

STATES OF JERSEY



Jersey

DRAFT HEALTH INSURANCE FUND (MISCELLANEOUS PROVISIONS) (AMENDMENT No. 4) (JERSEY) LAW 202-

**Lodged au Greffe on 22nd November 2022
by the Minister for Social Security
Earliest date for debate: 17th January 2023**

STATES GREFFE



Jersey

**DRAFT HEALTH INSURANCE FUND
(MISCELLANEOUS PROVISIONS) (AMENDMENT
No. 4) (JERSEY) LAW 202-**

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000, the Minister for Social Security has made the following statement –

In the view of the Minister for Social Security, the provisions of the Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment No. 4) (Jersey) Law 202- are compatible with the Convention Rights.

Signed: **Deputy M.E. Millar of St. John, St. Lawrence and Trinity**
Minister for Social Security

Dated: 21st November 2022

REPORT

Summary

The Minister for Social Security is proposing an amendment to the [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011](#) to implement changes agreed by the States Assembly through successive Government Plan debates.

The proposed changes allow the Minister for Social Security to transfer money from the Health Insurance Fund to pay for the redesign of health and community services, and the modernisation and digitisation of health and care services.

The changes would give the Minister for Social Security:

1. Flexibility in 2023 to transfer money for costs that were originally planned for 2021 but were incurred in 2022

The States agreed £11.3 million could be spent on health and care services in 2021 (Government Plan 2021-2024). £6.3 million was spent in 2021. The Minister for Social Security transferred £6.3 million in 2022. This change will allow the Minister to transfer up to the remaining £5 million during 2023 once the expenditure has been confirmed.

2. Flexibility in 2023 to transfer money for costs that were planned for and incurred during 2022

The States agreed £13 million could be spent on health and care services in 2022 (Government Plan 2022-2025). The actual expenditure has not been finalised yet and the Minister for Social Security has not transferred any money out of the Health Insurance Fund.

3. The ability in 2024 – to transfer money for costs that are planned for and incurred during 2023

This change is a consequence of the proposed [Government Plan 2023-2026](#) part (c), as it relates to the Health Insurance Fund. It will allow the Minister to transfer up to £12.45 million out of the Health Insurance Fund towards the planned costs for 2023, once the expenditure has been confirmed in 2024.

The Minister for Social Security lodged this Law after the 6-week deadline for the States sitting of 13th December 2022. The Minister for Social Security apologises for missing the deadline and will ask States members if they would consider this Law after the Government Plan debate, as they have done in previous years.

Transfer for costs originally budgeted for in 2021

In 2021, the budget for these programmes was £11.3 million. The States Assembly agreed this in the Government Plan 2021-2024.

	£ million
Jersey Care Model	6.6
Jersey Care Model - digital systems	1.3
Digital Care Strategy	3.4
Total	11.3

£6.3 million was spent in 2021. The £5 million of unspent budget was carried forward in to 2022 following consideration by the Minister for Treasury and Resources under the terms of the [Public Finances \(Jersey\) Law 2019](#).

The current Law gives the Minister for Social Security the ability to transfer up to this amount in 2022. However, the Minister will only consider a transfer once the final costs have been confirmed, which will be early in 2023.

This draft Law, if approved, gives the Minister for Social Security flexibility to do this.

Transfer for 2022 costs

In 2022, budget for these programmes was £11.3 million. The States Assembly agreed this in the Government Plan 2022-2025.

	£ million
Jersey Care Model	8.3
Jersey Care Model - digital systems	0.8
Digital Care Strategy	3.9
	13.0
	13.0

The Minister for Social Security has not transferred any money from the Health Insurance Fund for the programmes' 2022 costs. The Minister for Social Security intends to transfer money once the final costs for 2022 have been confirmed in the first quarter of 2023.

This draft Law, if approved, enables the Minister for Social Security to do this.

Health Insurance Fund transfer for 2023 costs

The Minister for Social Security proposes to transfer up to £12.45 million out of the Health Insurance Fund and into the Consolidated Fund, for the purpose of:

- the redesign of health and community services so that they meet the current and future needs of Islanders (The Jersey Care Model); and
- the modernisation and digitisation of health and care services (The Jersey Care Model and Digital Care Strategy).

The proposed costs and transfers for 2023 are set out in Summary Table 3 of the proposed Government Plan 2023-2026.

Summary Table 3 - Transfers of monies between States Funds					
£'000		2023	2024	2025	2026
Transfer From	Transfer To	Proposed	Proposed	Proposed	Proposed
Consolidated Fund	Climate Emergency Fund	4,400	4,400	4,400	4,400
Consolidated Fund	Strategic Reserve (Pensions refinancing)	1,790	2,192	2,605	3,028
Health Insurance Fund	Consolidated Fund (Revenue)	6,100	4,100	-	-
Health Insurance Fund	Consolidated Fund (Capital)	6,350	5,705	-	-
Criminal Offences Confiscation Fund	Consolidated Fund	1,811	777	-	-
Social Security (Reserve) Fund	Social Security Fund	89,000	-	-	-
Strategic Reserve	Consolidated Fund (Hospital capital)	80,100	190,100	241,200	183,300
Strategic Reserve	Consolidated Fund (Capital repayment)	1,000	336	-	-
Strategic Reserve	Consolidated Fund (Hospital borrowing)	3,050	7,010	14,990	19,600

Source: [Proposed draft Government Plan 2023-2026 \(P.97/2022\)](#) page 92.

The breakdown of the cost between the programmes for 2023 is:

	£ million
Jersey Care Model	6.10
Jersey Care Model – digital systems	1.05
Digital Care Strategy	5.30
	12.45
	12.45

In practice, the Minister for Social Security will transfer up to £12.45 million in the first quarter of 2024 once the final costs for 2023 have been confirmed.

The draft Law, if approved, will enable the Minister for Social Security to do this.

Sustainability of the Health Insurance Fund

The proposed £12.45 million transfer from the Health Insurance Fund to pay for the planned Jersey Care Model and Digital Care Strategy activities and investments in 2023 will not affect the long-term sustainability of the Fund.

The value of the Health Insurance Fund is expected to be just over £80 million by 2026, including the proposed transfers. This represents approximately a little under two years' worth of expenditure.

Health Insurance Fund				
£'000	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Opening Balance	86,105	76,687	70,661	75,022
Social Security Contributions	43,436	45,086	46,394	47,693
Investment income	196	185	170	159
Social Benefit Payments	(35,804)	(36,332)	(36,677)	(37,038)
Other expenditure	(4,796)	(5,160)	(5,526)	(5,526)
Transfer to Consolidated Fund - Jersey Care Model (Revenue)	(6,100)	(4,100)	-	-
Transfer to Consolidated Fund - Jersey Care Model (Capital)	(1,050)	(400)	-	-
Transfer to Consolidated Fund - Digital Care Strategy (Capital)	(5,300)	(5,305)	-	-
Closing Balance	76,687	70,661	75,022	80,310

Table 43: Health Insurance Fund

Source: [Proposed Government Plan 2022-2026 \(P.97/2022\)](#), page 78.

However, the ageing demographic will increase the cost of health services in the Island, including those costs met by the Fund, from the 2020s onwards. Changes are therefore likely to be needed to maintain a sustainable funding model. Nevertheless, the fund remains in good health over the medium term.

The next actuarial review will be published in the first half of 2023. This will show financial projections for the Fund for the next 20 years and indicate the extent of changes that may be needed.

The Minister for Health and Social Services' review of the Island's health and care costs will also continue throughout 2023, with options for the future funding of our whole health and care system being brought to the Assembly in 2024.

Changes to the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011¹

This section explains the Articles in the proposed law.

Article 1

Article 1 adds a new Article 2E which allows up to £12.45 million to be transferred out of the Health Insurance Fund and into the Consolidated Fund in 2023 for the purpose of:

- the redesign of health and community services so that they meet the current and future needs of Islanders (up to £6.1m); and
- the modernisation and digitisation of health and care services (up to £6.35m).

Article 1 also adds a new Article 2F which provides flexibility for the Minister for Social Security to transfer any remaining amounts from earlier years up to the end of 2025.

There are two reasons for this flexibility. First, the Minister will make one transfer a year once the previous year's costs have been finalised. Second, it is also because some of the budget in a year might be carried forward to the next year, subject to the requirements set out in the [Public Finances \(Jersey\) Law 2019](#). These amounts can only be used for the purposes set out above.

¹ [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011 \(jerseylaw.je\)](#)

Article 2

Changes come into force 7 days after it is registered. This is likely to be in March 2023.

Financial and manpower implications

This Law will allow transfers of up to £12.45 million out of the Health Insurance Fund and into the Consolidated Fund in 2023 and 2024, plus the transfer of any remaining balances of the 2021 and 2022 previously approved sums.

There are no other financial implications for 2023 onwards. There are no manpower implications.

Human Rights

No Human Rights Note is appended because the Law Officers' Department indicated that the draft Law does not give rise to any human rights issues.

EXPLANATORY NOTE

The Health Insurance Fund (Miscellaneous Provisions) (Amendment No. 4) (Jersey) Law 202-, if passed, will amend the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011 (the “2011 Law”) to provide that certain sums of money may be withdrawn from the Health Insurance Fund in 2023 and 2024 and credited to the Consolidated Fund, for the purposes stated.

Article 1 inserts into the 2011 Law a new Article 2E to provide that in 2023 up to £6,100,000 may be transferred from the Health Insurance Fund to the Consolidated Fund to fund the redesign of health and community services. It also provides that in 2023 up to £6,350,000 may be transferred to fund the modernisation and digitisation of health and care services.

It also inserts a new Article 2F to allow that any sums that could have been withdrawn in previous years for these purposes but have not been, may be withdrawn in later years, subject to the approval of the Minister for Treasury and Resources under Articles 19 and 20 of the Public Finances (Jersey) Law 2019. Sums cannot be withdrawn under this Article after 31st December 2025.

Article 2 gives the citation and provides that the Law will come into force 7 days after it is registered.



Jersey

DRAFT HEALTH INSURANCE FUND (MISCELLANEOUS PROVISIONS) (AMENDMENT No. 4) (JERSEY) LAW 202-

A LAW to amend further the [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011](#).

<i>Adopted by the States</i>	<i>[date to be inserted]</i>
<i>Sanctioned by Order of His Majesty in Council</i>	<i>[date to be inserted]</i>
<i>Registered by the Royal Court</i>	<i>[date to be inserted]</i>
<i>Coming into force</i>	<i>[date to be inserted]</i>

THE STATES, subject to the sanction of His Most Excellent Majesty in Council, have adopted the following Law –

1 [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011](#) amended

- (1) This Article amends the [Health Insurance Fund \(Miscellaneous Provisions\) \(Jersey\) Law 2011](#).
- (2) After Article 2D there is inserted –

“2E Withdrawal of money from the Health Insurance Fund for 2023

- (1) The following sums may be withdrawn, in one or more instalments, from the Health Insurance Fund in 2023 and credited to the Consolidated Fund –
 - (a) up to £6,100,000 for the purpose of funding the redesign of health and community services so that they meet the current and future needs of Jersey residents;
 - (b) up to £6,350,000 for the purpose of funding the modernisation and digitisation of health and care services.
- (2) To the extent that this Article is inconsistent with Article 21(1) of the [Health Insurance \(Jersey\) Law 1967](#), this Article prevails.

2F Withdrawal of money from the Health Insurance Fund permitted under Articles 2C to 2E in future years

- (1) Where sums which may be withdrawn from the Health Insurance Fund and credited to the Consolidated Fund under Articles 2C to 2E are not withdrawn in the year specified in the relevant Article, those sums may be withdrawn and credited to the Consolidated Fund in any later year for the purposes specified in paragraph (2).
- (2) The purposes are –
 - (a) funding the redesign of health and community services so that they meet the current and future needs of Jersey residents; and
 - (b) funding the modernisation and digitisation of health and care services.
- (3) Paragraph (1) is subject to Articles 19 and 20 of the [Public Finances \(Jersey\) Law 2019](#).
- (4) To the extent that this Article is inconsistent with Article 21(1) of the [Health Insurance \(Jersey\) Law 1967](#), this Article prevails.
- (5) No sum may be withdrawn under paragraph (1) after 31st December 2025.”.

2 Citation and commencement

This Law may be cited as the Health Insurance Fund (Miscellaneous Provisions) (Amendment No. 4) (Jersey) Law 202- and comes into force 7 days after it is registered.