

A Single-Payer Universal Social Insurance System: The Taiwan Experience

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The screenshot shows the PBS Frontline website interface. At the top, the 'FRONTLINE' logo is displayed in a red box. Below it, a large blue-tinted image of a human torso is visible. On the right side, there is a small inset image of a medical device, possibly a dialyzer, with the text 'Watch the Full Program Online' and a plus sign below it. A yellow arrow points from the word 'Taiwan' to the plus sign. Below the main image, the title 'Sick Around the World' is shown in a light blue font, followed by the subtitle 'Can the U.S. learn anything from the rest of the world about how to run a health care system?' and a plus sign with the word 'Introduction'. Below this, there are several navigation buttons: 'Five Capitalist Democracies & How They Do It', 'Interviews', 'Analysis', and 'Q&A With T.R. Reid'. At the bottom, there are two more buttons: '+ Join the Discussion' and '+ Live Chat With Correspondent T.R. Reid'. A row of flags representing the United States, United Kingdom, Switzerland, Germany, Taiwan, and Japan is also visible.

Taiwan

PBS production by T.R. Reid, April 2008

<http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/>

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Taiwan - 2009

- Socio-economic and demographic characteristics
 - **High-income economy**
 - GDP per capita: USD 16,353
 - 6.87% of GDP on health (2%+ since 1994)
 - **Lowest total fertility rate country**
 - TFR: 1.03
 - **Rapid aging population**
 - Low fertility rate
 - good life expectancy
 - M/F: 75.5/82
 - Pop size: 23.12 million



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Road map

- NHI in Taiwan
 - Historical development
 - Major features
 - System performance
- Rising up to future challenges
 - 2nd generation NHI
- Final words

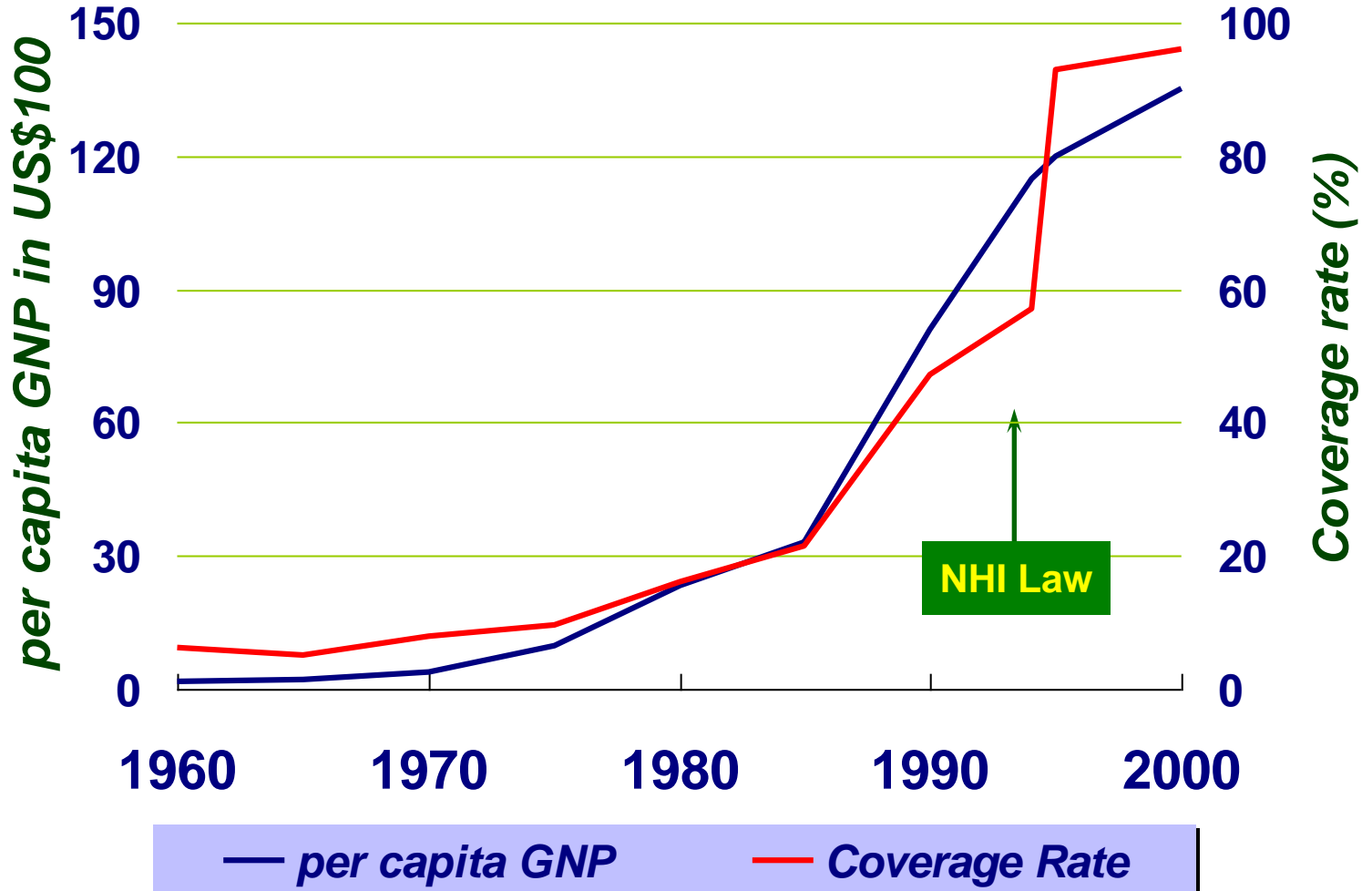


Taiwan NHI - historical development

- Taiwan implemented NHI in 1995
 - Merging three major social insurance programs
 - Labor Insurance (LI), 1950
 - Government Employee Insurance (GEI), 1958
 - Farmer Insurance (FI), 1989
 - Low income insurance, 1990
 - Expanding the coverage to the uninsured (43% pop), mainly the unemployed and the retired



THE BIRTH OF TAIWAN'S NHI



Taiwan NHI – Major Features

- **Public single-payer approach**
 - Bureau of NHI
 - exp budget
 - NTD 443.2 billion (USD 15 billion) in 2010
 - **Direct saving through market power**
 - Uniform FFS payment schedule with global budgets
 - Uniform electronic claim filing and review system
 - Smart card
 - **Avoid cost shifting and risk selection**



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Taiwan NHI – Major Features

- **Universal coverage**
 - Compulsory social insurance scheme
 - 99% coverage rate
- **Compulsory payroll-tax financed**
 - Government subsidies: 26%



Taiwan NHI – Major Features

- Public single-payer approach
- Universal coverage
- Compulsory payroll-tax financed
- **Comprehensive service coverage**
- **Freedom of choice**

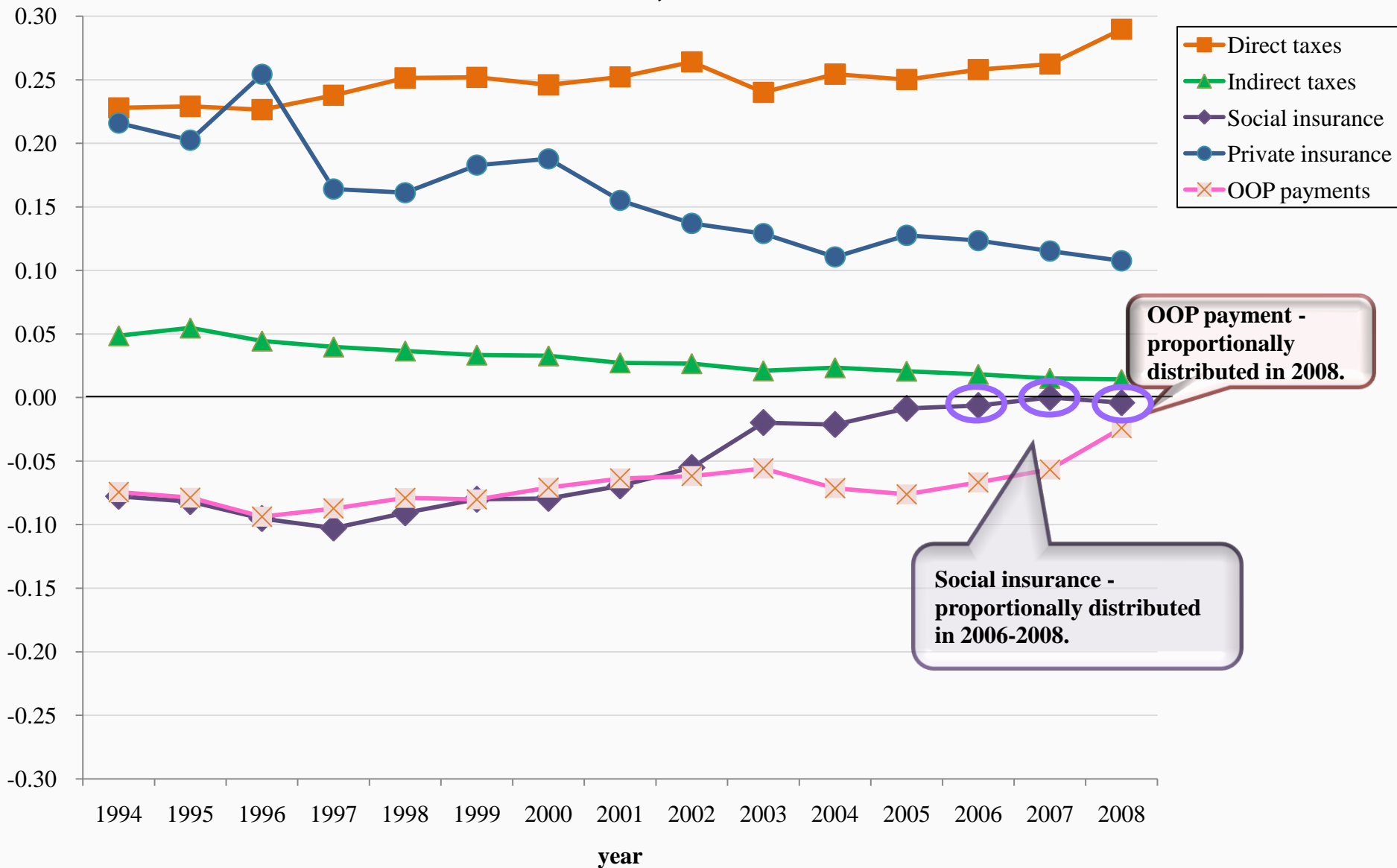
Taiwan NHI – System performance

- High public satisfaction rate
 - +70%
- Efficiency
 - **Administrative efficiency**
 - Uniform schedule, claim filing procedures
 - IC Smart card for real-time monitor
 - Adm exp: **1.51%** (total medical bill)
 - Allocative efficiency
 - Improved – remote areas
- Equity performance

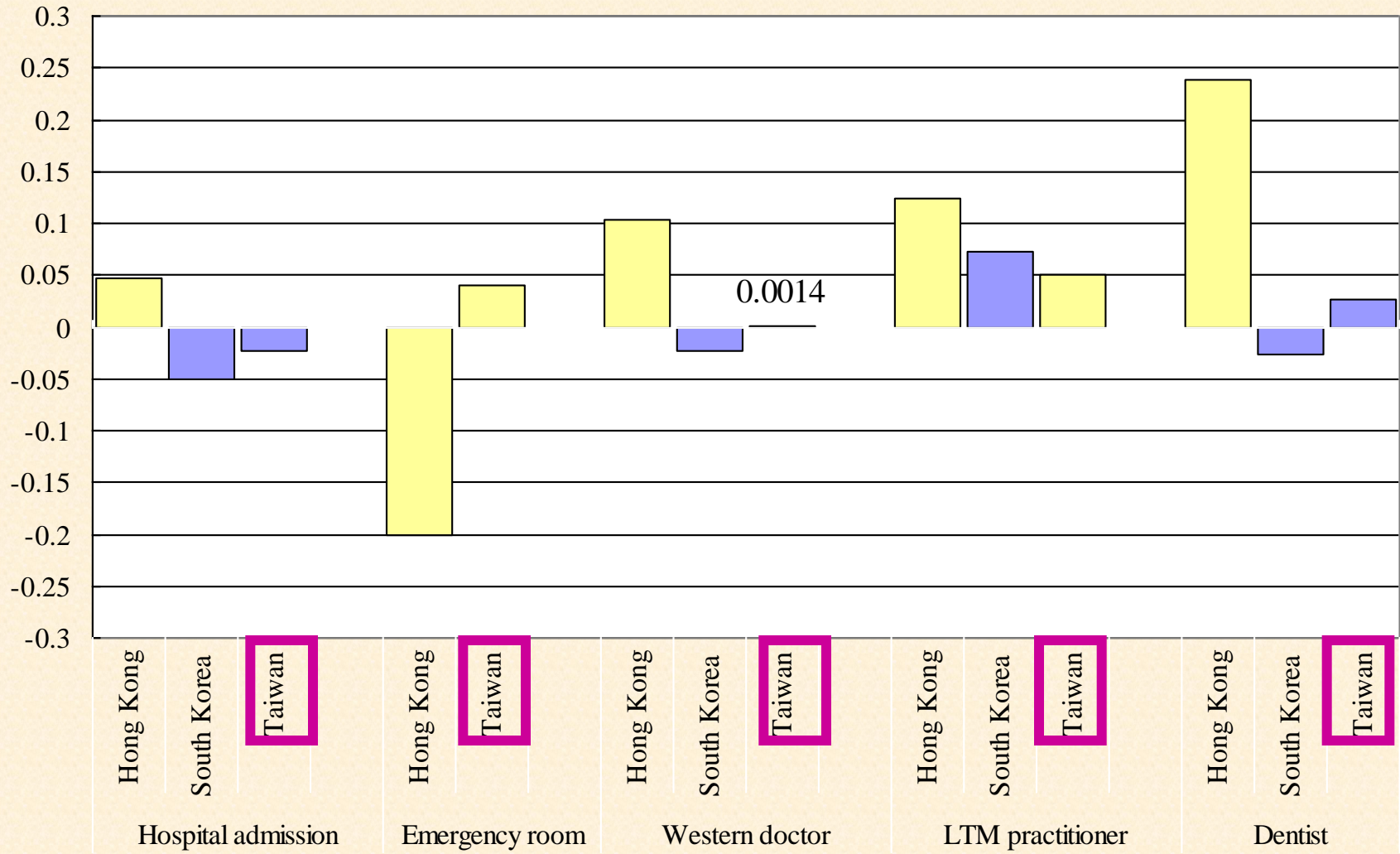


Progressivity for health financing by sources

Taiwan, 1994-2008



Income-related inequity in health care utilization, Hong Kong, South Korea and Taiwan 2000-2001



Source: Lu, Liang, et al, 2007.

$p < 0.05$
 insignificant

What is the major challenge ahead?

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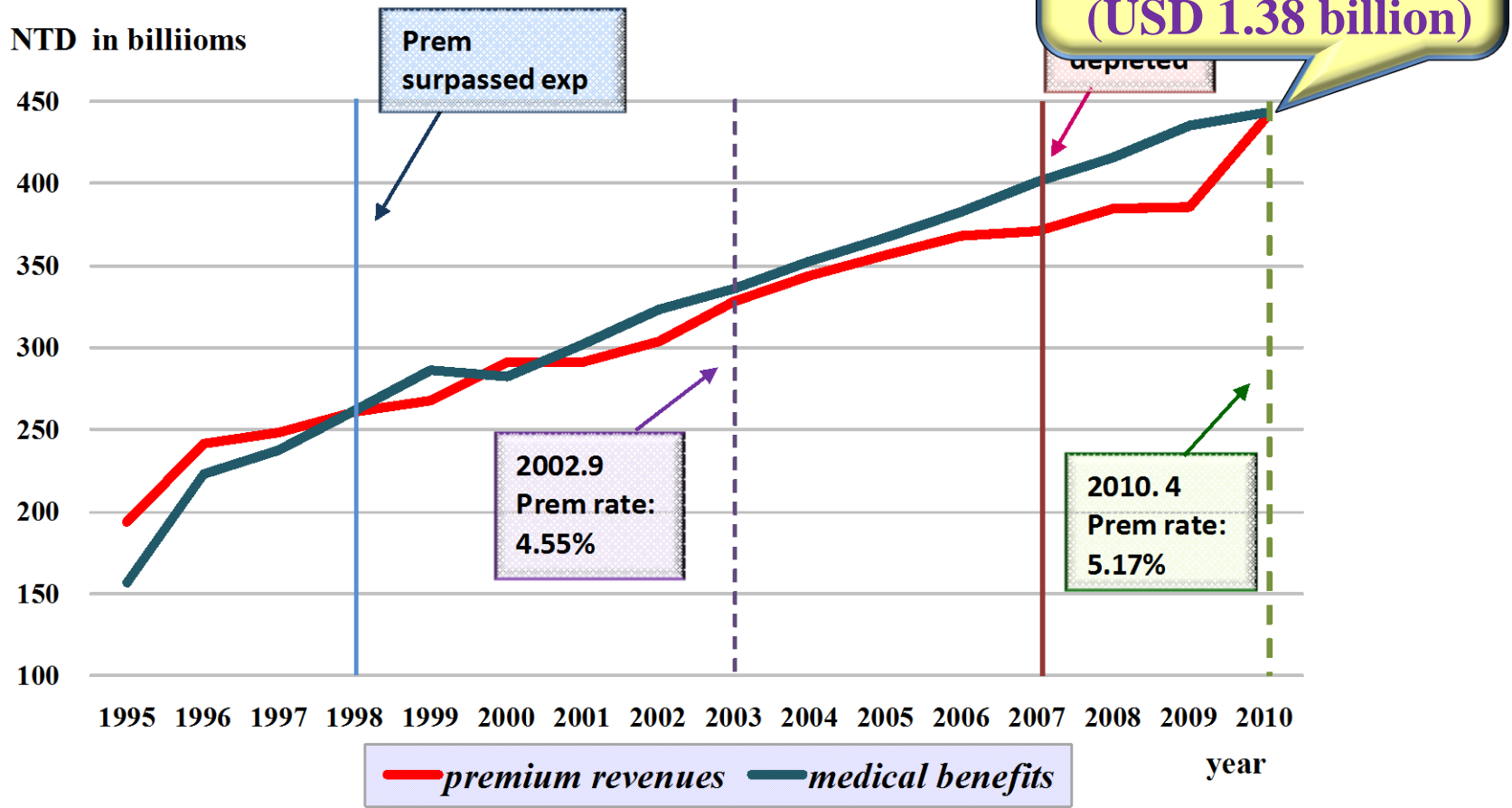
Financial insolvency

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NHI premium income and medical



Source: National Health Insurance Annual Statistical Reports, 2010.

2G NHI reform proposal

- household income base

- Goal
 - Mend the financial gap
 - Improve financial equity
- Features
 - Expand premium base
 - gross hh income: payroll and other sources of income
 - Eliminate the complicated and inequitable classification system of the insured
 - Lessen the financial burden of hh with more dependents



Taiwan's top fashion model, Lin Chih-ling, an unexpected driver for the birth of a new national health insurance (NHI) system



- **Local news media has reported that Lin needs to pay only NT\$604 in monthly premium despite her annual income of more than NT\$43 million.**

2G NHI reform proposal

- household income base

- **Significant premium increase for high income households and singles**
- **Administrative feasibility** is highly questioned
 - Time lag and complicated tax return system
- Ruling KMT party legislators refused to support the drastic changes proposed in the reform bill
 - forthcoming elections

Dual-track premium system (1.5G NHI)

Premium

Basic premium

- Premium rate: 4.91%
- Premium base: monthly payroll

Supplementary premium

- Premium rate: 2%
- Premium base: 6 categories of non-payroll income



2G NHI legislation passed on Jan. 4, 2011

- Revisions of 106 articles to NHI Law
 - Dual-track premium system
 - An increase of NTD 20.8 billion per year
 - Differential payment system
 - new drugs and medical device not fully covered by NHI
 - NHI drug expenditure target
- **Health Minister resigned**



Health Care Reform

- Always An Unfinished Agenda

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Final words

- Taiwan's reform efforts in establishing a rather equitable health system may provide valuable lessons for countries going through rapid economic and political transition
- **Future challenge remains**
 - **Financial sustainability**
 - **Rapidly aging population**
 - **Economic stagnation**



Comments & Discussion

