



# Healthcare Financing System in Taiwan



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TAIWAN



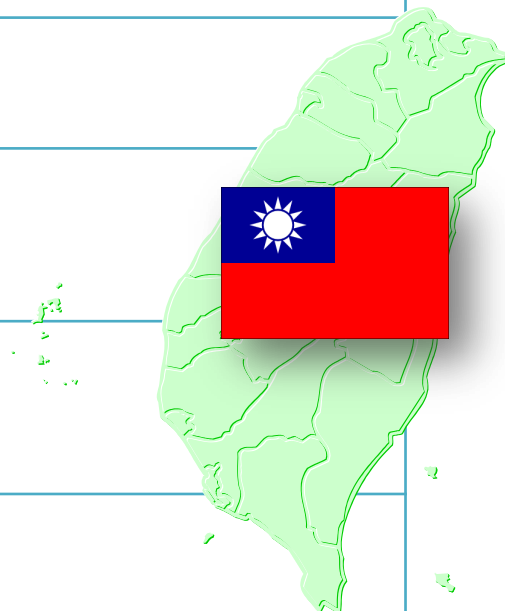
# Agenda

- NHI in Taiwan
- NHI Financing and Reform
- Conclusion
  - Key Takeaways
  - Future Focus



# Taiwan

Population	23.37 million
Land area	36,193km <sup>2</sup>
Ageing	11.53%(2013)
GDP per capita (2012)	US\$ 20,423 (nominal) US\$ 38,357 (PPP, by IMF)
Crude birth rate	8.53 ‰ (2013)
Crude death rate	6.68 ‰ (2013)
Infant mortality	3.67 ‰
Maternal mortality	8.53 0/0000 (2012)
NHE to GDP	6.62% (2012)
Life expectancy	83.3 (F) / 76.7(M) (2013)





# Taiwan's Major Social Insurances





# NHI Characteristics

Coverage	Compulsory enrollment for all citizens and legal residents (99.9% of the population is covered by the NHI)
Administration	Single-payer system run by the government
Financing	Premiums
Benefits	Uniform package, copayment required
Providers	<ul style="list-style-type: none"><li>•Contract-based</li><li>•93.46% of healthcare providers contracted with NHI</li></ul>
Payment	Plural payment schemes under the global budget payment systems
Privileges	Premium subsidies and copayment waivers for the disadvantaged



# Basic Framework of NHI

## NHI Administration

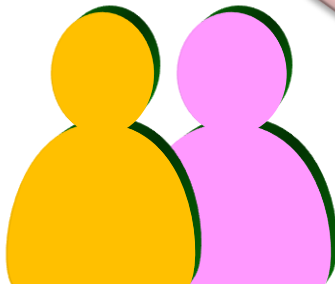
Other revenues



1. Lottery revenues
2. Tobacco excise tax



Premiums



Insured/  
Employers/  
Government

Payments



Providers



Copayments



# Benefits

Disease

Injury

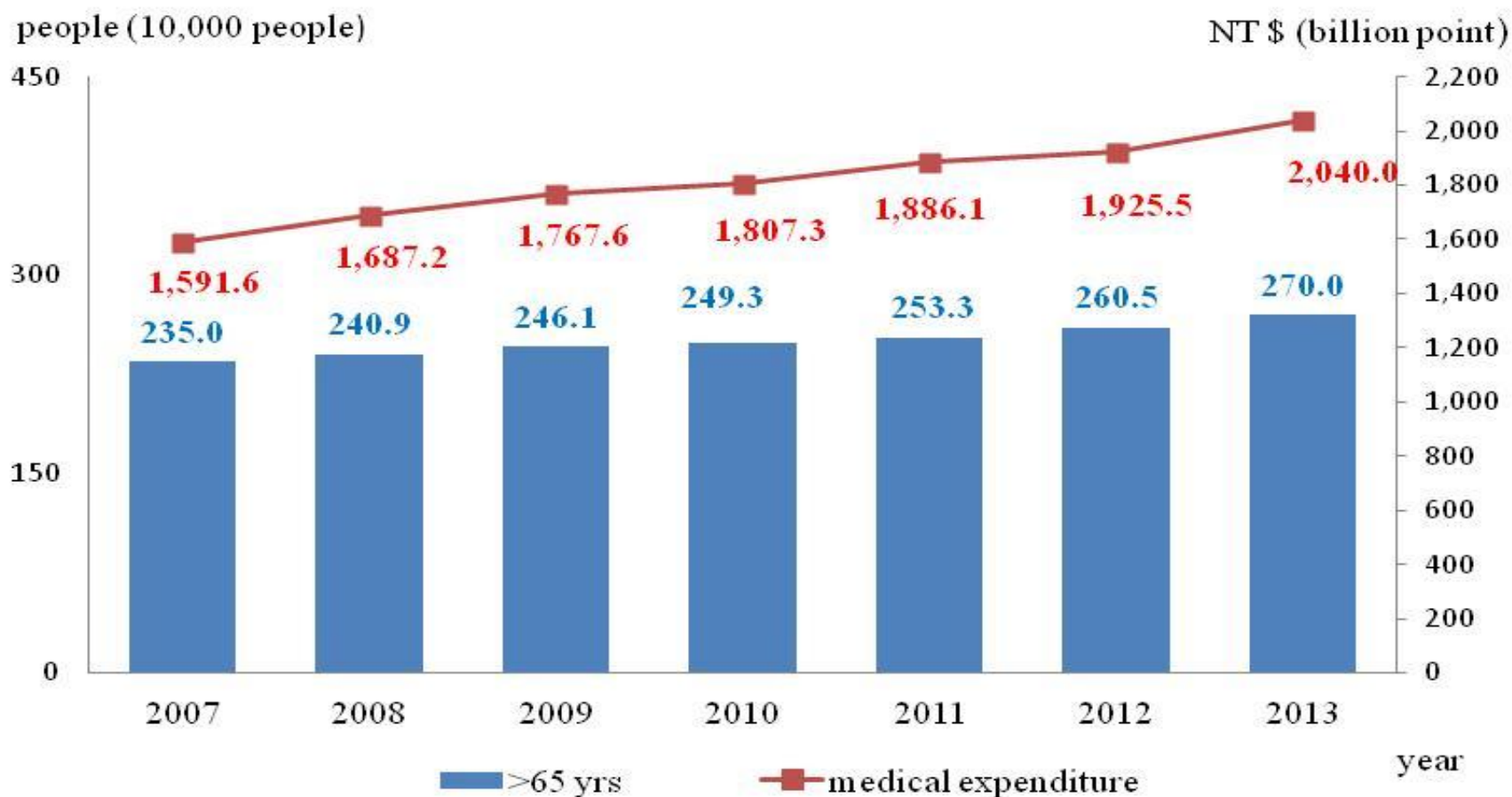
Maternity care

- Inpatient care
- Outpatient care
- Prescription drugs
- Dental services (orthodontics, prothodontics excluded)
- Traditional Chinese medicine
- Day care for the mentally ill
- Home nursing care



# Aging Population

The elderly people represent 11.6% of population, who used 34.6% NHI medical expenditures in 2013.







# Alleviates Financial Burdens

**Patients with catastrophic diseases represent 3.94% of population, who used 27.58% of NHI medical expenditures.**

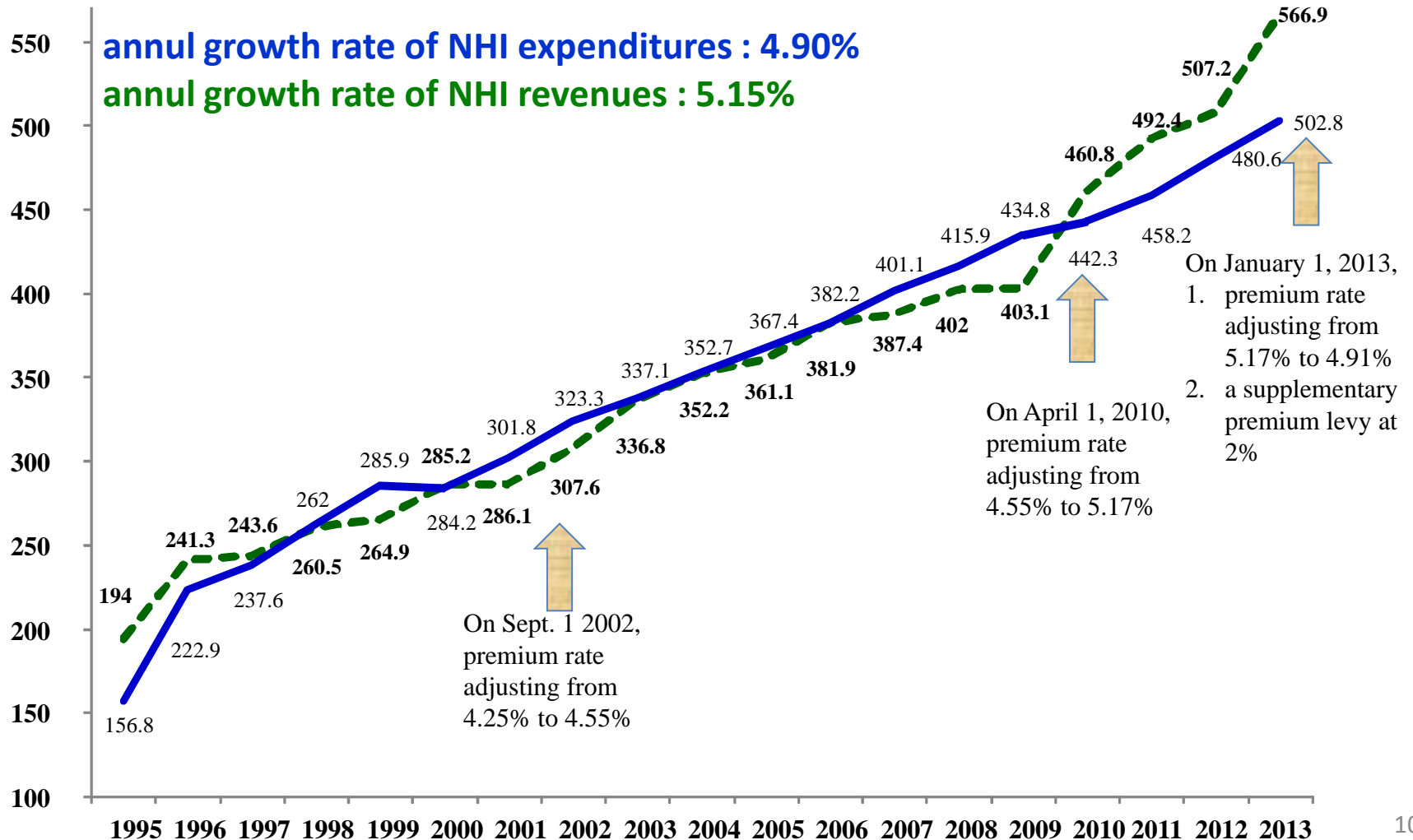
Type of Users	Medical Expenses	Equivalency
Average	NT\$25,258	1.0
Per catastrophic disease	NT\$179,249	7.1
Per cancer patient	NT\$135,890	5.4
Per cirrhosis of liver patient	NT\$138,864	5.5
Per dialysis patient	NT\$586,200	23.2
Per patient on respirator	NT\$726,860	28.8
Per hemophilia patient	NT\$3,305,733	130.9



# Trend of NHI Financial Status

• Accumulated surplus as of 2013: NT\$85.1 bn

NT\$ billion





NHI

# Challenges of 1<sup>st</sup> Generation NHI



**Lack of a check and balance mechanism linking revenue and expenditure**

**Insurance premium is based only on regular monthly payroll**

**Heightened demand of Public Participation**

**Further improvement needed in controlling expenditures**



# Highlights of 2nd Generation NHI

**2nd Generation NHI took effect on Jan. 1st, 2013**

**Establishing a  
Linkage between  
Revenues and  
Expenditures**

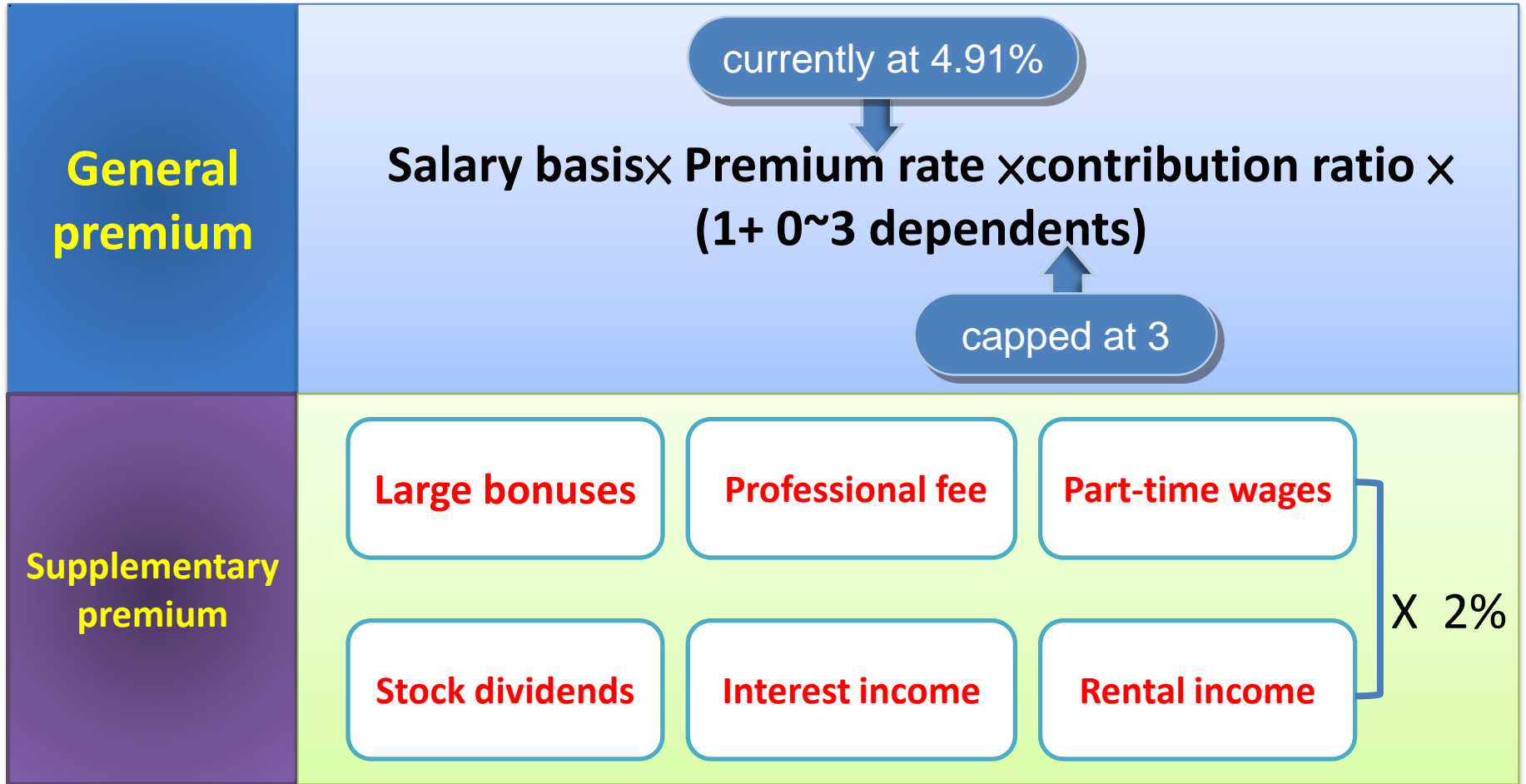
**Disclosing  
Important  
Information**

**Imposing  
Supplementary  
Premiums**

**Promoting  
Diversified  
Payment  
Schemes**



# Premium Collections





# NHI Payment Reform

1995

FFS + Case  
Payment

1998~2002

Global  
Budget

2001

P4P

2010

Tw-  
DRGs

2011

Capitation  
Pilot  
Programs

- Dental care (1998)
- Chinese Medicine (1999)
- Clinics (2001)
- Hospitals (2002)
- OPD Dialysis (2003)

- Diabetes, Asthma, Breast cancer(2001)
- Hypertension (2006)
- Schizophrenia, Hepatitis B carriers and Hepatitis C infectious (2010)
- Chronic Kidney Diseases (2011)

→ **RBRVS( 2004)**



# Trend for NHI Drugs Growing





# Targeted Drug Expenditure

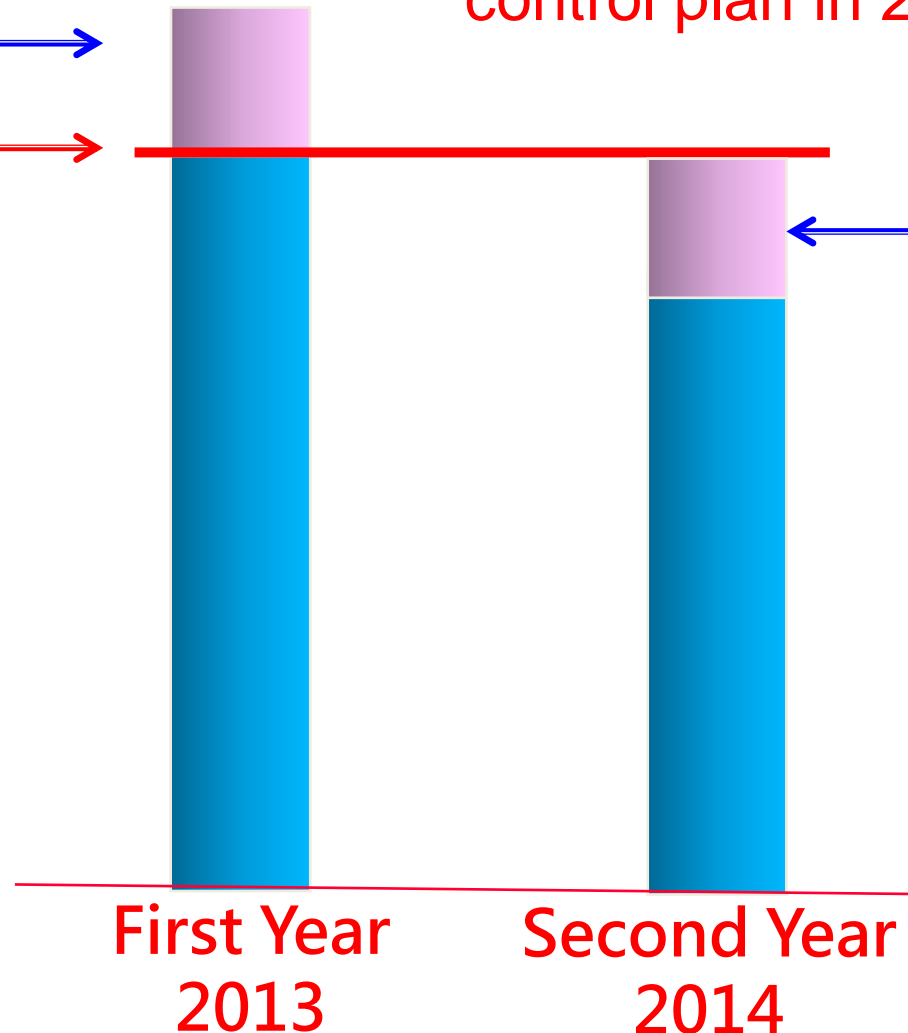
If expenditure exceed in the 1<sup>st</sup> year

Targeted Drug Expenditure

A Two-year drug expenditure control plan in 2013 to 2014

Expenditure will be reduced the 2<sup>nd</sup> year

Drug price will be reduced







# Targeted Drug Expenditure -Comparison

Category	Old	New (on Trial)
<b>Fix drug expenditure(annually)</b>	No	Yes (adjusted annually)
<b>Total drug amount and drug price control</b>	No	Yes
<b>People equity</b>	Not affected	Not affected
<b>Drug price adjustment cycle</b>	Every two year	Every year





# Key Takeaways- NHI Major Achievements

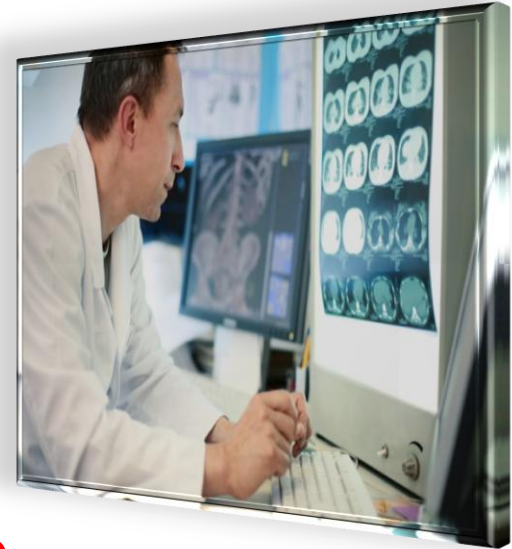




# Future Focus

## ● E-Health Environment

- Nationwide online Building up NHI PharmaCloud



## ● Long Term Care

- Long term care insurance



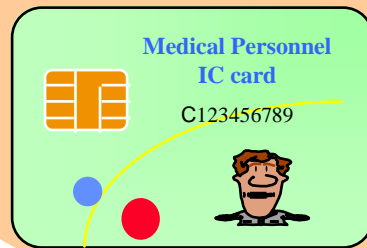
## ● Big data application



# NHI PharmaCloud System

## NHI PharmaCloud

Hospitals



Clinics



Pharmacies



- Establishing a patient-centered NHI PharmaCloud System to record patients' drug utilization data of the last 3 months, and make available real-time searches for hospitals and physicians to avoid repeated drug dispensing and guarantee drug safety and quality.



***Thank you  
for your kind attention!***

