

The healthcare system in Taiwan



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The organization of health administration in Taiwan is divided into two levels: the central level and the local level (city and county governments). At the central level, the Department of Health (DOH) under the Executive Yuan is the highest administration office, responsible for policy-making, supervision and coordination of local health bureaux. At the local level, there are 23 local health bureaux under county or city governments and the two under Taipei and Kaohsiung special municipalities, responsible for daily operations of healthcare activities within their respective jurisdictions. The Bureau of Medical Affairs within the DOH has a close relationship with hospitals and healthcare institutions regarding operations and management. The bureau is responsible for the regulation of medical affairs, quality counseling for healthcare organizations, emergency rescue services, psychiatry and mental health services and human resources.

Hospital distribution

Operational model of the healthcare system

The operational model of healthcare system in Taiwan is basically a closed system. The hospital contracts licensed physicians who then practice medicine only in the hospital they are contracted to. However, the hospital provides diversified services including emergency treatment, outpatient and inpatient services, as well as laboratory services.

Summary of medical organization and healthcare service capacity in Taiwan

Hospitals in Taiwan can be categorized according to:

- ownership (public hospital, private hospital and corporate hospital);
- type of service provided (general hospital, chronic hospital and psychiatric hospital);
- education and training capability (teaching hospital and non-teaching hospital); and
- level of accreditation (medical centre, regional hospital and district hospital).

Number of healthcare personnel per 10,000 population

Statistics in 2004 revealed that the total number of healthcare personnel in health organizations was 192,611. This includes 21.1 practicing physicians, 44.9 nursing personnel (registered nurses, licensed practicing nurse and midwives), and 11.5 pharmaceutical personnel (pharmacists

and assistant pharmacists) per 10,000 population (See Figure 3).

Distribution of specialist physicians among hospitals

Physicians should obtain a licence before they can practice medicine. A high percentage of physicians in Taiwan are also certified with a speciality board. Statistics at the end of 2004 revealed the number of speciality-board certified full time physicians was 14,964. On average, 69.2% of the full time physicians are certified by a speciality board in both public and private hospitals.

Hospital bed capacity

As of the end of 2004, the number of hospital beds was 127,667 (56.3 beds per 10,000 population). These included 74.2% of general beds (94,659), of which 76.4% are acute beds, and 25.9% special beds (33,008).

Hospital service capacity

General bed service capacity

In 2004, the average bed occupancy rate for general beds was 71.1%, and the average hospital stay was 9.6 days. The bed occupancy rate for special beds was 57.9%, with an average stay of 10.21 days.

Medical service capacity

→ **Outpatient visits:** The accumulated number of outpatient visits in 2004 was 101,687,332. Of which, 27.5% of visits were in public hospitals and 72.5% in private hospitals.

→ **Emergency room visits:** The accumulated number of emergency room visits in 2004 was 6,870,499. Of which 27.4% were in public hospitals and 72.6% in private hospitals. Emergency room visits increased 12.1% as compared to last year.

→ **Surgeries:** The accumulated number of surgeries in 2004 was 1,707,502. Of which outpatient surgery was 44.4% and inpatient surgery 55.6%. Public hospitals accounted for 26.3% of surgeries and private hospitals 73.7%.

Medical education in Taiwan

Medical education in Taiwan comprises of:

- education of medical students;
- post-graduate residency training;
- fellowship training; and

→ continuous medical education.

The curriculum of the medical school in Taiwan consists of a seven-year study, including one-year internship. The students are conferred with Bachelor of Medicine degree; the licence is certified only after passing the national licence examination. In order to control the number of physicians, medical students are limited to 1,300 per year. The residency training requires three to four years and the subspecialty fellowship two to three years. Diploma of speciality and/or sub-speciality board is conferred after passing the examination. The diploma is renewed every three to five years with a sufficient accumulation of continuous medical education credits.

The National Health Insurance Programme

A mandatory National Health Insurance Programme was launched on 1 March 1995 by the government. It covers all population, including citizens and residents who are legally staying in Taiwan. The insurance programme provides universal coverage, offers low premium with comprehensive scope of benefits with easy accessibility to medical facility and proper care of disadvantaged groups and has obtained high public satisfaction.

Enrolment

All citizens of ROC and foreign residents who have resided in the territory of Taiwan for more than four months are eligible to join the insurance programme. As of the end of August 2005, there were 22,129,646 individuals enrolled in the NHI with a coverage rate of 99%.

Premiums

NHI premiums are collected from the insured individual, the employer or the group in which the insured individual related to, and the government, where 40% of the total premium is from the insured individual, 33% from the employer, and 27% from the government. The collection of

premium was 96.38%. The premium of the insured individual is calculated according to the insurable income, premium rate, share of contribution, and number of payable dependents. Unemployed citizens pay a flat-rate premium calculated from the average premium of all the insured people.

Number of contract hospitals

As of the end of June 2005, the Bureau of National Health Insurance (BNHI) contracted 575 medical institutions, representing 98% medical institutions nationwide in Taiwan.

Scope of benefits

There is comprehensive and wide scope coverage by the programme. It covers outpatient clinic visits, inpatient services, and treatment with traditional Chinese medicine, baby delivery, drug prescriptions, preventive care and immunization for children, homecare services and rehabilitation services.

Co-payment

The co-payment system is designed to avoid abuse of medical resources. Under the coverage of NHI, the insured shall pay a co-payment when medical services are used.

Achievements

The NHI programme has achieved outstanding results and has earned a worldwide reputation since its implementation in 1995. The programme is highly effective and with a low cost (6.3% of GDP in 2005). *The Economist* listed Taiwan as the second healthiest country in the "World Healthy Nations List" in 2000. Academics from Princeton University and Harvard University have publicly praised the accomplishments of Taiwan Health Insurance Programme. American Broadcasting Company introduced and reported the accomplishment of Taiwan National Health Insurance

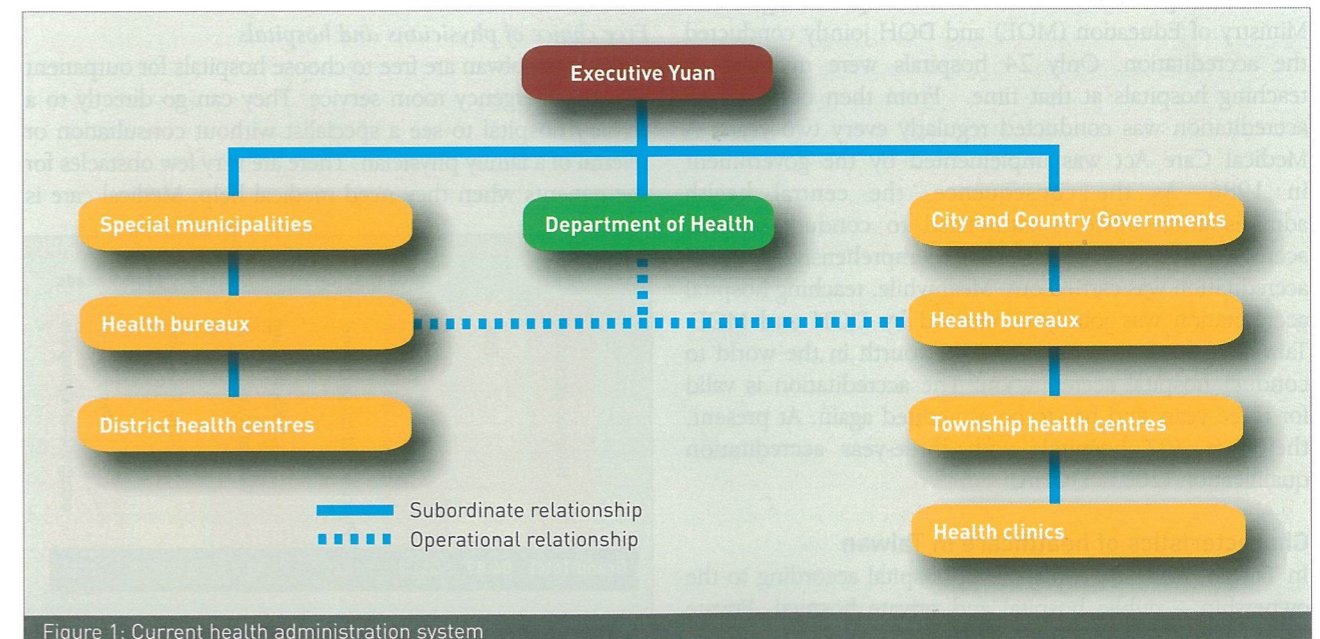


Figure 1: Current health administration system

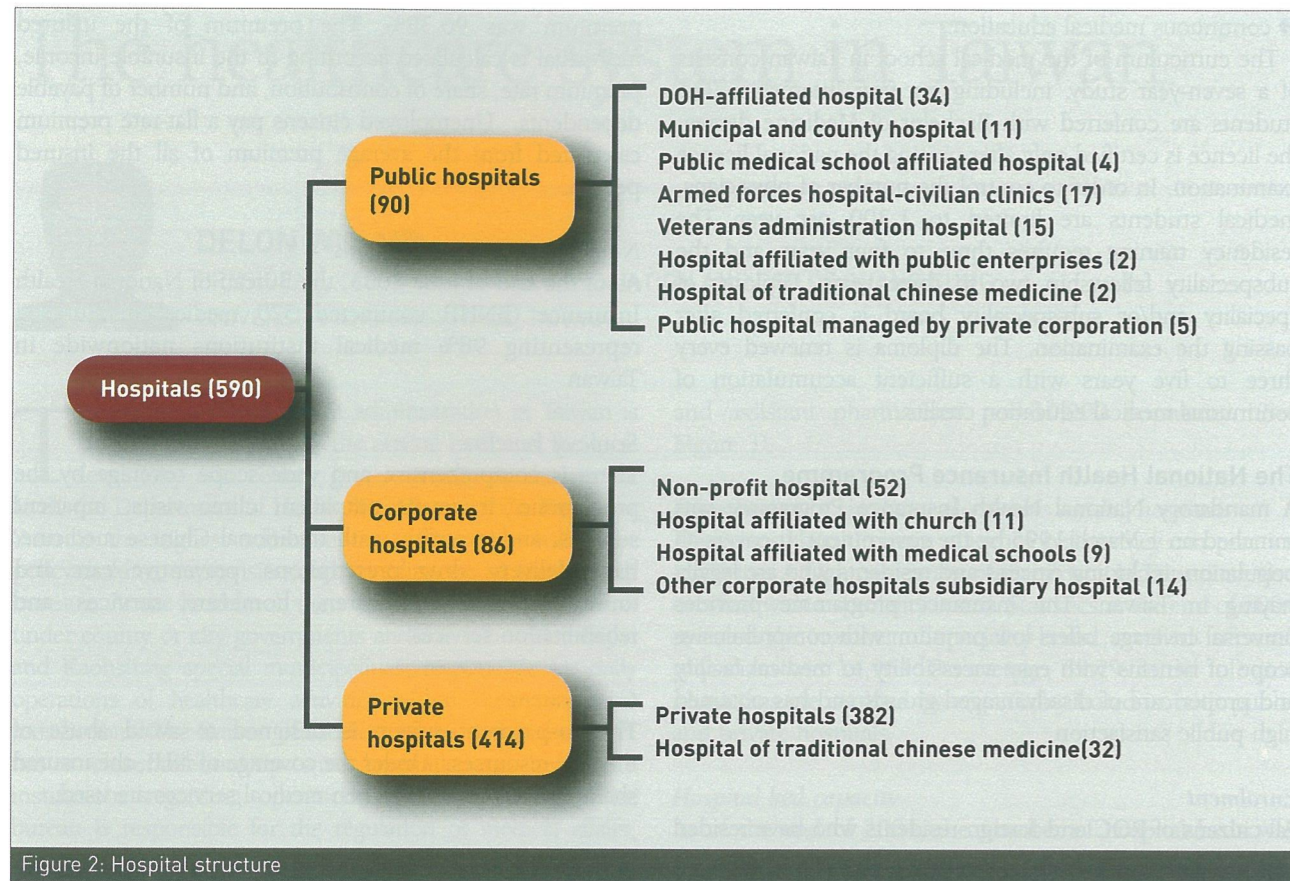


Figure 2: Hospital structure

Program in a special programme entitled “Health Utopia” in October 2004. In February 2003, German *Family Doctor Monthly* praised this system in a special report entitled “Models Outside the World Health Organization—seven years of german style national health insurance programme in Taiwan”.

Hospital accreditation in Taiwan

Hospital accreditation in Taiwan began in 1978 in order to evaluate hospitals for clerk and internship training. The Ministry of Education (MOE) and DOH jointly conducted the accreditation. Only 24 hospitals were qualified as teaching hospitals at that time. From then on, hospital accreditation was conducted regularly every two years. A Medical Care Act was implemented by the government in 1986. As the consequence, the central health administration office is authorized to conduct hospital accreditation. In 1988, the first comprehensive hospital accreditation was carried out. Meanwhile, teaching hospital accreditation was jointly conducted by DOH and MOE. Taiwan is the first in Asia, and the fourth in the world to conduct hospital accreditation. The accreditation is valid for three years and has to be accredited again. At present, there are 497 hospitals with three-year accreditation qualification (2005, TJCHA).

Characteristics of healthcare in Taiwan

In Taiwan, there are two types of hospital according to the ownership – public hospital and private hospital. Private hospital can further be divided into profit and non-profit

hospital. Similar to the regulation in Germany, only licensed physicians can own a profit hospital (Sloan 2000). The healthcare system in Taiwan has the following characteristics:

A closed system

Physicians are hired by hospitals with a contract and are allowed to practice medicine only at the hospital they hold the contract.

Free choice of physicians and hospitals

Patients in Taiwan are free to choose hospitals for outpatient visit or emergency room service. They can go directly to a tertiary hospital to see a specialist without consultation or referral of a family physician. There are very few obstacles for the patients when they need medical help. Medical care is

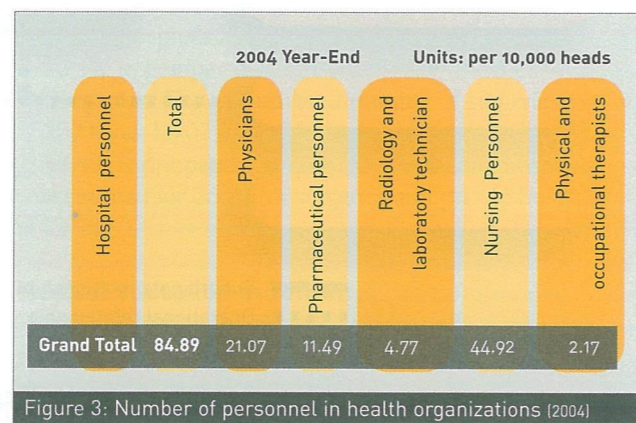


Figure 3: Number of personnel in health organizations (2004)

Year	Public hospitals			Private hospitals				
	Veterans administration hospital	Armed forces hospital-civilian clinics	DOH affiliated and city hospitals in Taipei and Kaohsiung	Non-profit corporate hospital	Hospitals affiliated with medical schools	Hospitals affiliated with other corporate Organizations	Hospitals affiliated with church	Private hospitals
2004	90.5	72.2	79.6	75.8	71.7	64.7	72.1	59.7

Table 4: The percentage of specialist physicians in hospitals

highly accessible due to the sufficient number of hospitals and physicians as well as the wide coverage of the National Health Insurance Programme (NHI).

Hospital as a multi-product firm

Hospitals in Taiwan provide a wide variety of services encompassing outpatient clinic, inpatient hospitalization, and emergency room therapy. In Taiwan, Hospitals not only provide inpatient service but also run a big outpatient

service from where inpatients requiring hospitalization are selected. There is no functioning referral system. Statistics in 1998 showed that hospitals provided 34% of the total outpatient service, including emergency room services, and consumed 64.57% of total outpatient expenses (Bureau of NHI, 2005). Statistics also revealed that the ratio of outpatient expense to inpatient expense as applied by the hospitals was 58:42, while the ratio of actual outpatient and inpatient payment by the Bureau of NHI (BNHI) to hospitals was 45:55 (Bureau of NHI, 2005). □