MLC TechConnect

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# Concession cards

**Concession cards can help clients obtain cheaper health services, medicines, and other benefits.**

## Background

Concession cards offered by Government authorities provide cardholders with discounts on medication and concessions offered by various Government bodies and certain private companies.

Eligibility for concession cards can be automatic or based on age and/or assessable income definitions and thresholds.

This article explains the eligibility criteria to apply for and receive the benefits from the:

- Commonwealth Senior Health Card (CSHC)
- Health Care Card (HCC), and
- Pensioner Concession Card (PCC)

Tips and considerations are highlighted for travelling overseas, income reduction strategies and requirements for card renewals.

This article does not cover DVA issued veteran cards.

## Commonwealth Seniors Health Card

The CSHC assists qualifying senior Australians with health care costs and a limited number of concessions offered by Government bodies and certain private companies. The card is income tested, valid for 2 years, and generally accessible for those of Age Pension age that are ineligible for the Age Pension and PCC.

## Contents

## Who is eligible?

To be eligible for the CSHC, an individual must:

- be residing in Australia and physically in Australia and an Australian citizen or a holder of a permanent residency visa or a Special Category Visa
- be Age Pension age or pension age for veterans who have qualifying service (currently 60)
- do not qualify for a Centrelink/DVA pension, benefit or the DVA income support supplement
- have served a newly arrived resident's waiting period if it applies
- quote their tax file number (and partner's tax file number if applicable), and
- have income below the income test threshold (see table below).

| Family situation | Income thresholds* |
|---|---|
| Single | $99,025 |
| Couples (combined) | $158,440 |
| Illness separated couples (combined) | $198,050 |
| Increase for each additional child | $639.60 |

* The CSHC thresholds are indexed annually on 20 September.

#These thresholds will change each 1 July, 20 September and when deeming rates change (deeming rates are frozen to 30 June 2025).

On 1 January 2017, the pension assets test thresholds and taper rate changed. Clients who lost entitlement to the Age Pension or DVA Pension and therefore the PCC due to the rule changes were automatically granted the CSHC. These individuals continue to be eligible for a non-income tested CSHC indefinitely. However, travelling outside Australia can still impact the ability to hold the CSHC, refer to the section 'Travelling outside Australia' below.

### Income test

For the CSHC, income is based on:

- Adjusted taxable income (ATI) plus
- deemed income from certain account-based pensions. Refer to section 'Assessment of account-based pensions' below.

Adjusted taxable includes:

- taxable income (disregarding any assessable First Home Super Saver scheme released amounts)
- target foreign income
- total net investment losses
- employer-provided fringe benefits (excess of $1,000), and
- reportable superannuation contributions (ie salary sacrifice and personal deductible contributions).

The reference tax year for income is usually the tax year immediately preceding the current tax year.

**Advice tip:**

For new applicants, income is determined by considering the 'reference tax year' which is generally the financial year immediately prior to the year of application. If new applicants have not received their prior year notice at the time an application is lodged, the notice from 2 years prior will generally be used as the reference tax year. Where a change to income levels from the reference tax year can be demonstrated in specific circumstances (including retirement, illness or certain other one-off events) an estimate may be supplied to Centrelink (refer to 'Estimating income' below).

## Estimating income

An estimate of income can be used where a person can demonstrate that a one-off change in their personal circumstances has occurred due to:

- retirement, partial retirement or closure of a business
- ill-health, or
- another unforeseen, unavoidable and highly unusual event

which does not reasonably reflect their most recent adjusted taxable income. For example, where a client or partner's assessable income has increased due to a sale of shares to pay for medical and health costs not covered by Medicare of private health insurance, home and vehicle modifications relating to injury/illness, or to fund emergency accommodation and home repairs after a catastrophic event or natural disaster.

A person may use an estimate of income for 2 or more consecutive years, only where they can demonstrate that the additional increase in income for each year is a one-off event in acceptable circumstances, and the events are unrelated.

## Assessment of account-based pensions

The account balance of an account based pension, where the owner of the income stream is at least 60 years of age, is deemed and included in the assessment of income for the CSHC, unless the account based pension is grandfathered (refer below).

**Example 1**

A client of age pension age applies for the CSHC. As this is a new application, their account-based pension cannot be grandfathered and the account balance is deemed for the CSHC income test.

**Example 2**

A client of age pension age applies for the CSHC. Their partner (aged less than 60) owns an account-based pension. The taxable pension payments of the partner's account-based pension are assessed for the CSHC until they attain age 60, then deeming applies to the balance of the account-based pension.

**Advice tip:**

Defined benefit pensions and market linked income streams are not deemed for CSHC. Any taxable income generated from these income streams is included in the CSHC income test.

## Grandfathering rules

Account based pensions commenced prior to 1 January 2015 are grandfathered and are excluded from CSHC assessment if the individual:

- held the CSHC immediately before 1 January 2015, and
- has continuously held the CSHC since 1 January 2015.

All account-based pensions commenced since 1 January 2015 are deemed. All account-based pensions held by new applicants for the CSHC are also deemed.

In the event of the cardholder's death, an account-based pension retains grandfathered status in the hands of a reversionary beneficiary when the beneficiary is also a CSHC holder at the time of reversion and continues to hold the card.

**Advice tip:**

Income for the CSHC can be reduced by investing in:

- **Investment bonds:** Amounts in an investment bond generally reduce taxable income attributed to an individual (providing there are no withdrawals containing assessable bonuses within the reference tax year). The additional tax paid within the investment should also be considered.
- **Superannuation accumulation phase:** Super in accumulation phase is not deemed for the CSHC income test (different rules apply to an income support payment). In addition, super investment returns are internally taxed and do not generate taxable income for the client.

**Advice tip:**

Where a person loses eligibility for the age pension and becomes eligible for the CSHC, the grandfathering status of their account-based pension does not carry over to means-testing for the CSHC. Likewise, if the person becomes eligible for the age pension and their CSHC is replaced by the pensioner concession card, their account-based pension is no longer grandfathered.

### Gifting

Because eligibility is based on ATI, the gifting and deprivation rules do not apply. Accordingly, gifting of income-producing assets may be a useful strategy to qualify under the CSHC income test.

### Travelling outside Australia

If a CSHC holder temporarily departs Australia, they can continue to hold the card for up to 19 weeks before it is cancelled. Centrelink should be notified prior to departure and the person will need to re-apply upon return. If they return to Australian and re-apply within 13 weeks of the card cancellation, they may be eligible to lodge a verbal phone claim for a new CSHC. If cancelled for 26 weeks or less, they may be eligible to lodge an abridged re-claim, otherwise a full claim is required.

If an absence from Australia is permanent, entitlement ceases on the day of departure.

### Renewal of CSHC

The card is valid for 2 years and is renewed at the end of the holder's birthday month where eligibility rules continue to be met.

### Change of circumstances

Change in circumstances must be communicated to Centrelink within 14 days. This includes where annual income exceeds the threshold, or where a new account-based pension is commenced.

### Cardholder benefits

- Cheaper medicine under the Pharmaceutical Benefits Scheme
- Refund for medical costs when the Medicare Safety Net is reached (see Appendix)
- Bulk billed doctor visits at the clinic's discretion
- Energy supplement for those that meet **grandfathered rules**
- Certain State, Territory and Local Government concessions such as utility bills, property and water rates, public transport and motor vehicle registration. These concessions vary based on the state or territory.

CSHC holders who also meet the LIHCC requirements can qualify for both concession cards.

## Health Care Card

The HCC may be claimed if your client satisfies an income test or automatically issued when receiving an eligible Government payment.

## Low Income Health Care Card

The LIHCC assists qualifying Australians with health care costs and some discounts offered by Government bodies and certain private companies. The card is valid for 12 months when the cardholder continues to meet the ongoing income test requirements.

### Who is eligible?

To be eligible for the LIHCC an individual must:

- be 19 years of age or older[1] and be residing in Australia at time of claim
- be an Australian resident, a holder of a specified subclass of visa or a Special Category Visa Holder
- have served a Newly Arrived Resident's Waiting Period of up to four years if applicable, and
- have income below the allowable threshold.

### Income test

Eligibility for the LIHCC is based on average weekly assessable income over the eight weeks immediately before the claim.

| New applicant | | |
|---|---|---|
| **Family situation** | **Income limit (per week)** | **Eight-weekly income limit** |
| Single, no children | $783 | $6,264 |
| Single, one dependent child | $1,339 | $10,712 |
| Couple, no children (combined) | $1,339 | $10,712 |
| Increase for each additional child | $34 | $272 |

Limits are effective from 20 September 2024. Limits are indexed in March and September each year.

After the person has qualified for the card, ongoing income can increase by up to 25% on an ongoing basis up until the time of renewal, with eligibility for the card maintained. If income increases to greater than 125% of the qualifying limit, Centrelink must be notified and entitlement to the card will cease[2]. At renewal, income must be below the standard 100% income limit at that time and not the 125% limit.

| Existing cardholder prior to renewal | | |
|---|---|---|
| **Family situation** | **Income limit (per week)** | **Eight-weekly income limit** |
| Single, no children | $978.75 | $7,830 |
| Single, one dependent child | $1,673.75 | $13,390 |
| Couple, no children (combined) | $1,673.75 | $13,390 |
| Increase for each additional child | $42.50 | $340 |

[1] In certain circumstances individuals below age 19 may also qualify for the card. Generally, this would apply to applicants who are secondary or tertiary students and are not regarded as a child for Family Tax Benefits purposes.
[2] Social Security Act 1991 Sect 1071A

Income includes:

- Employment income – wages, salary and self-employment income
- Employer provided fringe benefits
- Business income[3]
- Rental income less allowable deductions for social security purposes
- Reportable super contributions (eg salary sacrifice)
- Centrelink pensions, benefits and some supplementary payments
- Paid Parental Leave payments
- DVA payments
- Deemed income from financial investments and account-based pensions
- Income from income stream products excluding account-based pensions (eg assessable income from defined benefit or lifetime income streams)
- Foreign income
- Income from private trusts and companies
- Certain compensation payments and employment termination payments (periodical and lump sum[4]).

### Gifting

Although the LIHCC is not assets tested, deemed income from a disposal of an asset exceeding the gifting provisions is included in the assessment of income for five years from the date of disposal.

### Travelling outside Australia

Services Australia will cancel the card if temporarily travelling outside Australia for more than six weeks. The individual will need to re-apply upon return. If permanently leaving Australia, the card is cancelled upon departure.

### Renewal of LIHCC

Once issued, the card is valid for 12 months. A renewal form is automatically issued close to the expiry date and the individual must apply to renew the card. To be eligible for renewal, the individual must be in Australia and must again meet the new applicant income test. At renewal, the eight week assessment period runs between 12 and four weeks before the card expires.

### Cardholder benefits

- Cheaper medicine under the Pharmaceutical Benefits Scheme
- Bulk billed doctor visits at the clinic's discretion
- Bigger refund for medical costs when the Medicare Safety Net is reached
- Concessions for utility bills, property and water rates, public transport and motor vehicle registration. These concessions can vary based on the state or territory.

Cardholder dependants may qualify for some of the above benefits.

Refer to the Services Australia **website** for additional information on state based benefits and concessions.

## Health Care Card - automatically issued

The HCC is automatically issued to those in receipt of JobSeeker Payment, Parenting Payment partnered, Youth Allowance, Abstudy Living Allowance, Austudy and Special Benefit. Those receiving Carer Allowance (child), Carer Payment (short-term or irregular care), Mobility Allowance or receiving the highest rate of Family Tax Benefit A by instalment may also be automatically eligible for the HCC. Once the HCC holder stops receiving income support, they must generally stop using their HCC. However, in some instances, certain social security recipients can retain their HCC for a short period after returning to work to assist people transition from income support to work.[5]

[3] Annualised income divided by 6.5 to determine income over an eight week period.
[4] A gross lump sum payment received is apportioned across 52 weeks from the day the person is entitled to it. Where any part of the period over which the income is apportioned is part of the 8-week income assessment period, the income is counted.
[5] **https://guides.dss.gov.au/social-security-guide/1/2/8/10**

## Pensioner Concession Card

The PCC assists qualifying Australians with health care costs, medicines and some discounts from Government bodies and private companies when receiving an eligible Government payment. The card is valid for two years while maintaining eligibility.

The PCC is automatically issued to Australian residents who are in Australia, and receive one of the following payments:

- Age Pension, Carer Payment, Disability Support Pension or Parenting Payment (single)
- DVA service pension, Age Pension paid via DVA or the Income Support Supplement (ISS)
- JobSeeker Payment, Youth Allowance (job seeker), Parenting Payment (post 1 July 2006) and have a partial capacity to work
- JobSeeker Payment, Youth Allowance (job seeker) and is a single principal carer
- Those aged 60 and above who have continuously received one or more of the following payments for at least the preceding 39 weeks:
  - JobSeeker Payment
  - Parenting Payment (partnered)
  - Special Benefit.

### Means test

To be eligible for the PCC, social security pension recipients, must have assets and income below the cut-off limits listed below. Alternate cut-off limits apply for those receiving social security benefits such as JobSeeker Payment.

| Family situation | Asset test cut-off limit* | Income test cut-off limit* |
|---|---|---|
| Single homeowner | $695,500 | $65,020.80 pa |
| Single non-homeowner | $947,500 | |
| Couple homeowner | $1,045,500 | $99,382.40 pa |
| Couple non-homeowner | $1,297,500 | |

*Current as at 20 September 2024.

Pensioners who lost their pension entitlement, DVA service pension or ISS on 1 January 2017 due to the pension assets test reduction had their PCC reinstated from 9 October 2017. The reinstated PCC is not income or asset tested, however, other eligibility requirements including portability conditions still apply.

### Cardholder benefits

- Cheaper medicine under the Pharmaceutical Benefits Scheme
- Bulk billed doctor visits at the clinic's discretion
- Bigger refund for medical costs when the Medicare Safety Net is reached
- Assistance with certain hearing services such as hearing tests and hearing aids
- Discounted mail redirection service through Australia Post
- Concessions on Great Southern Rail Services
- Some ambulance services are free in certain states/territories
- Concessions for utility bills, property and water rates, public transport and motor vehicle registration. These concessions can vary based on the state or territory.

Cardholder dependants may also qualify for some of the above benefits and concessions.

### Travelling outside Australia

On permanent departure from Australia to live in another country, the PCC is cancelled. If departing Australia on a temporary basis, the PCC remains current for up to 6 weeks. The PCC for Disability Support Pensioners is cancelled after a temporary overseas absence of 4 weeks in a 12 month period unless they qualify for indefinite portability.

### Renewal PCC

PCC is issued for 2 years and reissued around the time of the cardholder's birthday provided they continue to qualify. If a cardholder loses their qualifying income support payment, they must generally stop using the card. To assist PCC holders transitioning from income support to employment the PCC can be continued for 12, 26, 52 or 104 weeks depending on the PCC holder's payment and circumstances.

**Advice tip**

PCC holders who are Age Pension age and lose their PCC should check eligibility for CSHC and the LIHCC.

## Seniors Card

The Seniors Card is issued by State and Territory Governments. It is a free card providing transport concessions and access to a range of discounted services offered by Governments and businesses. Eligibility requirements differ and as a general rule, individuals must be a resident of the state, aged 60 or over, and not be in paid employment for more than a set numbers of hours per week.

For additional information:

**ACT** https://www.actseniorscard.org.au/

**NSW** http://www.seniorscard.nsw.gov.au/

**NT** https://ntseniorscard.org.au/

**QLD** https://www.qld.gov.au/seniors/legal-finance-concessions/seniors-card

**SA** https://www.sa.gov.au/topics/family-and-community/seniors/seniors-card

**VIC** https://www.seniorsonline.vic.gov.au/seniors-card

**TAS** https://www.seniors.tas.gov.au/

**WA** https://www.seniorscard.wa.gov.au/

# Appendix

## Pharmaceutical Benefits Scheme (PBS)

The PBS allows access to subsidised medication by Australian residents who hold a Medicare Card and overseas visitors from a country with a reciprocal health agreement. Medicines on the PBS list require an individual to make a co-payment whilst the Australian Government pays the balance of the cost.

### PBS co-payment

From 1 January 2024 (indexed each 1 January), the co-payment concessional amount is $7.70 (applies to concession card holders). Otherwise, a co-payment of $31.60 applies. Co-payments are indexed each 1 January in line with the Consumer Price Index (CPI).

### PBS Safety Net

From 1 January 2024, the concessional safety net threshold is $277.20 (applies to concession card holders). Once the threshold is reached, all other PBS prescriptions are dispensed at no further charge for the remainder of the calendar year. The safety net threshold for all others is $1,647.90. Once the general threshold has been reached, any further PBS prescriptions are dispensed at the concessional co-payment rate of $7.70. Generally, the PBS safety net thresholds are indexed each 1 January.

### Medicare Safety Net

Once you meet a Medicare Safety Net threshold, you may be eligible for additional Medicare benefits for out of-hospital Medicare Benefits Schedule (MBS) services for the rest of the calendar year.

**Medicare Safety Net Threshold as at 1 January 2024**

| Status | Threshold | Eligibility | Benefit |
|---|---|---|---|
| Original | $560.40 * | All Medicare holders | 100% of scheduled fees for out of hospital services |
| Extended concession | $811.80 # | Concession cardholders and families eligible for FTB (A) | 80% of out-of-pocket costs or the EMSN benefit cap for out of hospital services |
| Extended general | $2,544.30 # | All Medicare cardholders | 80% of out-of-pocket costs or the EMSN benefit cap for out of hospital services |

**The gap amount for calendar year counts towards the threshold.*
*#The out-of-pocket amount for the calendar year counts towards the threshold.*
*EMSN = Extended Medicare Safety Net.*
*The thresholds are recalculated each 1 January.*

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