

# Media Release

23 September 2024



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

## Draining superannuation for medical treatment is driving up costs for all Australians

Allowing tens of thousands of people to drain their superannuation for medical and dental treatment each year is driving up costs for all consumers and should be stopped, the peak body for health funds says.

The trend is lining the pockets of some doctors and dentists, and unscrupulous agencies that assist people to access their super for nose jobs, tummy tucks, weight loss surgery, IVF, and expensive dental implants, among other services. These agencies charge a fee for navigating the paperwork, which most people can do themselves.

Private Healthcare Australia is calling for the Government to tighten the rules for early access to superannuation so people can only use it for terminal and life-threatening conditions.

PHA CEO Dr Rachel David said Australian Taxation Office data shows more than 142,000 Australians have raided their superannuation early to fund healthcare over the past five years. In 2022-23 alone, \$730.5 million was taken out of super for medical treatment or transport – about 5% of the combined total of total lost (fund-held) and ATO-held super for that year.

Since the pandemic began, there has been a 71% jump in people applying for early release on compassionate grounds, and a 67% increase in payments made. The super funds most affected are those covering miners, builders and transport workers.

“This is robbing people of their retirement savings and it is driving up the cost of healthcare for all Australians. When people access big lump sums of money like this, surgeons and dentists think they can charge more. That’s exactly what’s happened over the past five years. We’ve seen the cost of some procedures skyrocket in line with the release of this money,” Dr David said.

“We know an increasing number of people can’t afford to go to the dentist or see a medical specialist. We need to address why this is the case, rather than creating another problem for the future. When a 40-year-old takes \$20,000 out of their superannuation, they will be at least \$100,000 poorer in retirement.”

PHA data from people using their health insurance in the private hospital system shows the out-of-pocket cost of a tummy tuck after major weight loss and nose surgery for medically necessary reasons has surged 80% and 72% respectively over the past four years in line with this trend. Over the same period, the out-of-pocket costs for non-cosmetic removal of breast implants has risen 89%. This far exceeds the 14% increase in health inflation over the past four years.

*Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.*

Media contact: Julia Medew  
M: 0402 011 438

Private Healthcare Australia  
Suite 1702, Level 17, Chifley Tower  
2 Chifley Square  
SYDNEY NSW 2000

T: (+61) 2 6202 1000  
E: [admin@pha.org.au](mailto:admin@pha.org.au)  
[www.privatehealthcareaustralia.org.au](http://www.privatehealthcareaustralia.org.au)  
X: @PHA\_Healthcare

To put downward pressure on medical and dental costs, we need:

- All medical specialists' fees to be added to the Government's Medical Cost Finder website under an opt-out system. It is currently voluntary for doctors to add their fees.
- An independent website for dentists' fees so consumers can shop around.
- Mandatory price displays for individual dental clinics, with fees for common services published on their websites and windows.

PHA also recommends the Federal Government tighten rules for early access to superannuation for medical treatment by restricting it to terminal and life-threatening conditions. Until this can be achieved the Government should:

- Require more than one quote for the cost of treatment before access is granted.
- Insist a patient receives a second independent medical opinion from someone other than the treating practitioner and the patient's general practitioner.
- Ensure health professionals are not providing financial advice to their own patients, including distributing materials promoting early access to super in their rooms or online.
- Only allow release of funds based on reasonable fees which can be judged by Medicare benefits and private health insurance rebates.
- Ensure informed financial consent includes explaining the lost value of funds at retirement age.

ENDS

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X: @PHA\_Healthcare