

P 443 Part. No. 431
MINISTRY OF HEALTH.



MEMORANDUM
ON THE
National Health Insurance
(Cost of Medical Benefit)
Bill.

Presented to Parliament by Command of His Majesty.

BIBLIOTHÈQUE
DU PALAIS
DE LA PAIX
LONDON.

PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
Imperial House, Kingsway, London, W.C. 2; 28, Abingdon Street, London, S.W. 1;
York Street, Manchester; 1, St. Andrew's Crescent, Cardiff;
120, George Street, Edinburgh;
or through any Bookseller.

1924.

*Price 3*l.* net.*

Cmd. 2102.

NATIONAL HEALTH INSURANCE (COST OF MEDICAL BENEFIT) BILL.

The Bill deals with the special financial arrangements required for meeting the cost of medical benefit over and above the sums provided by Section 7 of the National Health Insurance Act, 1920. This additional cost was until 31st March, 1922, met by special Parliamentary grants voted as grants-in-aid under the authority of Section 1 of the Act of 1913. For the period from 1st April, 1922, to 31st December, 1923, the necessary provision was found out of the funds of Approved Societies, with some assistance from the Central Fund, in accordance with the provisions of the National Health Insurance Act, 1922.

The maximum total annual cost of medical benefit per insured person in England is estimated in detail as follows:—

	<i>s.</i>	<i>d.</i>
Doctor's capitation fee as determined by Court of Inquiry ..	9	0
Doctor's travelling (mileage) allowance	0	4½
Cost of drugs	2	3½
Expenses of Central Index Committee	0	0¾
Medical Referee Consultant Service	0	1½
	11	10¼

Deducting the sum of 9s. 6d. per insured person provided under Section 7 of the National Health Insurance Act, 1920, the additional cost to be met per insured person per annum is 2s. 4¼d.

The increase in cost as compared with that provided for in the Act of 1922 is mainly due to the increased cost of drugs.

Clause 1 (1) (a) and (b) of the Bill provides for the further payments required, viz. :—

	<i>s.</i>	<i>d.</i>
To Insurance Committees	2	2¾
To Minister of Health	0	1½

The latter separate provision is required to meet the cost of Referee Consultant Services set up in connection with medical benefit. The cost is first charged against the Vote of the Ministry of Health and is repayable to that Vote from Insurance Funds. The other payments in respect of medical benefit are made to Insurance Committees who are responsible for the administration of medical benefit.

The sums specified in the Bill are maximum sums. Regulations will be made prescribing the actual sums required according to the ascertained cost.

The payments to Committees will be made subject to certain necessary conditions governing payments to doctors, and provision for prescribing these conditions (following a similar provision in the 1922 Act) is made in the clause.

国立公衆衛生院附属図書館	
受入先	
受入日	
登録番号	
所在	
Library, National Institute of Public Health	

Clause 1 (2) provides that the further payments required are to be found from the following sources—after the addition of the statutory two-ninths grant :—

	s.	d.
(a) Out of the funds of Approved Societies, etc.	0	2
(b) Out of moneys in the Central Fund derived from the unclaimed balance of sums received from sale of National Health Insurance Stamps	1	8½
(c) Out of interest earned on the proportion of insurance funds retained in the National Health Insurance Fund (Investment) Account beyond the prescribed rate (4½ per cent.) credited on sums standing in that Account	0	6
	2	4¼

Under Section 3 of the National Insurance Act, 1911, two-ninths of the cost of benefits are payable out of moneys provided by Parliament as and when payments are made, and the above sums are the gross sums of which two-ninths will be automatically payable by the Exchequer.

The amount to be found by the Societies themselves represents the approximate cost of the Referee Consultant Service and the Central Index Clearance Committees, which are recognised as properly payable by Societies.

The amount to be found out of moneys in the Central Fund derived from the unclaimed balances of sums received from sale of National Health Insurance Stamps is estimated to absorb within the period for which the Bill provides the total amount of such accumulations as are estimated to be available for the purpose.

Under the National Health Insurance Act, 1918 (Section 29), nine-tenths of the value of sums received from sale of stamps against which no claim has been or is likely to be made are carried to the Central Fund. The Central Fund was established by the Act of 1918 (Section 4) for the purpose of assisting societies who on valuation are in deficiency through no fault of their own. Apart from the accumulations of Unclaimed Stamp Money, the Central Fund at the end of 1923 amounted to approximately £1,500,000, and it is considered that a fund of this amount with its growing produce is sufficient for its purpose.

The balance of Unclaimed Stamp Money is considerably larger than was ever foreseen (owing largely to accumulations during the war), and after making proper reserves for all outstanding and contingent liabilities it is estimated that the Unclaimed Stamp Money to be carried to the Central Fund amounts to £2,500,000.

The one-tenth of the total disposable balance is in accordance with the provisions of Section 29 of the 1918 Act reserved for purposes to be prescribed. It is considered that the present reserve is more than sufficient for the purpose for which it was made by more than £100,000,

and it is consequently proposed to assign £100,000 to the Central Fund (Clause 2 of the Bill), in addition to the surplus of £2,500,000 above mentioned.

The total sum of £2,600,000 thus made available at 31st December, 1923, together with annual interest on the permanent balance of the Stamps Sales Account, which will also be available year by year, will support an annual payment of £995,310 for each of the three years 1924, 1925 and 1926. This amount (together with the statutory two-ninths grant) represents a sum of very slightly more than 1s. 8½d. per insured person.

The amount to be found out of interest earned on the proportion of insurance funds retained in the National Health Insurance Fund (Investment) Account beyond the prescribed rate (4½ per cent.) credited on moneys standing in that account, is the balance of the further payments required.

The National Health Insurance Acts provide that one-half of all surplus moneys in the National Health Insurance Fund available for investment are to be invested in Government securities by the National Debt Commissioners. The moneys invested are placed by the Departments in an account called the National Health Insurance Fund Investment Account. On all sums standing in that account to the credit of Approved Societies interest is credited at a rate prescribed by regulations made with the consent of the Treasury. The excess of interest earned over interest allowed at the prescribed rate—which has always been fixed at a lower rate than the actual rate of interest earned—accumulates in an Income Account. It is a reserve designed (1) to equalise the prescribed rate over a period, and (2) to provide for meeting loss on realisation of securities and depreciation in market values.

The reserve in the Income Account amounts to between 3 per cent. and 4 per cent. of the total cost of the securities held. Additions would in the ordinary course be made to this reserve during the next three years, and it is estimated that the balance of the sum required can safely be taken from this source.

Clause 1 (3).—This clause, which provides for similar payments being made for members of Societies over 70 as for other insured persons, is necessary, as under the Insurance Acts the cost of medical benefit of these old people is met out of a special fund (the Reserve Suspense Fund) to which Societies contribute on their members attaining the age of 70.

Clause 3 (1).—This clause re-enacts as from 1st January, 1923, the provisions of Section 3 of the Act of 1922, under which assistance was given to Approved Societies from the Unclaimed Stamps money to enable them to pay benefits to their members who by reason of prolonged unemployment would have been suspended from benefit. Adequate reserve has been made for this liability in determining the balance of the Unclaimed Stamps Money which is to be made available for the purpose of Clause 1 (2) (b).

Clause 4.—This clause is required to enable a payment to be made to Northern Ireland out of the Unclaimed Stamp Money in the Central

Fund corresponding to the payment in respect of the other countries as provided by the Bill. The Central Fund is an international fund to which Northern Ireland transfers the disposable surplus of its Unclaimed Stamps Money, and unless this provision were made Northern Ireland would be placed in an unfavourable position as compared with the other countries. The use to which the money will be put in Northern Ireland will be determined by the Parliament of Northern Ireland.

Clause 5.—This clause applies the Bill to Scotland and Wales with the necessary adaptations. The cost of medical benefit is different in the three countries. The doctors' capitation rate is the same, but the cost of drugs, travelling allowances (mileage), varies. In Scotland the cost of drugs is less than in England and Wales, and in Wales the cost of travelling is considerably more than in the other countries.

The figures are :—

	England.		Scotland.		Wales.	
	s.	d.	s.	d.	s.	d.
Doctor's capitation fee	9	0	9	0	9	0
Other expenses	2	10 $\frac{1}{4}$	2	7	3	4
	11	10 $\frac{1}{4}$	11	7	12	4
Existing provision	9	6	9	6	9	6
To be provided by the Bill	2	4 $\frac{1}{4}$	2	1	2	10
For Insurance Committees, Clause 1						
(1) (a)	2	2 $\frac{3}{4}$	1	10 $\frac{1}{2}$	2	8 $\frac{1}{4}$
For Ministry of Health, Clause 1 (1) (b)	0	1 $\frac{1}{2}$	0	2 $\frac{1}{2}$	0	1 $\frac{3}{4}$

The clause substitutes the appropriate figures for Scotland and Wales for those in the Bill for England.

As the cost of medical benefit is lower in Scotland than in the other countries, it is proposed to charge the existing fund of Societies in Scotland not more than a maximum of 1*d.*, instead of 2*d.* as in England and Wales, and effect is given to this modification in the clause.

Clause 6 (2).—The special financial arrangements provided for in the Bill to meet the extra cost of medical benefit will remain in force for three years, *i.e.*, until 31st December, 1926. By that time it is hoped that the Royal Commission which the Government will shortly set up to inquire into the whole system of National Health Insurance, will have completed their investigations and that it will be possible as the result of their recommendations to deal with the matter on a more permanent basis.

The total amounts to be provided in each year for the whole of Great Britain are as follows :—

		£	£	Including State grant of two-ninths. £
<i>From Approved Societies (Clauses 1 (2) (a) and 5)—</i>				
England	104,100	£		
Wales	6,800			
Scotland	7,100			
	118,000			26,220
<i>From Unclaimed Stamps Moneys in the Central Fund—</i>				
England	1,054,000	£		
Wales	68,500			
Scotland	143,500			
	1,266,000			281,330
<i>From Investment Account Interest Income—</i>				
England	312,000	£		
Wales	39,500			
Scotland	26,500			
	378,000			84,000
	<u>£1,762,000</u>			<u>£391,550</u>

1917-18

1917-18

1917-18