

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2022- 2025 (P.90/2021): THIRD AMENDMENT

MAINTENANCE OF THE HEALTH INSURANCE FUND

Lodged au Greffe on 25th November 2021
by Deputy G.P. Southern of St. Helier
Earliest date for debate: 14th December 2021.

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2022-2025 (P.90/2021): THIRD
AMENDMENT

1 PAGE 2, PARAGRAPH (c) –

After the words “of the Law” insert the words –

“, except that the proposed transfers from the Health Insurance Fund to the Consolidated Fund shall be reduced to £0 in 2022 in each case, and that the proposed transfer from the Consolidated Fund to the Technology Fund shall be reduced to £7 million in 2022”

2 PAGE 3, PARAGRAPH (I) –

After the words “to the Report” insert the words –

“, except that, on page 169 of Appendix 3, after the words “worth of expenditure.” there shall be inserted the words “Eligibility for the Health Access Scheme shall be expanded to include all those ordinarily resident in the Island by 2023, with a proposed funding mechanism to be included in the 2023 Government Plan.”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers”

3 PAGE 3, PARAGRAPH (I) –

After the words “to the Report” insert the words –

“except that, on page 169 of Appendix 3, after the words “sustainable model for health funding” there shall be inserted the words “, but the role of the Health Insurance Fund in meeting the requirement to subsidise the cost of G.P. consultations and the cost of prescriptions and other primary care services shall be maintained during the review”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers”

DEPUTY G.P. SOUTHERN OF ST. HELIER

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2022 – 2025 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2022 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts

duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law;

- (b) to approve the Changes to Approval for financing/borrowing for 2022, as shown in Appendix 2 – Summary Table 3 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;
- (c) to approve the transfers from one States fund to another for 2022 of up to and including the amounts set in Appendix 2 – Summary table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a proposition to create such a Fund in 2022, in line with Article 9(2)(b) of the Law, except that the proposed transfers from the Health Insurance Fund to the Consolidated Fund shall be reduced to £0 in 2022 in each case, and that the proposed transfer from the Consolidated Fund to the Technology Fund shall be reduced to £7 million in 2022;
- (d) to approve each major project that is to be started or continued in 2022 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (e) to endorse the efficiencies and other re-balancing measures for 2022 contained in the Government Plan as set out in Appendix 2 Summary Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i);
- (f) to approve the proposed amount to be appropriated from the Consolidated Fund for 2022, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report;
- (g) to approve up to £480 million to be appropriated from the Consolidated Fund for the Past Service Pension Liabilities Refinancing head of expenditure, subject to the availability of funding, which may include, in full or in part, use of the borrowing/financing referred in paragraph (b);
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2022 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2022 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 8 to the Report;

- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2022 as set out in Appendix 2 – Summary Table 9 to the Report;
- (k) to approve an amendment to the policy of the Strategic Reserve Fund to enable that Fund to be used as a holding Fund for any or all monies related to the repayment of debt raised through external financing, with the monies used to offset the repayment of debt, as and when required; and
- (l) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2022-2025, as set out at Appendix 3 to the Report, except that, on page 169 of Appendix 3 –
 - (i) after the words “worth of expenditure.” there shall be inserted the words “Eligibility for the Health Access Scheme shall be expanded to include all those ordinarily resident in the Island by 2023, with a proposed funding mechanism to be included in the 2023 Government Plan.”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers; and
 - (ii) after the words “sustainable model for health funding” there shall be inserted the words “, but the role of the Health Insurance Fund in meeting the requirement to subsidise the cost of G.P. consultations and the cost of prescriptions and other primary care services shall be maintained during the review”, in addition to any further changes to Appendix 3 identified as required by the Council of Ministers.

REPORT

When the States agreed to make access to primary care affordable, it did so in response to pressure from ‘Affordable access to Primary Care’ ([P.125/2019](#)) and ‘GP fees and Income Support’ ([P.81/2020](#)).

The Health Access Scheme means that those who are receiving Income Support or Pension Plus are able to receive the care they need at reduced rates, with children in Income Support households receiving free surgery appointments. The new scheme started on Friday 11th December 2020 and letters were sent to eligible families and individuals. There was no need to apply.

GPs have agreed fees across practices in support of the scheme to help reduce costs and patients will still be expected to pay a small fee to their practice, which has been set by Government.

GP prices under the Health Access Scheme are:

- Children 16 and under - Free (surgery and telephone consultations)
- GP surgery / telephone consultations - £12
- Nurse surgery / telephone consultation - £9
- Health Care Assistant surgery consultation - £6
- GP home visits - £30 (16 and under)

The access scheme chosen has only targeted those with financial need, largely on the grounds that accurate and efficient means-testing is already in place. Accordingly, the access scheme is proposed to reach some 12,000 individuals (including children).

There are many who are vulnerable, or have social or clinical needs, and who are not eligible for the new scheme. They therefore remain on the old scheme - the co-payment, payable by the patient, remains at least £45, and the subsidy, paid by the States, remains a miserly £20.28.

Those paying this higher figure include:

- The elderly, many of whom will have increased need for medical treatment as they age;
- Those with an increased need for care due to chronic or multiple health conditions; and
- Children, who under the United Nations Convention on the Rights of the Child should have their own right to equal access.

In addition, there will be significant numbers of households who are “barely coping” for whom a visit to their GP, or worse, a home visit, will cause hardship.

In addition to the approximately 12,000 individuals which are reached under the Income Support criteria, there are some 22,200 individuals (working age, children and pensioners) who according to the 2014/15 Income Distribution Survey are living Relative Low Income, who are squeezed by high-cost health care. This number is likely to increase when the impact of Covid is known in a new updated Income Distribution Survey to be completed in 2022/23.

In terms of demonstrable need, health costs will be increased by the growing number of elderly patients, and the increasing cost of drugs. Also significant will be the need for increased subsidy to keep primary care affordable not the least of which is the Medical Benefit which has not been increased for a decade.

Following a request for a one-off transfer of £5,322,000 in 2020 from the Health Insurance Fund (“HIF”) into the Consolidated Fund to support the urgent costs of Covid-19-related primary care services and their delivery, the Health and Social Security Scrutiny Panel which examined the case expressed a number of reservations –

- The HIF receives 2% of Social Security contributions collected under the Social Security (Jersey) Law 1974. At the briefing the Panel was advised that the Health Insurance (Jersey) Law 1967 strictly prescribes how the HIF can be used.
- The Panel “noted that the most significant expenditure from the Fund was Pharmaceutical Benefit, by which prescription medicines for insured Islanders are fully funded; and Medical Benefit, which pays a subsidy of £20.28 to reduce the cost of General Practitioner (“G.P.”) consultations in primary care.”
- The Panel noted that the provisions of the Health Insurance Law tightly controlled the ways in which the HIF can be used, thus ensuring that it is ring-fenced for primary care. It was advised, however, that the inflexibility of the Fund in this current crisis meant that it cannot adequately support primary care to undertake the range of roles needed in order to respond to the Covid-19 pandemic.

As we (hopefully) come to the end of the pandemic, the time has come I believe to restore the ring-fence around the HIF so that it does not get raided for purposes other than its principal use, that is, for primary care.

The actions proposed by the Minister for Social Security in [P.101/2021](#) amount to nothing less than a fire sale in response to severe fiscal damage. The proposed Government Plan 2022-2025 has the intention to stop the States grant to the Social Security Fund for 2022 (and 2023) drives a coach and horses through the ring-fence and is only acceptable because the normal grant is restored in 2024 and the Fund remains healthy for the foreseeable future.

However, to apply a similar approach to the HIF, as proposed in the Government Plan and [P.102/2021](#), is far from justifiable. Despite over 50 years of success in delivering first-class health services in primary care, the Minister has decided that the HIF is to be phased out in a relatively short timescale. Members will note that these proposals ignore the requirement to ensure that the Fund is ring-fenced for primary care.

The Minister has been convinced that the ring-fence can be ripped down to allow the HIF to be used for change in all aspects of the health model, including the introduction of digital systems, a notorious sink for runaway budget over-spends.

*“In 2022 a full review of future health costs across all areas will be completed and this will support future plans for a sustainable model for health funding”.*¹

¹ [Draft Health Insurance Fund \(Miscellaneous Provisions\) \(Amendment No. 3\) \(Jersey\) Law 202- \(gov.je\)](#)

To suggest, as the Minister does, that in order to improve the delivery of health care services, we need to abandon the present system, and await the results of a review that has barely started, is at best misguided. To suggest that we can only do this if we deliberately allow the HIF to be run down to just £48 million, or one year's income, is reckless. The Minister's words describe "a full review across all areas" but the reality is that the proposals to remove a total of £44.3 million from the HIF between 2021 and 2025 will effectively close down the Fund, leaving it with barely one year's reserve.

On page 177 of the proposed Government Plan the document states that a key barrier to long-term progress is the split funding and responsibility between the HIF and the HCS Departmental budget. This split funding will also be addressed in the wider health cost and funding model review.

It seems to me that this split has been already decided - the HIF has been abandoned.

This decision needs to be thoroughly scrutinized, especially at a time when our GPs are calling for an increase in the medical benefit, which has been stuck at £20.28 for the past 10 years.

Also on page 177 the report mentions, almost in passing, examination of the potential funding for increased healthcare costs to include any new health access schemes which result in unequal fees for accessing such schemes. Reform Jersey takes the view that if we are to engage with such a radical reform of our health service, it must be aligned with our Common Strategic Policy objectives: in this case, the promotion of income equality. We believe that equality of access to affordable health care is essential to the wellbeing of all our residents.

If we are to meet any of the 5 health and well-being goals contained in the performance framework outlined on page 12 of the report that underpins [P.102/2021](#), then we must not lose sight of the principal problem. The health and social care model is hospital-focused with dependency on secondary care. This is evidenced by approximately 30,000 visits to the emergency department in 2018 that were not classified as emergencies requiring hospital care.

At its core this high number of non-urgent cases occurs because access to primary care is too expensive. Many people cannot afford it. Until we can bring down the costs, we will not succeed in reducing inequality and improving access to health care for all. This amendment begins to address that core issue.

Financial and manpower implications

Part 1 of the amendment would see the balances in the Health Insurance Fund and proposed Technology Fund affected in the way described in the amendment. Part 3 of the Amendment states that the HIF, and its funding of primary care services should then be maintained during the review of health care services.

For Part 2, the cost of extension of the Health Access Scheme to all ordinarily resident in the Island will require sustainable funding to be implemented and such funding mechanism identified within the 2023 Government Plan. In terms of the prospective cost, I have undertaken the calculations below.

In 2019 the total of GP consultations was 326,296, an average of 3 per person per year.

The cost of a GP consultation is split between the HIF subsidy and a co-payment from the patient.

Current co-payment = £45 HIF Benefit = £20.28 Total £65.28

Within the terms of the amendment, I would propose that the HIF Medical Benefit be raised to £30.00. This is approximately in line with RPI over the decade that the benefit has been frozen. This would enable a reduction of the co-payment to £12.00 (in line with the Health Access Scheme).

New co-payment = £12.00
HIF Benefit = £30.00
Supplementary benefit = £23.28
TOTAL = £65.28

Current cost to HIF of Medical Benefit = £6.9 million
Additional cost of Medical Benefit = £3.2 million
Supplementary Benefit = £7.6 million
Total additional cost to HIF = £10.8 million