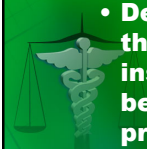
What are the Rules re Private Health Insurance ?

- It is not compulsory for Australian citizens to have Private Health Insurance
- Those without private insurance may face the medicare surcharge levy
- Most citizens take out private insurance to avoid the surcharge



What are the Rules re Private Health Insurance Continued?

- To help cover the cost of private health insurance, Australians on lower incomes may be entitled to a rebate from the federal government.
- Depending on age and income thresholds, the rebate on insurance premiums can range between ~17 & 30% of the premium paid



What are the Rules re Private Health Insurance Continued?

- The rebate is claimed through the taxpayer's insurer reflected through discounted premiums
- Alternatively the rebate is claimed as a tax refund through the taxpayer's tax return



If one has not paid for private health insurance how does the Government deal with it?

- In a taxpayer's tax return, the taxpayer must specify whether or not (s)he has private health insurance.
- This information is then used to calculate the medicare levy and medicare levy surcharge if applicable
- If a taxpayer indicates (s)he has private health cover (s)he must provide proof of policy as part of the tax return to the Australian Taxation Office (ATO)
- Health insurers must also report such policies providing a cross check



Does a formula apply ?

- The formula is 2% taxable income plus 1.5% medicare levy surcharge where the taxpayer has not taken out personal health insurance.
- Most middle class Australians and above have private health cover thereby avoiding the surcharge.



Are there exceptions re non-citizens ?

- Non residents working in Australia may be covered by 'Reciprocal Health Care Agreements' (RHCA's)
- RHCA's provide subsidised health care services which are reciprocated when Australians work overseas
- These are especially applicable to foreign expatriates working in Australia on certain business entry visas



Are there other considerations re foreigners in Australia ?

- Countries with RHCA's include Belgium, Italy, Republic of Ireland, Netherland, Sweden & UK
- There are 11 countries with RHCA's
- Without applicable RHCA's non-residents are generally exempt from both the medicare levy and the surcharge
- They are also not entitled to any subsidised health care cover in Australia

