

LIFETIME HEALTH COVER (LHC)



WHAT IS LIFETIME HEALTH COVER?

LIFETIME HEALTH COVER (LHC) IS A GOVERNMENT INITIATIVE DESIGNED TO ENCOURAGE PEOPLE TO TAKE OUT PRIVATE HOSPITAL COVER EARLIER IN LIFE AND MAINTAIN THIS COVER THROUGHOUT THEIR LIFETIME.

If you join private hospital cover before July 1 immediately following your 31st birthday and keep it, you will not incur an extra cost for LHC loading.

If you decide to take out cover later in your life, you will pay an extra 2% more for cover every year that you are over the age of 30. This is called Lifetime Health Cover Loading.

LHC loading applies to the hospital portion of your cover only. The Australian Government Rebate on Private Health Insurance is not payable on any LHC loading amount that may apply to your cover.

To find out about the Australian Government Rebate on Private Health Insurance, please visit the ATO website www.ato.gov.au

Certified Age of Entry

The loading is frozen at the rate that matches your joining age, which is called your "Certified Age of Entry" (CAE), so the earlier you join, the lower your loading will be. If you're already over 31, it still makes sense to join as soon as possible to secure a lower loading.

Once you've kept your private hospital cover for ten continuous years, you'll stop paying that loading as a reward for your commitment to the private health system.

Permitted Absence Days

You are able to drop your hospital cover for a cumulative period of up to 2 years and 364 days (1094 days) during your lifetime without affecting your loading. For every year without cover after that, your loading will increase by 2%, in line with the LHC scheme.

If you are paying an LHC loading amount, any permitted days of absence will increase the length of time LHC loading is applied to your policy. This means that any LHC loading will be removed from your membership after 10 continuous years plus any permitted absence days.

Transferring from another fund

If you're transferring hospital cover from another registered fund, make sure you use your CAE (your joining age), rather than the age you are now, to calculate the correct loading so you don't pay more than you need to.

If you switch to another health fund, your previous fund will supply your new fund with a clearance certificate which will include any loadings, discounts or absence days (breaks in your cover) that apply to your membership.

Exceptions to LHC loading

The LHC loading doesn't apply to everyone. There are situations that might delay the application of the LHC, or avoid it altogether:

If you've had continuous hospital cover for the last 10 years

If you were born on or before 1 July 1934, you are exempt from Lifetime Health Cover

Members of the Australian Defence force

Recent migrants who have become eligible for Medicare benefits (including migrants from New Zealand)

If you are an Australian citizen or permanent resident who is overseas on the 1st of July after your 31st birthday, you will not pay a Lifetime Health Cover loading as long as you purchase hospital cover within a year of your return to Australia.

Here are some LHC loading examples

For a single 40 year old, your premium will attract an additional 20% loading on the base rate for hospital cover if you have not held cover since your 31st birthday.

For couples and families, the loading is calculated based on an average of the ages of the covered adults. So for a couple aged 40 and 38 who have not held hospital cover since their 31st birthdays, the combined loading would be 36% - but because there's two of you, this is halved to 18%, which is the final loading that applies to your joint policy.

For more information on Lifetime Health Cover, please visit the Department of Health website www.health.gov.au