

STATES OF JERSEY



DRAFT HEALTH INSURANCE FUND (MISCELLANEOUS PROVISIONS) (AMENDMENT No. 2) (JERSEY) LAW 201-

**Lodged au Greffe on 16th August 2016
by the Minister for Social Security**

STATES GREFFE



Jersey

**DRAFT HEALTH INSURANCE FUND
(MISCELLANEOUS PROVISIONS) (AMENDMENT
No. 2) (JERSEY) LAW 201-**

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. 2) (Jersey) Law 201- are compatible with the Convention Rights.

Signed: **Deputy S.J. Pinel of St. Clement**

Minister for Social Security

Dated: 12th August 2016

REPORT

Executive summary

The major health strategy approved by the States in 2012 ([P.82/2012](#)) included a commitment to introduce a sustainable mechanism for the funding of health and social care. A significant step towards this goal is achieved in the Draft Medium Term Financial Plan Addition for 2017 – 2019 (“MTFP Addition”) ([P.68/2016](#)) which sets out proposals for a new health charge which is expected to raise a total of £15 million a year by 2019.

To support the introduction of this new health charge, it is also proposed in the MTFP Addition that transfers of £5 million a year should be made from the Health Insurance Fund to the Consolidated Fund.

To achieve these transfers, primary legislation will need to be approved by the States Assembly. This draft Law is an amendment to the existing Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011.

- As with previous transfers, the annual sum must be used to support the cost of primary care services provided by the Health and Social Services Department (HSSD).
- A further condition is applied to the transfers planned for 2018 and 2019. These transfers will only take place if the health charge has been brought into effect as described in the MTFP Addition.

The new health charge income, combined with the transfer from the Health Insurance Fund and the existing allocation of budget to the HSSD, provides sufficient resources to meet the strategic objective agreed by the States to invest in health care. The total of all these funds will maintain the services provided by the HSSD and allow for new growth, as set out in the MTFP Addition, through to the end of 2019. However, further steps will need to be agreed during the next few years to create a fully sustainable funding mechanism to meet our health and social care needs in the future.

Background

The Health Insurance Fund (HIF) receives contributions from employers and working-age adults. It subsidises G.P. visits, pathology costs, and drug and dispensing costs of prescriptions for Jersey residents.

Contributions to the Fund are paid by working-age adults (0.8% of earnings) and their employers (1.2%) up to the Standard Earnings Limit (SEL). Individuals without an employer are required to contribute both elements.

The Fund also receives investment income on the balance accumulated over past periods, which is invested on behalf of the Fund through the Common Investment Fund, and managed in accordance with an investment strategy aligned to the HIF’s strategic objectives.

A standard medical benefit is paid for each G.P. consultation covered by the Fund. The benefit also covers the charge made by the HSSD for analysing blood samples provided by G.P.s. Pharmaceutical benefit covers the full cost of prescription drugs prescribed by G.P.s and includes a dispensing fee paid to community pharmacists in respect of each item dispensed. The Minister is responsible for maintaining the list of drugs that are available on prescription from G.P.s.

The Fund is currently operating at an annual net cash deficit, which is expected to become more pronounced as benefits continue to increase at a faster rate than income.

However, investment returns on the Fund’s balance will offset operational deficits in the earlier years of this MTFP, limiting the overall impact on the Fund’s balance.

At the end of 2015, the value of the Fund stood at £76 million.

Recent developments in primary care

[R.1/2016](#) – Health and Social Services: A Sustainable Primary Care Strategy for Jersey 2015 – 2020 (the “Primary Care Strategy”), presented to the States by the Minister for Health and Social Services on 6th January 2016, set out a vision for an inclusive health service which features close co-operation between primary care and all other areas of health care.

To help move towards the new health system, over the last few years the scope of the Health Insurance Law has been broadened in 2 key areas.

The Minister is now able to enter into contracts with G.P. practices and pharmacies in respect of the provision of medical services. The Jersey Quality Improvement Framework (JQIF) is a contract with each G.P. surgery which was introduced in 2015. It contains clinical and organisational measures describing the standards and activities which G.P. surgeries should achieve. These include, for example, the creation of a register of patients with diabetes, and measures regarding specific interventions for this condition. Payments of just under £1.6 million per annum are made to G.P. practices according to their level of activity against each measure. Further contracts are currently under consideration.

The governance of local G.P.s has also improved significantly with the introduction of a local performers’ list and the appointment of a senior doctor known as a Responsible Officer with legal powers to suspend or remove a G.P. from the list.

Health Charge

Within the MTFP Addition report, the introduction of a health charge is described as follows –

Funding Mechanism for Health

The MTFP 2016–2019 identified a target of £35 million for a Health charge by 2019, starting with a charge for £15 million in 2018. The Council of Ministers had however stated that should the financial position improve through increased income that one of the considerations could be to review the level and timing of the Health charge.

The improved Consolidated Fund position has enabled the level of the Health charge to be reviewed and the view of the Council of Ministers is that this should be reduced to £7.5 million in 2018 and £15 million in 2019.

As part of that review of the overall financial position the Council of Ministers has also decided to reduce the extent to which the Health Insurance Fund (HIF) is used to facilitate the introduction of the Health charge and the value of the proposed transfers are reduced from £30 million to £15 million by 2019.

Figure 32 – Proposed Funding Mechanism for Health

	2016	2017	2018	2019
	£'000	£'000	£'000	£'000
Proposed Sustainable Funding Mechanism for Health	0	0	7,500	15,000

And the use of the HIF transfers is explained thus –

Funding for Health Costs

Further to the outline proposals included in MTFP 2016, the Council of Ministers is proposing the introduction of a health charge in 2018 to provide the basis for the funding of health costs.

To assist with the implementation of the health charge and to minimise the initial impact on individuals, the Minister for Social Security will propose three transfers from the Health Insurance Fund to the Consolidated Fund. Transfers will take place in each of 2017, 2018 and 2019 to the value of £5 million.

The transfers for 2018 and 2019 will only be effected once the collection of the health charge has commenced. The annual cost of health benefits provided from the HIF already exceeds the contribution income received into the fund. This situation must also be addressed and the future of the HIF will be considered as part of the overall project to create a sustainable funding mechanism for health and social care.

The improved financial position allows for a revised package of measures which proposes: balanced budgets by 2019, maintaining the agreed spending limits, and a reduced Health Charge and reduced transfers from the Health Insurance Fund.

Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment No. 2) (Jersey) Law 201-

The proposed legislation is an amendment to the existing [Health Insurance Fund \(Miscellaneous Provisions\) Law 2011](#). As with previous transfers, the annual sum must be used to support the cost of primary care services provided by the HSSD.

The HSSD currently funds a range of primary care services totalling in excess of £10 million per annum. Primary care services provided or funded directly by the HSSD include ante-natal services, talking therapy services, childhood immunisations, smoking cessation, sexual health clinics, district nursing, re-ablement and child and family services. A significant proportion of these services are provided by Family Nursing and Home Care (“FNHC”). The £5 million transfer from the HIF will therefore be allocated to temporarily fund the costs of primary care services provided by FNHC and, if applicable, any other primary care services.

In the event that this amendment to the 2011 Law is not approved, the gross revenue expenditure and income of the Health and Social Services Department for 2017, 2018 and 2019 will be reduced by £5 million in each year, as proposed in paragraph (a)(i) of the MTFP Addition, P.68/2016.

A further condition is included in this legislation in respect of the transfers planned for 2018 and 2019. These transfers will only take place if the health charge has been brought into effect as set out in the MTFP Addition. In the event that the health charge is not initiated, or it is introduced but with the intention of raising lesser amounts, then the transfers set out for 2018 and 2019 will not occur. In this event, the States Assembly would need to make a fresh decision as to whether any transfers were appropriate in these years, given the circumstances at the time.

This is a change to primary legislation which will require approval from the Privy Council before it can be registered in the Royal Court. It is anticipated that, following adoption by the States, this amending Law will be registered within the next 6 months and will come into force 7 days after registration.

Financial and manpower implications

There are no manpower implications for the States. As noted above, the proposed legislation will create 3 transfers of £5 million each from the Health Insurance Fund to the Consolidated Fund during the course of this Medium Term Financial Plan. Should this amendment not be approved, the gross expenditure and income of the Health and Social Services Department for 2017, 2018 and 2019 would be reduced by £5 million in each year, as proposed in paragraph (a)(i) of the MTFP Addition, P.68/2016.

Human Rights

No human rights notes are annexed because the Law Officers' Department has indicated that the draft Law does not give rise to any human rights issues.

Explanatory Note

This Law amends the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011 (“2011 Law”) by making provision for payments of specified amounts to be made from the Health Insurance Fund into the consolidated fund for the purpose of funding primary care services.

The Health Insurance Fund (“Fund”) is established under the Health Insurance (Jersey) Law 1967, which makes provision for payments out of that Fund in respect of specified medical and other health benefits. The 2011 Law makes provision for sums to be withdrawn from that Fund and paid into the consolidated fund for the general purpose of funding primary care services in specified years: currently the years specified in that Law are 2011, 2012, 2013 and 2014.

Article 1 of this Law makes changes to the 2011 Law as follows.

First it amends the long title to the 2011 Law so that the title makes reference to the years 2017, 2018 and 2019 in respect of which sums may be withdrawn from the Fund.

Second, it enables £5,000,000 to be withdrawn from the Fund for each of the years 2017, 2018 and 2019. The sum of £5,000,000 can be withdrawn for each of the years 2018 and 2019 only if, in respect of the year in question, a condition is met for that year. The condition in respect of 2018 is that legislation is in force for the purpose of raising in respect of that year, through the collection of a health charge, such amount as is referred to in Section 12 of the Draft Medium Term Financial Plan Addition for 2017 – 2019 lodged au Greffe as P.68/2016 on 30th June 2016 and approved by the States. An equivalent condition is in place in respect of 2019.

Article 2 sets out the title of this Law and provides that it will come into force 7 days after it is registered.



Jersey

DRAFT HEALTH INSURANCE FUND (MISCELLANEOUS PROVISIONS) (AMENDMENT No. 2) (JERSEY) LAW 201-

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

Adopted by the States [date to be inserted]
Sanctioned by Order of Her Majesty in Council [date to be inserted]
Registered by the Royal Court [date to be inserted]

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

1 Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011 amended

- (1) In the long title to the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011¹ for the words “money from the Health Insurance Fund for 2011, 2013, 2014 and 2015” there shall be substituted the words “specified amounts from the Health Insurance Fund for 2011, 2013, 2014, 2015, 2017, 2018 and 2019”.
- (2) In the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011 after Article 2A there shall be inserted the following Article –

“2B Withdrawal of money from the Health Insurance Fund for 2017, 2018 and 2019

- (1) Notwithstanding Article 21(1) of the Health Insurance (Jersey) Law 1967², there shall be withdrawn from the Health Insurance Fund and credited to the consolidated fund –
 - (a) £5,000,000, for the purpose of funding primary care services in 2017;
 - (b) £5,000,000, for the purpose of funding primary care services in 2018, if the condition in paragraph (2) is satisfied;
 - (c) £5,000,000, for the purpose of funding primary care services in 2019, if the condition in paragraph (3) is satisfied.

- (2) For the purposes of paragraph (1)(b) the condition is that legislation is in force for the purpose of raising through the collection of a health charge such amount in respect of 2018 as is referred to in Section 12 of the Draft Medium Term Financial Plan Addition for 2017 – 2019 lodged au Greffe as P.68/2016 on 30th June 2016 and approved by the States.
- (3) For the purposes of paragraph (1)(c) the condition is that legislation is in force for the purpose of raising through the collection of a health charge such amount in respect of 2019 as is referred to in Section 12 of the Draft Medium Term Financial Plan Addition for 2017 – 2019 lodged au Greffe as P.68/2016 on 30th June 2016 and approved by the States.
- (4) Money credited to the consolidated fund pursuant to paragraph (1) is, for the purposes of the Public Finances (Jersey) Law 2005³, to be treated as income of, and paid into the consolidated fund by, the Health and Social Services Department in the year for the purposes of which the withdrawal and credit is made.”.

2 Citation and commencement

This Law may be cited as the Health Insurance Fund (Miscellaneous Provisions) (Amendment No. 2) (Jersey) Law 201- and shall come into force 7 days after it is registered.

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- ¹ *chapter 26.510*
² *chapter 26.500*
³ *chapter 24.900*