Australian Medical Association Limited
ABN 37 008 426 793

42 Macquarie Street, Barton ACT 2600: PO Box 6090, Kingston ACT 2604
Telephone: (02) 6270 5400 Facsimile (02) 6270 5499
Website : http://www.ama.com.au/

Transcript: AMA President, Dr Michael Gannon, ABC Radio Melbourne, *Statewide Drive with Steve Martin,* Tuesday 9 January 2018

Subjects: Early release of superannuation

STEVE MARTIN: Let's talk health and health care, and paying for health care, because on the front page of *The Australian* today the headline is: "Super raids to pay for health bills". Essentially, people are dipping into their superannuation savings because they need some sort of health procedure and they need their superannuation to help them pay for it, and the AMA has a bit of a problem with this. Michael Gannon is the President of the Australian Medical Association and with us. Michael Gannon, good afternoon.

MICHAEL GANNON: Good afternoon, Steve.

STEVE MARTIN: What's the AMA's thinking on superannuation, using super to pay for health care?

MICHAEL GANNON: Well, just to ever so slightly correct you, Steve, we roughly support the current arrangements when there's a genuine clinical need on compassionate grounds that people should have access to whatever funds they can access. Now, of course, this is very much not the stated intention of Australia's very generous, very complex, and very advanced superannuation system. The superannuation system is meant to support us all so that in the years to come, when we as a society may or may not be able to afford a generous aged pension, hopefully a majority of Australians are self-funding. Now, if you empty your superannuation as a 20 or 30 or 40 year old, I think I remember enough about compound interest from high school mathematics to know that you might never get to the point where you've got enough to fund your retirement. So, we're concerned that the superannuation system is being used as the safety net for the health system. That's not how it was designed.

STEVE MARTIN: Well, apparently, 15,000 people withdrew funds from their super to pay medical bills last year, so 15,000 people have seen this as a necessity. Do you understand the circumstances roughly, Michael, as to how that can be done, what sort of surgery or healthcare costs we're talking about?

MICHAEL GANNON: So, we're aware that increasingly it's health costs that people are tapping into their super for, and the most common form of medical care that people are dipping into it for is bariatric surgery, is weight loss surgery. Now, the real problem here is that this reflects a failure of the public hospital system to provide this kind of surgery. It's another example of how it's time to act on obesity prevention, but that's a discussion for another day.

The fact is that there are a lot of Australians who are obese or morbidly obese, and they need this surgery to return to productive lives. For some patients, this means that they can go from being brittle type 2 diabetics, taking two or three medications, getting eye and kidney complications, who might even get off all medication. It means that, interestingly, on another topic that's related, their fertility might return if they're a reproductive-age woman. They might be able to get out there, get active, get a job.

So, this is not an argument against bariatric surgery, but the truth is that, where appropriate, these operations should be provided by the public hospital system, and those Australians who don't have private health insurance shouldn't be tapping into their super where the operation is indicated.

STEVE MARTIN: So, it's not funded adequately enough in the current health system, the arrangements we have at the moment are not enough to cover it?

MICHAEL GANNON: No, it's not even close to funded. Now, one of the problems that State and Territory Governments have, and therefore I suppose by extension the Commonwealth Government has, is that if obesity surgery became the norm for everyone with a BMI over, let's say, 33, you could just about cripple the Health Budget. So, we do have to be careful that we don't forget that there are other elements of the health system that are equally important.

But if thousands of Australians are tapping into their super rather than wait two, three, four, five years to get it done in the public system, that's where the failure is, and that's where the problem should be addressed. So, we're not against it being used in that way, but I think there are better ways to fix the problem.

STEVE MARTIN: Okay, and essentially we end up paying for it one way or the other, either in health costs now or in pension costs later.

MICHAEL GANNON: Yeah, that's a good point. It's really important that everything that we do in the public hospital system is evidence-based. Now, interestingly, the second most common cause of withdrawal is from people seeking assisted reproductive services – IVF. Now, if someone has been told at the age of 42 they've had their six cycles and that's all they're allowed in the public system, if they then choose to tap into their future to pay for further attempts at having babies, I understand that and I'm very sympathetic to that, but what I am concerned about is the industry that's growing up around this option – financial services companies that have seen this opportunity. What we never want to see is a situation where vulnerable patients at a particularly difficult time in their lives, whether they're struggling with their weight or they're struggling to conceive, make decisions that consign them to poverty later in life.

STEVE MARTIN: Michael, can I just ask, doctors have to be involved in this, as I understand it. Doctors have to sign off a certain amount of paperwork before people can then apply to take some of their superannuation out, and I understand what you're saying about the funding and all that, but at the same time, do doctors need to tighten up their end of this, or do you think that's already working well, given the circumstances some people are in?

MICHAEL GANNON: Look, I think that most of us who work in the private medical system manage to find a way to manage the conflicts we might have in terms of providing private medical services to patients sometimes of limited means. I've done any number of interviews in recent months on out-of-pocket expenses.

When we're talking about health care that is provided by listed companies – a lot of the assisted reproductive services in Australia are provided by listed companies – it's at the edge where we've really got to be careful with our behaviours as individual clinicians. One ethical principle which is absolutely undeniable – occasionally difficult but absolutely undeniable – is that the patient comes first. The considerations of that individual patient in front of you have to be the first thing in your mind.

But when we're talking about bariatric surgery, where the total fees might go well north of $10,000, when we're talking about IVF assisted reproduction, where an individual cycle can cost anywhere from $3000 to $10,000, it's an area where clinicians practising ethically need to tread very carefully.

So, I'm not being smart about my colleagues here, just that the fact is that some of these decisions are vexed and difficult. Patients can be desperate. As a doctor, it's not your job to be a financial planner. I'm comfortable with the idea that the Government will maintain the rules and regulations around this as being very tight. We have a fabulous superannuation system that hopefully means that people are able to look after themselves later in life. It's not in anyone's interests for people to be emptying that in all but the most exceptional of circumstances.

STEVE MARTIN: Indeed. Michael, good to talk to you. Thank you for your time this afternoon.

MICHAEL GANNON: Pleasure, Steve.

STEVE MARTIN: That's Michael Gannon, President of the Australian Medical Association.

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CONTACT: John Flannery 02 6270 5477 / 0419 494 761
Maria Hawthorne 02 6270 5478 / 0427 209 753

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