

After Service Health Insurance (ASHI) Advisory for Australian residents

Please note that this advisory is published in July 2022. A newly elected government has promised that it will review the medical system in Australia. When and if this happens, it may impact on our advisory.

When you retire from the UN, you will have to decide whether to continue your current UN health insurance or whether you will join an Australian private health insurance scheme or rely on the national health system. About half of our retirees to Australia choose to continue their UN scheme.

Australia has a universal health care scheme, Medicare, available to citizens and permanent residents, which subsidises, but does not fully cover the costs of doctors and specialists. Treatment in public hospitals is free, but there is a (often long) waiting list for elective surgery. This includes the “must haves” for retirees, such as knee and hip replacement. The elective waiting list has grown considerably during COVID, as hospitals have had to prioritise care for COVID sufferers and infection control.

There are pros and cons when it comes to weighing up your decision about health insurance. The UN schemes are generally more expensive than their Australian private insurance equivalent. However, AAFICS has concluded that their coverage is far greater.

In 2022, many young Australians are opting out of private health insurance, meaning that the higher risk group, older Australians, bear the ever-increasing costs of Australian private insurance. Premiums are high for older persons joining schemes for the first time.

ASHI will cover your medical expenses when you travel overseas. This is important to many of us, who have family or friends in far-flung places.

The major downside to ASHI is that the schemes are not recognised by the Australian government, even if the ASHI is through a known provider such as BUPA which has its own private insurance arm in Australia. The reason is fairly straightforward. There are probably only 500 or so people living permanently in Australia with ASHI. Furthermore, there is not just one ASHI scheme but several, often unique to one or a few UN agencies. Nonetheless, AAFICS continues a long-standing dialogue with the relevant government department in the hope of recognition.

The implications of non-recognition are as follows.

You will be charged a Medicare levy in your annual tax return. This is a charge for people who do not have a recognised private health insurance. As you will be aware, UN pensions in Australia are taxed. The Medicare levy is assessed at 2% of your taxable income. There are some exemptions but you are advised to consult the Australian Taxation Office (ATO) website for further details.

The second consideration is that you may be asked to provide upfront payment for medical and/or hospital costs. This can be costly. Retirees can obtain a letter from their ASHI on coverage provided to them, which can be helpful. Additionally, retirees are encouraged to develop a relationship with their health provider/s so that their insurance status will be understood.

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