Chapter 3

National Health Care System in Taiwan[1]

1.0 An Overview of the Taiwan Health Care System

A national health insurance (NHI) system for Taiwan was adopted in March 1995 to consolidate a range of separate insurance schemes, namely labour insurance, governmental employee insurance, farmers' health insurance and fishermen's health insurance, all of which covered 57% of Taiwanese. Before the adoption of NHI, most doctors practised independently and patients had to bear high medical expenses on their own.

The principal goals of NHI were to improve:

- Efficiency of the Taiwanese healthcare system;
- Social justice by increasing healthcare coverage.

The organisational structure of the health system in Taiwan is shown in Figure 1.

The NHI programmes are funded by contributions from employees, employers and government at the federal and local level. Premiums for low income earners and disadvantaged groups are subsidised by the government.

There are six main categories and 15 subcategories which are based on the job and income of the insured. The premium paid for each category ranges from zero for low income citizens to 100% for the self-employed.

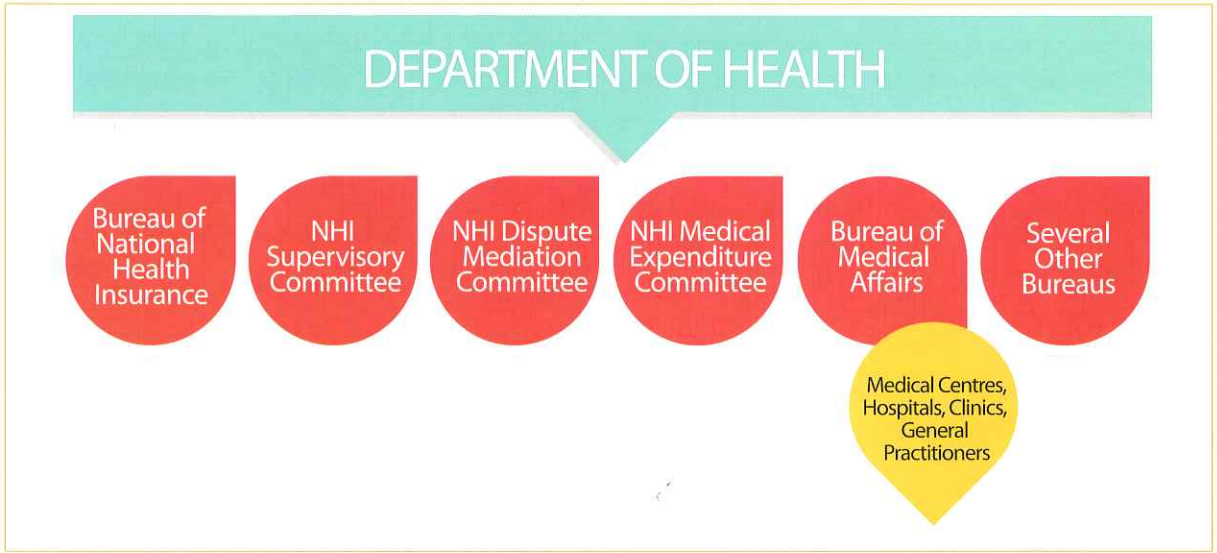
A patient is required to show his/her NHI IC smart card for access to medical services. The smart card stores a brief medical history of the holder and is used in the billing of the national insurer.

2.0 The Organization Team

The NHI programme is run by the BNHI (Bureau of National Health Insurance). The Department of Health supervises the BNHI and three other committees - the NHI Supervisory Committee, the NHI Dispute Mediation Committee, and the NHI Medical Expenditure Negotiation Committee (Figure 1). These committees assist in planning and monitoring the tasks performed by the NHI.

The roles of BNHI include planning, promotion, execution, supervision, research and development, training, information management and auditing. The BNHI operating cost is borne by the federal government budget and not from the premiums of NHI.

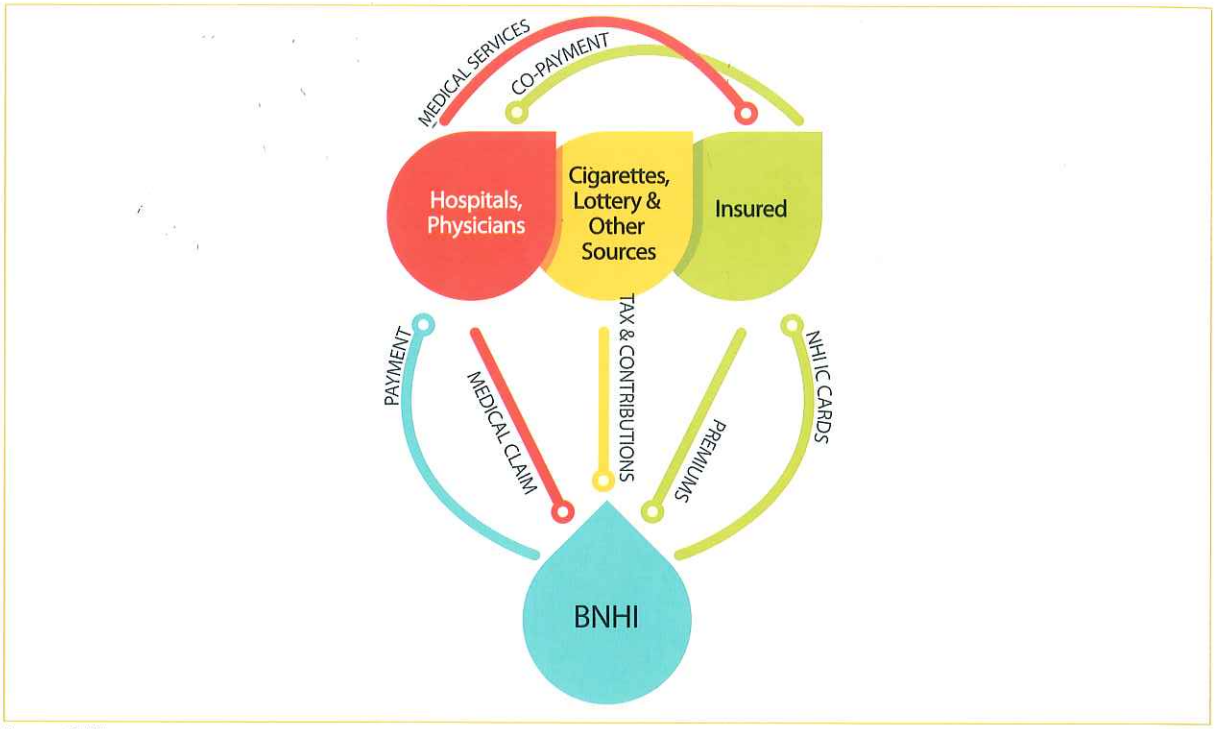
Figure 1: Organization Structure of the Taiwan Healthcare System



Source: BNHI

[1]Most of the information below is extracted from the National Health Insurance in Taiwan, Annual Report, 2011. The statistics are derived from the statistical database of the Bureau of National Health Insurance (BNHI) and the World Health Organization (WHO).

Figure 2: Financial Structure of Taiwan NHI System



Source: BNHI

3.0 An Overview of the NHI Programme

The NHI programme is a "mandatory, single-payer social health insurance system, founded on the principle that everybody should have equal access to health care services".

3.1 Enrolment Eligibility

The NHI programme is a compulsory programme for all Taiwanese citizens, except for convicts, who have a separate medical care coverage. Infants born in Taiwan are included in the programme upon registration at a local household registration office. Infants born of Taiwanese citizens abroad have to meet a four-month residency requirement before they are covered by the NHI insurance scheme.

Foreign nationals employed by Taiwanese companies are eligible for coverage effective from the date of their employment contract. Non-working foreigners must enrol in the system upon meeting the four-month residency requirement.

3.2 Eligibility for Overseas Taiwanese

Taiwanese staying abroad for more than six months can either maintain or suspend their health insurance. However, their health insurance would become invalid if they stayed abroad for more than two years. Their status can nevertheless be reinstated upon resuming residency in Taiwan.

3.3 Financing

The NHI is a self-sustained insurance programme and is responsible for its own finances. The NHI system "primarily relies on "pay-as-you-go" financing to balance its accounts in the short-term." The BNHI is mandated by law to be non-profit; it is required to maintain a reserved fund that is sufficient to cover at least one month of medical expenses.

The primary funding of the BNHI comes from premiums paid by employers, employees and the federal and local governments. Supplementary revenues come from fines on overdue premiums, public welfare lottery contributions, and the health surcharge on cigarettes (Figure 2).

The NHI Act, enacted in 1994, "stipulates that premium rates must be reviewed and re-calculated every two years to ensure the system's financial sustainability that will determine the premiums to balance revenues and expenditures for 25 years into the future." Despite the two-year review, the premium rate has only been adjusted twice. The NHI premium rate was 4.25% from the time the system came into being until September 2002, when it was adjusted to 4.55%. The premium rate was subsequently adjusted to 5.17% in April 2010.

Table 1: NHI Premium Contribution Ratios

Classification of Insured			Contribution Ratio (%)		
			Insured	Employers	Govn't
Category 1	Civil servants, volunteer servicemen, public office holders	Insured and dependents	30	70	0
	Private school teachers	Insured and dependents	30	35	35
	Employees of publicly or privately owned enterprises or institutions	**Insured and dependents**	**30**	**60**	**10**
	Employers, Self-employed Independent professionals and technical specialists	Insured and dependents	100	0	0
Category 2	Occupation union members Foreign crew members	Insured and dependents	60	0	40
Category 3	Members of farmers', fishermen's and irrigation associations	Insured and dependents	30	0	70
Category 4	Military conscripts, alternative servicemen, military school students on scholarships	Insured	0	0	100
Category 5	Low-income household members	Household members	0	0	100
Category 6	Veterans and their dependents	Insured	0	0	100
		Dependents	30	0	70
	Other Individuals	Insured and Dependents	60	0	40

Source: BNHI

3.4 Classification of the Insured

The six categories of insured by occupation status and premiums computation are shown in Table 1.

3.5 Premium Calculation

Premiums are calculated as a percentage of an individual's payroll, capped at NT$182,000 per month, and shared by the individual, the individual's employer and the government. Those classified in categories 1, 2, and 3 listed above pay premiums based on their payroll, while the premiums for those classified in categories 4, 5 and 6 are based on the average premium paid by all individuals participating in the system. (For a detailed explanation, please see Table 2.)

The average number of dependents per insured has been steadily declining, from 1.36 dependents in December 1995, to 0.7 on January 1, 2007. When the system came into effect in 1995, the employers contributions were assessed based on an average number of dependents per employee so as to avoid employer's discrimination against individuals with a high number of dependents.

The basis for the insurance premiums is as follows:

- Payroll Basis: Amount of payroll on which premiums are levied based on a bracket table available from BNHI.
- Insurance Premium Rate: 5.17% since April 1, 2010.
- Contribution Ratios: Based on ratios set by the BNHI (Table 1).
- Number of Dependents: Maximum of three, even if the actual number of dependents is higher.
- Average Number of Dependents: Set by the BNHI at 0.7 as of Jan. 1, 2007.

Table 2: NHI Premium Formulas

Insured Category	Contributor	Formula
Wage Earners	The Insured	Payroll Basis x Premium Rate x Contribution Ratio x (1 + Number of Dependents)
	Insurance Registration Unit or the Government	Payroll Basis x Premium Rate x Contribution Ratio x (1 + Average Number of Dependents
Non-Wage Earners	The Insured	Average Premium x Contribution Ratio x (1 + Number of Dependents)
	The Government	Average Premium x Contribution Ratio x (1 + Actual Number of Dependents)

Table 3: Outpatient Care Co-payments (NT$)

Type of Institution	Western Medicine Medical Care		Emergency Care	Dental Care	Traditional Chinese Medicine
	With Referral	Direct Visit			
Medical Centres	210	360	450	50	50
Regional Hospitals	140	240	300	50	50
District Hospitals	50	80	250	50	50
Clinics	-	50	150	50	50

- Since October 2009, the average monthly premium for individuals in categories 4 and 5 has been NT$1,376, which is entirely subsidized by the government. For individuals in category 6, the average premium is NT$1,249, with 60% paid for by the individual (NT$749) and 40% by the government effective from April 1, 2010.

3.6 Insurance Benefits

Any Taiwanese with a valid NHI smart card can have access to all contracted health care facilities nationwide. The comprehensive coverage includes inpatient and ambulatory care, dental services, traditional Chinese medicine therapies, child delivery services, physical rehabilitation, home nursing care, and chronic mental illness care among others.

The system covers most forms of treatment, including surgeries and related expenses such as examinations, laboratory tests, prescription medications, supplies, nursing care, hospital rooms, and certain OTC drugs. The NHI also covers certain preventive medical services, such as paediatric and adult health examinations, prenatal check-ups, pap smears, and preventive dental health checks, made possible by the health promotion budget from the Bureau of Health Promotion.

3.7 Co-payment System

3.7.1 Co-payment for Outpatient Services

The co-payments for outpatient and emergency care were revised by the BNHI in 2005 "to encourage patients to seek treatment for minor ailments at local clinics while leaving regional hospitals free to focus on secondary care and medical centres to focus on tertiary care." A patient needs only to pay NT$50 co-payment for a visit to a clinic. A patient will have to pay a higher co-payment without a referral from a clinic or hospital for outpatient care.

The co-payment for dental visits and traditional Chinese medicine clinics is uniformly NT$50 (Table 3).

Notes:

- Individuals classified as disabled pay co-payments of NT$50 for any medical care, regardless of the type of medical institutions they visit.
- Patients who return for their first check-up after an outpatient procedure, or within 30 days of discharge from the hospital, or within 42 days after giving birth, pay the same co-payment as if they were given a referral as long as they have a hospital certificate confirming the need for a follow-up visit.
- This co-payment schedule took effect on July 15, 2005.

There is also a co-payment arrangement for drugs depending on the level of charge for prescription during the visits to clinics or hospitals. The co-payment schedule is tabulated in Table 4. Follow-up rehabilitation or traditional Chinese medicine treatments for the same course of therapy also carry co-payments of NT$50.

Table 4: Co-payment Arrangement for Drugs

	NT$
100 and below	0
101~200	20
201~300	40
301~400	60
401~500	80
501~600	100
601~700	120
701~800	140
801~900	160
901~1000	180
1001 and above 2000	200

Source: BNHI

Table 5: **Co-payment Rates for Inpatient Care**

Ward	Co-Payment Rates			
	5%	10%	20%	30%
Acute	-	30 days or less	31 - 60 days	61 days or more
Chronic	30 days or less	31 - 90 days	91 - 189 days	181 days or more

3.7.2 Co-payment for Inpatient Care

The progressive co-payment rate is applied to hospitalization according to the type of ward (acute or chronic) and length of stay (Table 5). It is designed to encourage patients to leave the acute wards once their condition has stabilized. But to ease the inpatients' financial burden, caps are placed on co-payment as follows: NT$28,000 for a single hospital stay for a particular condition and NT$47,000 cumulative for the entire calendar year.

3.7.3 Co-payment Exemptions

The following, mandated by law, are exempted from co-payment to encourage the sick to seek medical attention:

- Patients suffering from chronic illnesses;
- Patients living in remote mountain areas or offshore islands;
- Women giving birth;
- Veterans and household dependents, representatives of deceased veterans;
- Low-income households;
- Children under the age of three;
- Registered tuberculosis patients who receive treatment at specified contracted hospitals;
- Patients being treated for occupational ailments who are covered by labour insurance;
- Patients suffering from PCB (polychlorinated biphenyl);
- Outpatient drug co-payments are waived for special cases, holders of refillable prescriptions for chronic conditions, and those receiving dental care.

3.8 Contracting Healthcare Providers

Qualified hospitals, clinics, pharmacies, medical laboratories, midwife clinics, home nursing care institutions, psychiatric community rehabilitation centres, physical therapy clinics and others are contracted by the BNHI to provide medical services to the insured. These healthcare institutions will then be reimbursed by the BNHI according to a fee schedule. The success of the Taiwan Healthcare System can be seen by the overwhelming response from healthcare institutions participating in the system. According to the BNHI, by the end of 2010, about 92.13% of the healthcare institutions in Taiwan had entered into contracts with them.

3.9 Customer Satisfaction

The high satisfaction rate of more than 80% for the past few years (BNHI) indicates that the insured are well satisfied with the medical services provided.

4.0 Summary

The National Healthcare System of Taiwan has provided efficient universal coverage for all its residents at an affordable cost. The system does not neglect the disadvantaged, the disabled and elderly residents of Taiwan through government subsidy. The BNHI provides a comprehensive range of medical care at affordable cost to the insured. It has a built-in system to discourage abuse, but at the same time, it also provides encouragement for the disadvantaged to seek medical care when needed.

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