



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2022 ELECTION COMMITMENT COSTING

Name of proposal costed:	
Costing Identifier:	COA 010
Summary of costing:	<p>Increasing the income threshold for the Commonwealth Seniors Health Card (CSHC) from \$57,761 for singles, \$92,416 for couples, and \$115,522 for separated couples (separated by illness), to \$90,000 for singles, \$144,000 for couples, and \$180,000 for couples separated by illness from 1 July 2022.</p> <p>This costing only considers the financial impact of changing the CSHC income test threshold, with all other policy settings remaining unchanged.</p>
Ongoing or Terminating (including date)^(a)	Ongoing. Start date: 1 July 2022.
Person making the request:	Prime Minister
Date costing request received:	2 May 2022
Date of public release of policy:	2 May 2022
Date costing completed:	9 May 2022.
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Underlying Cash Balance (UCB) (\$m)	0.0	-16.4	-16.7	-18.1	-19.3
Fiscal Balance (\$m)	0.0	-16.8	-16.7	-18.1	-19.2

Impact (UCB) on	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Social Services	0.0	0.0	0.0	0.0	0.0
Services Australia	0.0	-2.8	-1.7	-1.8	-1.9
Department of Health	0.0	-13.5	-15.0	-16.3	-17.4

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the UCB indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Not applicable.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

As specified in the costing request, the Department of Social Services would absorb the associated departmental costs. The operational expenses associated with the service delivery component of this costing, borne by Services Australia, have been factored into the costing profile.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Minor variances between fiscal and underlying cash impacts are due to the difference in timing between when payments are accrued and made to pharmacies in the Pharmaceutical Benefits scheme.

Where relevant, include an explanation of the medium-term implications of the proposal.^(d)

In the forward estimates period, 4 per cent is the assumed growth rate in the number of new cards distributed under this proposal (based on average annual growth since 2019). For costs beyond the forward estimates, between 2027-28 and 2029-30, growth in the number of additional recipients has been projected to reduce by 1 percentage point per year until it reaches 1 per cent growth in 2029-30, which is the assumed long-term ongoing rate. This growth rate is based on historical data.

(d) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period. The medium term is considered to be the 7 years after the current forward estimates.

Background information

Costing methodology used:

- This costing only considers the financial impact of changing the CSHC income test threshold, with all policy settings remaining unchanged. All administered costs under this proposal reflect increased expenses for the Department of Health under the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme resulting from a larger cohort accessing these programs.
- It is assumed that the CSHC growth rate over the forward estimates remains at 4 per cent in line with recent average growth since 2019. This is primarily driven by increasing asset values which leads to an increase in the number of people disqualified from the Age Pension by the current assets test.
- The growth rate is expected to return to a historical average of 1 per cent per by 2029-30 as outlined above.

Policy parameters

- The CSHC provides access to Australian Government concessional rates for medical and pharmaceutical costs.
- The cards are available to eligible Australian residents, over Age Pension age, who are not already receiving a pension or benefit (and so already entitled to cards with similar concessions) and have an adjusted taxable income (alongside deemed income from any account based income streams they own) under a prescribed limit dependent on their relationship status. There is no assets test for the CSHC.

Statistical data used

- Estimated cohort numbers are based on average recipient growth rate data since 2014 and are as follows:

Customer Cohorts	2022-23	2023-24	2024-25	2025-26	2026-27
Additional CSHC Recipients (over baseline)	44,561	46,343	48,197	50,125	52,130

Behavioural assumptions used (as appropriate):

Not applicable.