

Interview: Wen-Ta Chiu, Minister of Health and Welfare, Taiwan

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Taiwan's current health minister reflects on Taiwan's prestigious healthcare system, the problems in the first generation health insurance system that were fixed in the second, and strategies to rectify the continuous problem of price cuts.

Shortly following our interview, the heretofore-Department of Health will become the Ministry of Health and Welfare. What does this mean for the organization?

This reorganization will integrate medical and social resources together under one roof. People from the Ministry of Interior for Social Welfare will join our health officials, in a way that will enable us to provide holistic care for Taiwan's citizens.

We will improve our investment environment for this industry in every possible aspect. We will increase our GDP spend on drug expenditures, and solve the problem of constant price cuts. We will also help bolster the research environment, and create greater efficiency in our review processes, so that innovation can come to this market.

How can the Ministry of Health and Welfare support Taiwan's burgeoning local biotech companies?

We have to prepare the ground for the new drugs that our local companies are developing. To do so, we have streamlined our review processes, making the waiting period shorter. We will ensure that as Taiwan turns out new drugs, they will reach our patients quickly.

Taiwan's healthcare system has been called one of the best in the world, and certainly one of the best in Asia. What do you believe are its strongest points?

Firstly, we have a very solid national health insurance (NHI) system. The second generation of the NHI has a coverage rate approaching 99.8 percent. We have found that the satisfaction rate with this system is around 80 percent.

Secondly, our system consumes few resources. Currently, medical expenditures account for only about 6.6 percent of GDP.

Thirdly, we have a very high caliber of healthcare professional, and our delivery mechanism is very strong.

Lastly, we have a very popular healthcare ministry. Polls show that our approval rating is top among government agencies in Taiwan. This shows that our efficiency, and our efficacy, is quite good.

What challenges is the second generation of NHI looking to address?

Second generation NHI will address a number of concerns. For instance, the polarization of resources in urban areas has made it difficult for some of our rural citizens to access the treatment they need. Particularly in rural regions, but more broadly as well, our healthcare system is understaffed, both in terms of doctors and nurses.

We recognize that this problem impedes patient safety and healthcare quality, and that it has been further exacerbated by the increasing medical demands of our aging population. We recognize that in light of this aging population, we need to put a better framework in place for long-term care.

We have implemented a number of strategies in response: first of all, we limited investment growth in the system. We also improved accessibility and care quality in rural regions by using tailored-medicine approaches and a greater influx of IT. We have tried to revive willingness among our caregivers to practice in five fields we view as particularly endangered: surgery, internal medicines, gynecology, emergency service, and pediatrics. We have increased salaries in these fields and worked to remove certain legal barriers. We also reformed the working environment for nurses.

Second generation NHI also looks to improve some of the problems we encountered in the first generation. One important point is that with this reform, we increased supplementary premiums to help cover our financial deficit. We have seen quite good results this year.

To help solve our challenges in the drugs budget, we have revamped our Health Technology Assessment (HTA) system and introduced the so-called Drug Expenditure Target, or DET. We also implemented special rules to better maintain a balance between input and output, and organized a new committee—the Pharmaceutical Benefit and Reimbursement Scheme (PBRs) committee—to oversee that balance.

Finally, to expand on my point regarding long-term care, we are now in the sixth year of a ten-year long-term care plan. A new law on this issue will be released by the end of this year, precipitating the introduction of a new, dedicated long-term healthcare insurance system in 2016.

Some critics have pointed out that while patients get a good deal in Taiwan, the government is not putting enough resources into the system—and healthcare providers and pharmaceutical companies feel strained. Do you see their point?

We do. It is for this very reason that as part of second generation NHI, we have looked to increase premium payments. In the first generation of the system, we collected premiums only from salaries, and at quite a low rate. We have increased supplementary premiums to increase total input. Medical expenditures as a percentage of GDP will increase 0.2 or 0.3 percent by the end of this year. We hope that this can release some of the pressure the system has put on pharmaceutical companies.

We are working very hard to better incentivize the pharmaceutical industry to bring new medicines to Taiwanese patients, and we have also looked to improve how we manage drug pricing of drugs for which NHI already reimburses us. At the beginning of 2012, the industry asked that we discontinue the biannual price cut we had implemented in previous years. There had been seven rounds of cuts but as I began to mention, from this year forward, we will use the DET system instead.

How sustainable is Taiwan's healthcare framework after this round of reforms?

The goal of sustainability has definitely been one of the driving forces behind the reform process. We have improved upon, wherever possible, the problems that plagued the first generation of NHI in this country.

But of course, there are still a number of problems left to address. We need to continue to work towards a better environment for Taiwanese patients, and a better environment for investment from pharmaceutical companies.

What can China and Taiwan offer each other in the health sphere?

The first point is related to hospital management and administration. China is interested in how we have run our system. The Chinese feel that we have a very strong medical delivery capability, and a great accreditation framework. We hope to learn from each other in this sphere.

The second point is national health insurance. China has a system that is very different from our own, but as they have moved toward an integration model, China's government has increasingly looked at Taiwan's NHI for guidance.

The third point is the exchange of medical students. This is an area where we want to increase cooperation as time goes on.

The fourth point is medical research. For instance, China and Taiwan have a lot of room for collaboration in the development and production of vaccines. This is another area where we hope to increase our activities.

Personally, I would also like to see the mutual recognition of clinical trials. China is still deliberating this issue. There has been some progress on this front recently, and I believe that a successful agreement would be beneficial for both sides. I hope that we can reach an understanding.

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