Part Ⅳ Medical Benefits

Medical expenditure of the National Health Insurance (NHI) scheme is based on service volume. In addition, there is a gradual process to set the case-payments and global budget payment systems into action. The global budget payment system was implemented in stages in July 1998, starting with dental clinics followed by Chinese medical outpatient services and western medical clinics. The global budget payment system for hospitals was started in 2002. Expenditure by case-payment that allocated more RVU for higher medical resource consumption was implemented in July 2004 and is currently applicable to 53 items. Furthermore, in order to enhance quality of care, a project aimed at improving the system of medical benefit for diseases began in 2001 with the expectation of developing expenditure methods which would ensure quality of medical services in a cost efficient manner. At the present, 5 items are covered, including breast cancer, diabetes, asthma, hypertension and perinatal projects.

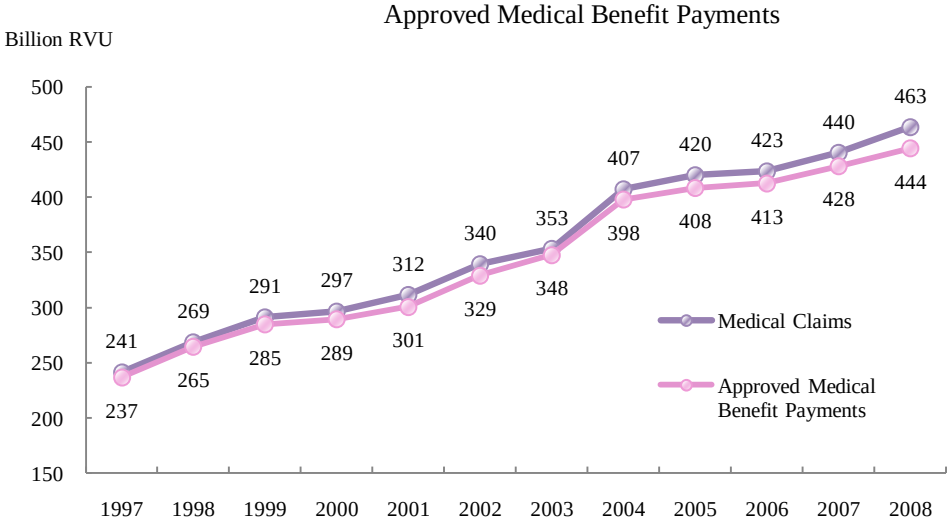
According to the "Regulations Governing Examination of Medical Care Services for National Health Insurance Medical Care Institutions", applications, complete with relevant documents, for cases serviced by a medical services institution under the NHI in the current month should be submitted in paper or electronic format by the 20th of the following month. Applications in electronic format may be divided in two stages, one from the 1st to the 15th of the month and the other from the 16th to the month end, and submit the relevant documents (summary reports) by the 5th and the 20th of the following month. For filing of inpatient cases, if the insured has not checked out of the hospital at the end of the current month, the expenses should be filed altogether after the insured has checked out. For chronically hospitalized patients, filing may be done every two months. Monthly filing is also allowed if deemed necessary.

Medical services institutions under the NHI should finish filing within the specified period, leaving no incomplete applications or errors. The insurer should process the provisional payments within the time limit since receiving the documents and deliver the review results within 60 days. If the results cannot be delivered in time, a provisional payment of the full amount should be made. Any disagreement against the review results of the medical services raised by the medical services institutions under the NHI may be disputed within 60 days since the arrival of the notice from the insurer. The insurer should review the dispute cases within 60 days of receiving such complaints. For the sectors operating under the global budget payment system, if a medical services institution under the NHI disagrees with the disputed results and is qualified for a second review, it may apply for a one-time second review within 15 days of receiving the disputed results. The

insurer should deliver the review results within 45 days of accepting the application for a second review.

I. Historical Medical Benefit Claims and Approved Medical Benefit Payments

Figure 24 Historical Medical Benefit Claims and Approved Medical Benefit Payments

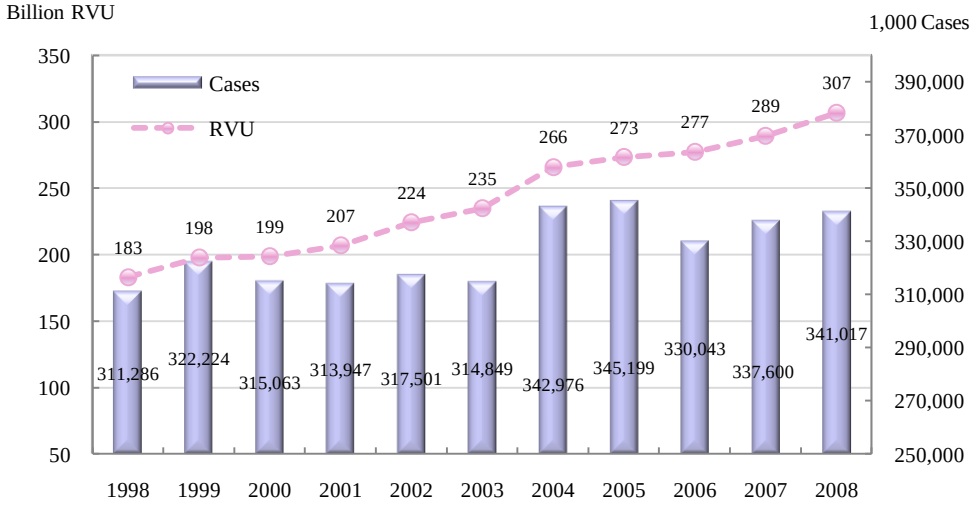


The medical benefit claims were 464 billion RVU in 2008, 307 billion RVU for outpatient services and 157 billion RVU for inpatient services, showing an increase of 5.3% from the previous year. The approved medical benefit payments were 444 billion RVU, 296 billion RVU for outpatient services and 149 billion RVU for inpatient services, showing an increase of 3.8% from the previous year.

II. Medical Benefit Claims

(1) Outpatient Services

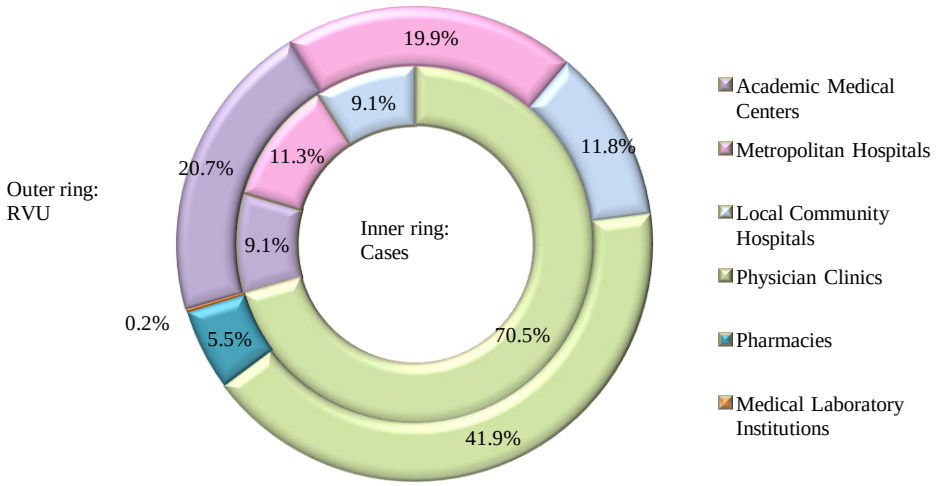
Figure 25 Historical Outpatient Medical Benefit Claims



A total of 341 million of outpatient service cases were filed in 2008, showing an increase of 1.0% from the previous year and an average of 28 million cases per month. The outpatient medical benefit claims were 307 billion RVU, an increase of 5.9% from the previous year. The average number of points filed was 26 billion RVU per month and 899 RVU per case.

Figure 26 Outpatient Medical Benefit Claims by Contracted Category

2008

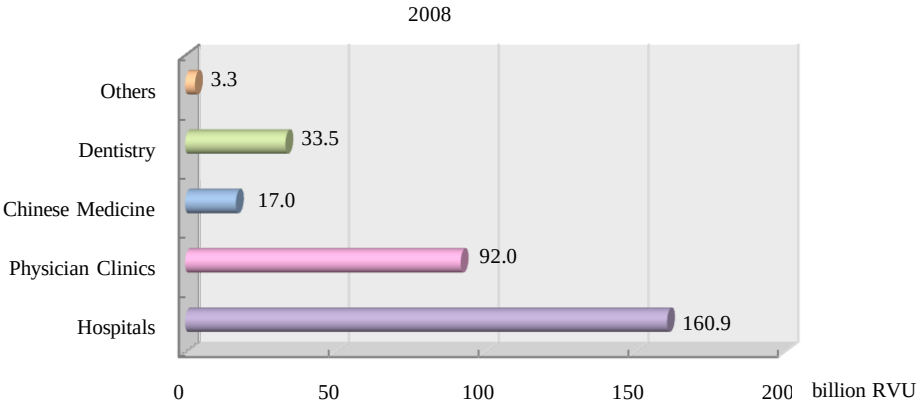


307 billion RVU of outpatient medical benefit claims and 341,017 thousands of outpatient service cases were filed in 2008.

Broken down by contracted category, physician clinics had the highest amount in total outpatient medical benefit claims at 128 billion RVU (41.9%), followed by academic medical centers at 63 billion RVU (20.7%) and metropolitan hospitals at 61 billion RVU (19.9%). The average number of points filed per case was the highest for academic medical centers at 2,049 RVU, followed by metropolitan hospitals at 1,586 RVU and local community hospitals at 1,161 RVU. Physician clinics had the highest amount in total outpatient service cases filed at 240,433 thousands cases(70.5%), followed by metropolitan hospitals at 38,460 thousands cases(11.3%) and local community hospitals at 31,198 thousands cases(9.1%).

Broken down by global budget payment system, hospitals had the highest amount in total claims at 161 billion RVU (52.5%). Physician clinics came in second at 92 billion RVU (30.0%), followed by dentistry at 34 billion RVU (10.9%). The average number of points filed per case was the highest for other sectors at 2,743 RVU, followed by hospitals at 1,676 RVU and dentistry with 1,116 RVU.

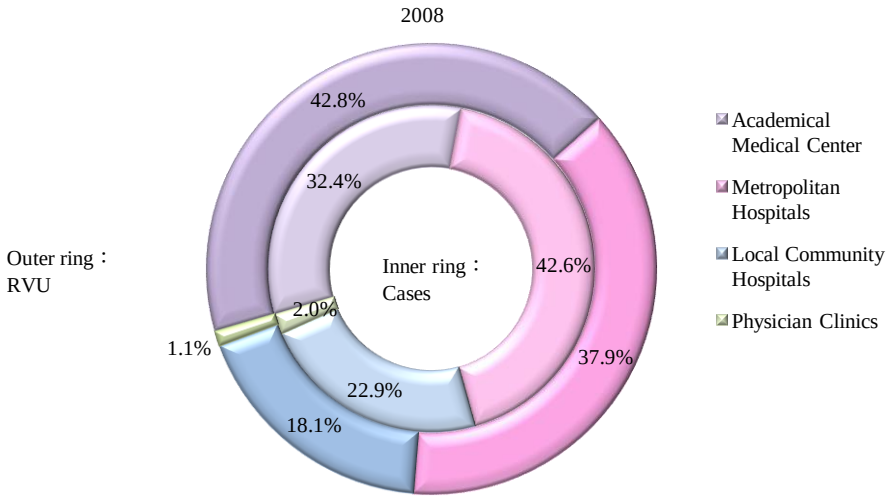
Figure 27 Outpatient Medical Benefit Claims by Global Budget Payment System



The grand total of outpatient medical benefit claims was 307 billion RVU in 2008.

(2) Inpatient Services

Figure 28 Inpatient Medical Benefit Claims by Contracted Category



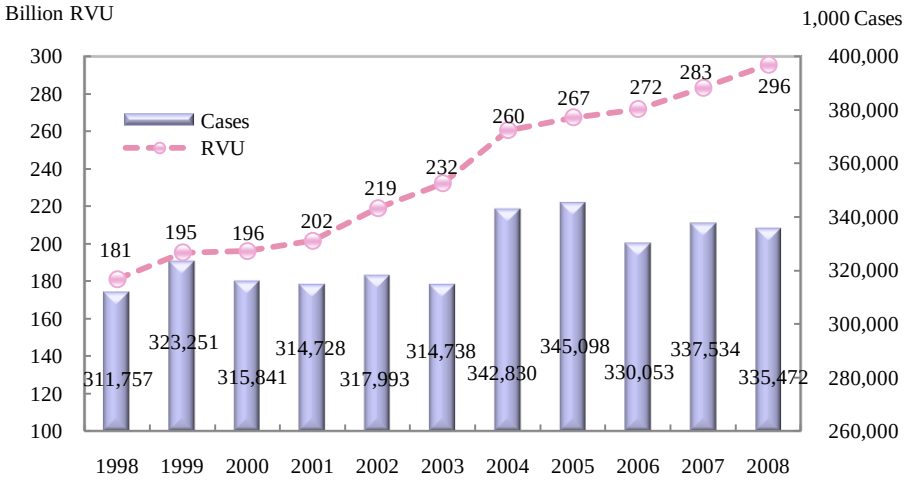
157 billion RVU of inpatient medical benefit claims and 3,048 thousand of inpatient service cases were filed in 2008.

In 2008, metropolitan hospitals had the highest amount in total inpatient service cases filed at 1,299,568 cases, followed by academic medical centers at 988,560 cases and local community hospitals at 698,631 cases. Academic medical centers had the highest amount in total inpatient medical benefit claims at 67 billion RVU (42.8%), followed by metropolitan hospitals at 60 billion RVU (37.9%) and local community hospitals at 29 billion RVU (18.1%). The average number of points per case was the highest for academic medical centers at 68,005 RVU, followed by metropolitan hospitals at 45,571 RVU and local community hospitals at 40,744 RVU. The average number of days per stay was the highest for local community hospitals at 14.1 days, followed by metropolitan hospitals at 9.6 days and academic medical centers at 8.8 days.

III. Medical Benefit Payments

(1) Outpatient Services

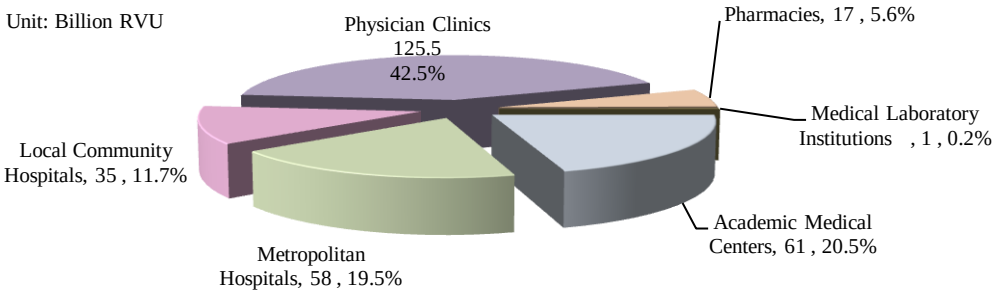
Figure 29 Historical Approved Outpatient Medical Benefit Payments



The approved outpatient medical benefit payments were 296 billion RVU in 2008, an increase of 4.4% from the previous year. The average number of points approved was 25 billion RVU per month and 881 RVU per case.

Figure 30 Approved Outpatient Medical Benefit Payments by Contracted Category

2008

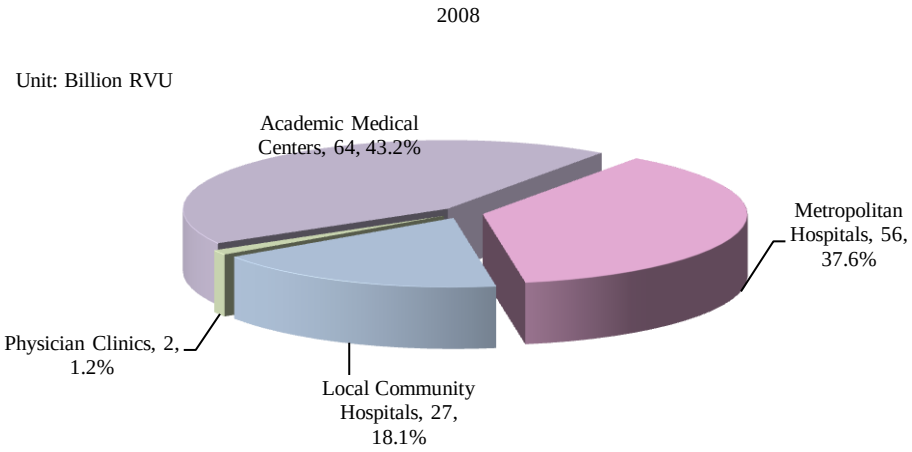


The grand total of approved outpatient medical benefit payments was 296 billion RVU in 2008.

Broken down by contracted category, physician clinics had the highest amount in total approved outpatient payments at 126 billion RVU (42.5%). Academic medical centers came in second at 61 billion RVU (20.5%), followed by metropolitan hospitals at 58 billion RVU (19.5%). The average number of points approved per case was the highest for academic medical centers at 1,987 RVU, followed by metropolitan hospitals at 1,515 RVU and local community hospitals at 1,136 RVU.

(2) Inpatient Services

Figure 31 Approved Inpatient Medical Benefit Payments by Contracted Category



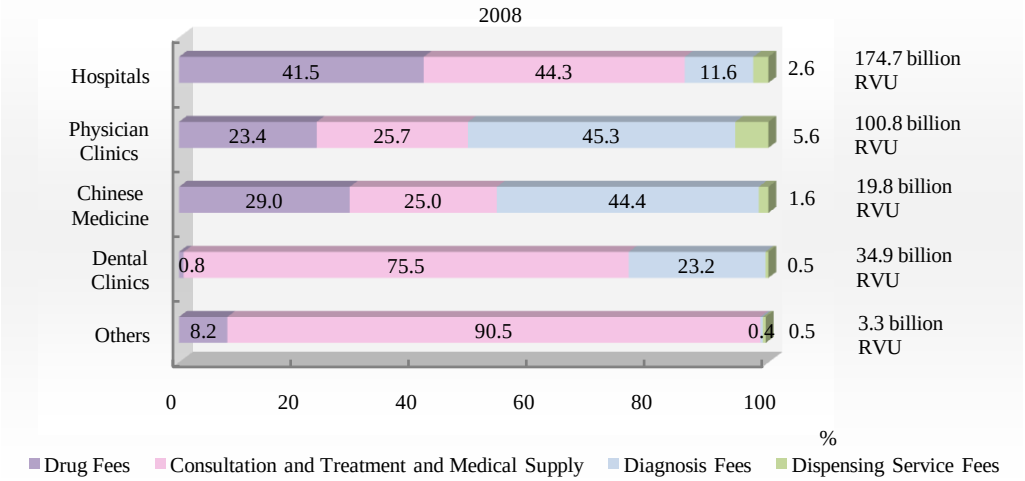
The grand total of approved inpatient medical benefit claims was 149 billion RVU in 2008.

Academic medical centers had the highest amount in total approved inpatient payments at 64 billion RVU (43.2%) in 2008. Metropolitan hospitals were second at 56 billion RVU (37.6%), followed by local community hospitals at 27 billion RVU (18.1%). The average number of points approved per case was highest for academic medical centers at 66,080 RVU, followed by metropolitan hospitals at 43,613 RVU and local community hospitals at 39,468 RVU. The average cost of hospital stay per day was highest for physician clinics at 8,374 RVU, followed by academic medical centers at 7,559 RVU and metropolitan hospitals at 4,541 RVU.

IV. Detailed Medical Expenses

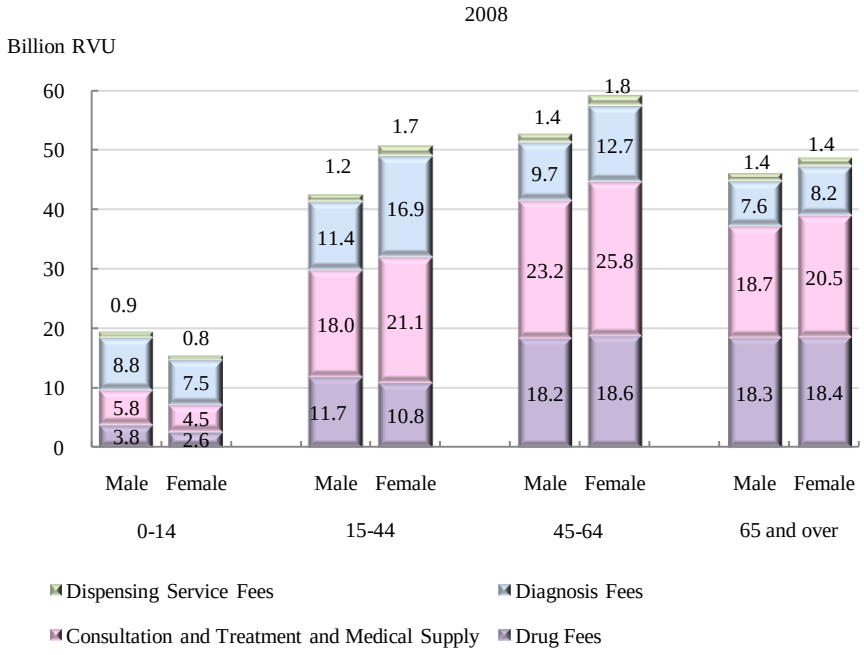
(1) Outpatient Services

Figure 32 Detailed Outpatient Medical Expenses – by Global Budget Payment System



In the breakdown of the detailed outpatient medical expenses by global budge payment system in 2008, the highest amount for hospitals was 77 billion RVU for consultation and treatment and medical supply (44.3%), followed by drugs at 73 billion RVU (41.5%). For physician clinics, the highest amount was 46 billion RVU for diagnosis (45.3%), followed by consultation and treatment and medical supply at 26 billion RVU (25.7%). For Chinese medicine, the highest amount was 9 billion RVU for diagnosis (44.4%), followed by drugs at 6 billion RVU (29.0%). For dentistry, the highest amount was 26 billion RVU for consultation and treatment and medical supply (75.5%), followed by diagnosis at 8 billion RVU (23.2%). Others had consultation and treatment and medical supply as the highest expenses at 3 billion RVU (90.5%).

Figure 33 Detailed Outpatient Medical Expenses – by Gender and Age

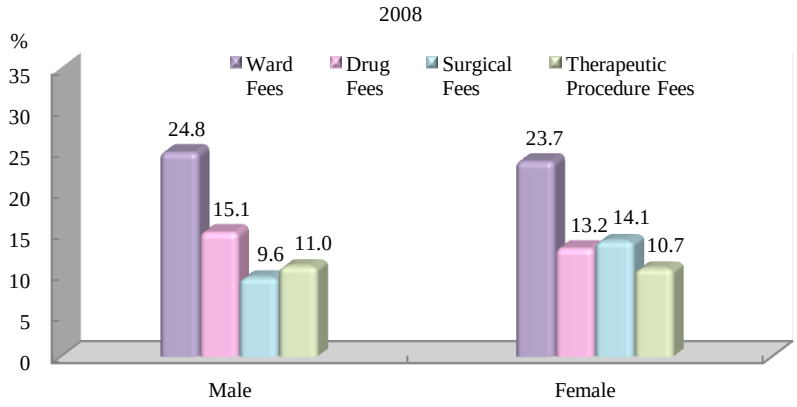


Broken down by gender and age, outpatient medical expenses were 160 billion RVU (48.0%) for male and 173 billion RVU (52.0%) for female. Medical expenses were higher for female than for male in every age group except 0-14. For age 0-14, the highest expense was diagnosis fees, accounting for 45.5% of the total outpatient expenses for male, and 48.8% for female. For other age groups, the highest expenses were consultation and treatment and medical supply, accounting for 41.7%~44.2% of the total outpatient expenses for both male and female. The proportion of drug fees to the total medical expenses increased with age. For age 65 and over, drug fees accounted for 39.8% of the total medical expenses for male and 38.0% for female.

(2) Inpatient Services

In the breakdown of the detailed inpatient medical expenses in 2008, the highest amount was for wards at 39 billion RVU (24.3%), followed by drugs at 23 billion RVU (14.2%) and surgeries at 19 billion RVU (11.6%).

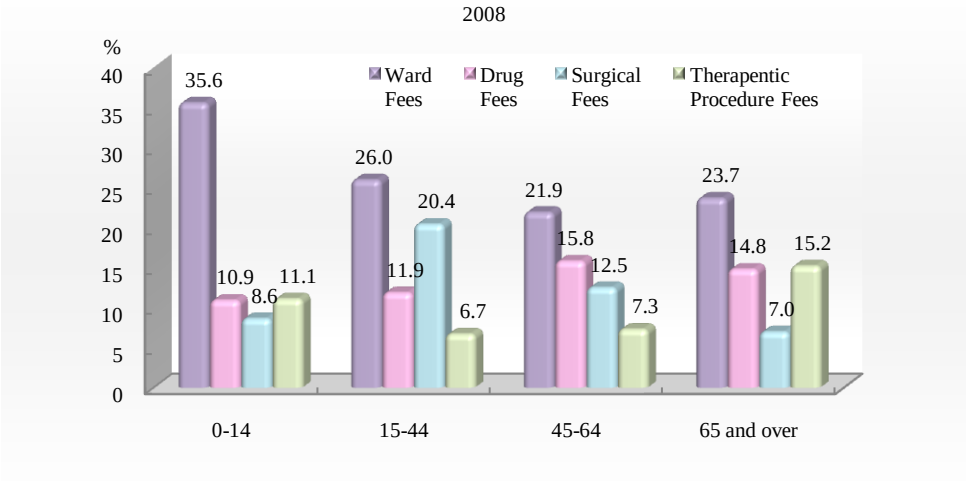
Figure 34 Detailed Inpatient Medical Expenses by Gender



The inpatient medical expenses were 89 billion RVU for male and 71 billion RVU for female in 2008.

Broken down by gender, inpatient medical expenses were 89 billion RVU for male and 71 billion RVU for female. The top three expenses were wards, drugs, and therapeutic procedures for male and wards, surgeries, and drugs for female. For both male and female, those categories accounted for more than 50% of the total inpatient medical expenses.

Figure 35 Detailed Inpatient Medical Expenses by Age



The inpatient medical expenses were 9 billion RVU for age 0-14, 35 billion RVU for 15-44, 45 billion RVU for 45-64, and 71 billion RVU for 65 and over in 2008.

When grouped by age, inpatient medical expenses for age 0~14 accounted for 5.4% of the total medical expenses, age 15~44 22.1%, age 45~64 28.3%, and age 65 and over 44.3%. For age 0~14, the highest expense was wards, followed by therapeutic

procedures and drugs. For age 15~44, the highest expenses was wards, followed by surgeries and drugs. For age 45~64, the highest expense was wards, followed by drugs and surgeries. For age 65 and over, the highest expense was wards, followed by therapeutic procedures and drugs.

V. Numbers of Major Illness/ Injury Certificates Issued

Figure 36 Historical Numbers of Valid Major Illness/ Injury Certificates Issued

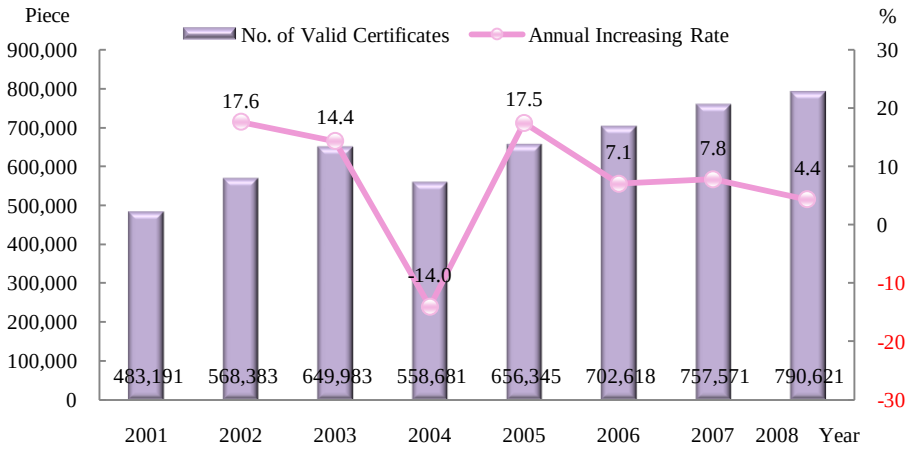
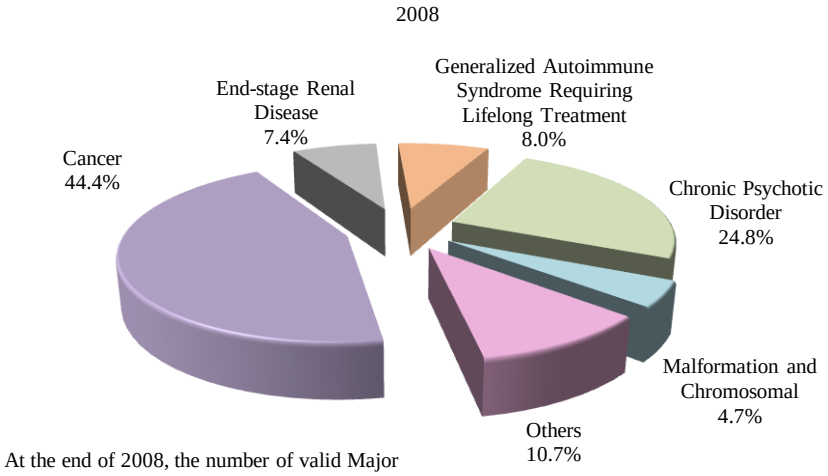


Figure 37 Numbers of Valid Major Illness/ Injury Certificates Issued by Diseases



At the end of 2008, the number of valid Major Illness/ Injury Certificates issued was 790,621.

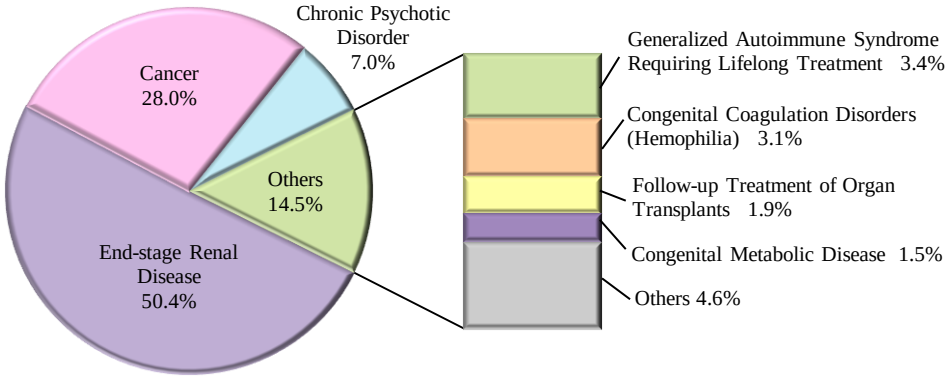
At the end of 2008, the number of valid Major Illness/ Injury Certificates issued was 790,621, showing an increase of 33,050 from the end of the previous year or 4.4%. Cancer patients held the highest number at 350,863 (44.4%), followed by chronic psychotic disorder patients at 196,331 (24.8%) and patients with generalized autoimmune syndrome requiring lifelong treatments at 63,457 (8.0%). Compared to the data at the end of 2001, the number of valid Major Illness/ Injury Certificates issued increased by 63.6%.

VI. Medical Benefit Claims of Major Illness/ Injury

(1) Outpatient Services

Figure 38 Outpatient Medical Benifit Claims of Major Illness/ Injury

2008



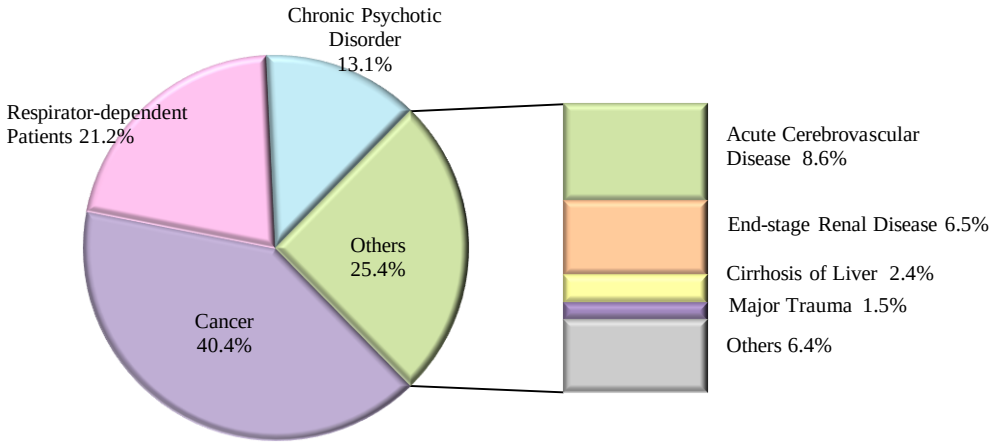
The outpatient medical benefit claims of major illnesses/ injury were 65 billion RVU in 2008.

The outpatient medical benefit claims of major illnesses/ injury were 65 billion RVU in 2008. The highest amount came from patients with end-stage renal disease at 33 billion RVU (50.4%), followed by cancer patients requiring active or long-term treatments at 18 billion RVU (28.0%) and patients with chronic psychotic disorder at 5 billion RVU (7.0%).

(2) Inpatient Services

Figure 39 Inpatient Medical Benifit Claims of Major Illness/ Injury

2008



The inpatient medical benefit claims of major illnesses/ injury in 2008 were 66 billion RVU.

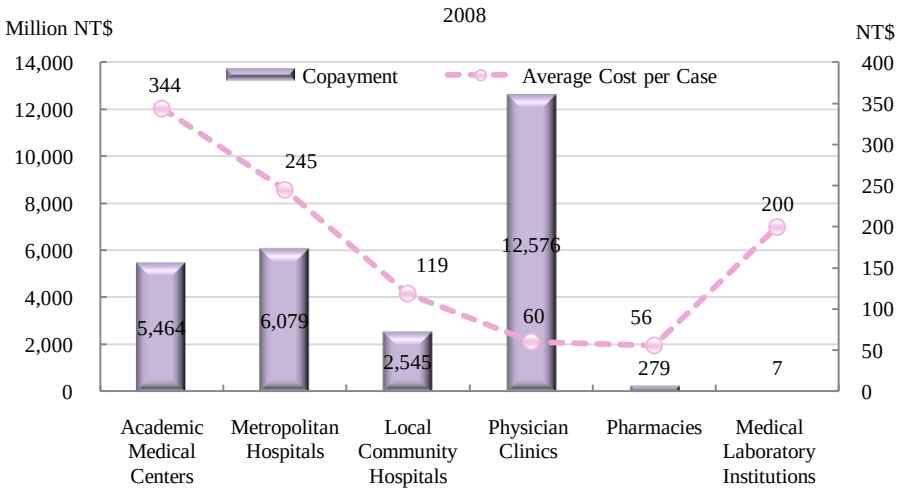
The inpatient medical benefit claims of major illnesses/ injury in 2008 were 65 billion RVU. The highest amount came from patients with cancer that required aggressive

or long-term treatments at 26 billion RVU (40.4%), followed by respirator-dependent patients at 14 billion RVU (21.2%) and patients with chronic psychotic disorder at 9 billion RVU (13.1%).

VII. Medical Expense Copayment

(1) Outpatient Services

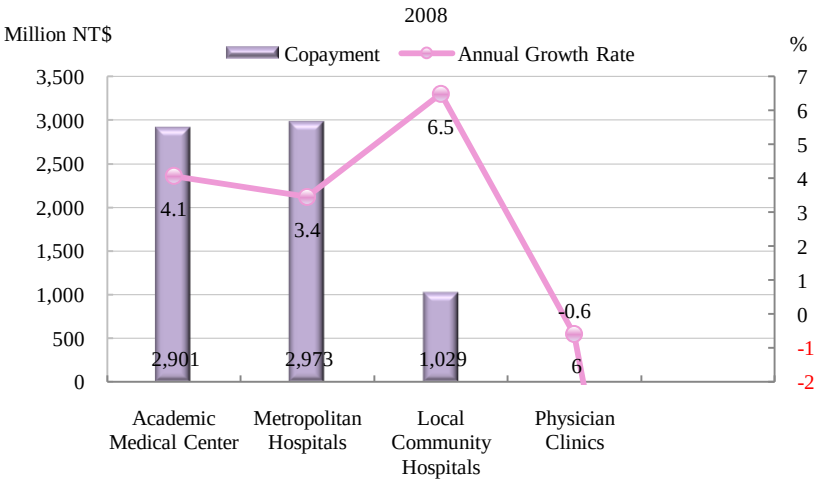
Figure 40　Outpatient Copayment



The outpatient copayment were 26,950 million in 2008. Physician clinics had the highest amount in total copayment at 12,576 million（46.7%）, followed by metropolitan hospitals at 6,079 million（22.6%）, and academic medical centers at 5,464 million（20.3%）. Average copayment per case was highest for academic medical centers at NT$344, followed by metropolitan hospitals at NT$245 and medical laboratory institution at NT$200.

(2) Inpatient Services

Figure 41　Inpatient Copayment

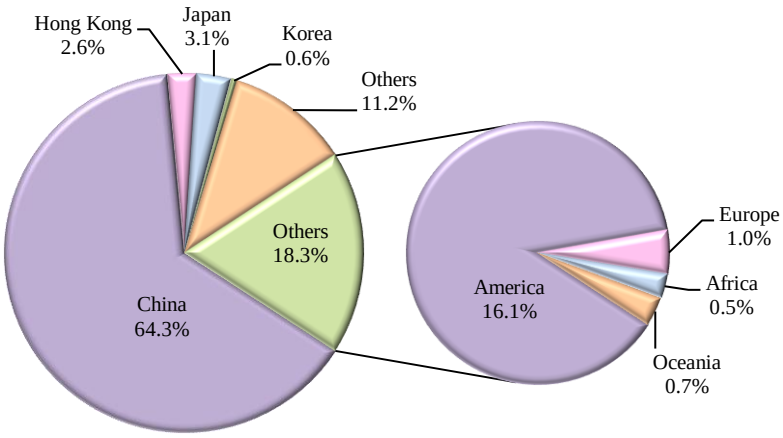


The inpatient copayment were 6,908 million in 2008. metropolitan hospitals had the highest amount in total copayment at 2,973 million（43.0%）, followed by academic medical centers at 2,901 million（42.0%）, and local community hospitals at 1,029 million(14.9%). Average copayment per case was highest for academic medical centers at NT$5,794, followed by metropolitan hospitals at NT$4,101 and local community hospitals at NT$3,031.

VIII. Reimbursement of Advance Medical Expenses for Out-of-Plan Services

Figure 42 Out of Country Reimbursement of Advance Medical Expenses for Out-of-Plan Services

2008



A total of NT$293 million was approved for out of country reimbursement of advance medical expenses for out-of-plan services.

A total of NT$1,339 million of cash reimbursements for out-of-plan services was filed in 2008, increased by 12.6% from the previous year. NT$293 million was for outpatient services, increased by 36.5%, and NT$1,047 million for inpatient services, increased by 7.4%. A total of NT$483 million was approved, increased by 7.2% from the previous year. NT$139 million was for outpatient services, increased by 19.3%, and NT$344 million for inpatient services, increased by 2.9%.

Broken down by area, domestic area claims was NT$522 million, showing an increase of 1.7% from the previous year, NT$190 million was approved, showing a decrease of 3.3%. Out-of-country area claims was NT$817 million, increased 20.9%, NT$293 was approved, increased 15.2%.

Notes:

1. Data in this chapter was last updated on May 31, 2009.
2. The medical benefit claims in this chapter do not include copayment
3. The detailed medical expenses in this chapter include the medical benefit claims and copayment.
4. Patients' copayment does not include registration fees.
5. Prior to the implementation of the global budget payment system, 1 RVU was equal to NT$ 1. After the global budget payment system was implemented, 1 RVU for any item under general services should be calculated according to the Point Value of Global Budget Payment System in this chapter. For other items, 1 RVU was equal to NT$ 1 in principle.
6. For reimbursement of advance medical expense for out-of-plan Services, data were accumulated only when the amount approved is larger than 0 for each case.