

What if I cancel my hospital cover under

# Lifetime Health Cover?

You may have to pay a higher premium in the future!

## Period of Absence Rule

Since the 1 July 2000, when the Federal Government introduced Lifetime Health Cover, the lowest hospital premium a health fund member can pay is called the base rate premium. People who are over the age of 30 when they join hospital cover pay an additional premium loading of 2% in addition to the base rate premium, for each year they are over 30, up to a maximum loading of 70%.

Existing members with private hospital cover as at 1 July 2000 and members who joined before their 31st birthday, will continue to pay the lowest premium (the base rate), providing they maintain their hospital cover.

People born on or before 1 July 1934 will always continue to qualify for the base rate.

The Government recognises that people may need to cease their hospital cover from time to time for various reasons such as in times of financial difficulty. For this reason they have introduced the period of absence rule. This ruling allows people to cease their hospital cover for up to 2 years and 364 days over their lifetime, for whatever reason, without incurring any premium loading when they rejoin. However, the normal rules regarding waiting periods and pre-existing conditions will still apply on rejoining.

If a person ceases their membership for 3 years or more, calculated over their lifetime, they will be charged a 2% loading for each year of absence (commencing from the 3rd year) when they return to private hospital cover.

To avoid paying this additional loading, existing members should maintain their hospital cover or at least resume their cover before they record a period of absence of 3 years or more. It is important to remember that the period of absence accumulates over a lifetime and therefore a person who has had 3 separate periods of absence of one year each will still incur the loading when they resume hospital cover as their total period of absence would equal 3 years.

## Lifetime Health Cover 10 Year Rule

A further incentive for members who already pay a Lifetime Health Cover Loading to maintain their hospital cover, is the 10 Year Rule. Under the rule your loading will be removed if you maintain hospital cover for 10 continuous years. If you cease your hospital cover for 3 years or more you will break your continuous cover and you will pay more when you rejoin.

This is a further reason why we encourage our members to continue with their hospital cover if possible to ensure they maintain their 10 years continuous membership so the loading will cease and they will resume paying the standard base premium.

**If you require any further information about the Period of Absence Rule, or Lifetime Health Cover in general contact us today!**

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