BUDGET

2014-15

Health

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Contents

$20 billion Medical

Increasing and securing medical

To help our doctors and health system find treatments and cures for health conditions such as: dementia; heart disease; cancer; and diabetes through medical research.

Every dollar of savings from health expenditure reforms in this Budget will be invested in a new, capital-protected, Medical Research Future Fund until it reaches $20 billion.

The Government's Budget health reforms are part of its Economic Action Strategy to build a strong, prosperous economy and a safe, secure Australia.

This Budget will take steps to put health spending growth on a sustainable path.

All Australians will need to make a greater contribution to the cost of their own health care. While continuing to support the most vulnerable in the community, government spending must be targeted to those most in need.

The reforms this Government is making will ensure all Australians will have access to world class health care and affordable medicines.

Patient contributions to health care

From 1 July 2015 previously bulk-billed patients can expect to contribute $7 towards the cost of standard GP consultations and out-of-hospital pathology and imaging services.

Concessional patients and children under 16 years will contribute $7 for the first 10 services each calendar year.

The Government will contribute approximately $38.90 for each service (based on a standard GP consultation and a Low Gap Incentive).

Simplifying the Medicare Safety Net

Medicare Safety Net

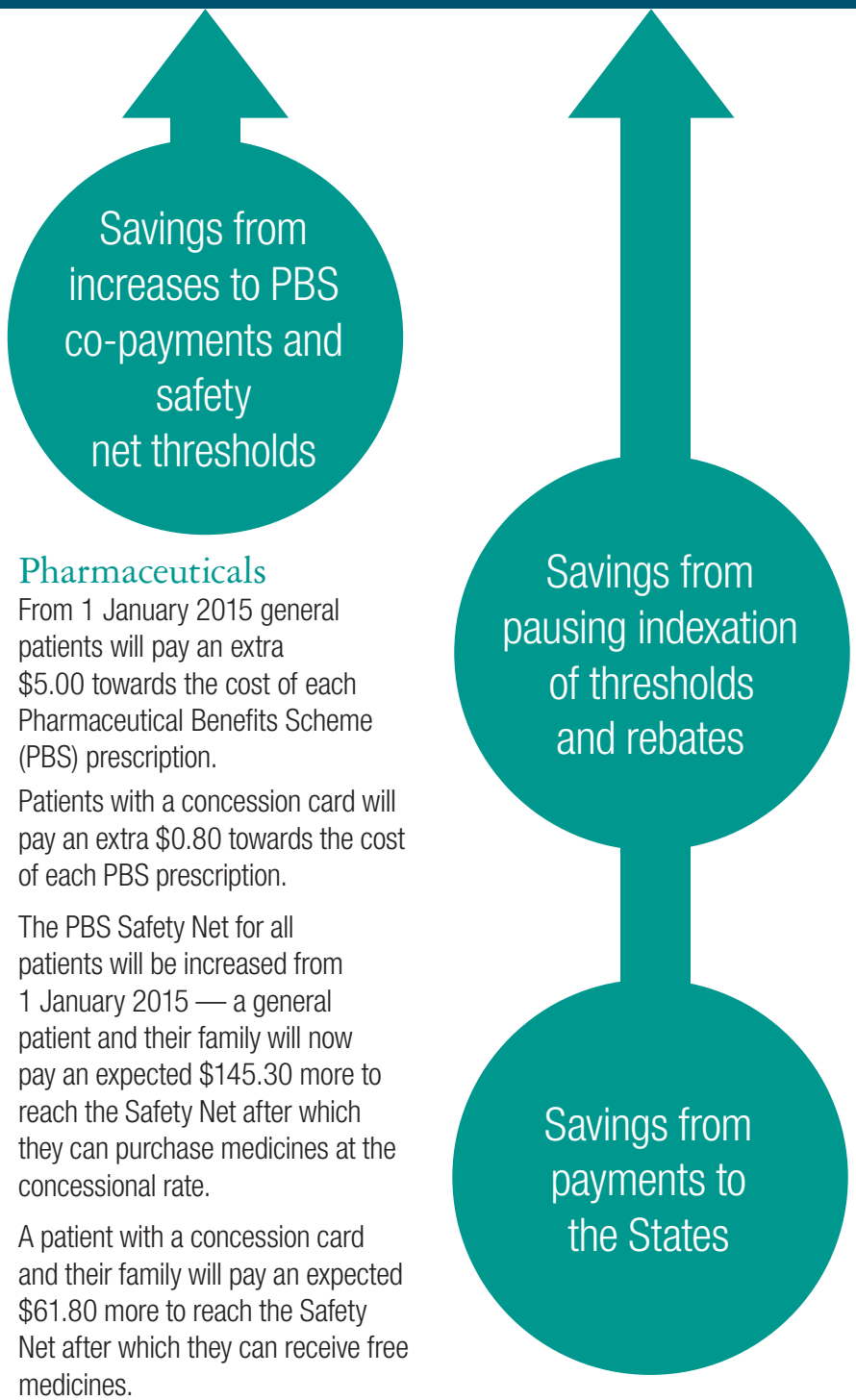
From 1 January 2016 a new Medicare Safety Net will simplify existing safety nets for out-of-hospital services whilst continuing to protect vulnerable patients. It will have lower thresholds for most people.

Research Future Fund

research funding for decades to come

Distributions to medical research will be around $1 billion by 2022-23. This will provide increased and secure medical research funding for decades to come.

The Fund will be the largest of its kind in the world.



Pharmaceuticals

From 1 January 2015 general patients will pay an extra $5.00 towards the cost of each Pharmaceutical Benefits Scheme (PBS) prescription.

Patients with a concession card will pay an extra $0.80 towards the cost of each PBS prescription.

The PBS Safety Net for all patients will be increased from 1 January 2015 — a general patient and their family will now pay an expected $145.30 more to reach the Safety Net after which they can purchase medicines at the concessional rate.

A patient with a concession card and their family will pay an expected $61.80 more to reach the Safety Net after which they can receive free medicines.

Private Health Insurance Rebate and the Medicare Levy Surcharge

From 1 July 2015 to 30 June 2018 the Medicare Levy Surcharge and Private Health Insurance Rebate income thresholds will not be indexed.

Pausing indexation of Medicare rebates

From 1 July 2014 all items listed in the Medicare Benefits Schedule, except for GP items, will not be indexed for two years.

Public hospitals

The Government will not proceed with the previous Government's guarantees to increase funding to the States regardless of how many or how few public hospital services are delivered. Reward funding under the National Partnership Agreement on Improving Public Hospital Services will also cease. Funding for public hospitals will be indexed to a combination of growth in the Consumer Price Index and population from 2017-18 onwards.

For more information visit www.humanservices.gov.au/budget

The case for change

An unsustainable budget position

The Government has inherited a budget position that is unsustainable.

From 2007-08 to 2013-14, Government real spending has outgrown the growth in the economy by over 13 per cent.

Firm and decisive action is required to put the budget back onto a secure and sustainable footing. To delay action would only exacerbate the problem, imposing an ever increasing financial burden on future generations.

Growing demand for health care

Health is a key area of spending growth. Health spending is currently 4.1 per cent of GDP, but the Productivity Commission recently estimated that, without changes to Government policy, over time this would rise to 7.0 per cent.

In particular, high growth in spending on Medicare and public hospitals is projected to place the Budget under increasing pressure.

Medicare Levy and Medicare Levy Surcharge revenue will not be enough to offset the increasing cost of health care. The combined revenue from these sources is less than 20 per cent of total Commonwealth health spending.

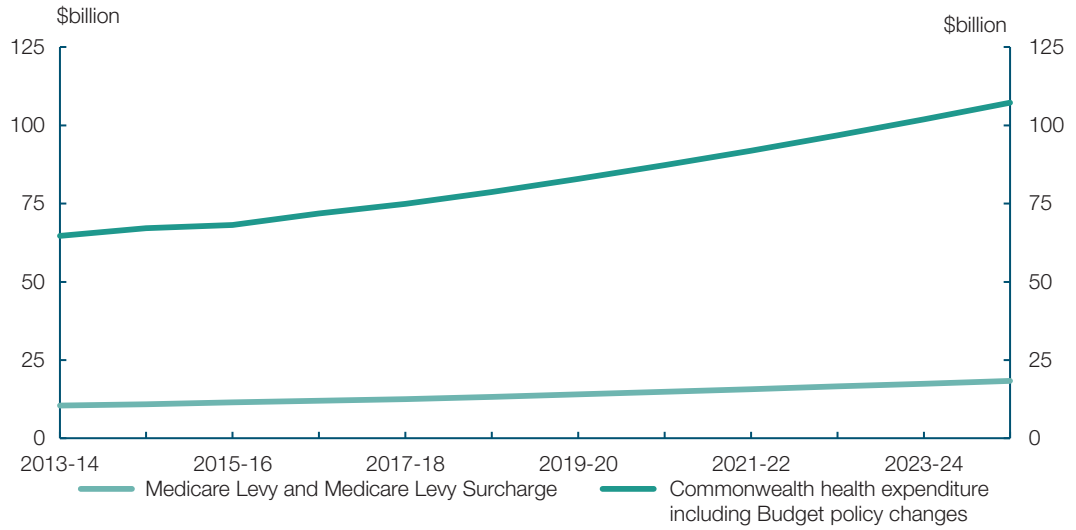
Advances in medical technology mean that demand for medicines and health services is expected to grow for all age groups.

Demand is also expected to grow faster as Australia's ageing population increasingly relies on the health system for care.

Between 2010 and 2050, the number of people aged 65 to 84 is expected to more than double and those aged 85 and over to more than quadruple.

Given these pressures, Government spending on many health programmes will continue to grow at an unsustainable rate unless fundamental changes are made.

The Medicare Levy and Medicare Levy Surcharge provide less than 20 per cent of the revenue needed to fund health spending



Ensuring affordability and fairness

A sustainable pathway

In the next 10 years, for every $5 extra the Government spends on health, more than $4 will be due to the rising costs of Medicare benefits, pharmaceutical benefits and public hospital funding.

This Budget will take steps to put growth in spending on these programmes on an affordable path.

This will mean more money will be available for the Government to invest in Australia's future health through the $20 billion Medical Research Future Fund.

Sharing responsibility for the cost of health care

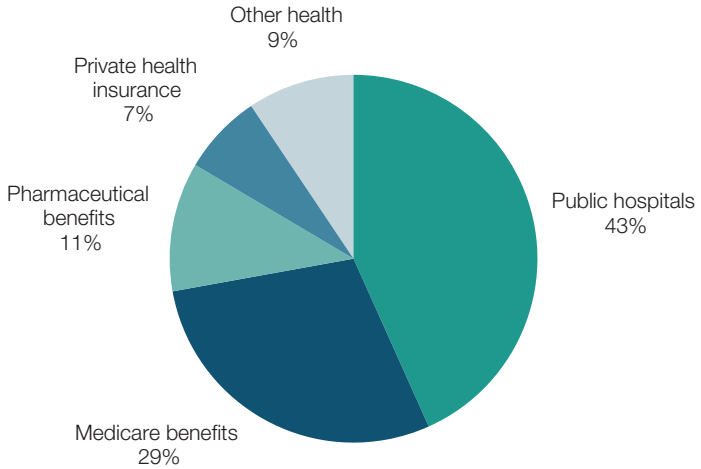
This Government is committed to safeguarding the benefits of Australia's health care system. Medicare benefits, the public hospital system, subsidised medicines and a competitive private health sector are the cornerstones of this system.

However, higher standards and greater demand for health care come at a cost. Responsibility for the growing cost of health care must be shared amongst the community.

The Government will continue to support the most vulnerable in the community. However, all Australians will need to make a greater contribution to the cost of their own health care.

Getting the budget back on a secure and sustainable footing should be a shared effort by all sectors of the community — households, business and the public sector alike — even if that requires winding back some spending that people have come to take for granted.

Medicare benefits, pharmaceutical benefits and public hospital funding, are the highest contributors to projected Commonwealth spending growth from 2013-14 to 2024-25 assuming no policy changes in this Budget



* Numbers do not add due to rounding

Medical Research Future Fund

Every dollar of savings from health reforms in this Budget will be invested in the new Medical Research Future Fund until it reaches $20 billion

As a country, we must fund the research that can lead to discoveries and cures to help treat the diseases of today and tomorrow.

A world leading fund

To maintain a world class health system, with access to cutting edge innovation and clinical breakthroughs, the Government is creating a capital-protected Medical Research Future Fund (MRFF) from 1 January 2015.

Every dollar of estimated savings from health reforms in this Budget will be invested in the Fund until it reaches $20 billion. This is consistent with the commitment to maintain the existing level of investment in health.

Once the Fund reaches $20 billion, it is expected to be the largest of its kind in the world.

Doubling funding for vital medical research

The Fund's annual net interest earnings will fund medical research.

Distributions from the MRFF to medical research will be around $1 billion by 2022-23. This will double the Government's direct medical research funding.

An historic boost for the nation's research leaders

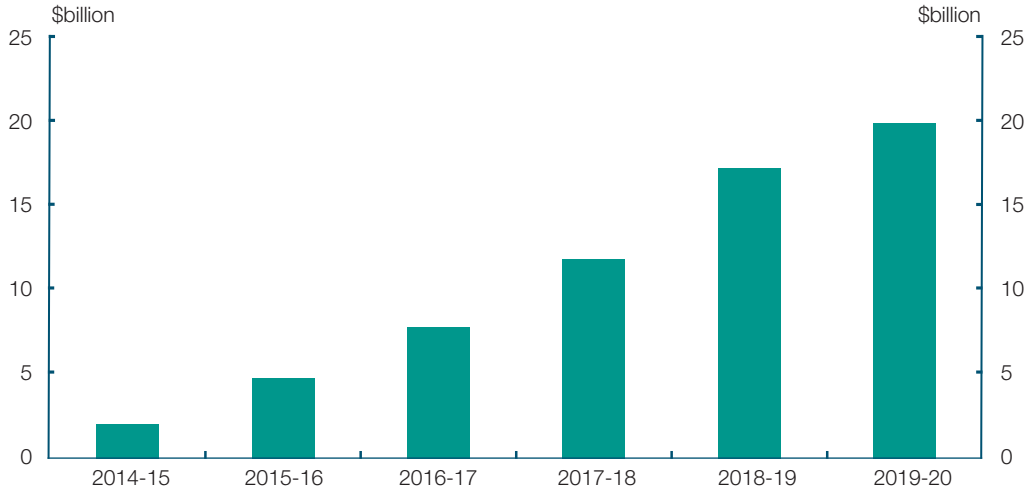
Fund earnings will be directed to medical research, primarily by boosting funding for the National Health and Medical Research Council (NHMRC).

The NHMRC supports research in the nine National Health Priority Areas, including cancer, cardiovascular disease and diabetes — currently providing around $150 million per annum to cancer research alone.

In 2013, the NHMRC's research projects ranged from developing life-saving vaccines to finding new ways to manage the side-effects of chemotherapy.

The NHMRC supports our finest researchers in Australian universities, medical schools, hospitals and other research institutions.

Fund balance reaches $20 billion by 2020



Secure and growing funding for the long term

Capital-protected for decades to come

The Medical Research Future Fund's $20 billion of capital will be protected, meaning that the spending from the Fund will not exceed interest earnings. This will ensure a secure and ongoing funding stream.

The Government is closing the existing Health and Hospitals Fund (HHF) and reinvesting the $1 billion in remaining funds into the MRFF on 1 January 2015 to provide an immediate boost to the MRFF's capital. All existing commitments funded from the HHF will be honoured.

Responsible financial management

Investments in the MRFF will be managed by the Future Fund Board of Guardians.

This investment will help to ensure Australia can continue to advance world leading medical research projects, attract and retain first class researchers and ultimately deliver improved health and medical outcomes for all Australians.

The Fund's establishment will be subject to the passage of legislation for health savings in this Budget.

MRFF at a glance

Balance

- $1.1 billion at inception
- $20 billion in 2020 — the largest fund of its kind in the world

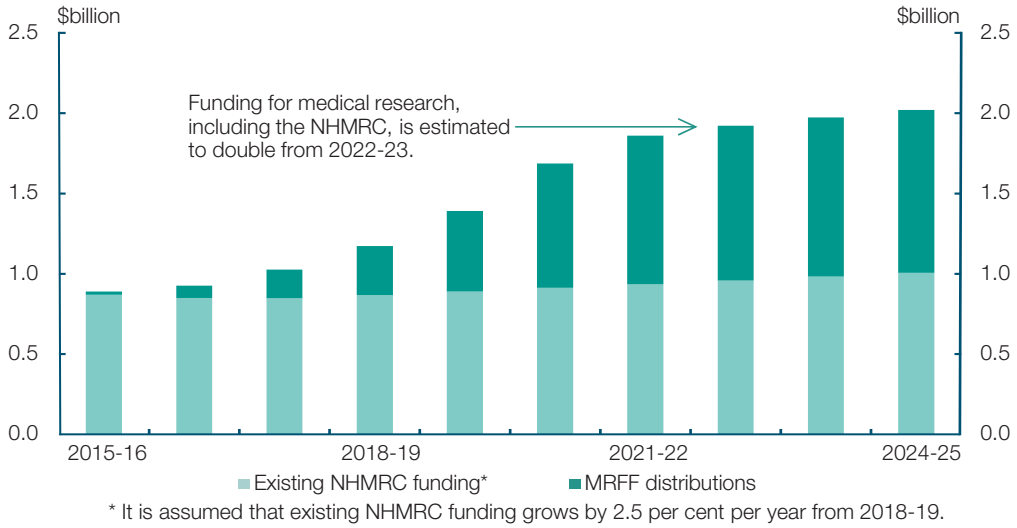
Capital-protected into the future.

Distributions

- $20 million in 2015-16
- $500 million in 2019-20
- Around $1 billion from 2022-23 onwards

A permanent revenue stream dedicated to funding vital medical research.

Medical research funding increasing by around $1 billion from 2022-23



* It is assumed that existing NHMRC funding grows by 2.5 per cent per year from 2018-19.

Patient contributions for health care

New patient contributions will mean patients pay in part for the services they use — helping to ensure health services are sustainable and used efficiently

Commitment to Medicare

The Government is committed to Medicare and is taking steps to ensure the growing costs of health services are sustainable.

Through the Medicare Benefits Schedule (MBS) the Government provides a set rebate towards the cost of a wide range of health services.

New patient contributions

From 1 July 2015 previously bulk-billed patients can expect to contribute $7 towards the cost of standard GP consultations and out-of-hospital pathology and imaging services.

For concessional patients and children under 16 years the contribution will be for the first 10 services each calendar year — for any combination of standard GP, pathology and imaging services.

Patient contributions will not be expected for many GP services that target patients with particular health needs, such as Health Assessments and Chronic Disease Management items. The Government is also continuing to provide grant funding for Indigenous primary health care.

For each $7 patient contribution, $5 will be invested in a new Medical Research Future Fund.

MBS rebates

This $5 investment will come from reducing MBS rebates for standard GP consultations and out-of-hospital pathology and imaging services by $5.

The remaining $2 of the $7 patient contribution will go directly to providers to strengthen primary care and help with administration costs.

Providers will still be able to set their own fees and will have discretion whether to charge the $7 patient contribution.

From 1 July 2014 MBS items, except for GP items, will not be indexed for two years.

Low Gap Incentives

From 1 July 2015, bulk-billing incentives that are paid to providers will be replaced with new Low Gap Incentives.

These will have the same value as under current arrangements. For example, $6.20 for a standard GP consultation in 2015.

The incentives will only be paid to providers when they collect the $7 patient contribution and no more from concessional patients and children under 16 years for their first 10 services each calendar year. After this, providers will continue to receive the incentive if they do not charge the patient for the rest of the year.

Hospitals

The States and Territories will also be able to introduce patient contributions for GP equivalent visits to emergency departments.

New patient contributions – extra costs

A concession card holder using 10 services per year, and contributing $7 per service, can expect to contribute $70 for their services. The Government will contribute over $380 (based on a standard GP consultation* and a Low Gap incentive**).

A concessional family of four with each parent using three services and each child using 11 services per year, each contributing $7 per service up to the cap, can expect to contribute $182 more — up to a maximum of $280 extra per year. The Government will contribute over $1,000 (based on a standard GP consultation* and a Low Gap incentive**).

*Standard Level B GP consultation with an estimated MBS fee in 2015 of $37.70. ** Low Gap Incentive with an estimated MBS fee of $6.20 in 2015.

How will patient contributions affect you?

Providers will collect contributions from patients

Concession card holder

Carmela is a concession card holder. She uses 15 services per year.

Current

Carmela receives her services for free from bulk-billing providers.

From 1 July 2015

Carmela can expect to contribute $7 for each service for a maximum of 10 services or $70.

The Government will contribute around $608.50 towards the cost of her GP visits (based on a standard GP consultation* and a Low Gap Incentive**).

Bulk-billing providers can expect to receive:

- a $7 patient contribution
- the MBS rebate (less $5)
- a Low Gap Incentive (for concessional patients and children under 16 years).

After a concessional patient or child reaches 10 services the rebate will increase by $5. Providers will continue to receive the Low Gap Incentive if they do not charge the patient for the rest of the calendar year.

$5 from every $7 patient contribution will be directed towards the Medical Research Future Fund

General patient

Bill does not have a concession card.

He visits a GP once a year.

Current

Bill's GP charges him $70 for this service.

His out-of-pocket costs are $32.30 after he receives a refund of $37.70* from Medicare for a standard GP consultation.

From 1 July 2015

Bill can expect to continue to pay $70.

He will receive a smaller refund from Medicare (e.g. $32.70 — which is $37.70 less $5).

Bill can expect his out-of-pocket costs will be $37.30.

The Government will contribute around $32.70 (based on a standard GP consultation*).

Children under 16 years

Sarah and Liam have two children Dean and Sally — they do not have a concession card.

Dean, aged 12, has asthma and visits the doctor around 12 times per year

Sally has just started school and visits around four times a year for minor illnesses.

Current

Dean and Sally receive services for free from bulk-billing providers.

From 1 July 2015

Dean's parents can expect to contribute $7 for each of his first 10 visits, or $70 in total (reaching his service cap) and $28 for Sally's four visits.

The family can expect to contribute $98 in total.

The Government will contribute around $632.40 (based on a standard GP consultation* and a Low Gap Incentive**).

*Standard Level B GP consultation with an estimated MBS fee in 2015 of $37.70. ** Low Gap Incentive with an estimated MBS fee of $6.20 in 2015.

A new Medicare Safety Net

A new Medicare Safety Net, with lower thresholds for most patients, will continue to protect patients from high out-of-pocket costs

Protecting safety nets

The Government will continue to provide a Medicare Safety Net which assists Australian families and singles by contributing towards out-of-pocket costs for Medicare eligible out-of-hospital services.

A new safety net

Currently there are multiple Medicare safety nets for out-of-hospital services which help protect patients. They can be very confusing to understand.

From 1 January 2016 a new Medicare Safety Net will simplify existing safety nets for out-of-hospital services whilst continuing to protect vulnerable patients.

Benefits protected

Under the new Medicare Safety Net, once the annual thresholds have been met, the Government will contribute additional benefits towards subsequent out-of-pocket costs for the rest of the calendar year.

Safety net benefits will be calculated at 80 per cent of out-of-pocket costs, but the total benefit payable (rebate plus safety net) will be capped at 150 per cent of the MBS (Medicare) set fee.

The new $7 patient contribution will not be included in these safety net arrangements.

Thresholds

The new Medicare Safety Net will have lower thresholds for most people.

This may allow some people to qualify for safety net benefits earlier than under current arrangements.

From 1 January 2017 the thresholds will be adjusted annually in line with inflation.

Original Medicare Safety Net (2016 estimate)
Threshold: $451.80* for all patients and families
Benefit: increases benefits to 100 per cent of the MBS (Medicare fee) for services above the threshold

Extended Medicare Safety Net (2016 estimate)

Thresholds:

- $654.30* for concessional patients and Family Tax Benefit Part A families
- $2,050* for all other Medicare card holders (subject to passage of legislation)

Benefit: increases benefits for out-of-pocket costs above the threshold for the remainder of the calendar year

Benefit caps apply to specified services including all consultation services

The Greatest Permissible Gap (2016 estimate)
Threshold: applies if the gap between the MBS (Medicare fee) and the benefit for a service is more than $80.30*
Benefit: increases Medicare benefits to the rebate minus $80.30*

* Safety net thresholds and figures are estimates and are subject to indexation by the Consumer Price Index.

How the new Medicare Safety Net will work

The new Medicare Safety Net will make it easier for patients to understand their entitlements and ensure benefits are targeted to those who need them most

Safety net registration

Individuals do not need to register for the Medicare Safety Nets.

Families need to register to allow Medicare to combine medical expenses for all family members — even if all family members are on the one Medicare card.

Keeping a tally of medical expenses

Medicare will keep track of thresholds and benefit entitlements if patients pay their provider in full.

Medicare usually contacts patients when they are nearing the threshold.

Benefits

Once the safety net threshold is reached, all further out-of-hospital claims for each calendar year will automatically attract a higher benefit because the Government will pay more towards out-of-pocket costs.

Medicare Safety Net (2016)

Thresholds of:

- $400 for concessional patients
- $700 for general singles and Family Tax Benefit Part A families
- $1,000 for general families

Benefit: increases Medicare benefits for out-of-pocket costs above the threshold for the remainder of the calendar year.

How will the thresholds change?

Concessional patients

Current Extended Medicare Safety Net (2016)	**New** (2016)
$654.30*	$400

Family Tax Benefit Part A family

Current Extended Medicare Safety Net (2016)	**New** (2016)
$654.30*	$700

General single

Current Extended Medicare Safety Net (2016)	**New** (2016)
$2,050*	$700

General family

Current Extended Medicare Safety Net (2016)	**New** (2016)
$2,050*	$1,000

* Safety net thresholds and figures are estimates and are subject to indexation by the Consumer Price Index.

Sharing the cost of medicines

Increased patient contributions will keep the Pharmaceutical Benefits Scheme sustainable, ensuring the Government can continue to fund new and innovative medicines

The Pharmaceutical Benefits Scheme (PBS)

The Government is committed to providing timely, reliable and affordable access to necessary medicines for all Australians through the PBS. Current spending on the PBS is over $9 billion per year.

Under the PBS, the Government subsidises medicines for many medical conditions.

Patients pay a set co-payment, even for medicines that cost tens of thousands of dollars per patient per year. This means they generally do not pay more than the co-payment.

An ageing population, increasing rates of chronic disease, and the listing of new and expensive medicines are expected to drive PBS growth over the longer term.

Current arrangements

Today, patients pay a PBS co-payment of $36.90 or $6.00 if they have a concession card.

The co-payment is adjusted every January in line with inflation, so the 2015 co-payments below are estimates only.

Increasing co-payments

The Government is increasing the amount patients contribute to help keep the PBS sustainable.

From 1 January 2015 patients will pay $42.70* (instead of $37.70*) or $6.90* (instead of $6.10*) if they have a concession card.

All savings from increasing PBS co-payments will be invested in the $20 billion Medical Research Future Fund.

Impact on patients

Under the changes patients will pay an extra $5.00, or $0.80 if they have a concession card, towards the cost of each PBS prescription.

These changes will not affect the price of medicines for general patients which fall below the general co-payment.

For example, if a medicine costs $20.00, a general patient will pay $20.00 rather than the $42.70* co-payment. They may pay less if they shop around.

Medicine in 2015	Amount patient would pay without Government subsidy	General patient pays		Concessional patient pays	
		Before	After	Before	After
Heart disease — Clopidogrel + Aspirin	$54.96	$37.70*	$42.70*	$6.10*	$6.90*
Diabetes (type 1 or 2) medication — Insulin Neutral Human	$224.53	$37.70*	$42.70*	$6.10*	$6.90*
Malignant melanoma — Dabrafenib	$8,758.74	$37.70*	$42.70*	$6.10*	$6.90*

* Co-payments and safety net thresholds are projected from 1 January 2015 based on estimates of indexation by the Consumer Price Index.

Protecting patients needing many medicines

Higher safety net thresholds will keep the Pharmaceutical Benefits Scheme sustainable, enabling the Government to continue to protect patients who require numerous PBS medicines

The PBS Safety Net

The PBS Safety Net protects patients who require a lot of medicines by reducing PBS co-payments for the patient and their family once certain safety net thresholds have been reached each calendar year.

After thresholds are reached, general patients and their families receive medicines at the concessional rate ($6.90* in 2015 rather than $42.70*), and concessional patients receive free medicines (rather than $6.90*).

Patients must keep a record of their own and their family's PBS costs on a form available from pharmacies.

Current arrangements

Under current arrangements the PBS Safety Net threshold for general patients will be $1,452.50* in 2015.

Once this is reached patients pay the concessional co-payment of $6.10* for the rest of the calendar year.

The concessional safety net threshold would be 60 PBS prescriptions in 2015 ($366*). Once this is reached patients receive free PBS medicines for the rest of the calendar year.

Thresholds are adjusted every January in line with inflation. Estimates provided are based on current forecasts and may change with inflation.

Increasing safety net thresholds

The Government is increasing the PBS Safety Net thresholds for all patients to keep the PBS sustainable, and to enable the Government to continue to protect those patients that are most in need.

From 1 January 2015 the general safety net threshold will rise to $1,597.80* per calendar year. The general safety net will continue to increase by 10 per cent above inflation for a further three years.

The concessional safety net will increase to 62 prescriptions in 2015 ($427.80 at $6.90 per prescription*). It will then increase by two prescriptions each year for a further three years — from 62 in 2015 to 68 in 2018.

Savings from increasing PBS safety net thresholds will be invested in the Medical Research Future Fund.

Impact on patients

In 2015 a general patient will pay $145.30 more to reach the safety net, after which they can purchase PBS medicines at the concessional rate.

In 2015 a concessional patient will pay $61.80 more to reach the safety net, after which they can receive free PBS medicines.

How will the changes impact patients?

Joyce is an age pensioner. She purchases 80 medicines a year which are listed on the PBS.

In 2015, under current arrangements, Joyce pays $366 in PBS co-payments. She pays $6.10 for 60 PBS medicines, before reaching the safety net, and then receives the last 20 PBS medicines for free.

From 1 January 2015 Joyce will pay $427.80 in PBS co-payments. She will pay $6.90 for 62 PBS medicines, before reaching the safety net, and then receive the last 18 PBS medicines for free. Joyce will pay $61.80 more in 2015 for her medicines.

The Government will pay over $2,500, based on a common mix of medicines for her demographic using this quantity of medicines.

* Co-payments and safety net thresholds are projected from 1 January 2015 based on estimates of indexation by the Consumer Price Index.

Private Health Insurance Rebate and the Medicare Levy Surcharge

As part of repairing the budget, income thresholds for the Medicare Levy Surcharge and Private Health Insurance Rebate will not be indexed for three years

The Private Health Insurance Rebate is an income tested payment by the Government to eligible Australians who hold complying private hospital cover (cover with an excess of $500 or less for singles, $1,000 or less for couples and families).

The Medicare Levy Surcharge is levied on Australian taxpayers who are not covered by a complying private hospital policy, and who have income above certain thresholds.

The surcharge can be avoided by taking out complying private hospital cover.

Under the current arrangements, the income tier thresholds are indexed every year by average weekly ordinary time earnings.

From 1 July 2015 to 30 June 2018, the Medicare Levy Surcharge and Private Health Insurance Rebate thresholds will not be indexed.

Savings from not indexing these thresholds will be invested in the $20 billion Medical Research Future Fund.

People with complying private hospital cover

If a person's or family's income increases enough for them to move up an income tier during this period they may receive less rebate. If not, they will receive the same rebate as they would otherwise have received.

People without complying private hospital cover

If a person's or family's income increases enough for them to move up an income tier during this period, they may pay a higher Medicare Levy Surcharge rate.

If their income remains in the same tier, they will pay the same Medicare Levy Surcharge rate.

Impact of the changes

Australians that will receive a different private health insurance rebate

Michael and Alana (both under 50) have two young children and hold a family policy with complying private hospital cover — it costs them $3,752 per year. At the moment, their combined income for surcharge purposes is $210,000. They are both likely to be assessed as tier 1 earners in the current year and will receive a rebate of $726.39. Next year their combined income for surcharge purposes will increase to $220,000. Based on current data, they are both likely to be assessed as tier 2 earners next year and receive a rebate of $363.19.

Australians that will pay a different Medicare Levy Surcharge

Luke is a single 38 year old who does not have private health insurance. In 2014-15, his income for surcharge purposes is $130,000. He is likely to be assessed as a tier 2 earner in 2014-15 and will be liable to pay a Medicare Levy Surcharge of $1,625. Luke's salary increases during the following financial year so that his income for surcharge purposes is $143,000. He still has not taken out complying private health insurance. As a result he is likely to be assessed as a tier 3 earner in 2015-16 and will be liable to pay a Medicare Levy Surcharge of $2,145 (compared to $1,788 if he had remained in tier 2).

Putting hospital funding on a sound footing

The Government's changes will bring excessive growth in funding for public hospitals under control while ensuring real funding increases every year

Ensuring value for taxpayer dollars in the public hospital system

The Government is focused on ensuring efficiency in the health system by removing ineffective or wasteful funding arrangements.

The Government will not proceed with the previous Government's guarantees to increase funding to the States regardless of how many or how few public hospital services are delivered. Reward funding under the National Partnership Agreement on Improving Public Hospital Services will also cease.

Moderating spending growth in the future

The last government's public hospitals funding arrangements would have had unsustainably high growth beyond previously published estimates.

Without changes made in this Budget, Commonwealth funding for public hospitals would have almost tripled from 2013-14 to 2024-25.

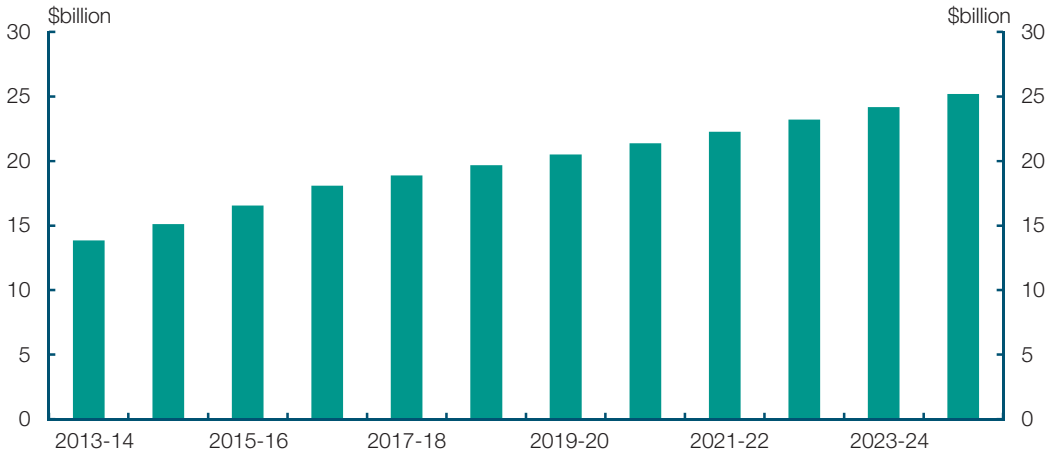
From 2017-18 the Government will index public hospitals funding by a combination of growth in the Consumer Price Index and population.

State and Territory governments are responsible for managing public hospitals, and are therefore best placed to improve efficiency in the hospital system.

The changes in this Budget will provide a platform to consider longer term arrangements in the context of the White Papers on the Reform of the Federation and the Reform of Australia's Tax System.

Savings from the changes to public hospital funding will be invested in the $20 billion Medical Research Future Fund.

Commonwealth public hospital spending will grow in line with the CPI and population from 2017-18 onwards



Summary of patient contributions and safety net

All savings will go to the new $20 billion Medical Research Future Fund

Patient Contributions (previously bulk-billed patients)	
Patient contribution	• $7 for each currently bulk-billed service from 1 July 2015 • Capped at 10 services per calendar year for concessional patients and children under 16 years
Services	• Standard GP consultations and out-of-hospital pathology and diagnostic imaging services
Safety net	• $7 patient contribution will not count towards the Medicare Safety Net
MBS rebates	• Reduced by $5 (providers get an extra $2 when they charge the full $7) • Rebate increases once concessional patients reach 10 services per calendar year

Medicare Safety Net		
	New Medicare Safety Net (2016)	Existing Extended Medicare Safety Net (2016 estimate*)
Concessional patient	$400	$654.30*
Family Tax Benefit Part A family	$700	$654.30*
General single	$700	$2,050**
General family	$1,000	$2,050**

* Estimates for MBS safety nets thresholds in 2016 are subject to indexation by the Consumer Price Index.

** Subject to passage of legislation.

For further information on the introduction of patient contributions for Medicare, and the new Medicare Safety Net, visit www.humanservices.gov.au/budget or phone the Medicare general enquiry line on 132 011.

For more information on the PBS co-payments and safety nets phone the PBS information line on 1800 020 613 or visit www.pbs.gov.au.

Summary of pharmaceuticals and private health insurance

These savings will provide increased and secure medical research funding for decades to come through the Medical Research Future Fund

Estimated PBS Co-payments*				
	General patient		Concessional patient	
	New	Current settings	New	Current settings
2015	$42.70	$37.70	$6.90	$6.10

Estimated PBS Safety Net*				
	General patient		Concessional patient	
	New	Current settings	New	Current settings
2015	$1,597.80	$1,452.50	62 scripts ($427.80)	60 scripts ($366)
2016	$1,798.00	$1,485.90	64 scripts ($454.40)	60 scripts ($372)
2017	$2,029.20	$1,524.50	66 scripts ($481.80)	60 scripts ($384)
2018	$2,287.90	$1,562.60	68 scripts ($510.00)	60 scripts ($396)

* Co-payments and safety net thresholds are projected from 1 January 2015 and beyond based on estimates of indexation by the Consumer Price Index.

Medicare Levy Surcharge (MLS) and Private Health Insurance (PHI) rebate tiers (2014-15 to 2017-18)				
MLS	Base	Tier 1	Tier 2	Tier 3
Singles	$0 to $90,000	$90,001 to $105,000	$105,001 to $140,000	$140,001+
Families and couples	$0 to $180,000	$180,001 to $210,000	$210,001 to $280,000	$280,001+
MLS	0%	1.0%	1.25%	1.5%

Further information about the MLS is available from the Australian Taxation Office which can be contacted on 132 861 or at http://www.ato.gov.au/Individuals/Medicare-levy/Medicare-levy-surcharge.

For details on the PHI tiers and rebate amounts please phone 02 6289 9853 (24hr answering machine) or visit www.health.gov.au/phi.