

STATES OF JERSEY



ANNUAL BUSINESS PLAN 2009 (P.113/2008): SIXTH AMENDMENT (P.113/2008 Amd.(6)) – COMMENTS

**Presented to the States on 12th September 2008
by the Council of Ministers**

STATES GREFFE

COMMENTS

Introduction

There seems to be a tendency, amongst critics of Income Support, to make comparisons with previous benefit systems through rose-tinted spectacles, forgetting their well-documented criticism of those legacy systems. The introduction of Income Support came after many years of public consultation and debate and was strongly supported by the States Assembly at the various stages of its development.

Individuals receiving income support already receive assistance with their G.P. costs and additional benefits are available for those with an established medical need for regular G.P. visits. Special payments are available for additional visits identified as necessary by the G.P. and to cover bouts of acute illness. These benefits are available to a much larger number of people, compared to the H.I.E. system.

The budget proposed by the Deputy includes 2 major errors. On these grounds alone the amendment cannot be accepted, as it would transfer an incorrect amount into the Social Security Department's budget and the Department would not be able to provide the services suggested by the Deputy within the budget allocated.

The Council of Ministers strongly opposes this amendment as –

- **It is based on a misunderstanding of the Income Support system.**
- **The additional benefits proposed are very poorly targeted.**
- **It contradicts the policy proposals of Health and Social Services New Directions.**
- **There are major errors in the calculation of the budget required.**

Comparison with H.I.E.

The Deputy is seeking to re-introduce a type of H.I.E. system for a large group of Income Support households. There were a number of reasons for including medical costs in the Income Support system and ending H.I.E. These reasons can equally be applied to explain why this proposal would be counter-productive.

1. The most common criticism of the H.I.E. system was that no support at all was available to the household with an income a few pounds above the H.I.E. income limit. Many individuals with chronic conditions and on limited incomes were required to bear the full co-payment costs of G.P. visits.

Under the Income Support system, additional components are available for individuals with chronic medical conditions. These components add to the total benefit paid and are gradually phased out as household income increases.

This amendment would suffer from the same weakness as H.I.E. Many households receiving a small amount of income support benefit of a few pounds per week would be entitled to unlimited free G.P. visits for all household members. Similar households with an income just a few pounds a week higher would not be entitled to income support and would be expected to pay the full co-payment for their G.P. visits.

2. The H.I.E. system was based on household entitlement. All family members received H.I.E., regardless of their individual medical needs. For example, a low income married couple with several healthy, teenage children would all receive H.I.E. cards if the head of the household had a long-term medical condition (and satisfied the other conditions for H.I.E.).

As part of the introduction of income support, the Health Insurance Law was amended to enable medical benefits to be available to individuals, rather than to households. Through income support, additional assistance is now provided to individuals within the household depending on their individual medical need. This is in complete agreement with a major theme of the New Directions policy which will be to create more opportunities in which assistance with medical costs is targeted to specific individuals.

This amendment would re-establish household entitlement to medical benefits. The additional cost of this blanket

approach would lead to a reduction in funds available to set up new schemes to provide additional assistance to those with chronic conditions that require regular G.P. visits.

3. The H.I.E. system provided eligible households with free access to G.P.s. G.P.s accepted a lower fee for H.I.E. consultations and it was widely accepted that there was a degree of unnecessary G.P. visiting generated as a result of this system.

The introduction of income support is providing much better information on visiting patterns for different types of patient. G.P.s are identifying individuals that require additional visits on the basis of their medical needs. In this initial stage of Income Support, payments are made through Special Payments, to meet the G.P. costs of these individuals. Once sufficient evidence is collated, the Department will consult with local G.P.s and the Medical Officer of Health to review the number of levels of Clinical Cost component available within the Income Support scheme.

The proposed amendment would reintroduce free access to G.P.s. Whereas the H.I.E. scheme covered approximately 4,000 individuals, Deputy Southern is suggesting that 9,000 individuals should be included. It is unlikely that G.P.s would accept lower fees for this much larger number of individuals. Providing free access at the market rate would be substantially more expensive than the previous H.I.E. scheme.

Costs

1. Deputy Southern's calculation assumes an average cost per visit of £23.87. This is based on the cost of H.I.E. visits in 2006 and does not reflect the current cost of G.P. services. The current average cost for a surgery visit is approximately £45 (£15 Health Insurance medical benefit + £30 paid by patient).

2. The total cost of medical benefit in 2006 under the H.I.E. scheme was £1,125,000, rather than £2,343,000 as suggested by the Deputy. The Deputy has added income and expenditure together to produce a false result.

Deputy Southern suggests that –

“the costs of the new scheme would be £3.06 million from the States (additional £1.7 million) and £2.5 million (additional £1.41 million) from the Health Insurance Fund.”

Given the 2 major incorrect assumptions included in this calculation, the total costs suggested by the Deputy do not reflect the true cost of his scheme.

The Deputy's proposals also include the requirement for an additional £1.41 million from the Health Insurance Fund. The Health Insurance Fund already contributes £15 to the cost of every G.P. consultation for all individuals, including those on Income Support. It also pays an average of just over £10.50 for every prescription.