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AMA Submission - Early access to superannuation to cover the costs of medical services, including MBS listed services

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The AMA appreciates the opportunity to respond to the Department of Health regarding the early release of superannuation for medical purposes.

We note that the Department has observed a significant increase in applications for early release of superannuation on medical grounds, particularly for bariatric surgery and in-vitro fertilisation treatment (IVF), and that this consultation is complementary to the Treasury review of the current rules governing early release of superannuation on grounds of severe hardship, compassionate grounds and victims of crime.

In terms of IVF and bariatric surgery, these are genuine and especially complex health issues and as such the AMA defers specific clinical observations to the relevant medical craft groups.

The AMA's submission focuses on the broader aspects of health financing and the issues surrounding early access to superannuation in a health system context.

Ageing population, health and superannuation

Australians enjoy a high quality health system at a relatively modest cost to the community by international standards. However, health costs in both the public and private health systems will face upwards pressure, in part due to Australia's ageing population and lifestyle factors, but also the rising expectations of access to new health technologies to treat increasingly complex health issues.

The health financing system has served Australians well in terms of health outcomes and affordability. To sustain this long-term, health care financing and funding arrangements need to be appropriately managed, to ensure Australians continue to receive the appropriate and accessible, now and in the future.

Government has used compulsory superannuation to 'future-proof' some of the imminent costs to Government of ageing at a societal level. As a result, superannuation in Australia is

now one of the largest retirement savings pools in the world[1] and is a key element of Australia's socio-economic framework to ensure income in retirement to substitute for, or supplement, the Age Pension. Superannuation allows the Government to focus expenditure on other vital programs, such as health care.

The rules that regulate superannuation should ensure that funds are preserved for the intended purpose of reducing the welfare burden of an increasingly ageing population; they should not be used to underwrite the failings of health care funding.

Notwithstanding the success of compulsory superannuation, nearly half of Australians have inadequate superannuation funds to live comfortably in retirement[2].

The AMA also notes the risks to financial security in depleting superannuation funds can directly impact overall health and wellbeing[3]. The impact of the social determinants of health are outlined in the AMA position statement, *Social Determinants and Prevention of Health Inequities*[4], which includes a call for governments to ensure health outcome equity is an explicit goal of policy.

The AMA therefore does not support access to superannuation for payment of health care expenses on any grounds other than exceptional and compassionate circumstances. As genuine health issues, IVF and bariatric surgery should be appropriately and adequately funded through health care financing rather than early access to superannuation.

Rising costs of health care

Adequate and sustainable resourcing is an essential and critical condition for the provision of clinical care.

The AMA acknowledges that Medicare rebates do not, and were never intended to, cover the full cost of medical services. However, the Government indexation of MBS fees has not kept pace with the real increases in practice costs, resulting in ever increasing patient out of pocket costs. These out of pocket costs have become for some patients a barrier to accessing health care. Any decision on early access to superannuation must therefore take into account the funding pressures on the health system.

As a means to avoid premature raiding of superannuation, the Government should explore other options which encourage savings for health out of pocket costs and complement the health system, such as health savings accounts. The rationale for health savings accounts is essentially the same as that for superannuation savings – helping to achieve intergenerational equity while supporting people provide for their needs in old age.

[1] Clare R, Craston A. The Australian superannuation industry. Sydney, NSW. The Association of Superannuation Funds of Australia Ltd. 2017. 42p. Report 01

[2] Burnett J & Wilkinson N. Retirement adequacy – are we still making progress? University of Melbourne & Towers Watson. 2016. 10p.

[3] Richardson T, Elliot P, Roberts R. The relationship between personal unsecured debt and mental and physical health: a systematic review and meta-analysis. Clin Psychol Rev. 2013. 33(8):1148-62

[4] AMA Position Statement: Social Determinants of Health and the Prevention of Health Inequities. 2007

Comments on obesity and IVF

The AMA is particularly concerned that early access to superannuation for reasons such as use for bariatric surgery and IVF is not only avoiding appropriate and necessary health funding for these conditions, but will further exacerbate social and economic hardship for those accessing it.

Obesity

Obesity substantially contributes to preventable, non-communicable diseases, shortened life-expectancy, and impaired quality of life. An increasing number of Australians are obese at levels where obesity is now a national health and economic priority, requiring a whole of society response, from prevention through to interventions. This includes bariatric surgery.

As outlined in the AMA position statement, *Obesity 2016*[5], the AMA considers bariatric surgery an effective measure for long-term reductions in weight and improved health outcomes in certain circumstances, primarily for obese adults and, in exceptional cases, for obese adolescents with significant co-morbidities, and for whom all other measures have not been successful[6].

Bariatric surgery services attract Medicare rebates, but the fact that most weight loss services (nearly 90 per cent) are claimed through the private system or are self-funded[7] highlights the difficulty in accessing these types of services through the public system. More broadly, these trends suggest the current health financing and funding arrangements for bariatric surgery are inadequate.

For example, the most common primary weight-loss surgery claimed under Medicare is *sleeve gastrectomy* (31575), with 11,054 procedures claimed in 2014-2015. The out of pocket costs for 31575 during this period were $17.8 million – nearly three times the $6.7 million in Medicare benefits paid. The reported Medicare benefits and out of pockets paid are an underestimation, as they do not capture additional services associated with weight loss surgery, such as assistance at operations or anaesthesia.[8]

While there are a number of factors that influence obesity, it is strongly associated with socio-economic disadvantage - also the population which is least likely to have private health insurance.

In this context, the AMA is concerned about the early release of superannuation for bariatric surgery as it could exacerbate financial burdens later in life, particularly for those already most disadvantaged[9]. At the same time, it must be recognised that this same group may have no other means to access such services without using their superannuation funds, due

[5] AMA Position Statement: Obesity. 2016
[6] AMA Position Statement: Obesity. 2016
[7] AIHW. Weight loss surgery in Australia 2014-15: Australian Hospital Statistics. Canberra, ACT. 2017. 96p.
[8] AIHW. Weight loss surgery in Australia 2014-15: Australian Hospital Statistics. Canberra, ACT. 2017. 96p.
[9] Australian Bureau of Statistics. Overweight and Obesity in Adults in Australia: A Snapshot, 2007–08. [Internet]. 2011. First Issue.

to the limited coverage and access via the public system, and that such treatments may significantly improve the quality and length of an individual's life.

IVF

Australians have good access to highly specialised fertility treatments, with funding support through Medicare, and further reduction in costs with the Medicare Safety Net threshold and private health insurance coverage. The AMA supports the Government's role in funding IVF, as long as it is being funded (and made available) realistically and responsibly, based on clinical evidence. That said, the AMA recognises that for some patients already undergoing IVF, this limited MBS coverage is not enough, and they may wish to pursue additional treatment cycles.

As with bariatric surgery, the AMA is concerned that early access to superannuation to continue funding IVF has potential for downstream social and economic hardships that are only exacerbated by the cost of child-rearing. In 2012 the estimated cost of raising a 'typical' two-child Australian family from the time the children were born until they reach the end of secondary school ranged between $474,000 and $1,097,000. These costs have only continued to increase[10]. Depleting superannuation resources to achieve the outcome of having a family is therefore counterintuitive.

Reasonable conditions for early release of superannuation

Noting superannuation access is intentionally protected, individuals need to carefully consider their personal situation before considering this option. This includes seeking appropriate, independent financial advice.

While the AMA is not opposed to early release of superannuation, it should be limited to justified situations related to specific medical conditions, severe financial hardship and/or on compassionate grounds, such as end stage malignancy due to cancer. The amount released should be what is reasonably needed in those circumstances.

The process to release superannuation funds on compassionate and medical grounds requires a stringent process of approval to protect both the individual requesting the clinical assistance and the medical practitioner providing it. The AMA notes it is not uncommon for patients to present to a medical practitioner with a form or requesting a letter which is required to obtain an early superannuation release. This creates a challenge for the medical practitioner in providing appropriate care to their patient. Clear enunciation of criteria and requirements of the approval process should be transparent to both the patient and medical practitioner.

Medical practitioners' role

The AMA notes the Department has sought comments on both the clinical necessity and the realistic threshold in which superannuation is justifiably released early.

[10] Phillips B, Li J, Taylor M. Cost of Kids: The Cost of Raising Children in Australia. AMP.NATSEM Income and Wealth Report. Sydney. May 2013, Issue 33.

The AMA's view is that it is not the role of the medical practitioner to make decisions about whether early access to superannuation is justified. Medical practitioners are responsible for making clinical evaluations of each patient and their condition/s. It is the role of the superannuation funds and those who administer superannuation at a policy level to determine the criteria under which superannuation is released.

In undertaking any clinical assessments, the primary ethical duty of any medical practitioner is to care for, and protect the health care interests of, the individual patient. As part of that assessment, the medical practitioner draws on their training, knowledge and clinical expertise in determining treatment, based on their judgment about the patient's specific circumstances.

Medical practitioners need to ensure patients' expectations of care are realistic and that the patient understands the appropriateness (or not) of recommending certain tests, treatments and procedures. Medical practitioners should not offer treatment options that are neither medically beneficial nor clinically appropriate.

Health financing stewardship

The AMA encourages medical practitioners to use health system resources responsibly.

The AMA believes that medical practitioners have a role in the stewardship of health care financing at both the system and patient level. The AMA position statement, *The role of doctors in stewardship of health financing and funding arrangements,*[11] states that 'doctors have an important role as stewards of health care resources in the context of providing individual patient treatment'. This includes a responsibility to understand the financial implications of their clinical decisions.

As key health care providers, medical practitioners have a direct interest in the overall resourcing, performance and sustainability of health care.

The AMA believes the medical profession has a responsibility to educate and promote stewardship amongst its own members, promoting messages such as:

- more treatment is not always better treatment
- expensive treatment is not always better treatment
- the 'newest' treatment is not always better treatment
- be prepared to identify and change established practices that are ineffective or less effective than alternative treatments.

The AMA's views are detailed in the position statement, *Role of the doctor in stewardship of health care resources*[12].

[11] AMA Position Statement: The role of doctors in stewardship of health financing and funding arrangements. 2016
[12] AMA Position Statement: Doctor's Role in Stewardship of Health Care Resources. 2016

Third parties and assisting people to access their superannuation

Third party entities who help patients access their superannuation early should do so only on appropriate grounds, rather than using a financial model that exploits the most vulnerable.

The AMA advises medical practitioners that their overriding duty (or interest) is their patient's medical care. Any other interests (whether personal or professional in nature) such as commercial relationships with third parties, must be secondary to patient care. This is what patients, the profession, and the wider community expects of medical practitioners. (See the AMA's position statement, *Medical Practitioners' Relationship with Industry*[13])

The AMA's *Code of Ethics*[14] also advises medical practitioners to refrain from entering into a contract with an organisation that may conflict with professional autonomy, clinical independence or primary obligation to patients. Medical practitioners who enter a relationship with a third party should satisfy themselves that the nature of the relationship will not undermine (or be perceived to undermine) their duty to patients. Medical practitioners should not allow their assessment to be influenced by the (financial or other) interests of the person being examined, the commercial entity or the medical practitioner's own interests. They should have no financial interest in the outcome of the assessment.

On a related but equally important matter, medical practitioners have a responsibility when preparing medico-legal documents (which includes medical certificates and independent medical assessments) to be honest, accurate, not misleading and impartial in their assessments. This is an ethical, professional and legal duty. A medical practitioner should not certify that a patient has a particular condition, or requires a particular treatment, without proper clinical basis.

Summary

Superannuation is an economic measure in place to reduce the welfare burden of an increasingly ageing Australian population. Whilst the AMA does not oppose early release of superannuation on compassionate and medical grounds, superannuation should not be used as a safety net to subsidise inadequate funding in the Australian health system.

More broadly, early access to superannuation by individuals needs to be understood within the context of limited MBS rebates; private health insurance policies which may have many exclusions, restrictions and caveats; and the clinical benefits of the treatment and the potential longer term benefits to the individual and the health system.

Both IVF and bariatric surgery are emotional and sometimes expensive health decisions which should be adequately and appropriately funded through the health care system. The medical practitioner's role in these decisions should be solely based on the health and wellbeing of the patient.

[13] AMA Position Statement: Medical Practitioners' Relationship with Industry. 2010 [Revised 2012].
[14] AMA Code of Ethics. 2004. [Revised 2017]

As part of good health stewardship, patients and the wider community should be educated to ensure realistic expectations of tests, treatments and procedures, health care costs and limitations on health care resources.

The AMA further stresses that anyone seeking early release of superannuation must have comprehensive, independent financial advice.

Fundamentally, Australians should not access their superannuation to fund their health care expenses except on exceptional and compassionate grounds.

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