CHAPTER XIV.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

In this Chapter we give a summary of the conclusions at which we have arrived and the recommendations which we submit. The numbers of the relative paragraphs of the Report are given for convenience of reference.

General.

(1) That National Health Insurance has established its position as a permanent feature of the social system in this country, and should be continued on its present compulsory and contributory basis subject to the various changes recommended below. (para. 28.)

Persons to be included in the Scheme.

(2) That to the persons at present required to be insured as employed contributors should be added persons engaged in employment under a contract for the performance of manual labour for the purpose of any trade or business except in so far as such employment may be excluded by a Special Order. (paras. 464-468.)

(3) That except for the addition of the class referred to in (2) above, there should be no change, either in respect of the age limits or the rate of remuneration test or otherwise, with regard to the persons required to be insured as employed contributors or allowed to be insured as voluntary contributors. (paras. 456-463, 474.)

Revenue of the Scheme.

(4) That the revenue of the Scheme should continue to be derived from contributions from insured persons and (in the case of employed persons) their employers, together with a payment from the National Exchequer of a proportionate part of the cost of the benefits and of their administration. (paras. 28 and 153.)

(5) That the cost of the central administration of the Scheme should continue to be a charge on the Exchequer. (para. 153.)

(6) That beyond the payment of the proportionate part of the cost of benefits and administration and the cost of supervision by the Central Departments, there should be no charge on the Exchequer in respect of National Health Insurance. (para. 153.)

Development of the Health Services.

(7) That the various Medical Services organised by the State will continue to expand both in their scope and in the range of persons to whom they apply. (paras. 55-56, 115.)

(8) That these services should be maintained in close relationship with each other, both at the centre and in their local administration. (para. 123.)

(9) That in considering any changes or developments in the Insurance Medical Service regard should always be had to the importance of the fullest possible co-ordination with other health services. (paras. 115, 120.)

Medical and Treatment Benefits.

(10) That medical benefit has been a valued and successful element in the Scheme of National Health Insurance. (para. 74.)

(11) That while it has been inevitable hitherto that medical benefit should be confined to a general practitioner service, this limitation has detracted from the value of the benefit and its removal is urgently desirable. (para. 261.)

(12) That the additional benefits of a treatment character have been, on the whole, successful and appreciated, though in varying degrees, but that they suffer from the following defects inherent in the conditions under which they are provided :—

(*a*) They are only available for those insured persons who are members of Societies having surpluses at valuation, and only for those members who fulfil certain qualifying conditions, and that consequently large classes of insured persons are debarred from participating in these valuable services.

(*b*) Even among the Societies giving a particular type of treatment benefit there is no uniformity in the content of the benefit, with the result that there is widespread confusion in the minds of the insured persons as to what precisely their rights are.

(*c*) The arrangements made between Societies and professional bodies are wanting in authority and uniformity, and in some cases are accompanied by undesirable conditions (para. 81.)

Maternity Benefit.

(13) That it is desirable that, as soon as funds are available, the scope of maternity benefit should be expanded to cover medical and midwifery services in addition to a cash payment; that the service element should then be administered by the local Health Authorities and be co-ordinated with the other local medical services; and that a cash element should be retained

and be administered in connexion with the other cash benefits. (paras. 114 and 343.)

THE FINANCIAL BURDEN OF THE EXISTING SOCIAL SERVICES.

(14) That the financial burden of the various social services is at the present time so great in proportion to the productive capacity of the country, and so much in advance of what is provided in countries which are our trade competitors, that no extensions of benefit involving substantial additional expenditure should be contemplated now or in the immediate future, but that any immediate changes in the Scheme of National Health Insurance should be limited to such as are possible within its present financial resources. (paras. 151-153.)

(15) That accordingly there should be no increase at the present time in the rates of contribution or in the scale of the Exchequer Grants. (para. 153.)

THE FINANCIAL RESOURCES OF THE NATIONAL HEALTH INSURANCE SCHEME.

(16) That the financial arrangements of the Scheme are well devised, and that the machinery works smoothly and effectively. (para. 155.)

(17) That an analysis of the expenditure of Approved Societies on sickness and disablement benefits reveals the need for more effective supervision of claims for those benefits, and that the attention of the Central Departments should be directed to the matter so that they may consider in co-operation with the Approved Societies more effective methods of supervision. (paras. 176-177.)

(18) That by a modification of the actuarial basis of the Scheme, particularly with regard to expectation of sickness and assumed rate of interest as set out in the First Report of the Actuarial Committee, and by certain financial readjustments described below, a margin can be made available out of the present weekly contribution which, with the related State grant, will provide a sum of about 7*s.* a year in the case of men and 3*s.* 9*d.* a year in the case of women. (para. 179.)

(19) That the first charge on this margin should be the provision of the balance (estimated at 3*s.* per insured person per annum, both for men and women) of the cost of the present medical benefit for which no statutory provision has been made beyond the end of 1926; further that any deficiency in respect of the cost of medical benefit for the three years 1924-1926 should be met by an increase of the charges imposed by the National Health Insurance (Cost of Medical Benefit) Act, 1924 upon the moneys to which recourse is authorised by that Act. (para. 182.)

(20) That the balance of the margin should not be devoted to decreasing the present weekly contribution, but should be

applied to its full extent towards meeting the cost of extending the statutory benefits. (paras. 183-186.)

(21) That Section 67 of the Act should be amended to provide that the amount of the weekly contribution to be devoted to providing interest on and redemption of reserve values be reduced from 1*d.* in the case of men and from nine-tenths of 1*d.* in the case of women to such amounts as may be actuarially shown to be necessary without disturbing the redemption period, after the charges and readjustments have been settled. (para. 194.)

(22) That Section 67 should also be amended to provide that the amount of the weekly contribution to be retained for the purposes of the Contingencies Funds and Central Fund should be reduced from five-ninths of 1*d.* to one farthing in the case of men, and from two-fifths of 1*d.* to one farthing in the case of women. (para. 194.)

(23) That the maximum proportion of these reduced sums to be paid to the Central Fund should be increased from one-eighth to one-fourth. (para. 194.)

(24) That Section 76 (5) of the Act should be amended to provide that consequentially on the reduction of the contribution to the Contingencies Funds, the whole (instead of a maximum of one-half) of the balances of the Contingencies Funds of all Societies with less than 1,000 members should be liable to be pooled to make good deficiencies in any such Societies. (para. 194.)

(25) That the balances accruing to the credit of the Reserve Suspense Fund after the 31st December, 1926, should be made available for averting deficencies which would otherwise arise on the valuation of Approved Societies by reason of the imposition on their funds of the proposed new charges. (para. 194.)

(26) That consequent upon the placing of the liability for the whole cost of medical benefit on the funds of Approved Societies, the appropriate changes should be made in the rates of contribution of men serving with the Forces of the Crown, foreign-going seamen of the Mercantile Marine, and voluntary contributors with incomes exceeding £250 a year and that, in the event of the provision of allowances for dependants of insured persons, a further appropriate adjustment should be made in the contribution payable in respect of men serving in the Forces of the Crown. (paras. 191-193.)

THE APPROVED SOCIETY SYSTEM.

(27) That the Approved Society system as a means for the administration of the cash benefits of National Health Insurance should be retained, but that this question might have to be reconsidered in the event of fundamental changes being made in the system of social insurance. (paras. 222-223.)

(28) That the administration of additional benefits of the nature of treatment should remain in the hands of the Approved Societies in so far as the consideration of claims for benefit is concerned. (para. 228.)

(29) That where a treatment benefit has been so widely adopted as an additional benefit as to be available for a large proportion of the total insured population, the negotiations as to terms and conditions of service with the profession by whom the service is provided should be undertaken by the Central Departments, and that the organisation and supervision of the service should rest with those Departments either directly or through the agency of the local bodies responsible for the administration of medical benefit. (para. 228.)

(30) That Section 22 (1) of the Act should be amended so as to empower the Minister in any case in which the rules of a Society do not in the view of the Department adequately provide for its proper government, or are likely to operate unfairly to the prejudice of members, to give notice to the Society not less than one month before a general meeting, to consider an amendment of any rule to which exception is taken; and if the rule is not so amended, to make an Order directing that the amendment desired shall be deemed to be incorporated in the rules; and that appropriate machinery for dealing with objections should be set up. (para. 240.)

(31) That in the case of centralised Societies there should be only one tribunal for the determination of disputes between Societies and their members, before reference to the Minister, and that in the case of Societies with branches not more than two such tribunals should be allowed, namely the branch tribunal and a tribunal of the District to which the branch is attached, or of the central body of the Society. (para. 241.)

(32) That provision should be made by an extension of Section 38 of the Act whereby the Department should have power to hold an inquiry into the methods of administration of any Society where the administration of the Society is regarded as unsatisfactory in any respect; and that if the Department is satisfied that it is not in the interest of the insured members that the Society should continue to be approved, the Department should have power to require it to arrange for the transfer of its engagements to some other Society. (para. 242.)

(33) That it is inexpedient to impose any statutory restriction on the size of Societies. (para. 230.)

(34) That in any case in which the Minister is satisfied that the administration of a Society or branch does not conform to a reasonable standard of efficency he should be empowered to order a reduction as he may think fit, of the amount allowed to the Society for administration purposes. (para. 242.)

(35) That the members of an international Society resident in any national areas other than that in which the head office of the Society is situated should be given a further opportunity of electing, subject to the consent of the central body of the Society, to have a combined valuation for the whole Society; but that no new option should be given to international Societies to be valued separately in respect of each part of the United Kingdom in which they operate. (paras. 562-563.)

(36) That Section 30 (2) should be amplified so as to provide that where the number of members of an international Society who are resident in any national area other than that in which the head office of the Society is situated is less than a definite percentage of the total membership and is not more than a certain number, approval may be withdrawn in respect of that area and the members resident therein should be deemed to be resident in the area in which the head office is situated. (para. 606.)

(37) That where at a general meeting of an Approved Society with branches a resolution in favour of the centralisation of the branches either wholly or in districts is passed by such substantial (e.g., four-fifths) majority representative of the insured members as may be prescribed, such resolution should, subject to prescribed conditions, be binding on all branches of the Society. (para. 609.)

(38) That the provisions of Section 76 for the pooling of the Contingencies Funds of small Societies through associations should be repealed, but that existing associations be allowed to continue on a voluntary non-statutory basis for the purposes of consultation and general co-operation. (para. 567.)

(39) That Section 72 should be amplified so as to give to the Auditors powers of disallowance and surcharge in the case of improper expenditure by Approved Societies. (para. 244.)

Partial Pooling of Surpluses.

(40) That while the possibility of the existence of differences in the benefits provided by different Societies may justifiably be continued as a feature of the Scheme of National Health Insurance, the disparities which have emerged are greater than are expedient in the interests of the insured community regarded as a whole; and that, therefore, some mitigation of these inequalities is desirable. (para. 255.)

(41) That to effect this result, a scheme of partial pooling of surpluses on the following lines should be instituted :—

(*a*) No surplus (including Contingencies Fund) which has accrued prior to the change of system should be subject to pooling, and thereafter pooling should apply only to such part of a surplus as has accrued since the date of the last

preceding valuation, i.e., at each valuation the surplus carried forward from the previous valuation (including the Contingencies Fund) with its interest earnings, would be exempted from the operation of the scheme. (para. 256.)

(*b*) The proportion of the surplus specified above, which should be subject to pooling, should be one-half. (para. 257.)

(*c*) The fund constituted by the half surpluses in question should be distributed among the benefit funds of all Societies at a uniform rate per head of membership. (para. 258).

Extensions of Benefits.

(42) That the extensions of statutory benefits, to be made as and when funds are available to meet the cost, should be placed in the following order of priority :—

(*a*) Extension of the scope of medical benefit. (paras. 261-262.)

(*b*) The provision of allowances in respect of dependants of insured persons in receipt of sickness or disablement benefit. (paras. 314-326, 343.)

(*c*) Improved provision at the time of pregnancy and childbirth for insured women and the wives of insured men. (para. 343.)

(*d*) The provision of dental treatment as a normal benefit (para. 361.)

(43) That the extension of the scope of medical benefit should take the form of the provision of

(*a*) expert medical advice and treatment for persons who can travel to meet the specialist;

(*b*) expert advice for persons who are unable to travel;

(*c*) laboratory services;

but that in-patient treatment in hospitals, major operations in the home, maternity services and dental services should not be included at present. (paras. 263-268.)

(44) That the extended service should be provided not by way of development of the out-patient work of the hospitals, but through an independent scheme organised, under the general direction of the Ministry, throughout the whole country by the Insurance Committees or their successors, as an integral part of medical benefit. (para. 277.)

(45) That in the scheme provision should be made for the closest co-operation between the general practitioners and the specialists, particularly for the exchange of information as to cases and for the giving of definite guidance to the general practitioner as to both diagnosis and treatment. (para. 277.)

(46) That any practitioner possessing the requisite qualifications should be entitled to take part in the work, and that the decision as to whether particular practitioners possess these qualifications should lie in the hands of a mixed lay and medical committee for each area. (para. 283.)

(47) That in the initial stages of the scheme arrangements might be made for patients who are able to travel to attend either at the specialist's consulting rooms or at the out-patient departments of hospitals, or at clinics established by the local administrative authority, as may be found most convenient in various areas. (para. 284.)

(48) That the scheme of extended medical benefit could be financed through the funds made available under the scheme of pooling of surpluses referred to in recommendations (40) and (41). (para. 259.)

(49) That ophthalmic benefit should be recognised as part of the expert out-patient service under the scheme, and should not be available except on the recommendation of a medical practitioner. (paras. 88 and 90.)

(50) That an increase in some form of the normal cash benefit payable during incapacity for work is very desirable. (para. 308.)

(51) That for financial reasons this increase must at present be limited to an allowance in respect of dependants, where sickness or disablement benefit is payable, on the following lines :—

(*a*) An addition to the sickness benefit of 2*s*. a week in respect of each dependant.

(*b*) An addition to the disablement benefit of 1*s*. a week in respect of each dependant.

(*c*) The dependants' allowance should be paid in all cases of incapacity of an insured married man even where the wife is herself a wage earner.

(*d*) The dependants' allowance in respect of dependent children should only be paid from the husband's insurance, not from the wife's.

(*e*) The dependants for the purposes of the scheme should normally be the wife and the children up to 14 years of age, but in order to meet the case of the widower with dependent children, an additional 2*s*. in the case of sickness benefit and 1*s*. in the case of disablement benefit should be paid in such case.

(*f*) In the case of the insured widow with dependent children, the allowance should be paid only in respect of the children and no additions similar to those in (*e*) should be made thereto.

(*g*) In the case of the insured woman whose husband is uninsured, no allowances in respect of dependent children should be paid from the woman's insurance.

(*h*) In the case of unmarried insured women, no allowances should be paid in respect of dependent children, but additions at the rates of 2*s*. to sickness benefit and 1*s*. to disablement benefit should be paid in respect of a widowed mother living with the insured person and not having sons to whom she can look for support. (paras. 314-326.)

(52) That no change should at present be made in the existing provision for maternity under the Insurance Scheme. (para. 347.)

(53) That while a complete dental service available to the whole insured population would be an eminently desirable addition to the Insurance Scheme, no such change is financially practicable at present, and that therefore the general arrangements for dental services under additional benefit schemes be continued. (paras 348, 361.)

(54) That in order to secure more uniformity in, and effective supervision of, these services a Regional Dental Staff be instituted in such a form that it may be appropriately expanded when a statutory dental benefit is feasible; and that a substantial proportion of the cost of the Regional Dental Staff be borne by the Approved Societies providing dental benefit. (paras. 362-365.)

(55) That owing to considerations arising from a survey of the development of the various medical services provided or supervised by the State and having regard to the very large cost involved, no extension in the direction of provision of medical benefit for the dependants of insured persons be made. (para. 373.)

Insurance Committees.

(56) That Insurance Committees be abolished and their powers and duties transferred to committees of the appropriate Local Authorities, such committees to contain possibly a proportion of co-opted members. (para. 396.)

Remuneration and Control of Insurance Practitioners.

(57) That the capitation method of remuneration of the insurance practitioners be continued as the normal method but that the attendance method be retained as an alternative for adoption in particular areas when so desired. (para. 431.)

(58) That it is desirable that any settlement of the rate of remuneration of the insurance practitioners should be made valid over a reasonable period of years so as to avoid financial uncertainty to both the contracting parties. (para. 428.)

(59) That the existing machinery for regulating admission to and removal from the medical panel, and for dealing with complaints as to the conduct of practitioners, chemists and patients

is necessary and operates fairly; and should, subject to (60) below, be continued generally in its present form. (paras. 438-449.)

(60) That where, on an inquiry resulting from representations that an insurance practitioner should be removed from the panel, it is decided that such removal is not justified, the practitioner should be given an opportunity of a further hearing before any lesser penalty is imposed by the Minister. (para. 448.)

Payment and Collection of Contributions.

(61) That the present system for the payment and collection of contributions by means of stamps and cards has operated satisfactorily and should be continued but that the powers of the Central Departments for securing compliance with the provisions of the Act in this respect should be strengthened as indicated in the following recommendations. (para. 476.)

(62) That Section 96 (1) of the Act should be modified so as to render liable to prosecution any person who makes a fraudulent statement with a view to avoiding compliance with the Act. (para. 478.)

(63) That Section 97 (1) (*a*) of the Act should be amended to provide that proceedings for any of the offences specified in Section 96 (2) and (3) may be brought at any time within one year from the date of the commission of the alleged offence. (para. 478.)

(64) That the offence of trafficking in stamps (Section 96 (3)) should be made subject to the penalty of imprisonment as an alternative to a fine. (para. 478.)

(65) That the preferential period for the recovery of unpaid contributions in the case of bankruptcy or companies in liquidation (Section 106 (1)) should be extended from four months to 12 months. (para. 478.)

(66) That Section 97 should be so extended as to make directors of companies who are actively engaged in the conduct of the company's business personally liable for the non-payment of contributions due in respect of the company's employees unless they can show that they could not reasonably be expected to have had knowledge of the default. (para. 478.)

(67) That the proposal to pay out of Health Insurance funds contributions unpaid owing to bankruptcy should not be adopted. (para. 479.)

Administration of Normal Benefits.

(68) That the proviso to Section 13 (4) of the Act, which provides for penalties on insured persons who fail to give notice of their illness at the proper time should be amended so as to free from penalty an insured person who had reasonable excuse for his failure to give notice. (para. 483.)

(69) That Section 13 (5) of the Act should be amended so as to provide that an illness shall not be treated as a continuation of a former illness if in the period of 12 months immediately preceding the commencement of the illness the insured person has had only short periods of incapacity amounting to not more than six days in the aggregate. (para. 487.)

(70) That in the case of insured persons who, during incapacity, are inmates of any of the institutions mentioned in Section 17 of the Act the amount of accumulated sickness and disablement benefit payable to the insured person on leaving the institution, or to his legal representatives on his death in the institution, shall be limited to £50, and that the balance of the accumulated benefit over and above this sum shall be paid into the Central Fund at yearly or half-yearly intervals. (para. 491.)

(71) That any sum representing accumulated sickness and disablement benefit payable to an insured person on leaving an institution shall, in all cases, be paid in instalments at a weekly rate equal to the rate of sickness benefit normally payable by the Society of which he is a member. (para. 495.)

(72) That the attention of Societies should be directed to the provisions of Section 17 (2) (*b*) of the Act under which they are empowered to make payments towards defraying expenses of members during their stay in an institution, and that Societies should be encouraged to make fuller use of that power by meeting the cost of small additional comforts for their members in such circumstances. (para. 496.)

(73) That provision should be made to empower Societies to recover (without prejudice to any existing rights of recovery) overpayments of benefit made to a member, by withholding each week from sickness or disablement benefit due in respect of subsequent periods of incapacity occurring within 12 months of the date on which the overpayment was brought to the notice of the member an amount not exceeding one-third of the weekly sum then payable as benefit. (para. 502.)

(74) That Section 25 of the Act, which empowers the Minister to provide for the re-insurance with him of the liabilities of all Approved Societies in respect of maternity benefit, should be repealed. (para. 511.)

Additional Benefits.

(75) That in the case of new entrants into insurance no change should be made in the present position as regards title to additional benefits. (para. 585.)

(76) That in the case of persons transferring from one Approved Society to another the title to participate in the additional benefits—whether cash or treatment benefits—provided by the new Society should mature at the end of two years after the date of transfer; and that the transfer value should continue as at present to represent the liability in respect of normal benefits only. (para. 585.)

(77) That in order to provide a safeguard against the risk of excessive transfers to any Society in consequence of the preceding recommendation, the Minister should be given power to suspend the right of any Society to accept members by way of transfer if the membership of the Society has been increased in this way since the date of the last valuation by more than a prescribed proportion. (para. 587.)

(78) That in the case of transfers between branches of the same Society the branch to which a member transfers should be given the option of allowing him to participate in all additional benefits immediately. (para. 588.)

(79) That Section 75 (1) (*a*) of the Act should be amended so as to provide that where the valuer certifies that a substantial part of the surplus of a Society has accrued in respect of members who have ceased, or are likely to cease shortly to be insured as employed contributors by reason of passing over the income limit, the scheme of additional benefits may, subject to the approval of the Minister, provide for an extension of the period during which additional benefits, other than cash benefits, may be allowed after membership has ceased to persons who are at the valuation date, or within a period prescribed by the scheme have been, members of the Society. (para. 590.)

(80) That Section 75 (4) should be amended so as to provide that the conditions under which persons should be entitled to participate in additional benefits shall be as prescribed. (para. 579.)

(81) That provision should be included in Section 75 of the Act which will limit the period of currency of additional benefit schemes to such period as may be fixed by the Minister. (para. 571.)

(82) That Section 75 (2) should be amplified so as to provide that all schemes of additional benefits shall be subject to Regulations in force at the time, and that the Minister should have power to make and amend these Regulations as and when necessary. (para. 576.)

(83) That Section 75 should be amplified so as to provide that the Treasury Valuer, in certifying what part of a realised surplus is disposable, shall have regard to the desirability of maintaining the additional benefits available out of that surplus beyond the period of currency of the scheme. (para. 574.)

(84) That it is not desirable to lay down any statutory limit to the extent to which a Society may provide out of its surplus an increase of cash benefits, but that the question of the disposal of a surplus on a reasonable basis should be determined

in accordance with the wishes of the members, subject to approval by the Central Department. (para. 605.)

(85) That the list of additional benefits contained in the Third Schedule to the Act, which may be provided by Societies having a disposable surplus on valuation, be amended as indicated below :—

(*a*) The following additional benefits should be removed from the list :—

Medical treatment and attendance for any person dependent upon the labour of a member. (*No.* 1.)

Payment of a disablement allowance to members though not totally incapable of work. (*No.* 5.)

Payment of pensions or superannuation allowances, whether by way of addition to Old Age Pensions under the Old Age Pensions Act, 1908, as amended by any subsequent enactments, or otherwise. (*No.* 9.)

Payment, subject to the prescribed conditions, of contributions to superannuation funds in which the members are interested. (*No.* 10.)

(*b*) The following alterations should be made in certain other additional benefits included in the list :—

That benefit *No.* 3 should be restricted to an increase of sickness benefit and disablement benefit.

That benefit *No.* 4 should be confined to the payment of sickness benefit from the first day of incapacity.

That benefit *No.* 11 should be limited to payments to members who are in want or distress.

(*c*) The additional benefits which are at present prescribed by Regulations should be included in the Schedule.

(*d*) A new additional benefit, viz., the payment of the whole or part of the cost of massage and electrical treatment, should be added to the list. (paras. 591-600.)

Special Classes of Insured Persons.

Deposit Contributors.

(86) That the Deposit Contributors Fund should be divided into two sections, viz. : (*a*) an " Individual Account Section " on the present basis and (*b*) an " Insurance Section " on a mutual basis, the latter Section to include only such persons as satisfy the Minister that by reason of the state of their health they are unable to obtain admission to an Approved Society. (paras. 410-412.)

(87) That the payment to a deposit contributor or his legal representatives of half the balance standing to his credit on his emigration or death should be discontinued. (para. 410.)

(88) That the revenue of the " Insurance Section " of the Fund should be derived from (*a*) the contributions of the members of that Section, (*b*) the appropriate State grants, (*c*) the balance of the accounts of deposit contributors in the " Individual Account Section " released on death or emigration, and (*d*) the accruing interest on the whole Fund. (para. 411.)

(89) That in so far as any surplus revealed on a valuation of the Insurance Section of the Fund is attributable to the additional sources of revenue referred to in (*c*) and (*d*) above, it should be paid into the Central Fund. (para. 414.)

(90) That in the " Insurance Section " of the Fund the normal benefits of the Act, but not additional benefits, should be paid. (para. 411.)

(91) That the " Insurance Section " of the Fund should be placed in the same position as an Approved Society as regards payment into a Contingencies Fund and the Central Fund and recourse to those Funds. (para. 413.)

(92) That the accumulation of interest in the Deposit Contributors Fund up to the date of instituting the proposed new system be transferred to the Reserve Suspense Fund. (para. 417.)

Married Women.

(93) That special provision should continue to be made for insured women who cease employment on marriage (Class K). (para. 523.)

(94) That the test for transfer to the special class should continue to be absence from work for a period of eight consecutive weeks within one year of marriage, but that any weeks during which a woman is away from work by reason of sickness should not be counted towards these eight weeks, and that a similar concession should be made in respect of weeks of genuine inability to obtain work, subject to arrangements being made for obtaining satisfactory evidence of unemployment in accordance with recommendation (117). (para. 523.)

(95) That the benefits under the special scheme of insurance should remain as at present, except that benefit during sickness should in all cases be paid at the sickness benefit rate. (para. 524.)

(96) That maternity benefit should in all cases be paid in full in respect of the first confinement occurring within two years of the marriage but that, with this exception, women in Class K should be subject to the ordinary provisions as to arrears. (para. 525.)

Exempt Persons.

(97) That the class of exempt persons should be retained, and that their title to medical benefit should not be withdrawn. (para. 532.)

(98) That the income limit beyond which exempt persons should be required to make their own arrangements for medical benefit should be raised from £160 to £250 a year. (para. 533.)

Forces of the Crown.

(99) That the benefits payable out of the Navy, Army and Air Force Insurance Fund to discharged men who are established as permanent members of the Fund, should in future include additional benefits equivalent, as near as may be, to the average of those provided by Approved Societies in general. (para. 542.)

(100) That members of the Navy, Army and Air Force Insurance Fund who transfer to an Approved Society on their discharge from the Forces should, for the purpose of title to additional benefits, be treated as though they had been members of the Society from the date of their joining the Forces, and that to enable this to be done the transfer values payable out of the Navy, Army and Air Force Insurance Fund in respect of such men should be augmented by the estimated share of surplus earned during their period of service. (para. 542.)

(101) That apart from the modifications in (26) and (100) above, no change should be made with regard to the insurance of men serving in the Forces of the Crown. (para. 540.)

Mercantile Marine.

(102) That the card system of collection of contributions of foreign-going seamen of the Mercantile Marine should be abandoned and a schedule system instituted. (para. 547.)

(103) That while it would be of great advantage that all foreign-going seamen should be included in one or two Approved Societies only, it is not desirable that there should be statutory provision to this effect. (para. 550.)

(104) That the special arrangements under Section 63 (5) for providing medical benefit to members of the Seamen's National Insurance Society be discontinued, and that members of the Society should in future receive their medical benefit under the normal arrangements. (para. 552.)

(105) That all persons who have served in the British Mercantile Marine, whether members of Approved Societies or not, should be eligible for pensions from the Lascar Fund. (para. 555.)

(106) That Section 64 (5) of the Act should be amended so as to provide that the cost of administering the Lascar Fund should be borne by the Fund itself. (para. 557.)

(107) That the State Grant on pensions or other benefits payable out of the Lascar Fund should be withdrawn. (para. 558.)

MISCELLANEOUS.

(108) That no change should be made in the provisions of Sections 70 and 71 of the Act relating to the investment of the funds of Approved Societies. (para. 617.)

(109) That subject to recommendations (34) and (110) no change should be made in the existing provision relating to the maximum amount available to Approved Societies for the purposes of administration. (para. 619.)

(110) That the arrangements under which certain Societies are allowed to contract with their private sides or parent bodies for the performance of State Insurance work should not be prohibited, provided that the arrangements made are such as to secure a substantial advantage to the insured members in respect of the sum appropriated for the cost of administration; and that the Central Departments should scrutinise closely from this point of view the terms and conditions of any proposed arrangement of this kind before giving their approval. (para. 621.)

(111) That any arrangement under which the bulk of the money available for the purposes of administration of a Society is paid to the secretary of the Society, who then undertakes to contract for the whole of the administrative work of the Society, should be prohibited. (para. 622.)

(112) That no increased administration allowance should be made in respect of mercantile marine members. (para. 553.)

(113) That Section 16 (1) (*c*) of the Act, which requires employers to notify compensation agreements to the Minister, should be repealed. (para. 631.)

(114) That provision should be made whereby in any case in which an award of compensation or damages has been made in favour of an insured person, and the payment cannot be recovered by reason of the insolvency of the employer or other person liable, sickness or disablement benefit should then become payable. (para. 629.)

(115) That Section 26 of the Act should be repealed, and that provision should be made whereby Societies may, when formulating schemes of additional benefits, allocate a specific sum out of their disposable surpluses for the purpose of making payments to charitable institutions, this provision to be submitted as part of the Scheme and to be subject to the same scrutiny and control by the Central Department as are the proposals for additional benefits; that it is desirable to define in fairly precise terms what constitutes a charitable institution; and that the powers conferred by the section on Insurance Committees should be withdrawn. (paras. 664-665.)

(116) That so far as the powers of the Central Department to hold enquiry into excessive sickness are concerned, the penal provisions of Section 107 of the Act are useless and should be eliminated; but that the bodies responsible for the local administration of medical benefit to insured persons should be given power to institute inquiry into cases of excessive sickness brought to their notice, and for this purpose to utilise the medical records of insured persons resident in their areas. (paras. 637-638.)

(117) That it is desirable to make permanent provision which will protect an insured person from incurring any loss or penalty

by reason of arrears due to genuine certified unemployment. (para. 655.)

(118) That no departure should be made from the principle that the benefits derived from the compulsory contributions of employers and employed persons should not be applied towards the relief of local rates, and that provision should not therefore be made for payments to Poor Law Authorities out of the sums accruing as benefit in the case of insured persons who are inmates of Poor Law Institutions and have no dependants. (para. 493.)

(119) That it is open to question whether propaganda work undertaken in the interests of the health of the whole community should be financed only from insurance funds; that the duties should more appropriately fall within the province of the Local Health Authority, particularly having regard to the provisions of Section 67 of the Public Health Act, 1925. (para. 391.)

(120) That Section 24 (3) of the Act should be amended so as to debar any Insurance Committee or Local Authority succeeding to its powers and duties from approving in future any organisation for the purpose of "collective own arrangements" for medical benefit, and to provide that the provisions of the subsection shall not be applied otherwise than to individual insured persons; subject to the qualification that the proposed restriction should not apply to cases in which nurses or other resident employees of hospitals normally receive medical treatment and attendance from the medical staffs of the hospitals in accordance with the terms of their employment. (para. 647.)

(121) That existing medical institutions which have already received recognition under Section 24 (3) should be continued, approval being given to them under Section 24 (4). (para. 648.)

(122) That while there is no evidence of failure sufficient to justify the recommendation that existing medical institutions under Section 24 (4) should no longer be recognised, approval should not be given to any further such institutions except as provided in (121) above; and that no rule of any such institution should purport to debar a member of the institution from carrying an appeal as to his medical treatment to the Insurance Committee of the area. (para. 643.)

In concluding our Report we wish to express to Your Majesty our high appreciation of the invaluable services rendered to us by our Secretary, Mr. E. Hackforth, of the Ministry of Health, and our Assistant Secretary, Mr. J. W. Peck, C.B., of the Scottish Board of Health, both throughout the long course of the hearing of evidence and in connexion with the exacting work of the preparation of our Report.

In such an investigation as that on which we have been engaged, where the points at issue are often concealed in the

complexity of administrative provisions and obscured by much unwritten history, the work of the Secretary is particularly onerous and calls for the utmost degree of efficiency and accuracy. Mr. Hackforth has brought to our guidance and has held ever ready at our disposal an intimate and highly technical knowledge of the intricacies and the development of Health Insurance law and procedure; and our task has been materially lightened by the great ability and exactitude with which he has handled, collated and amplified the immense volume of written and printed matter submitted to us. Throughout all our inquiries we have been greatly indebted to Mr. Hackforth and Mr. Peck for their unfailing courtesy, their resourcefulness, and their readiness on all occasions to comply with the many demands made upon their time and their knowledge.

We also acknowledge our obligations to the members of the staff of the Ministry of Health, the Scottish Board of Health, and the Government Actuary's Department, who have prepared material for our use. In particular we desire to express our indebtedness to the anonymous and unrecorded authors and compilers of the "Summary of the Law and Administration of National Health Insurance" which has been printed as Part I of the Appendix to the Minutes of Evidence taken before us—a work which has not only been throughout of incalculable assistance to us, but will also, as we anticipate, afford the greatest enlightenment to all independent inquirers in this comparatively neglected field of social study and research.

All which we humbly submit for Your Majesty's gracious consideration.

(Signed) LAWRENCE OF KINGSGATE (*Chairman*).
JOHN ANDERSON.
HUMPHRY ROLLESTON.
ALFRED W. WATSON.
ARTHUR WORLEY.
ANDREW R. DUNCAN.*
ARTHUR DIGBY BESANT.
ALEXANDER GRAY.*
WILLIAM JONES.

E. HACKFORTH (*Secretary*).

J. W. PECK (*Assistant Secretary*).

22nd February, 1926.

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* Signatures subject to the Reservation which is appended.

RESERVATION BY SIR ANDREW DUNCAN AND PROFESSOR ALEXANDER GRAY.

1. While concurring in the terms of the Report signed by the majority of our colleagues, we consider that there are two further matters which ought not to be ignored in any review of the problems presented to us, more particularly if due weight is to be given to the reactions of our social legislation on the trade and industry of the country. In supplementing our assent to the Majority Report with certain observations on these points, we postulate, as an elementary principle, that in promoting schemes of social legislation the State should avoid incurring any expenditure which is not essential to the achievement of the end in view, and further, that the funds, required and collected by its authority, should be so collected as to involve a minimum disturbance to industrial enterprise.

2. The first point to which we wish to draw attention—the lack of co-ordination in our social services—is one which has been the subject of comment in many quarters. We desire in this place to point out the inconvenience, and by implication the waste, which it occasions. In a sense this question may not be within our Terms of Reference, but it is impossible to survey the field of Health Insurance without realising that the problems of Health Insurance are closely interwoven with wider questions from which, in fact, they cannot be divorced. It would be unjust to say that our social legislation has grown up haphazard, but it is indubitable that the various schemes contrived for the protection of the worker against the accidents of life have been elaborated—doubtless very properly—as and when occasion offered. Poor Law Relief, Old Age Pensions, Health Insurance, Unemployment Insurance, Widows' Pensions have grown up in large measure independently : when they are reviewed, they are reviewed independently. They are financed in different ways; they are operated by different agencies. On the possibility of co-ordination, on the alternative methods and machinery of operating a co-ordinated scheme, we have received no evidence, or only incidental evidence; and on all such matters we express no opinion. But we do desire to emphasise that there is here a problem which calls for urgent consideration. It may be that in a co-ordinated scheme different machinery would still be necessary for the administration of different sections of the work undertaken but *prima facie* it appears reasonable to assume that an economy of expenditure and of effort would be effected by viewing the problem of social insurance as a whole and not sectionally.

3. While we do not dissent from the present arrangements under which the employer's contribution is on a flat rate pro-

portioned to the number of employees, we doubt whether in discussions on the reactions of the cost of Health Insurance on the trade and industry of the country, the consequences of the present arrangements are always appreciated. At present the contribution made by employers to the Health Insurance Fund is roughly proportioned to the wages bill, but the wages bill has no necessary relation to the profits of a firm. In consequence, a firm employing a large staff will contribute largely to the Health Insurance Fund, even though it be in a depressed trade and may not at the time be covering even overhead expenses; on the other hand, provided it employs few men, a prosperous firm will contribute but little. It follows from this that the ultimate incidence of the tax and its reaction on trade may vary greatly from one industry to another. In certain cases it may doubtless be possible in large measure to pass the burden on to the consumer; elsewhere this may be wholly impossible. When account is taken of the further contributions for Unemployment Insurance and Widows' Pensions very large sums may be involved in the case of a firm employing many men, and in extreme and unfavourable circumstances the burden of the social services may become almost crippling. We consider it all the more important to emphasise that there can be no easy generalisation as to the incidence and the effects of the insurance contribution, since so eminent a writer as Mr. R. G. Hawtrey has recently lent the weight of his authority to the doctrine that " the employer's share falls on the workmen just as much as the rest " and he describes as a " transparent device " the arrangement under which a part of the cost is " ostensibly " imposed on the employer. We are not aware of anything either in economic theory or in actual practice which justifies this conclusion. The burden imposed by social insurance on industry is in certain cases very real and, unfortunately, it is at present most onerous where there is least capacity to bear it, in those industries, as it happens, which are most essential to the country's prosperity. In the case of the sheltered occupations little inconvenience may arise; the burden may be borne or passed on. But in the case of the unsheltered industries, where the full rigour of foreign competition has already produced a position of grave embarrassment reflected in the unemployment returns, it is not permissible to regard the burden of social insurance as negligible and free from possible detrimental reactions on the prosperity of the country and indeed on the employment of the worker.

4. Apart from these two questions there are, further, three matters of general principle, in certain respects inter-related, on which, as it appears to us, not a little misapprehension prevails. We should like the following observations on these questions to be read not merely as supplementing, but perhaps to a certain limited extent as modifying, our concurrence in the terms of the Report signed by our colleagues.

5. It is sometimes argued that money spent on health services will result in savings later, that, as one witness put it, it will yield dividends. In one sense this is obviously true so far as the individual is concerned, but at times the contention appears to involve an unwarrantable implication. By those who argue in favour of more extended expenditure on health services, it is sometimes suggested that this would in no wise diminish—but might on the contrary increase—the power of the country to bear the weight of its financial embarrassments; that there is in any case a burden of ill-health and suffering to be borne, which is capable of being expressed in terms of money, and that the removal of this would have a favourable influence on the prosperity and the financial condition of the country. "The burden, the ill-health, the loss in wage, the expenditure on medical service, these" we are told "are already with us. Insurance is a device for shifting or transferring the financing of the burden." That health is financially an asset is undeniable, whether from the point of view of the individual or of the State. Nevertheless if it is suggested that expenditure on health services will render it an easier matter for the community to bear the financial burden resting upon it, the argument is, we think, specious. Expenditure on social services is not infrequently supported by reference to the economies which will elsewhere result; it is difficult, viewing the matter retrospectively, to find instances where such hopes have been adequately realised. As our health services are at present organised, we see little to support the view that expenditure on health now would lead to a diminution of expenditure on health in the future. On the contrary, there are grounds for believing that expenditure on health, unless primarily directed to the removal of the causes of ill-health, may tend to occasion a further increase in such expenditure. These observations are not to be taken as implying that there is not a strong case for expenditure on health services, or even that a case might not be made out for regarding such expenditure as so urgent as to constitute the first call on the country's resources. With that particular question we are not at the moment concerned. We merely desire to point out that the case for expenditure on health is not in fact furthered by what, we are convinced, is the fallacious suggestion that expenditure on health may indirectly help to rehabilitate the finances of the country.

6. It is implicit in the contentions of many witnesses that all the medical resources of the country should be made available for every insured person, and obviously, in so far as it should prove to be practicable, the desirability of giving effect to such an ideal (which on general principles need not be restricted to medical resources nor to insured persons) would be denied by none. We are not discussing the argument for the widest possible extension of medical benefit or for the extension of other

benefits in various circumstances of need where such assistance may be desirable. We are merely concerned to point out that beyond a certain point such claims may become inconsistent with the arrangements under which society is at present created and continued. Even the State cannot accept, since in certain contingencies it might not be able to meet, an undefined liability, and it follows that in theory the State can only assume full responsibility for the maintenance of all within its borders, if simultaneously there is conceded to it a greater power of control over the constitution of society from generation to generation than has ever before been considered either desirable or practicable. If the State is to be a generally beneficent organisation, it can only be on the assumption that it has previously sanctioned the existence of those whose claims it is bound to honour. For such an assumption there is at present no warrant, and it may with reason be contended that unrestrained freedom in the individual to beget life, and communal responsibility for the maintenance of life, are ultimately incompatible. As before, we are arguing neither for one side nor the other; we are merely concerned to point out that certain current ideals which have coloured much of the evidence put before us, are inconsistent with the general structure of society.

7. On a review of the evidence we cannot but feel that there is considerable confusion in certain quarters with regard to the relation which exists between the care of the individual's health and the wider question of the promotion of the health of the community. Obviously the medical profession can give curative treatment to individuals alone; obviously also a community in which every individual is healthy will be a healthy community. It seems in consequence to be frequently assumed that by merely attending to the health of individuals, a healthy population will finally emerge. We believe this to be a profound error, and we are glad to be able to cite the evidence of the British Medical Association that the organisation of a National Health Insurance Scheme (which primarily relies on giving medical benefit to individuals) is not even probably the best means of utilising limited resources for the promotion of national health. We are also glad to be able to quote their view that "the alleviation or cure of morbid conditions when once they have arisen" is, relatively to other matters, a minor part in the campaign for public health. It is perhaps not reading too much into the evidence of the British Medical Association to suggest that they would not dissent from the view that the function of the practising doctor in raising the general health of the nation to a higher level is, from a certain aspect, less important than is sometimes assumed. In the case of the large volume of ill-health which is ultimately due to environment or occupation, the doctor may from time to time cure the individual. But ill-health will remain if the causes of ill-health remain, and the fundamental problem

here is not, strictly speaking, a medical one. Ultimate victory may come from the sanitary side of medical science. In other cases where the individual is cured the cause of public health may, or may not, be promoted. " Postponement of the event of death," which is sometimes cited as proving an advance in public health, may in fact tend in the opposite direction. We do not here refer to one factor, obvious although frequently overlooked, in which medical attendance, even while improving the health of the community, must tend towards an increase in the actual volume of sickness. Every one who is sick and recovers lives to be sick later on, and prolongation of life means, among other things, that in the age distribution of the population, a larger proportion fall within those groups which are more exposed to the risk of illness. Without considering remoter consequences, " postponement of the event of death " may therefore mean, in many cases must mean, an increase in the number of illnesses requiring medical attention.

8. In this possible direct increase in the volume of sickness, there is, however, nothing to cause perturbation from the point of view of public health, but it is different when we turn to consider the possibility of those remoter consequences which do in fact exist. Apart from occasional and fortuitous illnesses which may befall the healthiest, and those due to environment, it is a matter of common knowledge that a large volume of illness is due to constitutional predisposition and to a diminished power of resistance which is an inalienable part of the sufferer's equipment for life. There are many of whom it can be predicted even before birth that they will probably be ill for the greater part of such life as may be granted to them, and perhaps even the nature of the illness from which they may be expected to suffer—unless in the interval medical science has made notable advances—can be broadly foretold. Clearly when those who have a lessened immunity from disease are enabled, as a result of the postponement of the event of death, to leave behind them heirs to their weaknesses, the general cause of public health will in many cases have been frustrated and not promoted by the medical attention which they have received. In such matters it is difficult to obtain strict proof one way or the other, but when we are inclined to be complacent over the postponement of the event of death, we should remember that there is at least a *prima facie* possibility that over a considerable part of the field, the application of medical science—however immediately advantageous to the individual—may not in its ultimate results be wholly free from certain consequences disadvantageous to the community at large. It is the honourable and charitable foundation of the medical profession that suffering, wherever it exists, is to be relieved; that life, so long as it may be, is to be strengthened and continued, even if the doctor may be convinced in his mind that it is being strengthened only to meet years of labour and sorrow.

Nor would any one suggest that the medical profession could properly do its work on any other basis than that of regarding the health and the recovery of each patient as being at the moment the one supreme and only consideration. Yet clearly there may here be, as things are at present, a possibility of conflict between the ultimate ideals of the medical profession, which regards every individual life as alike of supreme importance, and the remoter interests of the community, which in retrospect may not be able to take so impartial a view; for while it is the aim and object of medical attendance to strive to the uttermost to keep alive even the most unfit, it may incidentally, and as a consequence, give these the opportunity of continuing their race in the next generation. It would be as well to realise that this is a force which is certainly operative to some extent, and may be operative to a considerable extent, and in so far as it is so operative, and unless counteracted by other influences (as it might be *e.g.*, by the advance of medical science) it will tend to a continual worsening of the health of the population generally and a continually increasing drain for health services.

9. While attaching little importance to the figures, which are capable of many partial explanations, it is perhaps significant and worthy of parenthetical observation that recent years have been characterised by (1) a falling death-rate, (2) an increase of disablement benefit, (3) an increase in the frequency of prescriptions.

10. Although notable results have been, and will be, achieved by the machinery now in operation, these considerations raise doubts as to the possibility, on present lines, of attaining such a measure of ultimate success as some consider capable of achievement. The overlapping of our health authorities and the lack of co-ordination between their efforts have been the subject of much criticism, and much constructive thought has been directed towards the creation of the perfect local authority which shall assert an effective leadership in the re-establishment of the public health. Doubtless these criticisms are justified and such suggestions as have been made are all to the good and, if adopted, will promote economy and administrative efficiency. Yet we cannot help feeling that the mere manipulation of local government machinery, important as it may be, may not in itself take us as far as is sometimes suggested.

11. On a review of the public machinery for promoting health, the conclusion is forced on us that the entrance by which a not inconsiderable part of illness finds its way into the community is seldom even discussed, and further that the increasing excellence of our medical machinery may enable an enlarged volume of sickness to enter by this doorway.

12. Apart from emphasising the time-honoured truth that it is better to prevent the existence of disease than to cure it when it has emerged, we do not, however, think that the time is appropriate even for an adumbration of the practical conclusions to which these considerations might lead. The problem, which should not be impracticable of solution, is to devise a method whereby society, while guaranteeing to every individual the opportunity of a reasonably complete life, shall yet be able to protect itself against the infusion of elements calculated to be a source of weakness. So far from the conjoint attainment of these two ends being impracticable, it may be suggested that the first and more visionary is possible of achievement only on condition that the second and less popular is in some measure realised. We have ventured to submit these observations, not with the object of making concrete suggestions, but rather in order to discourage an easy and prevalent optimism which lightly overleaps the limits of the practical and attainable, and also in the hope that those who are impressed by the inadequacy of our national efforts on the health side may be led to seek for a deeper cause and so prepare the way for a more fruitful discussion of these matters.

(Signed) ANDREW R. DUNCAN.
ALEXANDER GRAY.

MINORITY REPORT.

MAY IT PLEASE YOUR MAJESTY,

1. We regret that we have not found ourselves able to accept those conclusions of the majority of Your Commissioners which, in our view, deal with the really essential problems of the Scheme of National Health Insurance, and we therefore crave leave to present separately our own views on these matters.

GENERAL.

2. The recommendations contained in the Majority Report may be considered in two parts, namely, those designed to improve details under whatever system National Health Insurance is administered, and those designed to secure improvements within the present system and within the present financial limits of the Scheme. With regard to the first part, we are in agreement with our colleagues except as to those matters to which we shall refer later, and with regard to the second part, we agree that in the main the recommendations will effect improvements upon the existing system and within the present financial limits. We shall, however, refer later to certain recommendations which we feel will be of doubtful value.

3. The main questions of principle on which we differ from our colleagues are as follows :—

(1) The evidence which we, in common with them, have heard, convinces us that it is undesirable to retain Approved Societies any longer as the agencies through which benefits paid in cash are distributed to insured persons : and

(2) we do not accept the view that it is either necessary or proper to assume that we are to recommend no development intended to provide, in the words of the Act of 1911, "for insurance against loss of health, and for the prevention and cure of sickness," which cannot be paid for out of the produce of the contributory scheme of Health Insurance as it stands; and we feel it our duty to make recommendations in favour of :—

(*a*) The provision of medical treatment and attendance for :—

(i) children of school-leaving age; and
(ii) dependants of insured persons;

(*b*) Extended provision for child-bearing women before, at, and after confinement;

(*c*) Increase of the rates of benefits paid in cash under the National Health Insurance Acts to the present rates under the Unemployment Insurance Acts.