

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): SECOND AMENDMENT

### HEALTH INSURANCE FUND CONTRIBUTIONS

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Lodged au Greffe on 4th October 2025  
by Deputy Sir P.M. Bailhache of St. Clement  
Earliest date for debate: 9th December 2025

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STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025):  
SECOND AMENDMENT

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**1 PAGE 3, PARAGRAPH (b) (xii) –**

After the words “Appendix to the accompanying Report”, insert the words –

“, except that –

- (i) on page 87, Table 41 – Health Insurance Fund, should be replaced with the following –

Health Insurance Fund				
	2026	2027	2028	2029
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>101,259</b>	<b>107,105</b>	<b>112,733</b>	<b>119,050</b>
Social Security Contributions	68,000	70,000	73,000	75,000
Investment income	3,738	4,102	4,547	5,002
Social Benefit Payments	(59,253)	(62,002)	(64,567)	(67,345)
Other expenditure	(6,639)	(6,472)	(6,663)	(6,938)
<b>Closing Balance</b>	<b>107,105</b>	<b>112,733</b>	<b>119,050</b>	<b>124,769</b>

- (ii) on page 88, after the words “skills of primary care staff.” there should be inserted a new paragraph as follows –

“From 2026 the proportion of class 1 and class 2 social security contributions on earnings below the standard earnings limit, paid into the Health Insurance Fund, will increase from 2% to 2.5%. This is estimated to increase contributions paid into the Fund by £14 million in 2026, increasing to £15 million by 2029. This does not change the overall contribution rates paid by employers or employees.”.

- (iii) on page 88, before the words, “The value of the Fund is expected to fall to around £61 million by 2029”, there should be inserted the words, “Without the increase in contributions”.

- (iv) on page 90, after the words “range of working age benefits”, there should be inserted a new paragraph as follows –

“From 2026 the proportion of class 1 and class 2 social security contributions on earnings below the standard earnings limit, paid into the Social Security Fund, will decrease from 10.5% to 10%. This is estimated to decrease contributions paid into the Fund by £14 million in 2026, increasing to £15 million by 2029. This does not change the overall contributions rates paid by employers or employees.”.

- (v) on page 91, Table 43 – Social Security Fund should be replaced with the following –

Social Security Fund				
	2026	2027	2028	2029

£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>107,733</b>	<b>94,670</b>	<b>83,185</b>	<b>77,145</b>
Social Security Contributions	271,000	281,000	290,000	300,000
Other income	185	188	192	192
Transfer from Social Security (Reserve) Fund	64,259	42,073	45,877	45,377
Grant to Social Security Fund	22,768	52,199	53,850	55,499
Social Benefit Payments	(352,789)	(366,598)	(379,684)	(392,721)
Other Expenditure	(17,368)	(16,854)	(11,549)	(9,915)
Revenue expenditure on New Benefits System	(1,118)	(3,493)	(4,726)	(5,197)
<b>Closing Balance</b>	<b>94,670</b>	<b>83,185</b>	<b>77,145</b>	<b>70,380</b>

DEPUTY SIR P.M. BAILHACHE OF ST. CLEMENT

**Note:** After this amendment, the proposition would read as follows –

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

- (a) In accordance with Article 16 of the Public Finances (Jersey) Law 2019 (the Law) to approve an amendment to the Government Plan 2025 – 2028 (entitled “Budget 2025 – 2028”) to a reduction in the 2025 head of expenditure “Grants to States Funds” as included in Table 5(i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £69,821,000.
- (b) To receive the Government Plan 2026 – 2029 (entitled “Budget 2026-2029”) specified in Article 9(1) of the Law and specifically –
  - i. to approve the estimate of total States income to be paid into the Consolidated Fund in 2026 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law.
  - ii. to refer to their Act dated 24th June 2003 in which they approved that no new ‘user pays’ charges be introduced without any such charge receiving prior in principle approval by the States Assembly and accordingly to approve the introduction of two new charges, to be levied by Health and Care Jersey to promote appropriate use of the Emergency Department and for repeated non-attendance of outpatient appointments, detailed in the section entitled “Departmental Income Sources” as set out in the Appendix to the accompanying Report.
  - iii. to approve the proposed Changes to Approval for financing/borrowing for 2026, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.

- iv. to approve the transfers from one States fund to another for 2026 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- v. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2026 of up to £50 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2025 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2026.
- vi. to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2026 of up to £5 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2025 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2026;
- vii. to approve each major project that is to be started or continued in 2026 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- viii. to approve the proposed amount to be appropriated from the Consolidated Fund for 2026, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- ix. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2026 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- x. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2026 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- xi. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2026 as set out in Appendix 2 – Summary Table 8 to the Report.
- xii. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2026-2029, as set in the Appendix to the accompanying Report, **except that –**

**(i) on page 87, Table 41: Health Insurance Fund, should be replaced with the following table –**

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## REPORT

1. The Health Insurance Fund (“the HIF”) was established by the Health Insurance (Jersey) Law 1967 (“the Law”). The long title to the Law states that it was enacted (inter alia) to “establish a system of insurance in relation to medical, dental and ophthalmic services and pharmaceutical supplies required in connexion therewith.” It replaced the Insular Insurance (Jersey) Law 1950. An insurance system to subsidise the provision of medical services and pharmaceutical supplies is therefore of long standing. Subsidies for dental and ophthalmic services have never been brought into effect.
2. Article 21 of the Law provides that there shall be paid into the HIF allocations specified in Article 30 of the Social Security (Jersey) Law 1974. Currently, the specified allocations amount to 2% of the contributions paid by employers and employees under the Social Security Law (1.2% of employers’ contributions and 0.8% of employees’ contributions). In addition, the Fund derives money from its investment income. The purpose of this amendment is to increase the specified allocation from 2% to 2.5%, as explained in more detail below.
3. The original purpose of the HIF was to provide benefits (Medical Benefit and pharmaceutical benefit) designed to reduce the cost of primary care (i.e. GP services) to the public. The cost of GP appointments has been subsidised by the HIF from the outset. More recently, numerous other benefits have been charged to the HIF. From 2023, free access to surgery consultations for children under 18 has been given. Under the scheme young people receive free consultations and some additional services (such as blood tests). From June 2023, the then Minister increased Medical Benefit by £20 in order to reduce GP consultation fees for adults. From 2024, free access to surgery consultation was introduced for full-time adult students, including not only those at Highlands College but also those studying at universities and colleges abroad. From May 2024, the Minister implemented a further £10 reduction in GP consultation fees. Also from 2024, free medical dressings for those with a clinically assessed need were introduced and up to £1 million a year was allocated to fund that benefit. In addition, within the last 2 years, the Health Access Scheme (to reduce the cost of GP services for households on low incomes), cervical screening, flu and covid vaccination, and subsidies for consultations with allied health care professionals working in primary care have all been introduced. Finally, in the pharmaceutical sphere, a Medicines Adherence Service to help vulnerable people take their prescribed medicine, and assistance to help diabetics monitor their blood glucose, have been introduced.
4. All these additional benefits have been charged to the HIF, but no adjustment has been made to the income which the HIF receives. It is hardly surprising that the HIF is now suffering from financial stress.
5. The Budget proposes that allocations to the HIF from social security contributions should remain unchanged during its 4-year span. The Budget notes without comment that the closing balance of the HIF will reduce from £92 million in 2026 to £61 million in 2029. On that basis, it may be anticipated that the balance on the HIF will be zero by about 2034/5. When challenged by the Health and Social Security Scrutiny Panel as to whether it was Government policy to reduce the HIF to zero, the Minister’s response was that the funding of the whole health and care system was under review and that included the future of the HIF.

6. The Minister of Health and Social Services indicated to the Panel that little progress had been made on this review to date, but that work would begin in earnest in early 2026. It seems very unsatisfactory that the future destiny of the HIF should be left in limbo in this way. Whatever the outcome of the review of health funding may be, it seems highly improbable that there will not remain a continuing need for the subsidisation of primary care. Indeed, the Minister of Social Security expressed to the Panel her strong desire that the benefits provided by the HIF should continue.
7. The reality is, however, that although social security contributions will continue to be paid by employers and employees to the HIF, by 2034/5 there will be no investment income to add to those contributions. Furthermore, the security offered by the existence of the HIF will have disappeared. The allocation from social security contributions will not cover the cost of all the benefits currently funded by the HIF. That seems highly undesirable. If, as contended by the Government, the Social Security (Reserve Fund) is flush with money, there is a simple remedy available. That remedy is to modify the percentage contribution to the HIF from employers and employees so that the HIF retains its value in real terms. The social security contributions actually made by employers and employees will not change, but the percentage attributable to the HIF can be increased from 2% to 2.5%, and the percentage attributable to the Social Security Fund reduced from 10.5% to 10%. That is the purpose of this amendment.

### **Financial and staffing implications**

The amendment does not change the rates of class 1 and class 2 contributions paid by employees or employers, and there is therefore no impact on the total forecast social security contributions paid.

The amendment does change the proportion of total social security contributions made to the Health Insurance Fund and Social Security Fund, increasing the proportion paid into the Health Insurance Fund and reducing the proportion paid into the Social Security Fund. The proportion paid into the Health Insurance Fund is estimated to increase the closing balance of the Fund to £125 million by 2029, compared to £61 million in the proposed Budget, and reduce the balance of the Social Security Fund to £70 million compared to £128 million in the proposed Budget.

The increased contributions will benefit the longer-term sustainability of the Health Insurance Fund, assuming no further policy changes to increase expenditure from the Fund. This will also have a longer-term impact on the sustainability of the Social Security Fund with drawdowns from the Social Security (Reserve) Fund likely to be required to offset the reduction in contributions paid into the Social Security Fund.

The longer-term implications will be considered as part of the actuarial reviews into the Social Security Fund and Health Insurance Fund due to be published in 2026.

There are no staffing implications as a result of this amendment.

## **Children's Rights Impact Assessment**

It is considered that the amendment does not have a direct or indirect impact upon children and that the duty to have due regard to the Convention on the Rights of the Child does not therefore arise.