



Pharmaceutical Payment Reform of Taiwan, NHI



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Background

- Since National Health Insurance (NHI) Program being launched on March 1, 1995 in Taiwan, rapid population ageing, dramatic increases in the number of patients suffering from catastrophic diseases, and the incessant introduction of new medical technologies, pharmaceutical products and devices, NHI program has faced a serious financial deficit in recent years.
- The drug fees of NHI was about 4.4 billion USD in 2012, nearly 25% of total health insurance expenditure, and per capita was 204 USD. Over 16,000 drugs were listed in the Drug Fee Schedule, and the average growth rate on drug fees was 4.87% during 2000 to 2014.
- The price was adjusted 8 times from 2000 to 2013.

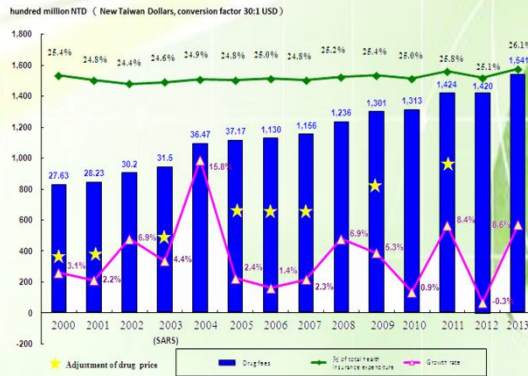


Figure 4 Drug fees and growth rate trend

Second-Generation NHI- Pharmaceutical Reform Key Point

- Control drug fees rising
 - Drug Expenditure Target (hereinafter referred to as "DET")
 - Drug Prices Adjustment Operating Procedure
- Efficient pharmaceutical benefits and payment systems
 - health technology assessment (hereinafter referred to as "HTA")
 - New drug listing by Joint Meeting of the NHI Pharmaceutical Benefits and Reimbursement Schedule. (hereinafter referred to as "the Joint Meeting")
- Effective management

Drug Prices Adjustment Operating Procedure

- NHIA adjust drug reimbursement prices every two years, while implementing DET, the prices will be adjust every year.
- Prices for of patent drugs, should start being lowered; gradual adjustment to reasonable prices should be done within five years based on prevailing market conditions.
- Drug Fee Schedule was revised continuously based on setting reference prices for the drugs.

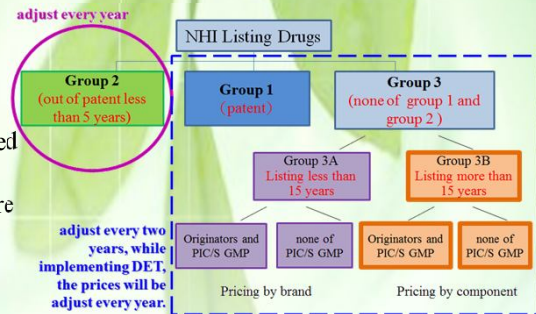


Figure 6 Framework of Drug Prices Adjustment I

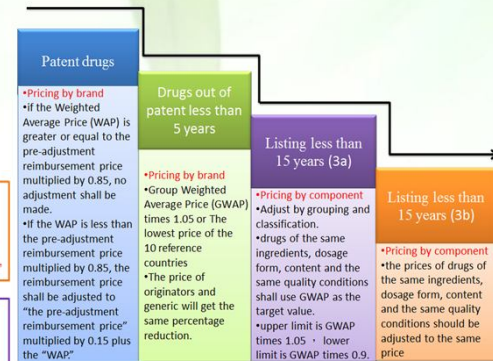


Figure 7 Framework of Drug Prices Adjustment II

Result

- DET into practice in January 1, 2013. NHIA adjusted drug prices on Group1 and Group3, saving 1.87 hundred million USD in 2014.
- "the Joint Meeting approval rate of new drug is 78.0%(39 items) and of New item with the same active ingredients and dosage is 99.5% (2,113 items) in 2013.
- Other reform such as efficient pharmaceutical benefits and payment systems, equity in pharmaceutical transactions, public participation and information transparency are doing well.

Discussion and Conclusion

- DET controls unreasonable drug fees rising, and make drug policy predictable to the pharmaceutical industrial in Taiwan.
- Establish HTA financial implication and cost-effectiveness decision support system.
- Enhancing manage of the medical utilization, volume of drugs and reducing waste at the same time.



Figure 1 Comparison of Health Care Spending in Taiwan and the World's Major Countries

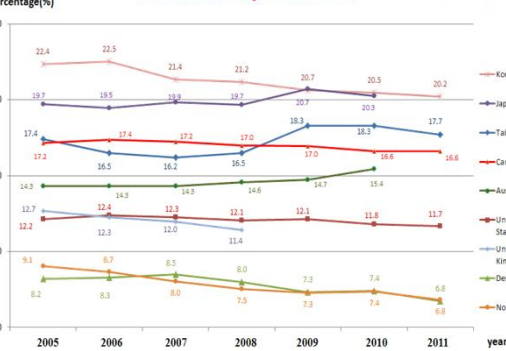


Figure 2 GDP per Capita & Pharmaceutical expenditure %, 2011

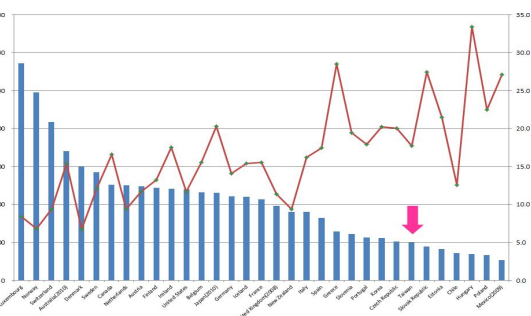


Figure 3 GDP per Capita & Pharmaceutical expenditure %, 2011

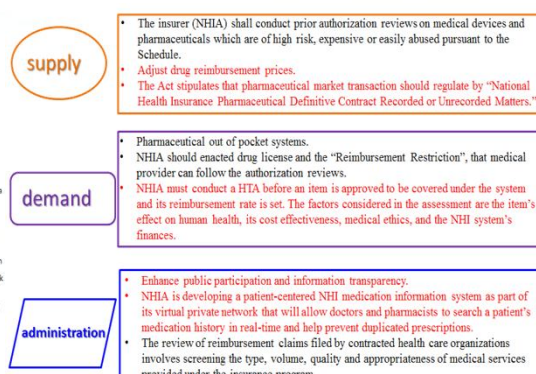
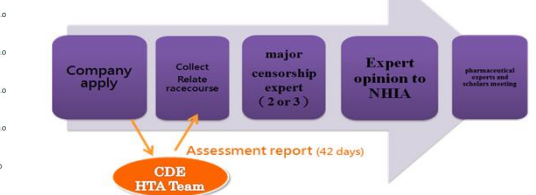


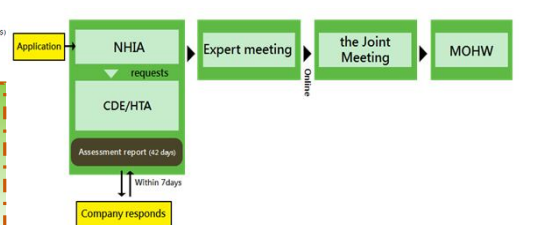
Figure 5 Second-Generation NHI- Pharmaceutical Major Reform

HTA Procedure Reform

First-Generation NHI



Second-Generation NHI



Are you curious about the current public health in Taiwan?
Are you interested in the achievement of NHI in Taiwan?
Would you like to know more details about the NHI reform?
If yes, you could visit the website at
http://www.doh.gov.tw/EN2006/index_EN.aspx
<http://www.nhi.gov.tw/english/index.aspx>