

20-years of Taiwan's National Health Insurance: Achievements and Remaining Challenges



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Contents



System Design of NHI

Current Achievements

Remaining Challenges





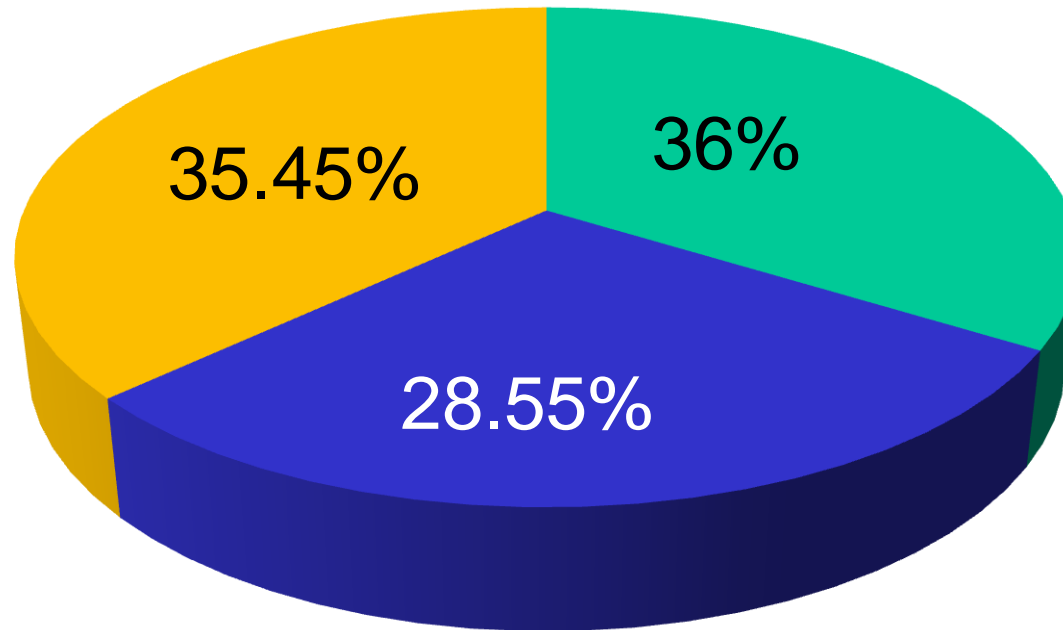
NHI in Taiwan

- **Mandatory enrollment for all citizens.**
- **Employment-based group insurance.**
- **Payroll-based premium plus supplementary premium.**
- **Single payer system run by NHIA.**
- **All hospitals and most of the clinics contract with NHI.**
- **Comprehensive benefit package.**
- **Copayment required at the point of care.**
- **Fee-for-service payment under a global budget.**
- **All medical claims are submitted electronically.**

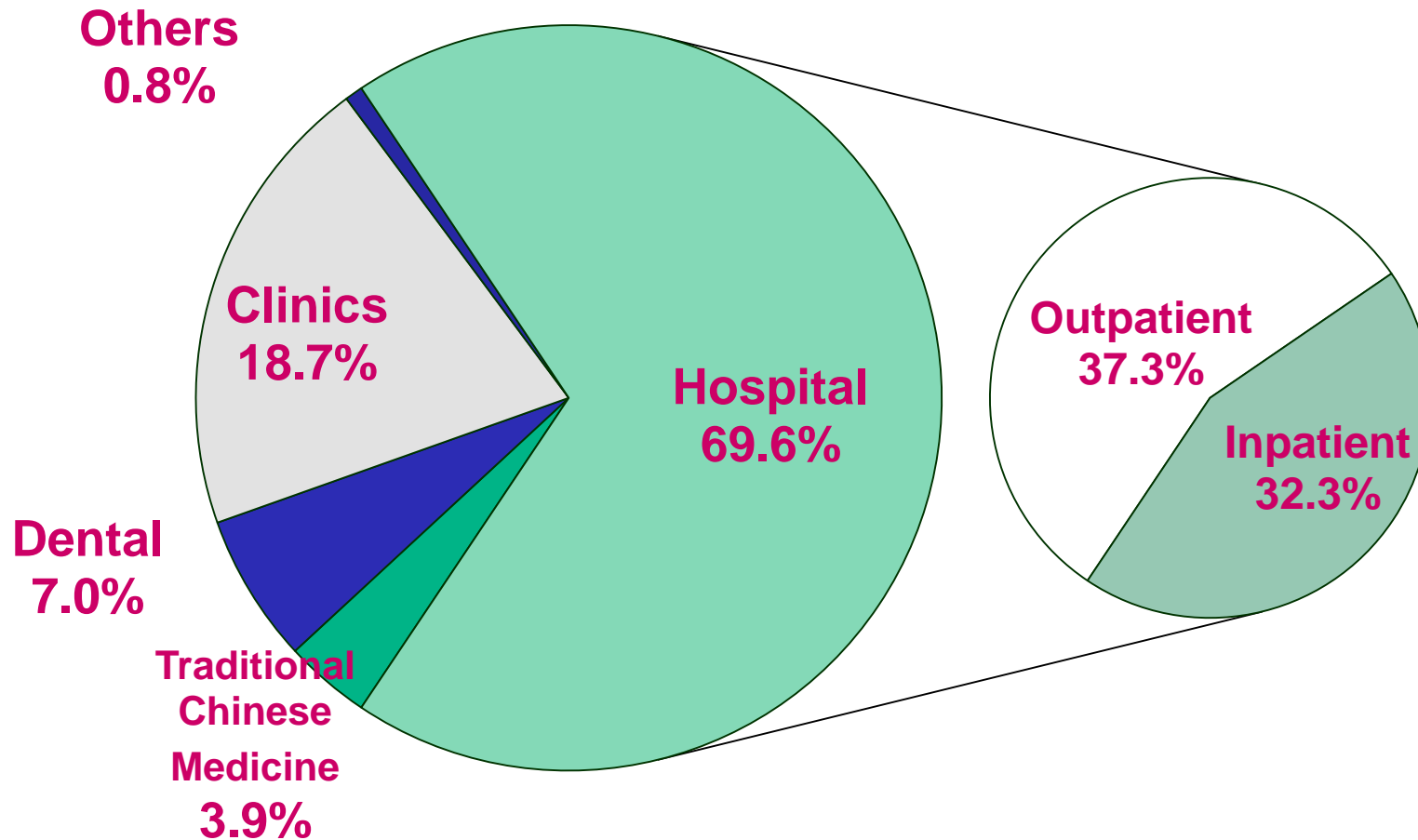


Sources of Funding(2014)

■ Government ■ Employer ■ Insureds



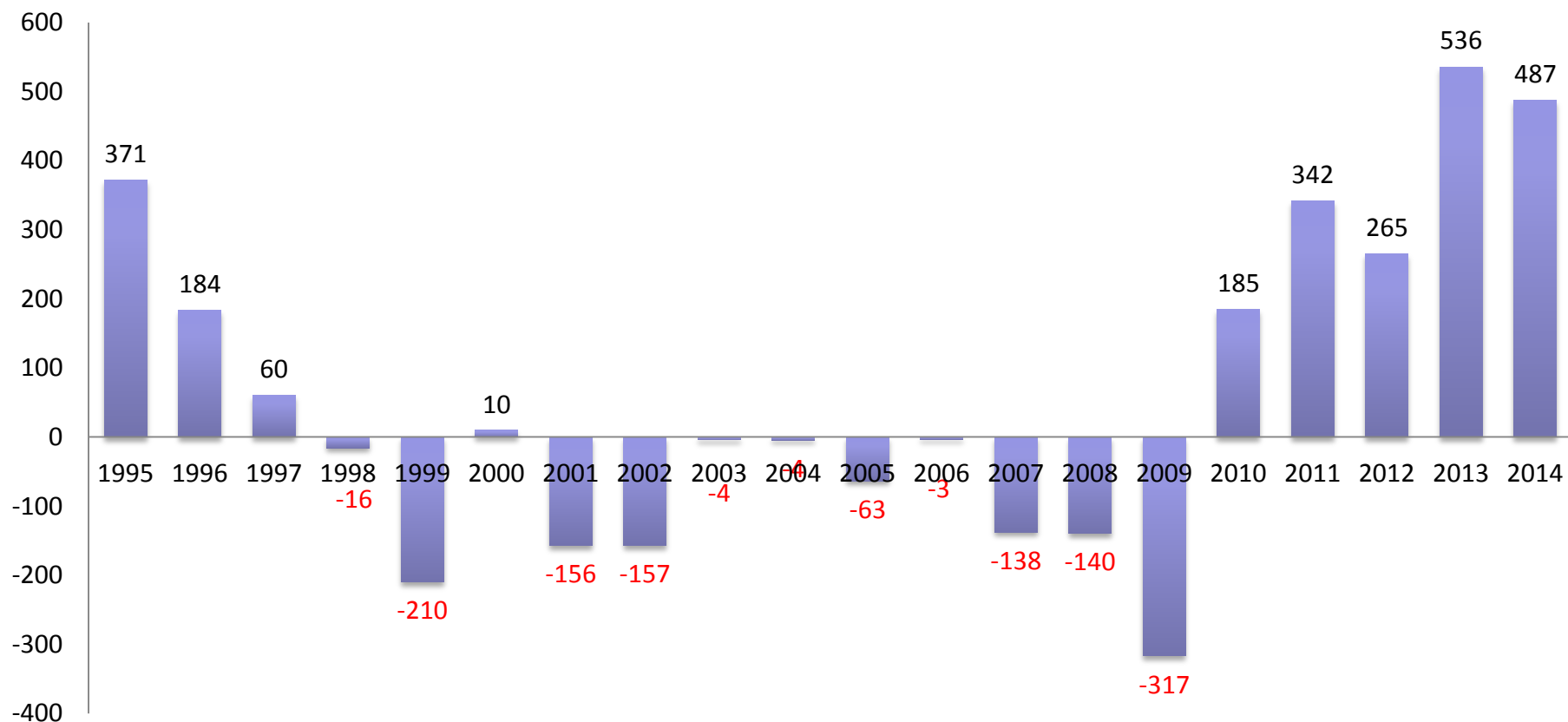
Use of Funds in 2014





Annual Surplus/Deficit of Taiwan's NHI

100 Million NTD





Current Achievements

1. Equal access to essential health care.
2. Efficient provision of effective health care.
3. Equitable redistribution of health-related dollars.



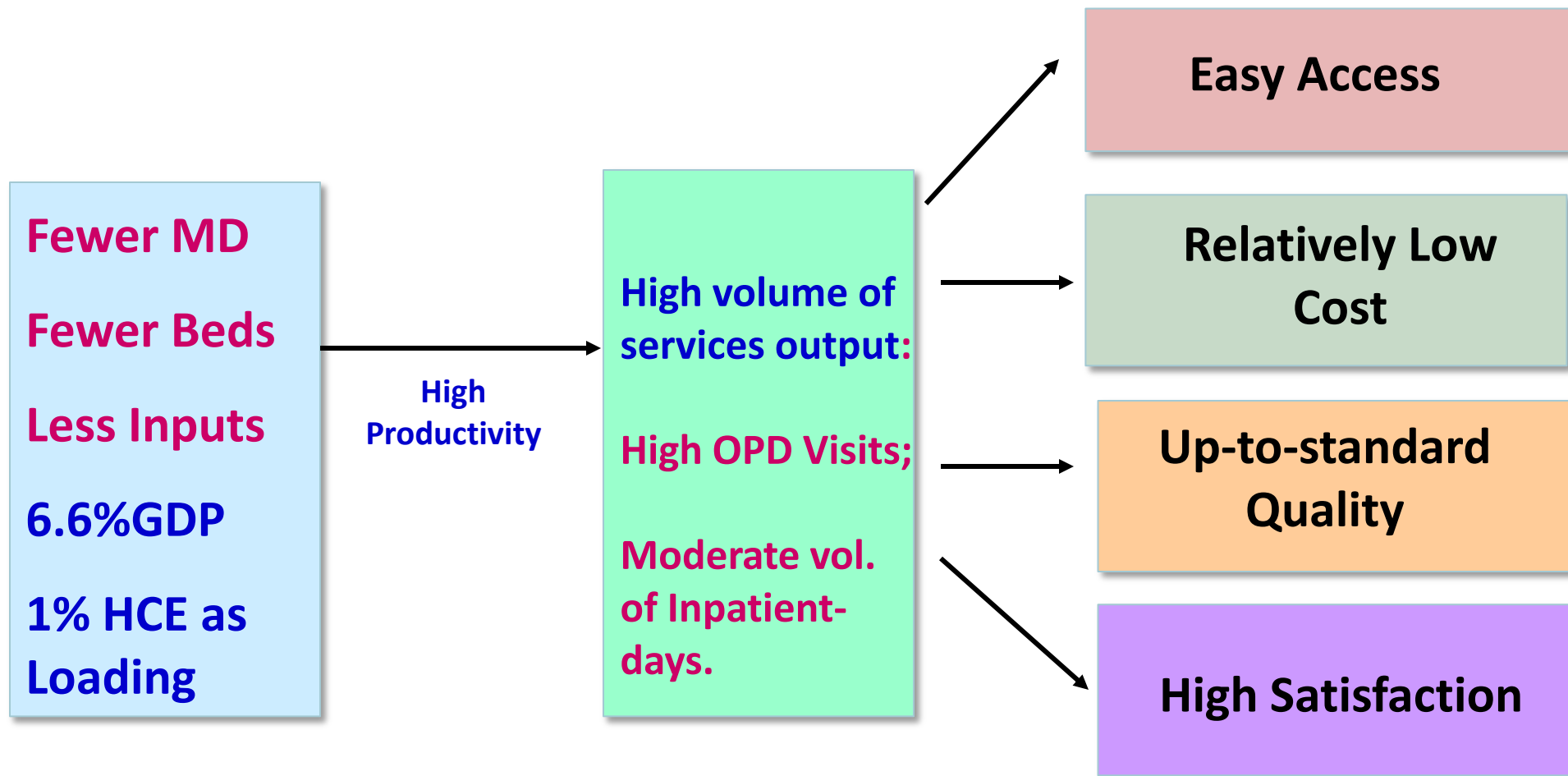
Equal Access to Essential Health Care

1. Ambulatory Services
2. Inpatient Care
3. Surgical Procedures (Organ transplantation included)
4. Prescription Medications (Hemophilic Rx, orphan drugs included)
5. X-ray exams, Lab. Exams. (CT, MRI. PET included.)
6. Dental care (Prothodontics, orthodontics, implants excluded)
7. Chinese Medicine
8. Day care for the mentally ill
9. Dialysis for the renal failure patients
10. Long-term care for the respirator-dependent patients.



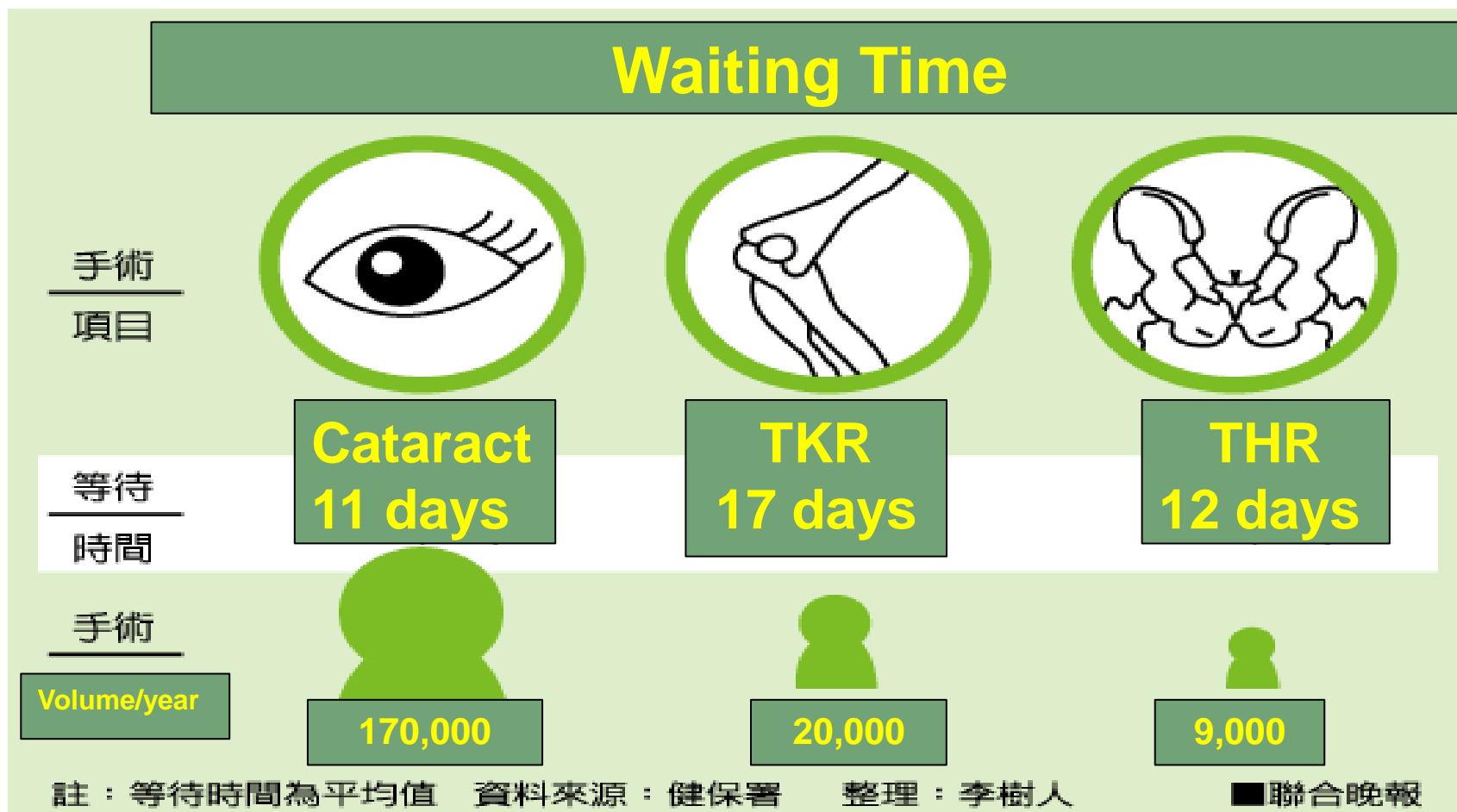
Efficient Provision of Healthcare

Comparison with OECD Countries



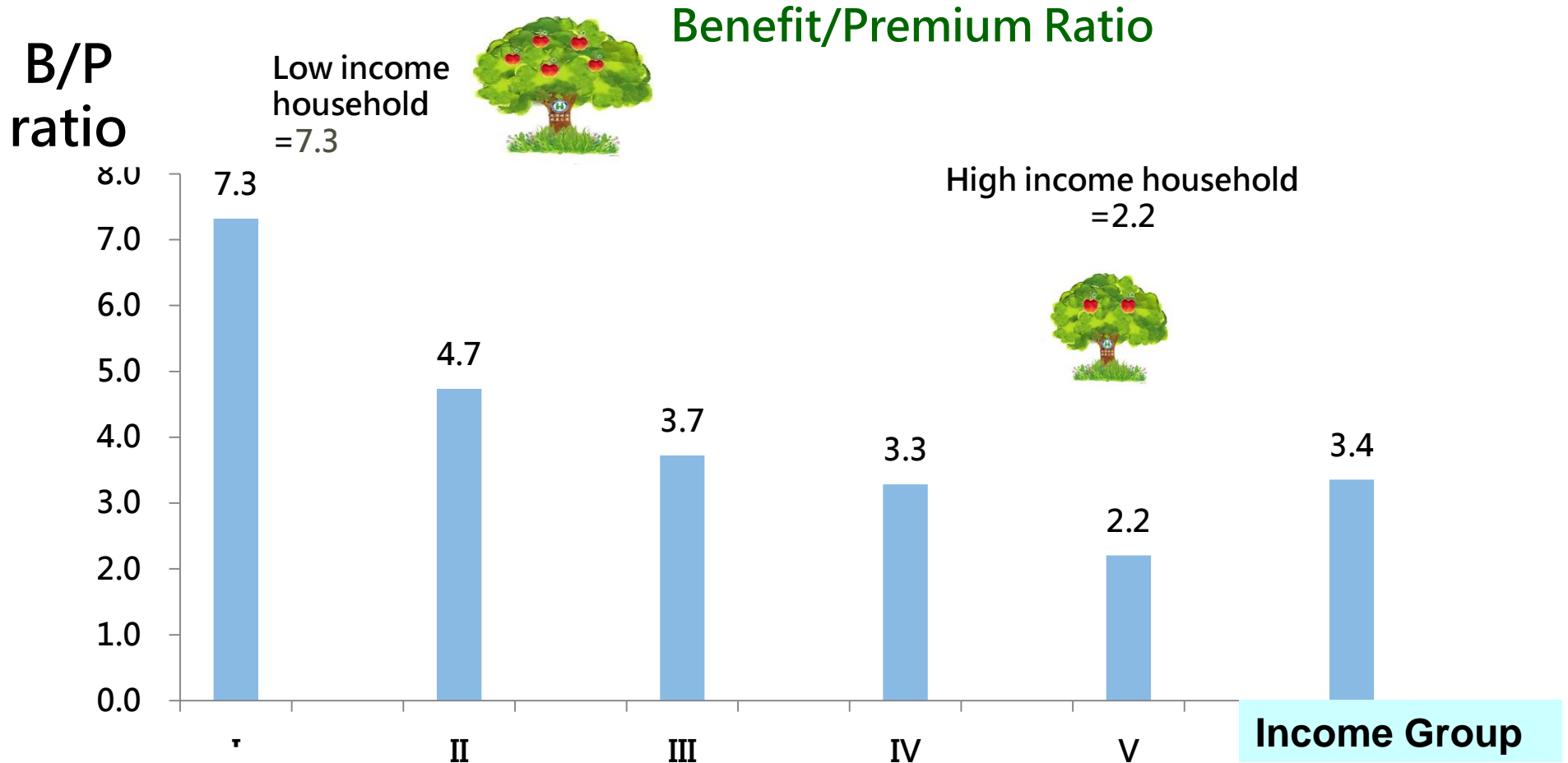


Waiting Time for Elective Surgical Procedures





Equitable Redistribution of Health-related Dollars: The rich subsidize the poor





Equitable Redistribution of Health-related Dollars: The healthy subsidize the sick

| Type of User | Medical Expenses | Equivalency |
|--------------------------------|------------------|-------------|
| Per capita | NT\$ 26,367 | 1.0 |
| Per catastrophic disease | NT\$ 181,249 | 6.9 |
| Per cancer patient | NT\$ 137,950 | 5.2 |
| Per cirrhosis of liver patient | NT\$ 143,457 | 5.4 |
| Per hemodialysis patient | NT\$ 580,177 | 22.0 |
| Per patient on L/T respirator | NT\$ 744,597 | 28.2 |
| Per hemophilia patient | NT\$ 3,251,811 | 123.3 |

Source : NHI 2014



Remaining Challenges

1. Affordability of newly-emerging expensive technologies.
2. Financial sustainability by 2030.
3. Provider payment reform linking with sensitive and system-wise quality monitoring.
4. Investment on health instead of healthcare only.



Affordability of Expensive New Technologies

What if the new HCV drugs will spend twice or three times of the NHI annual budget?

1. Prevalence rate: 2.5% : 600,000 patients
2. Treatment cost: USD\$ 80,000 per patient
3. Total cost: USD\$ 48 billion (2.5 times of NHI's annual budget)



Affordability of Expensive New Technologies

1. NHIA needs to respect and reward for breakthrough innovations.
2. Big Pharma exercises its market power as third-degree price-discriminating monopolist.
3. Is parallel trading or international reference pricing a feasible solution?
4. NHIA, as a monopsonist, also exercises its market power.
5. How does a monopsonist interact with a monopolist?



Financial Sustainability by 2030

- The elderly population in Taiwan represents 11.2% in 2012; will be 20% by 2025.
- Besides ageing, new technologies play a more important role in cost escalating.
- NHI spent NTD560 billions in 2014; and will spend NTD910 billions in 2030.
- Extend the premium base to other income.
- Raise the excise tax on tobacco, wine, or others.
- If income-based premium fails to sustain the NHI, property-based premium or transaction-based premium could be an option.
- Educate our citizens that we should not ask for Nordic-like social welfare system by paying Taiwanese tax money.



Provider Payment Reform

- 1) Bundled payment instead of itemized payment.
- 2) Periodical tune-up to reflect the market transaction price.
- 3) System-wise disease-specific quality monitoring for individual providers.
- 4) Providing more incentives for quality improvement instead of volume expansion.



Investment on Health instead of Healthcare only

- 1) Muscle relaxation/exercises for insomnia/anxious citizens.
- 2) Fitness or weight control programs for the obese citizens.
- 3) Health education and behavior modification programs for the persons with risk behaviors, such as smoking cessation programs .
- 4) Screening for early-detectible diseases.



Conclusion

1. Summary of NHI's achievements: easy access, affordable cost, up-to-par quality, and high satisfaction.
2. Future challenges come from expensive high technologies and fast ageing population.
3. Continuous provider payment reform is needed.
4. More investment on health, instead of healthcare, is necessary.
5. The future of Taiwan's NHI needs benchmark learning from other countries, infusion of newer brains and young talents in the government sector.

