STATES OF JERSEY

JERSEY 65+ HEALTH PLAN

Lodged au Greffe on 11th November 2003
by the Employment and Social Security Committee

STATES GREFFE

PROPOSITION

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

to refer to their Acts dated 24th April 2001 and 1st August 2001 in which they approved the establishment of a trial scheme to subsidise the cost of ophthalmic and dental care to certain persons over the age of 65 and to their Act dated 24th September 2002 in which they approved extensions to the trial scheme, and to agree a scheme, to be known as "The Jersey 65+ Health Plan", to subsidise dental, ophthalmic and chiropody care, should be established in Jersey and –

(a) to agree that –

(i) the scheme should be available to those people over the age of 65 who satisfy the criteria set out in paragraph 4 of the report of the Employment and Social Security Committee dated 11th November 2003;

(ii) the level of financial assistance available to each eligible individual should be that described in paragraph 4 of the said report;

(b) to charge the Employment and Social Security Committee to bring forward for approval the necessary legislation regarding the establishment of the scheme;

(c) to request the Employment and Social Security Committee, in conjunction with the Finance and Economics Committee, to take the necessary steps to obtain funding within the resource allocation process to enable the continued operation for 2005 and beyond of the scheme.

EMPLOYMENT AND SOCIAL SECURITY COMMITTEE

Note: Finance and Economics Committee comment

The Employment and Social Security Committee has allocated a budget sufficient to fund the Elderly Health Care Scheme, if approved in 2004 from its existing cash limit.

It is noted that the cost of the scheme is projected to rise above the allocated budget in 2005. If the Sates are minded to support this report and proposition, any required growth funding will have to be secured through future Fundamental Spending Review processes, or from a reprioritisation within the existing Employment and Social Security Committee cash limit.

REPORT

1. Summary

In their Act of 24th April 2001, the States agreed, in principle, to a scheme to subsidise dental and optical care for certain people over the age of 65 years. A subsequent amendment to the Act in August 2001 gave approval to the Employment and Social Security Committee to run it as a pilot for a period of 2 years, there being little information on numbers who might qualify, the cost to individuals and likely uptake of subsidies. The Committee was tasked to return to the States with an evaluation and proposals for the way forward at the end of the pilot period. That evaluation has now been carried out, involving extensive consultation with agencies, providers and scheme members and has provided strong support for the continuance of the scheme on a permanent basis.

This report summarises developments to date and the outcome of the pilot. It proposes that a "Health Plan" is established to contribute to dental, optical and chiropody costs for those over 65 with limited income, but with some changes to the pilot scheme, provided funding can be guaranteed.

2. Background

Development of the Scheme

The parameters of the Scheme were based on proposals from Age Concern. It was realised that many people had significant concerns over health costs in older age and in particular for dental, optical and chiropody costs which, unlike G.P. visits and prescriptions, attracted no subsidy. It was decided that support for health care costs should have a higher priority than subsidising TV licences and money previously earmarked for this was diverted and ring-fenced for the period of the 2-year pilot.

Various options for delivering help to those most in need were discussed at the time. The Health and Social Services Department considered providing dedicated community services, but this created difficulties in recruitment of qualified personnel and in allocating space for clinics. Nor did it make use of already established community practitioners or give patients a choice of practitioner. Therefore, the decision was taken to set up a Health Plan Scheme that would subsidise individual costs. This type of plan has many advantages: it gives the customer choice; spreads the cost risk; limits the total expenditure; gives an element of prepayment for the individual and; subsidies can be changed and new ones included, albeit for an additional premium.

Having decided upon an insurance-type scheme, the Employment and Social Security Committee considered its administration. To run the Scheme in-house was estimated to require up to 2 full-time members of staff, depending on numbers joining and the amount of claim activity, at a potential cost of circa £60,000 per annum (including pension entitlement). With no experience of a scheme of this type and imposed manpower restrictions, it was decided to outsource the bulk of the administration.

Considerable discussion took place around the best method. Ultimately, the Committee took the decision to approach Westfield Health, a non-profit-making organisation with extensive experience in this field (who already provided similar insurance plans to Islanders) and asked them to submit a tender for the administration.

Purpose of the Scheme

A scheme was devised to assist with certain health costs, the full premium being paid by the Employment and Social Security Committee. On the advice of Age Concern, the original target group were those who had some pension income and had managed to save a little, so taking them outside the qualification for Health Insurance Exception (HIE), but were not sufficiently well-off to pay Income Tax and had limited assets (excluding the family home) of less than £15,000 for a single person or £30,000 for a couple. In other words, a group who were likely to have worked and saved hard all their lives towards their retirement but who generally missed out on any other subsidies.

The Parishes already provided the necessary support for those receiving Welfare Grants and agreed to offer the same level of support to all HIE recipients (some HIE recipients being outside of the qualification for Welfare as

HIE income limits are higher).

Benefits of the Scheme

In view of the lack of data, it was decided to proceed cautiously. A Chiropody subsidy was originally excluded for fear of exceeding budget allocation. For the annual premium of £109, the original plan concentrated on dental and optical costs, members receiving subsidies for –

- Dental check-up £22 annually
- Dental treatment £150 annually
- Optical test £15 over 2 years
- Optical treatment £60 over 2 years

The Health Plan was set up so that a dental subsidy could be claimed on an annual basis, but the optical subsidy was for a 2-year period, based on the premise that eye tests are conducted, in general, every 2 years.

Implementation and development

The Scheme began in October 2001 accepting claims from September 2001. The only information on potential numbers came from a combination of Census, Income Tax and Health Insurance Exception (HIE) information and was estimated at 5,500 people. However, the most important piece of information – how many in this cohort had assets above the £15,000/£30,000 limit – was unknown.

Initial uptake was disappointing, with only 400 people registering and indeed, after 6 months (and promotior through various agencies and the media) numbers had only risen to 543. The Committee undertook a brief consultation, established that many were not joining because the subsidy rates were too low and chiropody was excluded, and decided to go back to the States with proposals to amend the plan at the end of the pilot. The levels of subsidy for dental and optical treatments were increased and an annual subsidy for chiropody included. The States adopted the proposals on 22nd September 2002, and at the same time, an amendment from the Constable of Grouville to include HIE recipients in the eligible group.

For a new premium level of £193, the subsidy levels, effective from 1 September 2002, were –

- Dental check-up £22 annually
- Dental treatment £250 annually
- Chiropody £90 annually
- Optical test £15 over 2 years
- Optical treatment £90 over 2 years

The Employment and Social Security Committee was also given authority to change the parameters of the Scheme as long as it remained within the allocated budget.

Since these changes were implemented membership has risen with 2,032 members as at 31st August 2003.

3. Evaluation of the pilot scheme

A full evaluation of the pilot scheme began in April 2003. A number of agencies were contacted, including Citizens Advice Bureau, Age Concern, Family Nursing and Home Care, the Parishes and healthcare professionals. A questionnaire was also distributed to 1600 members, with 58% being returned: an unusually high number for this type of survey.

General conclusion

It is clear from the evaluation that the Scheme is fulfilling its aim to assist with health care costs for people in the over 65 age group. It is generally perceived to be a success because it is providing much-needed financial

assistance for routine health care for a vulnerable group.

80% of members who responded declared the scheme very good or good, 9% thought it was average and only 3% felt the scheme was poor (8% did not respond to this question). Members also confirmed that where they had made claims or asked queries these had been resolved quickly and accurately with few exceptions. Less than 2% reported any difficulty with completing the application or claim forms. The highest number of claims and highest subsidy cost was for dental checks and treatment, however, since its inclusion, there have been an increasing number of claims for chiropody.

It is too early to say, with any degree of accuracy, what the pattern of claims is likely to be until the scheme has been running for a reasonable time. Many members have been in the Scheme for less than a year. However, 69% of those who had been members for at least 12 months had made a claim. The claims income ratio is likely to be around 75% at the end of the pilot, allowing the changes the Committee is suggesting to be met within the current premium.

The cost of outsourcing the administration is projected to be around £45,000 for the length of the pilot, considerably less than if undertaken in-house.

Issues

Some recurring issues emerged from the Review.

- ***Some members could not afford treatment, in particular dental, even if reimbursed.***

It was for this reason that the Committee had not proposed the initial inclusion of HIE recipients. With the inclusion of the HIE recipients (a defined low income group) there is expectation that costs should be met in full. Apart from the need for a significant increase in funding to do this, it moves away from the original intention of the Scheme: that is, to assist those who can afford some care, but not meet all the rising costs in older age.

At present, should any members be unable to afford treatment, then they are able to seek additional assistance through the Parish. Rather than complicate this scheme with different levels of subsidy, the Committee believes that it is better to continue working with the Parishes to facilitate this process, at least until the way forward through the impending Income Support system is clear. Even then, it is likely that individuals will continue to have problems with exceptional, high-cost items and it may be necessary to establish some type of Social Fund to deal flexibly with such events.

However, the Committee is aware that in this age group the purchase of dentures is a significant cost and is proposing that members making a claim towards the cost of dentures should be able to claim 2 years' benefit (£500) at one time, that is, the same expenditure cycle as optical subsidies.

- ***The assets criterion is too stringent, particularly for the single homeowner who would have the same expenditure as a couple.***

The Committee has sympathy with this comment, but with a limited budget, would not wish to make radical change at this stage when a final pattern has yet to emerge. Therefore, the Committee proposes a modest increase of £5,000 to £20,000 in the asset criterion for the single person, recognising some of the living costs for a single person (such as roof repairs) can be just as great as those for a couple.

- ***Potential members have been dissuaded from joining because of a dislike of being mean- tested, believing this to be an invasion of privacy.***

The Committee continues to support the policy of targeting benefit to those most in need and therefore of a means test for entitlement. The assessment for this scheme uses a broad brush approach which is less invasive and so less costly to administer, ensuring more money is available for subsidy. Having reviewed the process, the Committee is satisfied that it is done with the lightest of touches and will continue to ensure that the elderly are supported

through the initial process in the most sympathetic manner.

- ***Some members have difficulty paying up front.***

For most, paying in advance has not proved to be a problem as reimbursement is generally made within 3 days of the claim being submitted. Direct settlement using ecommerce which enables confirmation of identity through passwords is a future possibility that some providers may offer. In the meantime, the Committee continues to investigate other solutions, particularly for the HIE recipients, that are simple to use and do not create an undue administrative cost. Nevertheless, the fact that members have to pay for treatments does help to retain the value of the subsidy and limit inappropriate treatment and claims and thus, the overall costs.

4. The way forward

The changes to the scheme mid-way through have meant that trends are not fully established because a large number of members have only recently joined. It is not unusual for new schemes to take several years to establish themselves in any event. However, the Committee believes that the responses to the Review provide good evidence to support the continuance of the Scheme and its further development, provided funding can be guaranteed. As pointed out in the original report and proposition to the States (P.49/2001) –

> *"By embarking on this scheme, the States must accept that it will be maintained for the future. There will be a need to adapt it in the light of experience, but it would be unacceptable to withdraw it after a period of time".*

To that end, the Committee recommends that the States agree the establishment of a Jersey 65+ Health Plan scheme. Membership would be on application to the Employment and Social Security Committee and subject to the following qualifying conditions.

Criteria	**Proposed**	**Present**
Age	All beneficiaries must be at least 65 years of age.	
Residency	Individuals must be currently resident in Jersey and have been continuously resident for a minimum of 5 years at any time in their life.	
Financial	Individuals must have an annual income below the tax threshold for that year and have assets (excluding the family home) of less than £20,000 for a single person and £30,000 for a couple.	Individuals must have an annual income below the tax threshold for that year and have assets (excluding the family home) of less than £15,000 for a single person and £30,000 for a couple.

On verification of membership, members would then be eligible to claim subsidies for dental, optical and chiropody care up to the following amounts –

Treatment	**Proposed subsidy**	**Present Subsidy**
Dental check-up	£22 each year.	
Dental Treatment	£250 each year, or for purchase of dentures, £500 once every 2 years.	£250 each year
Eye test	£15 every 2 years.	
Eye treatment	£90 every 2 years.	

Chiropody care	£90 each year (from a State Registered Chiropodist).

The Committee believes that the Health Plan is a flexible method of delivering subsidies which could be used to provide assistance for further types of care or for low income groups (such as families) in the future. It could also be targeted to wider groups, for example by partial payment of premiums. With a Health Strategy Review underway and the Income Support system in the policy development stage, there is significant change pending and it is important that any future scheme (such as the Jersey 65+ Health Plan) works within these strategies for the community as a whole. The scheme therefore has to be adaptable.

5. Resource implications

Based on the above subsidy levels, and current annual premium level of £193, the estimated cost for the scheme in 2004 is £480,000. However, the Committee is of the opinion that membership will continue to increase and based on an assumption of 20 new members each month, the cost for 2005 would rise to approximately £555,000. From the information that is now available on the numbers eligible, the Committee estimates that the maximum number who could join the scheme is about 3500. If this proves to be so, assuming that premium levels remain the same, the full cost of the scheme would eventually be approximately £695,000 per annum (the sum originally earmarked for TV licences).

In view of the recent decision of the States to limit growth in expenditure for a number of years, it is important for States members to consider this scheme in that financial context and the prioritisation of existing services and programmes. If it is considered to be a very low priority and not sustainable, then the Committee would recommend that steps be taken now to wind up the Scheme for all members at the end of the 2-year cycle of membership (for some, this would be during 2005).

If the States is minded to approve the scheme, the Committee would wish to continue to outsource administration as long as this proves to be cost-efficient. If this were not possible, then there would be staffing implications of up to 2 clerical staff.

11th November 2003