



Private Healthcare Australia
Better Cover. Better Access. Better Care.



Legislating the objective of superannuation

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About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 24 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits for over 14 million Australians.

Response

PHA supports the proposed objective of superannuation,

The objective of superannuation is to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way

In particular, PHA notes the importance of preserving savings. PHA has been significantly concerned with the recent growth of superannuation funds being used for medical purposes. According to a recent [ABC story](#), there has been a large increase in health-related withdrawals with more than \$1.6 billion removed from the system over three years. The ABC reports that the early release of superannuation on medical grounds is now almost 20 times higher than 2010–11 levels.

There appears to be a small number of providers who are actively encouraging consumers to use their superannuation. A google search for “can I withdraw my super for XXX surgery” reveals dozens of surgery clinics advertising assistance to withdraw superannuation for cosmetic surgery, bariatric (weight loss) surgery, spinal surgery, dental work, and other procedures.ⁱ

Typically, these sites will explain that some procedures will not be funded, while others will be funded under certain conditions. For example, [Dr Beldholm](#) states, “This guide also tells you exactly how to apply so you get approved, along with links to the forms you will need.”ⁱⁱ

[Cairns Plastic Surgery](#) explains how you can pay cash, get access to credit, or use your superannuation, stating, “Don't have enough savings or access to credit to finance your plastic surgery? Don't worry – superannuation has you covered. You can pay for your surgery by applying for an early super release (yes, you heard us right!)”ⁱⁱⁱ

Many of these clinics have very high out of pocket costs for customers covered by private health insurance, although we have no visibility on the fees charged for patients accessing their superannuation to fund procedures.

We also note commercial operators who will assist people apply to have their superannuation released early – including [SuperCare](#) and [Access My Super](#). The fees for the brokers' services are also withdrawn from superannuation.

[Access My Super](#) boasts, “Our team has a *100% Application Approval Success Rate* and we are proud of the service we provide to our clinics and patients.”^{iv}

There are also some high-volume clinics that employ financial consultants directly to assist customers access funding for procedures, including through superannuation withdrawal.

A forty year old who withdraws \$20,000 from their superannuation for a tummy tuck will end up with a retirement savings balance reduced by over \$100,000. There is no current requirement for consumers to be advised of the opportunity cost of withdrawing their savings for medical or dental treatment.

The public benefit of withdrawing so much retirement income for medical services is very unclear. Some providers and brokers appear to have their business models based on assisting people to withdraw their superannuation funds for a range of procedures that may not be essential. It is likely that the increase in superannuation funding medical care is contributing to low value care, to health inflation and increasing out of pocket costs to consumers. It appears particularly since the pandemic, very high out-of-pocket costs have been 'normalised' in some hard to access treatment areas like dental surgery.

People seeking medical care are often vulnerable and can be affected by physical or emotional pain. There is significant literature on the effect that doctors may have on patients' decision-making (supplier induced demand), and the high trust factor the community places on medical practitioners can result in a small minority of doctors behaving in ways that enhance their short-term interests rather than the long-term interests of their patients. Staff employed by or referred to by doctors to assist with financial options retain much of the trust placed in doctors, but these staff are not subject to the same training in ethics nor accountable to the Australian Health Practitioners' Regulatory Authority (AHPRA) or other regulators.

Furthermore, the forms consumers are required to fill out to secure early access must be signed by a relevant health professional. If that happens to be the treating doctor who benefits financially, this represents a very significant conflict of interest.

An additional problem is that as surgery is expensive, most people only have sufficient funds in their super balances to use this funding source once or twice. Many conditions that require surgery are chronic in nature, for example if you need one joint replaced because of osteoarthritis, chances are it will occur in another one. There is also the issue of what happens if complications occur, or the procedure fails. The failure rates of some of the treatments people are funding through superannuation like bariatric (weight loss) surgery and back pain surgery are very high.

For medical procedures, all Australians have the right to be treated free of charge in a public hospital. The public system is often slow, with long waiting periods, but medically essential services are provided for all. State governments will fund a range of procedures, including cosmetic procedures, when hospital medical staff deem the procedure essential. There is little to no justification for superannuation to be used for essential medical procedures, as these will be available through the public system; and if the procedure is not available to a patient in the public system, it has been deemed as non-essential or low value (where the proposed price of the treatment exceeds the value of any potential benefit).

The lack of access for many Australians to the public dental system means that there are some essential dental treatments that are not otherwise available. However, the current system of the treating dentist providing the advice to patients on the need for the procedure and determining the costs for the procedure they are recommending, may not provide sufficient protection for consumer interests.

There are a range of options for the Australian Government to place more appropriate limits on utilising superannuation funds for medical and dental costs. These could include:

- Requiring patients to sign off on the expected future value of the savings being withdrawn (informed financial consent)
- utilising independent medical advice rather than the treating practitioner and the patient's general practitioner

- only allowing release of funds based on reasonable fees (which can reference legislated or private health insurance rebates)
- requiring multiple opinions/quotes, and/or
- limiting the types of procedures eligible.

The benefits of compulsory superannuation in providing a retirement income for millions of Australians are significant. These benefits are being compromised by current practices allowing funds to be withdrawn for medical procedures with unclear value and often with very high costs.

Legislating an objective for superannuation will provide clearer guidance for policy makers, providing a practical benefit to consumers in ensuring that current practices stripping consumers of retirement savings for medical and dental procedures of marginal benefit are curtailed or eliminated.

ⁱ Examples include:

<https://goldcoastplasticsurgery.com.au/pricing/using-your-super-for-plastic-surgery/> - with a youtube video

<https://www.dranh.com.au/patient-centre/accessing-super-for-plastic-surgery/>

<https://drturner.com.au/pricing/using-super-for-surgery-procedures/>

<https://www.bbclinic.com.au/using-early-release-of-superannuation/>

<https://www.drmihaelkernohan.com.au/prices/can-super-help-pay-for-surgery/>

<https://beldholm.com.au/breast/is-accessing-super-early-for-plastic-surgery-ever-possible/>

<https://www.cairnsplasticsurgery.com/finance-plastic-surgery-cairns-explains-options/>

ⁱⁱ At <https://beldholm.com.au/breast/is-accessing-super-early-for-plastic-surgery-ever-possible/>, Accessed 9 March 2023.

ⁱⁱⁱ At <https://www.cairnsplasticsurgery.com/finance-plastic-surgery-cairns-explains-options/>, Accessed 9 March 2023.

^{iv} At <https://accessmysuper.com.au/about-us/>, Accessed 17 March 2023