

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

**ANSWER TO BE TABLED ON TUESDAY 31st JANUARY 2006**

**Question**

Would the Minister inform members –

- (a) whether, in October 2005, Health Insurance Exemption (HIE) income allowances were up-rated in line with the RPI (3.6%) whereas Invalidity Benefits were increased in line with the average earnings index (5.3%), and whether this resulted in a number of recipients being rendered ineligible for HIE?
- (b) whether this process has had any effect on those who have high medical costs due to their incapacity and, if so, to what extent?
- (c) of the figures for percentage increases in HIE income allowances and Invalidity benefits for the past 5 years? and,
- (d) what measures, if any, will the Minister take to ensure that the methods of increasing HIE income allowances and Invalidity Benefits outlined in (a) above are reviewed, or, if appropriate, amended –
  - (i) in the short-term under the current system?
  - (ii) in the long-term under the changes proposed in the income support scheme?

**Answer**

- (a) The rates of all benefits are reviewed annually in October. Social Security Insurance Benefits, such as pensions and incapacity benefits, were increased by 5.3% in 2005 and some non-contributory benefits such as Attendance Allowance increased by 4.45%. The Parish Welfare rates were increased by 3.6% and it is these that determine the basis of the HIE income allowances. However, it should be noted that the HIE assessment of means involves certain benefit disregards and allowances which, being based on percentages, are automatically increased in October as well. Therefore, although it is possible, the increase in any one benefit is unlikely to be the prime (or sole) cause of HIE claimants moving over the income level.
- (b) The HIE income allowances are set at approximately 20% above the Welfare rates. Where someone moves over the income allowances, an additional 5% discretion on their total allowances can be applied. The actual difference to the respective rate equates to £2.70 each week, but the discretion would be a minimum amount of £7.07 and, because it is applied to all allowances, is normally more. Further, States Funded benefits such as Attendance Allowance and Disability Transport Allowance which mitigate the added cost of disability are totally disregarded and act as a buffer against the potential fall of income due to loss of benefit.

The Department would welcome any examples of difficulties caused by the loss of HIE to compare with data it now holds on individual HIE/ and non-HIE attendances by General Practitioners. The clear objective is that cost should not be a barrier to proper and necessary medical services.

- (c) The rates used over the last five years are as published by the Statistics Unit -

<u>Jersey Index of Earnings</u>	<u>Jersey Retail Price Index</u>
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%	%
8.10	3.90
4.20	4.20

4.70	4.20
3.30	4.80
5.30	3.60

However, it should be remembered that these are two separate systems, each of which have different purposes. The Social Security scheme through pension and certain Incapacity Benefits is replacing earnings and so this benefit is uprated by the Earnings Index to ensure that parity is maintained with workers.

The HIE scheme, like the Welfare system, is part of the ultimate safety net and therefore is calculated around the amount required for living. Therefore, the Retail Prices Index is the more appropriate Index to use to uplift any benefit rates.

- (d) (i) as there is only one more benefit uprating in October 2006 before the Income Support system is introduced, we have no plans to review the current system of uprating. Further, no budget has been allocated to incorporate any extension to the HIE scheme for this year.
- (ii) in the longer term, Incapacity Benefits, (which are outside of the Income Support system), will continue to rise with the Earnings Index which is generally the higher index. HIE will cease to exist as a separate benefit and the Income Support components will be reviewed at least annually with due regard to economic circumstances. However, the new Income Support system will not have thresholds which can cause 'all or nothing' effects such as the ceilings and income bars that exist in current systems. So, in short, the States have already agreed this principle in the Income Support proposals and the proposals to increase subsidies to those with chronic illnesses through the Health Insurance Scheme.