

Media Release

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

Health funds urge Government to protect the vulnerable and keep super safe

Australian health funds are backing the Albanese Government's commitment to tighten the definition of superannuation, saying it will help to protect vulnerable Australians from being coerced by unscrupulous middlemen into accessing superannuation to fund medical procedures.

Private Healthcare Australia CEO Dr Rachel David said there has been a concerning rise in the number of people draining their super funds to access medical treatment since the start of the COVID pandemic.

"While this is being driven by a frustration with public hospital waiting lists and out-of-pocket costs, it is exacerbated by unscrupulous operators and brokers who are preying on the most vulnerable in our society. This practice is actually pushing up medical out of pocket costs and healthcare inflation. Medical specialist out of pocket costs have risen by close to 10% over the last year," she said.

"There is a growing practice of unregulated commercial operators who purport to help people write applications to release their superannuation funds to pay often exorbitant medical costs. Their promotional material is even finding its way into doctors' rooms.

"A Google search for 'can I withdraw my super for XXX surgery' reveals dozens of surgery clinics and 'financial services' advertising assistance to withdraw superannuation for cosmetic surgery, bariatric (weight loss) surgery, spinal surgery, IVF, dental work, orthopaedics and other procedures.

"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 are either not essential or have a very low chance of success based on medical and scientific evidence.

"Furthermore, people with chronic conditions or at risk of complications will inevitably need more treatment which will be hard to access once the money is gone and they are back to square one with their retirement savings.

"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 These benefits are being compromised by current practices allowing funds to be withdrawn for medical procedures with unclear value and some of no proven benefit whatsoever."

Dr David said private health insurance was a safer option but if patients were not in a position to take out health cover, then "talk to your doctor about alternative ways to seek out 'self-pay' surgery and get on a waiting list, but don't go down the superannuation path".

"People seeking medical care are vulnerable and can be affected by physical or emotional pain. They are being taken advantage of and have little recourse if the procedure fails or there are complications. If it goes wrong, your money is gone and you have lost all your retirement savings," Dr David said.

Note: Palliative care is available in the public and private systems by referral.

Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 23 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.

Media contact: Jen Eddy
M: 0439240755

Private Healthcare Australia
Suite 7, Level 36
1 Farrer Place
SYDNEY NSW 2000

T: (+61) 2 6202 1000
E: admin@pha.org.au
www.privatehealthcareaustralia.org.au
Twitter: @PHA_Healthcare