STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): SECOND AMENDMENT (P.70/2025 AMD.(2)) – COMMENTS

Presented to the States on 4th December 2025
by the Council of Ministers

STATES GREFFE

COMMENTS

The Council of Ministers urges Members to reject the amendment. This amendment is unnecessary and could lead to additional complexity in identifying and implementing actions over the next few years to provide the island with a stable and sustainable funding mechanism supporting a joined-up health system.

This amendment seeks to increase the value of contributions paid into the Health Insurance Fund (HIF) on a permanent basis by decreasing the value of contributions paid into the Social Security Fund. The amount in question is approximately £15 million a year.

Deputy Bailhache has showed consistent support for the primary care services that are supported through the HIF, and the Deputy continues to be a strong advocate for the importance of primary care within the overall health system. Ministers respect his position, as well as the Deputy's strong views on this subject.

Along with many other developed countries, Jersey faces increasing costs in its health systems. We are living longer and expect to be able to take advantage of the latest advances in medical treatments. In 2024, public spending on health services included £333 million by the (then) Health and Community Services Department and £57 million by the HIF with costs increasing every year. Ministers are already taking action to understand these pressures and this is set out on page 88 of the Budget 2026-2029 document in the section on the Health Insurance Fund.

> *The ageing demographic, increasing levels of disease in our community, and improvements in available treatments, are increasing the cost of health and care services in Jersey – this includes the costs met by the Fund. These pressures will continue to increase in coming years. Changes will be needed to pay for future health and care costs in a sustainable way.*
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> *The Minister for Health and Social Services is continuing to review the Island's health and care costs, with options for the future funding of our whole health and care system being developed in discussion with the Council of Ministers. These options will include possible reform of the Health Insurance Fund. Whilst the Fund provides ring fenced funding for primary care services, the ring fencing also introduces barriers which can act against the best interests of patients and can create disincentives to the effective use of public money.*
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> *In the meantime, the current role of the Health Insurance Fund in subsidising the cost of specific primary care services will be maintained*

And also on P.96:

> *Sustainability of Health Funding*
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> *Whilst the revenue growth provided in this Budget, coupled with the HCJ Financial Recovery Plan, will help address immediate pressures on the health and care budget for 2026, there remains a growing future funding gap. Additional funding will be required over coming years to maintain Jersey's health and care services as the costs of diagnostics and treatments continue to*

increase, standards improve and our population ages, meaning that more of us will need complex, enhanced care.

The growing funding requirement will have a significant impact on all parts of Jersey's health and care system. Health and Care Jersey accounts for just over half the total expenditure on health and care services in Jersey, with other expenditure coming from sources such as, private insurance, the Health Insurance Fund and Islanders' out-of-pocket payments. Increased expenditure against the Health Insurance Fund means that the fund will be exhausted during the early-2030s unless action is taken soon.

Jersey is not alone in this – Health and care costs are rising the world over. Bodies such as OECD and UK Office for Budget Responsibility (OBR), forecast UK health care inflation as being around 4%, and health care inflation may be higher in Jersey due to the additional challenges that come from inherent diseconomies of scale.

If we were to continue our long-standing policy of investing an additional 2% year-on-year (which is lower than the projected rate in the UK), by 2045 we would be spending nearly 50% more on health and care services than we do today (ignoring inflation). This would mean significantly less funding would be available for other public services. This is before taking into account the pressures in the wider health and care system (including the Health Insurance Fund).

Work has started to better understand how money is being spent today on health and care, and to inform options for the future funding of the health and care system. A better understanding is being developed of the factors that are driving increased costs and, by early 2026, a forecast will have been developed of future requirements. This will support the development of options for change as the basis for decisions during the next term of Government.

The outcome of the review will be available to the new government during 2026, and it is premature and unnecessary to make legal changes to existing funding streams now while this work is ongoing.

As well as increasing health costs, increased life expectancy is leading to higher pension costs as we enjoy more years in retirement at the end of our working careers. Whilst the Social Security Fund is in good health, it is important that the outcome of the separate major review of the Fund is available before permanent changes to Social Security contributions are considered. Given the long-term importance of ensuring adequate funding for the Social Security Scheme, we must take the proper time to reflect on the options available, informed by analysis.

There is no need to make changes to HIF funding today. The outcome of the Minister for Health and Social Services' review into future health funding will be available during 2026, as will the separate review of the Social Security Fund. The next Assembly will be able to consider the findings of these reviews and take coordinated action to implement a sustainable solution to provide funding to support a healthcare system across all healthcare providers.

In reality, sustainable funding for both funds must be addressed and ministers are actively working to address both challenges.