



6 October 2026

Committee Secretary
Senate Community Affairs Legislation Committee
Parliament House
Canberra ACT 2600

By email: community.affairs.sen@aph.gov.au

Supplementary submission to *Private Health Insurance Amendment (Modernising the Private Health Insurance Rebate) Bill 2026* –

Keeping cover at a cost: Impacts and choices arising from PHI rebate changes

Dear Committee members,

COTA Australia provides this supplementary submission to present new evidence from our recent supporter survey about how older people would respond to higher private health insurance costs following the proposed removal of the additional age-based rebate.

Our analysis of 1,332 eligible responses to a COTA Australia supporter survey included 792 full or part pensioners and 448 self-funded retirees, alongside respondents in other circumstances. Respondents were from across the age spectrum over 65 years, across all states and territories and were more likely to hold a gold or silver / silver plus private health insurance product.

As a voluntary survey capturing stated intentions, the survey does not purport to be a representative estimate of all older policyholders' behaviour, but it does provide direct evidence of the difficult choices respondents anticipate making, including pensioners.

The findings highlight differences in respondents' capacity to manage higher premiums and the importance of recognising that older policyholders are not a financially uniform group.

When asked to select their single most likely course of action if age based rebates were removed:

- One third of respondents (33.9%) said they would cancel or change their private health insurance comprising:
 - 16.5% of respondents said they would cancel, and
 - 17.3% would change their cover.
- Almost half (49.0%) would keep their current insurance, comprising of:
 - 14.8% who would absorb the extra cost, and
 - 34.2% who would cut spending elsewhere.
- Self-funded retirees were around twice as likely as pensioners to say they would retain their current cover and absorb the extra cost (22.5% compared with 11.4%).

All respondents, regardless of whether they expected to keep, cancel or change their insurance, were asked where they would consider cutting spending if they kept their cover and premiums increased following removal of the additional age-based rebate. Respondents could select multiple answers. Asked where they would consider cutting spending if they kept their insurance:

- Only around one in fifteen (6.8%) identified they would not cut back on other spending if they kept their private health insurance.
- More than half (54.7%) nominated at least one health or aged care expense. This includes cutting back on dental care (26.0%), other health professionals such as physio or allied health (40.6%), GP visits (14.6%) or medicines (9.3).
- Four in ten (41.2%) nominated food or groceries.
- Just over a quarter (26.3%) nominated energy costs.
- Nearly 7 in 10 (68.1%) nominated reducing their social interactions, risking increased social isolation.
- Over half (53.6%) nominated cutting back on buying basics such as clothes or household essentials.

These results show that retaining insurance cannot, by itself, be treated as evidence that a premium increase is affordable. Almost half of respondents want to keep their current insurance. But keeping cover is only part of the story. Older people are telling us that cutting back on expenditure on food, healthcare, utilities and other essentials would be considered to pay higher premiums. Protecting access to healthcare should not come at the expense of health and wellbeing.

An expanded summary of the findings are attached for the Committee's consideration alongside our earlier submission, in which we recommended not proceeding with the proposed removal of the additional age-based rebate.

Older people should not have to choose between maintaining their insurance and meeting other essential needs. These findings strengthen the case for reconsidering the proposed changes and ensuring that reform is informed by the circumstances of those who would bear the cost.

Thank you for considering this supplementary evidence.

Yours sincerely



Patricia Sparrow
Chief Executive Officer
COTA Australia

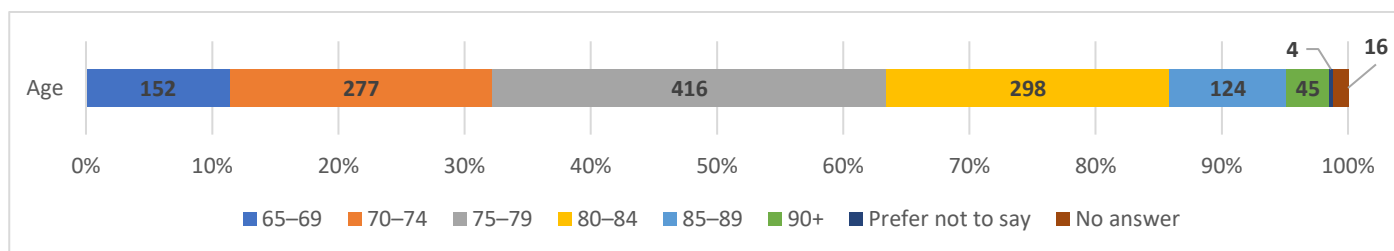
Keeping cover at a cost: Impacts and choices of PHI rebate changes

"I'm 75. I have paid for health insurance for 40 years - in good faith that I would have government support into my old age when I am most likely to need it." – NSW, Self-Funded Retiree, 75-79yo

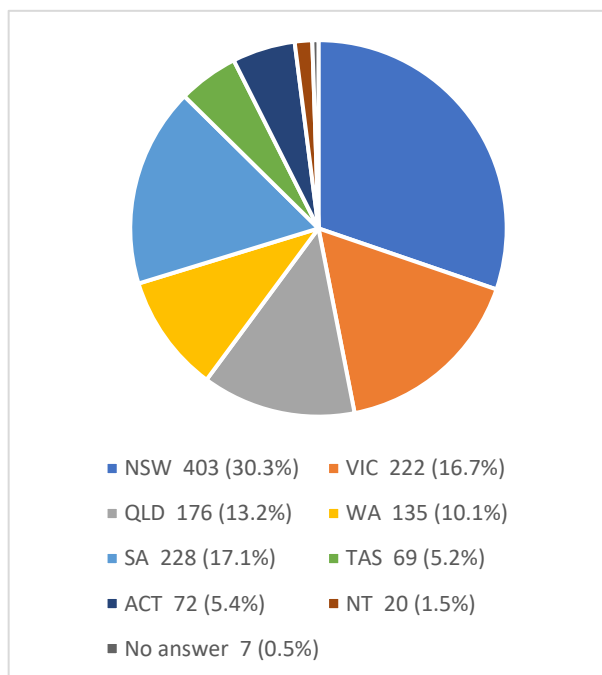
Survey participant profile

All Respondents	Pensioners	Self-funded retirees	Workers	N/A Other
1,332	792	448	29	63
Note: Respondents under 65 or with no current PHI were excluded	59.5% 370 full · 422 part	33.6% Includes 193 CSHC holders	2.2%	4.7% 42 Other · 16 prefer not to say · 2 Not sure · 3 no responses

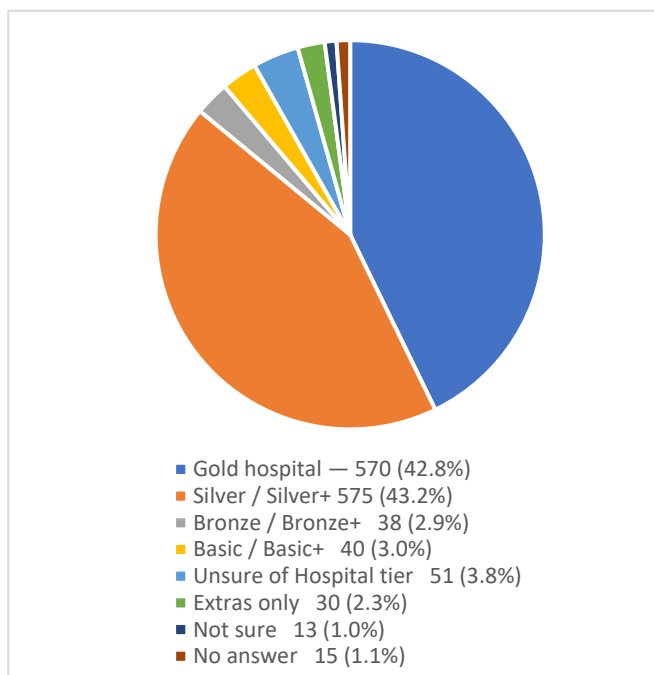
Age composition



State or territory



Private health insurance held



Most likely action in response to higher PHI premiums

“At 86 my family would be horrified if I dropped my cover.”

– WA, Pensioner, 85-89 years old

“My family, between them (have) been generously paying for me. On consultation, we all agreed to cancel my yearly subscription to <Fund name redacted> ... ” – SA, Pensioner, 90+ years old.

What is the ONE thing you are most likely to do if the age-based rebates go ahead?

 **16.5%**

Cancel insurance altogether

Pensioners 19.2% • Self-funded retirees 11.8%

 **17.3%**

Change insurance

Pensioners 18.7% • Self-funded retirees 14.5%

 **34.2%**

Keep current insurance and cut spending elsewhere

Pensioners 34.6% • Self-funded retirees 33.9%

 **14.8%**

Keep current insurance and absorb the extra cost

Pensioners 11.4% • Self-funded retirees 22.5%

 **13.8%**

Not sure yet

Pensioners 13.5% • Self-funded retirees 13.6%

 **3.3%**

Other action

Pensioners 2.7% • Self-funded retirees 3.6%

Base: all 1,332 respondents. The full sample of 1,332 responses included 29 workers and 63 respondents classified as N/A Other. These groups are included in the overall results but are not presented separately alongside pensioners and self-funded retirees due to their small sample sizes. ‘Change insurance’ combines three options (downgrade hospital cover: 9.4% · Drop extras: 6.2% · Increase excess: 1.7%). Percentages may not sum to 100% due to rounding.

Analysis

Higher premiums would prompt a third of respondents (33.9%) to cancel or change their insurance. Almost half (49.0%) would retain their current cover, including 34.2% of all respondents who would cut spending elsewhere to do so.

Pensioners reported particularly difficult choices: around one in five would cancel their insurance (19.2%) and a further 18.7% would change their cover. Just 11.4% would retain their current insurance and absorb the extra cost, compared with 22.5% of self-funded retirees.

Where households would cut back if they kept their PHI cover

"... I have already cut back on outings, holidays, travel, clothing, food and medication are next, but with multiple health issues it could lead to hospitalisation" – VIC, Pensioner, 70-74yo

If private health insurance was kept after the extra age-rebate was removed: what expenses would older people consider cutting back on?



54.7%

Health or aged care expenses

Pensioners 58.1% · Self-funded retirees 48.0%



68.1%

Social activities, eating out or entertainment

Pensioners 70.5% · Self-funded retirees 63.4%



41.2%

Food or groceries

Pensioners 46.5% · Self-funded retirees 31.0%



53.6%

Clothing or household essentials

Pensioners 57.6% · Self-funded retirees 44.6%



26.3%

Electricity, gas or heating/cooling

Pensioners 29.5% · Self-funded retirees 21.2%



6.8%

I would not cut back elsewhere

Pensioners 3.8% · Self-funded retirees 13.2%

Base: 1,326 answered Q2. Individual percentages overlap because respondents could select multiple options. 'Health or aged care expenses' combines medicines (9.3%), GP visits (14.6%), dental care (26.0%), other health professionals (40.6%), and aged care or home support services (11.3%). Overall, 54.7% nominated at least one of these expenses.

Analysis

Retaining insurance cannot, by itself, be treated as evidence that a premium increase is affordable. Asked where they would consider cutting spending if they kept their cover, more than half of respondents (54.7%) nominated at least one health or aged care expense, and 41.2% nominated food or groceries. Only 6.8% overall said they would not need to cut back to afford to keep their insurance. This figure was 3.8% among pensioners and 13.2% among self-funded retirees.

Based on this response maintaining cover could involve sacrifices that undermine an individual's health and wellbeing. Pensioners faced particularly stark trade-offs, with 58.1% nominating health or aged care expenses and 46.5% nominating food or groceries as potential cutbacks.

About the survey

"I won't be able to keep private insurance because I'm already shopping for the cheapest foods (even tins of tuna), barely driving, using water and electricity frugally, and am becoming socially isolated because I can't manage to meet up with friends." – VIC, Self-Funded Retiree, 70-74yo

The survey was a voluntary, unweighted survey of COTA Australia supporters. Its findings describe respondents stated intentions and provide direct evidence of the difficult choices respondents anticipate.

The survey was conducted between Tuesday 29 September and Sunday 4 October 2026. Respondents were asked two quantitative questions and one qualitative question, along with key demographic information including their age range, their level of PHI coverage, their pension status, and the state they lived in.

1430 responses were received. 98 responses were excluded because respondents identified themselves as under 65, reported having no private health insurance, or did not answer key questions.

COTA Australia analysed 1,332 responses, including 792 Age Pension recipients (both full or part pension), 448 self-funded retirees (including Commonwealth Seniors Health Card holders) and people still working or in other circumstances.

"We would struggle to pay our mortgage, utilities, food & groceries. We only have our pension to exist on. My husband is being treated for Multiple Myeloma and prostate cancer and I have ongoing issues after having a liver transplant. Getting a job is out of the question. We are both in our seventies and have no relatives living close who are able to assist us. With our health issues we can't afford to pay for private health insurance and we can't afford not to have it." – SA, Pensioner, 70-74yo

For more information contact COTA Australia:

Patricia Sparrow, Chief Executive Officer, psparrow@cota.org.au

Corey Irlam, Deputy CEO, cirlam@cota.org.au

"I have rheumatoid arthritis in my hands, and creative work like crochet and stitching help keep my hands and fingers flexible and working. Materials are expensive though so I'm afraid I will have to cut back on the one joy and social activity I have. Creativity also helps my mental health which takes constant hits from having an ongoing, incurable chronic illness." – VIC, Worker (part-time), 65-69yo