

[Taiwan]

## Health Care Quality and Integrity in Period of Economic Depression

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The economic downturn and financial constraints from the United States and the European Union major economies since 2008 had influenced the economic development of the major Asian Pacific economies shortly and significantly. Taiwan's economic distress followed those of the other economies in the region. The economic outputs started to show its weakness in the middle of 2008 and further went deep into 2009, while the unemployment rates climbed dramatically simultaneously. Social security and health care were threatened since then, particularly with higher unemployment rates, aging and marginalized populations, and family suicides, et al.

Adverse effects on the public health as a result of job losses would likely contribute to mental health or addiction problems, the adoption of less healthy lifestyles (such as increased consumption of cheap food with little nutritional value, or smoking as a response to stress), and poor disease management resulting from overburdened health-care services or delays in seeking care from patients who are concerned about additional costs. WHO has warned that "it should not come as a surprise that we continue to see more stresses, suicides and mental disorders"; "the poor and vulnerable will be the first to suffer"; and "defending health budgets" will become more difficult.

In the United States, the estimated Medicaid enrollment grew by an average of 5.4% and the spending growth averaged 7.9% at the same time. Health spending is expected to grow by an average of 6.3% further in 2010. A review in the Europe Region during previous economic depression showed that significant short-term increases in premature deaths from intentional violence were observed, while reduction in traffic fatalities were also noted.

Similar concerns grew in her health care system in Taiwan, as the national health insurance (NHI) had been shown with great instability in its finance structure and the quality in recent years. The out-of-pockets payment grew significantly since early 2000, comparable with those before installation of the NHI in 1995. The NHI, which had been designed as a monopoly and single-insurer in the beginning suffered deeply in debts due to profound and complex causes, including excessive utility, poly-pharmacy, less than satisfactory collection of premiums, and lower trust to the governmental administration in general. Since the end of 2008, there were greater concerns on the increasing number of people who may seek medical care during the period that put extra burden on the already distressed governmental health care expenditure. The medical association and its members are actively involved in the monitoring, negotiation, and respond proactively to the needs of the patients and the community during these months. These include strong arguments and effective negotiation with the governmental NHI to seek more financial supports to maintain high quality health services, and allow adequate investment on new innovative medical technologies, medicines, and medical instruments to be included in the priorities of the NHI. These efforts had resulted in rational allocation of financial incentives from the NHI in the community health services from the NHI. On the other hands, faced with increased demands by the aging society and the populations with chronic diseases in Taiwan, it is essential to provide continuous consultation and easily accessible services for those more than 70 years old in the society. However, till today the NHI was short of enough capacity to adjust its premiums, only shown with twice increases from 4.25% in 1994 and 4.55% at

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The article is based on a presentation made at the Symposium themed "Impact of Global Financial Crisis to the Health System" held at the 26th Congress of the Confederation of Medical Associations in Asia and Oceania (CMAAO), Bali, Indonesia, November 7, 2009.

2002. The demand for more quality health care was constrained by inadequate total health expenditure that may have distressed the performance and jeopardized its sustainable maintenance. Taiwan Medical Association has repeatedly sought its readjustment toward the already depressed health care providers in Taiwan.

With the continuous difficulties in the national health care insurance scheme in Taiwan, the health care quality might not be expected to be in proper development during the period. The medical association has advocated special attention focused on minority groups and target populations in rural area which might suffer more from delicate economic imbalance to individuals and families. A combined active labor market

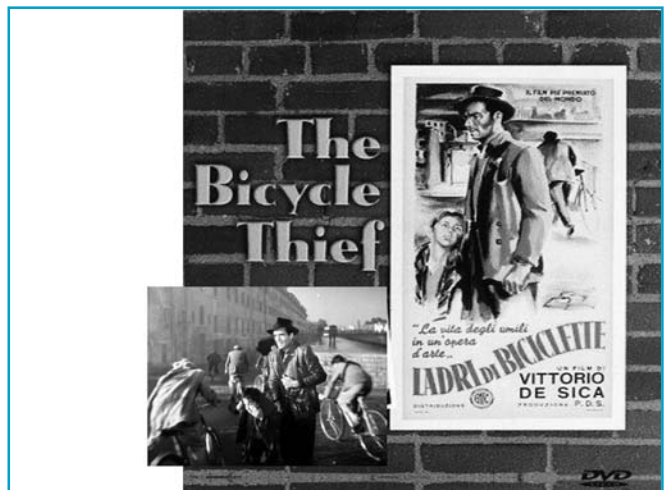
programmes by the government that may keep and reintegrate workers in jobs expected to mitigate some adverse health effects of economic downturns. We believe that continuous quality health services to those in need will reduce the social burden during the crisis. We look forward to provide related discussion with the Members in the meeting.

**Acknowledgement**

This article has been advised by Prof. Ming-Been Lee, president of the Taiwan Medical Association, Dr. Yung-Tung Wu, advisor of the Association, Mr. Chung-shao Lin, director of the office, and Ms. Wei-li Chen for excellent revision.

**ECONOMIC DOWNTURN & QUALITY OF HEALTH CARE**

Taiwan Medical Association



**Economic downturn in Taiwan**

- ▣ Economist: Taiwanese **economy** hit hard by the global economic downturn, the worst among the 55 countries it tracks weekly, based on industrial production.
- ▣ Industrial output fell by 32 % between December 2007 and December 2008.
- ▣ Industrial output decreased at an annual rate of 62 percent.
- ▣ Gross Domestic Product (GDP) will contract in 2009, at least 3% to as much as 11%.
- ▣ Most likely faces its steepest downturn in its history.

**Economic tsunami hit Taiwan**

- ▣ Economic growth drops 4.04%.
- ▣ Unemployment rate climbs to 5.94%.

Month	Economic Growth (%)	Unemployment Rate (%)
Aug. 2008	4.14	45.2
Sept. 2008	4.27	46.4
Oct. 2008	4.37	47.6
Nov. 2008	4.64	50.7
Dec. 2008	5.03	54.9
Jan. 2009	5.31	57.8
Feb. 2009	6.24	62.4
Mar. 2009	6.30	63.0
Apr. 2009	6.25	62.5
May 2009	6.33	63.3
June 2009	6.47	64.7



**WHERE DO WE GO FROM HERE?**

**Toward National Health Insurance And Welfare State**

- 1950 Labor Insurance
- 1958 Government Employee Insurance
- 1985 Farmer Insurance
- 1990 Low-income Household Insurance
- 1995 National Health Insurance
- 2008 National Pension
- 2012 Long-Term Care Insurance

\*Health insurance coverage rate before 1995 was 59%

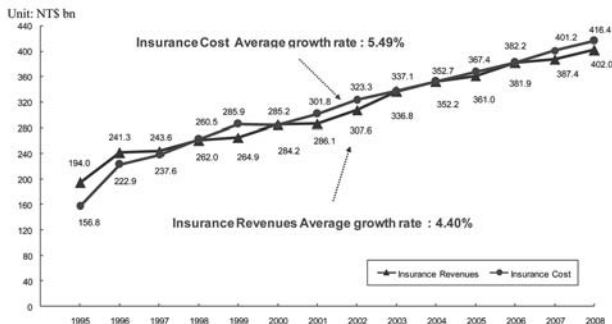
**Major Features of NHI**

- > Universal coverage
- > Comprehensiveness
- > Freedom of choice
- > Easy access and timely service
- > Quality of care
- > Affordable cost
- > Good public satisfaction

**Cost?**

- > National Health Expenditure Accounts for 6.1% of GDP (3.5% for NHI)
- > Premium: 4.55% of the payroll, shared by the insured, the employer, and the government
- > Premium paid by the family on average: US\$1000/yr , or US\$80/mo, approximately 2% of the household income.
- > Maximum Copayment for inpatient service: 10% of per capita income, or US\$1,000

**Trend of NHI Financial Status**



**Challenges on health care in Taiwan**

- Poor and the unemployed suffer most
- May not get basic health care



What can Health Authorities do for public health?



### Pooling Moneys Together

- Premiums
- Tobacco surtax
- Public budgets
- Welfare relief funds
- Other social insurance
  - ✓ Employment Insurance fund
  - ✓ Laborer's insurance for work-related injuries
- Emergency Relief funds

## 2009

Cap ceiling – regulated total inflation on medical expenditure

2009-2010

Government: 1.822~3.5% inflation

TMA: 2004-2007 clinics patients increased 5.5% , expenditure increase 9.1% , proportion of non-CAM 20% , total expenditure increase 1.82%

**TMA agreement:**

**non-central 2.282% increase than 2008 ; hospital increase 3.5% than 2008, with new technology, emergency medical care, infant care quality**