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General Manager
Law Design Practice
The Treasury
Langton Crescent
PARKES ACT 2600
Email: IndividualsTaxUnit@treasury.gov.au

Level 18, 215 Adelaide Street
Brisbane Qld 4000

GPO Box 1450
Brisbane Qld 4001

Phone 07 3233 9100
Fax 07 3211 9339

policy@nationalseniors.com.au

Dear Mr Leggett

National Seniors response to the phase out of the Net Medical Expenses Tax Offset

National Seniors members with chronic health conditions are very concerned about the phase out of the Net Medical Expenses Tax Offset (NMETO) for the wider range of medical services by 2014_15 and for specific disability aids, attendant care or aged care expenses by 2018_19.

National Seniors is Australia's largest organisation representing the interests of those aged 50 and over, with around 200,000 individual members nationally. This broad based support enables National Seniors to provide a well informed and representative voice on behalf of its members and contribute to public education, debate and community consultation on issues of direct relevance to older Australians.

The Net Medical Expenses Tax Offset (NMETO) has been highly valued by those members of the community who have had to pay considerable out of pocket costs in order to maintain their health, whilst being liable to pay tax either through continuing to work or as self-funded retirees.

The rationale provided in budget papers for phasing out the NMETO included that it was poorly targeted and that consumers would be adequately supported by other measures. These supports are not likely to benefit many of our members for the reasons outlined below.

We welcome the availability of the NMETO to taxpayers for out of pocket medical expenses relating to disability aids, attendant care or aged care expenses until 1 July 2019 when the National Disability Insurance Scheme (NDIS) is fully operational and aged care reforms have been in place for several years.

However people aged 65 and older will not be eligible for the NDIS and the means tested and rationed aged care system is unlikely to be in a position to offer services similar to those offered by the NDIS.

The claim that the Extended General Medicare Safety Net (EGMSN) and other supports ensure adequate support for all consumers as well as those who pay tax ignores the fact that several eligible medical services are not subject to Medicare rebates and will not be captured by the EGMSN.

This includes expensive private dental health services which are the only option for those consumers who do not hold concession cards or whose general health is being affected by lack of access to public dental health services. Prescription spectacles and contact lenses are also not included.

Rising health care costs are exacerbated by the freezing of the MBS rebate for GP and specialist services until 1 July 2014 with consumers facing higher out of pocket costs. Our members report opting out of services or cutting back on prescribed medications as their costs rise¹.

The over 50s who maintain private health insurance report increasing budgetary pressure from rising premiums. They receive no rebate on their out of pocket costs for medical visits and limits for services such as dental or physiotherapy are quickly exhausted if ongoing treatments are required. Thus some members are forced to opt out of health insurance thereby placing greater pressure on individual or public health budgets².

The phasing out of the NMETO is of particular concern for self-funded retirees whose income is higher than the threshold for the Commonwealth Seniors Health Card (\$50,000 for singles and \$80,000 for couples). This not only renders them ineligible for subsidised health care but more likely to pay full price rather than be bulk billed for their medical appointments. This threshold has not been increased since 2001 and since that time health care costs have risen at a much higher rate than the CPI.

These retirees have limited means of increasing their income through paid work to offset their escalating health care costs. Many report that their lack of subsidy for health and utility costs places them in a very vulnerable financial position, frequently reducing their income to well below the threshold for the CSHC.

The means testing of the NMETO ensures it benefits those who are most affected by their out of pocket health care costs. Therefore National Seniors requests that you reconsider the phasing out of the NMETO and continue to provide relief to Australian consumers.

Yours sincerely

Michael O'Neill
Chief Executive Officer

¹ Kelly, S. (2011) *Are Older Australians Being Short Changed? An Analysis of Household Living Costs*. National Seniors Australia, November 2011.

² National Seniors Australia 2011. *A Carrot and a Big Stick: Research Monograph No.1*, October 2011.