AOA SUBMISSION

Early release of superannuation benefits

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AOA

AUSTRALIAN ORTHOPAEDIC ASSOCIATION

The Australian Orthopaedic Association (AOA) welcomes the opportunity to submit a response to the Treasury Early release of superannuation benefits Consultation document.

The Australian Orthopaedic Association is the peak professional body for orthopaedic surgeons in Australia. AOA provides high quality, globally recognised specialist education, training and continuing professional development. AOA is committed to ensuring the highest possible standard of orthopaedic care and is the leading authority in the provision of orthopaedic information to the community.

AOA considers this as an important medico-social issue and has provided The Treasury with a well-considered response to follow.

AOA believes that superannuation has a prime role to reduce dependence on the State post retirement from work rather than to act as an alternate bank to fund present health care needs.

AOA holds the principle that the ideal situation is that the nation's health system meets present and future health needs through a vigorous, high quality, efficacious and flexible system of care that is of sufficient good quality. AOA notes that in general the current system of Private and Public healthcare in Australia has consistently delivered general health outcomes with highly favourable metrics, compared with equivalent countries.

Therefore, AOA would generally agree that for patients with sufficient private health cover (not junk, or low value insurance) their needs are currently well met without recourse to early release of superannuation. AOA supports informed public choice regarding the purchase of good quality Private health e.g. comprehensive "gold" banded private insurance), and supports the continuation of robust accident, Workcover and third-party insurance schemes.

Furthermore, AOA supports the various jurisdictions maintaining the long-term Lifetime care arrangement for catastrophic injury in uninsured patients.

In circumstances where consumers are uninsured and have Orthopaedic health needs (in particularly surgical) AOA advocates a public health system in which our members can treat patients in a timely and appropriate manner. Public health systems should be (and frequently are) able to adjust waiting times to more urgent need. An example would be to enable a breadwinner to return to productive labour through surgical treatment as soon as possible. With a well-developed public health system the need to access early release of superannuation should be most exceptional.

In rare and exceptional circumstances superannuation might be released to meet musculoskeletal health needs, but only after stringent consultation and second opinion. This would not be for the purposes of meeting fees outside of normal range (beyond AMA) or for new on unproven technologies or treatments.

In response to the particular questions posed, AOA would respond with the following:

QUESTIONS

0.1. **Do these proposed principles provide an appropriate guide to determine the nature and scope of the rules for early release under compassionate and financial hardship grounds, and for victims of crime compensation?**

If no, what should the principles be? Yes. AOA believes the principles are appropriate.

0.2. Having regard to these principles, should early release of superannuation benefits generally be more or less difficult to obtain?

AOA believes the criteria for early access to superannuation to fund medical services needs to be robust and strictly but fairly applied as the process can be rorted. Often disability income insurance will cover treatment privately – a more effective and financially acceptable option rather than patients waiting 1 or more years whilst receiving disability payments.

1.1 Should the assessment of financial capacity be made more prescriptive and/or objective? If so, how? What information might applicants need to provide?

1.2 What factors might be driving the increase in the amount of superannuation released on medical grounds and are these factors any cause for concern?

1.3 Do the current provisions for early release on medical grounds strike the appropriate balance between preserving income for retirement and providing assistance in times of genuine hardship? If no, what are the alternatives?

AOA members have experienced patients who have accessed their superannuation early to fund their orthopaedic surgery such as in circumstances where the surgery will enable the patient to return to work rather than wait 12 months or longer for treatment. An example of this is where a patient requires anterior cruciate ligament reconstruction surgery because their type of work is unsafe for the patient or their work colleagues without a stable knee. The patient will access their superannuation to pay for the procedure to enable them to safely return to work. Their alternative would be to wait twelve months or longer for the procedure.

1.4 Should there be a limit on the number of releases permitted within a certain timeframe (for example, 12 months) and/or should there be cashing restrictions on the amount released? If so, should there be different restrictions for different medical conditions?

AOA believes that there should a limit of the number of releases granted and would suggest it should be no more than once every two years.

AOA believes that there should be cashing restrictions on the amount released and life-threatening conditions should be rated higher for both the two former situations.

1.5 Have you observed any trends in the types of treatments that are being funded by superannuation benefits and are these trends any cause for concern?

The recent increase in people accessing their superannuation may be associated with a recent ABC news program referencing blog sites that are making people aware of this option and with the explosion of “SUPERCARE”.

1.6 Are there certain treatments for which early release of superannuation should not be permitted? If so, what is the basis upon which these treatments should be excluded?

1.7 When might ART (IVF) be necessary to treat a life-threatening illness or alleviate acute or chronic pain or mental disturbance (in general – noting that this will depend upon the specific circumstances of each case)?

1.8 When might bariatric surgery be genuinely necessary to treat a life threatening illness or alleviate acute or chronic pain or mental disturbance (in general – noting that this will depend upon the specific circumstances of each case)?

1.9 Should the rules explicitly require that the Regulator be satisfied that the amount claimed for a particular treatment is 'reasonable'? If so, what evidence might be relevant to that determination?

Screening through a regulator or similar process seems reasonable

1.10 Should there be an additional category of early release in respect of dental treatment? If so, under what circumstances should early release be available and should there be any limits or restrictions?

1.11 Should SIS Regulation 6.19A(3)(a)(ii) and (iii) be amended to refer to 'treatment' rather than 'alleviation' of acute or chronic pain? Alternatively, should those provisions be removed entirely (so that early access is only available where the individual's condition is life threatening)? What would be the consequences of this approach?

AOA would prefer a life-threatening priority approach but acknowledges that severe and intractable pain can be extremely limiting to a patient's successful return to productive gainful employment.

1.12 Should the reference to a medical specialist in SIS Regulation 6.19A(3) be clarified to ensure that the practitioner is a specialist in the field most relevant to the condition being treated?

AOA believes this would be a reasonable and acceptable approach.

1.13 Should the Regulator be entitled to seek a second opinion from an approved medical practitioner/s, or should the individual be required to obtain a reference from a list of approved medical practitioners, to ensure the objectiveness of the assessment?

AOA believes that the approved list of medical practitioner/s utilised should be nominated to the regulator by the appropriate specialist College or specialist association. AOA would prefer the latter approach as to who would be responsible for obtaining the reference.

1.14 Should early access to superannuation benefits to meet expenses associated with palliative care, death, funeral or burial be limited to where there is a dependency relationship? Why/why not? Could there be any unintended consequences from expanding this provision?

1.15 Should there be a maximum amount that can be released to meet a funeral expense? (For example, the amount that the Regulator considers reasonable).

1.16 Should early release of superannuation benefits be available to meet mortgage payments regardless of whether a person's name is on the mortgage title for their principal place of residence? What might be the implications of broadening the provisions in this way and what additional limitations might be required? For example, should release be limited to dependants or spouses or partners?

1.17 Is there a fundamental difference between meeting mortgage payments and meeting rental payments which would warrant a difference in treatment (for example, in respect of the asset available to mortgagees once all repayments have been made)? Or should early release on compassionate grounds be extended to include individuals who are unable to meet rental payments? If so, what evidence should be required and what should be the threshold for release (for example, in rental arrears or rental eviction notice)?

1.18 Are the current disability grounds fit for purpose, or should early release be extended, for example, to disability aids? If the latter, which expenses should be included, what evidence should be required, and should there be a cap on funds released?

1.19 Should individuals seeking early release of superannuation under disability grounds be required to demonstrate that they have sought assistance from other Government or non-Government programs prior to being approved? If so, how should this requirement be administered?

1.20 Should the Regulator's residual discretion in SIS Regulation 6.19A(1)(f) be removed? What would be the consequence of doing so?

1.21 Are there situations outside of the current compassionate grounds which may justify inclusion in the early release of superannuation provisions, balanced against the need to preserve superannuation benefits to provide income in retirement?

1.22 Should access to superannuation benefits be available to assist victims of domestic violence? Why / why not? If yes, under what particular grounds (for example, financial hardship, homelessness, victims of crime), which expenses should be included, and what evidence should be required?

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