

YOUR HEALTH FUND

Important Information About Your Private Health Insurance Rebate

As part of the Private Health Insurance Rebate scheme, your health fund may claim a rebate from the Australian Government on your behalf, reducing the amount you pay in premiums. This rebate can be up to 30% of the full premium amount.

Income Tiers and Rebate Eligibility

Since 2015, under changes introduced by the then-government (Tony Abbott and Joe Hockey), the rebate has been income-tested. That means the actual percentage you're entitled to depends on your annual income. In addition, further adjustments were introduced in 2023 that reduced the rebate percentages for many income tiers.

Why This Matters at Tax Time

Health funds generally do **not** adjust the rebate they claim throughout the year based on your actual income. Instead, they often claim the full rebate upfront, resulting in lower premiums that look more attractive to customers. However, if you're not entitled to the full rebate amount based on your income, the **difference will be corrected when you lodge your tax return**.

In this case, the Australian Taxation Office (ATO) has identified an overpayment of the rebate on your behalf, and the excess has been deducted from your tax refund. You can find the details of this adjustment in the attached **Private Health Insurance Rebate (PHIR)** statement, which outlines the amount repaid to the ATO.

How to Avoid This in the Future

To prevent this from happening again, you can ask your health fund to **stop claiming the rebate on your behalf**:

- Log in to your health fund's app or online account settings and look for the option to turn the rebate off.
- Alternatively, contact your health fund directly and request they cease claiming the rebate at source.

By doing this, you'll pay the full premium throughout the year and claim the appropriate rebate as a **tax offset** at the end of the financial year—based on your actual income.