

Part III Contracting and Management of Medical Care Institutions

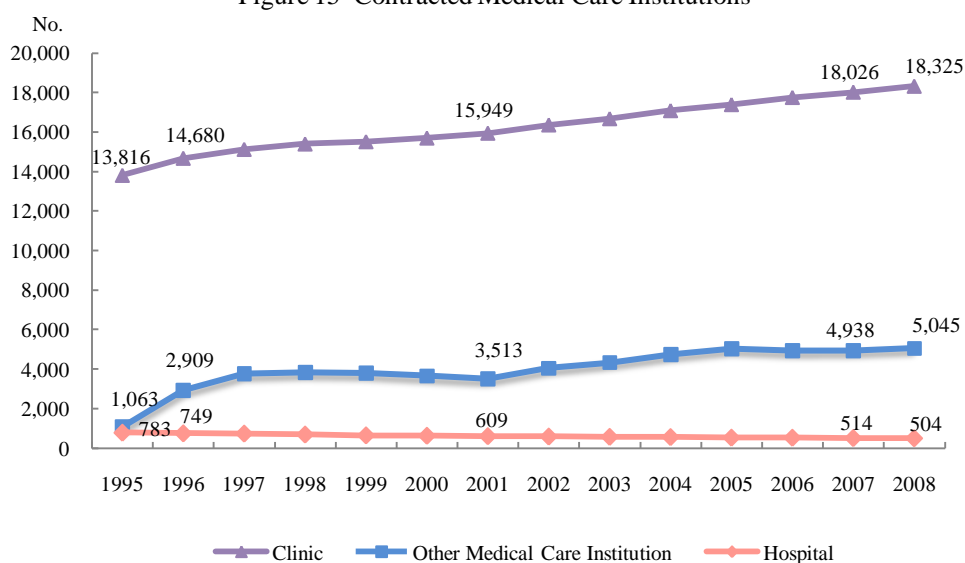
According to Article 55 of the National Health Insurance Act, contracted medical care institutions are categorized as contracted hospitals and clinics, contracted pharmacies, appointed medical laboratory institutions, and other contracted medical care institutions appointed by the competent authority, which so far include midwifery clinics, home nursing care facilities, community psychiatric rehabilitation centers, physical & occupational therapy clinics, and radiology centers.

I. Contracted Medical Care Institutions

The NHI adopts a conditional comprehensive contract system. In other words, any facility that meets the requirements of the contract or is qualified for appointment may apply to become a contracted medical care institution to provide medical care for beneficiaries and request reimbursement from the BNHI according to the official fee schedule.

The number of contracted hospitals had gradually decreased from 783 in 1995 to 504 in 2008. The number of contracted clinics increased from 13,816 in 1995 to 18,325 in 2008. The number of other contracted medical care institutions (pharmacies, medical laboratory institutions, home nursing cares, midwifery clinics, community psychiatric rehabilitation centers, physical & occupational therapy clinics, and radiology centers.) also increased from 1,063 in 1995 to 5,045 in 2008. The trends of growth for hospitals and clinics appeared to move in the complementary direction over the years. On the whole, hospitals tended to develop in size and clinics in accessibility, both having a significant impact on the allocation of medical resources.

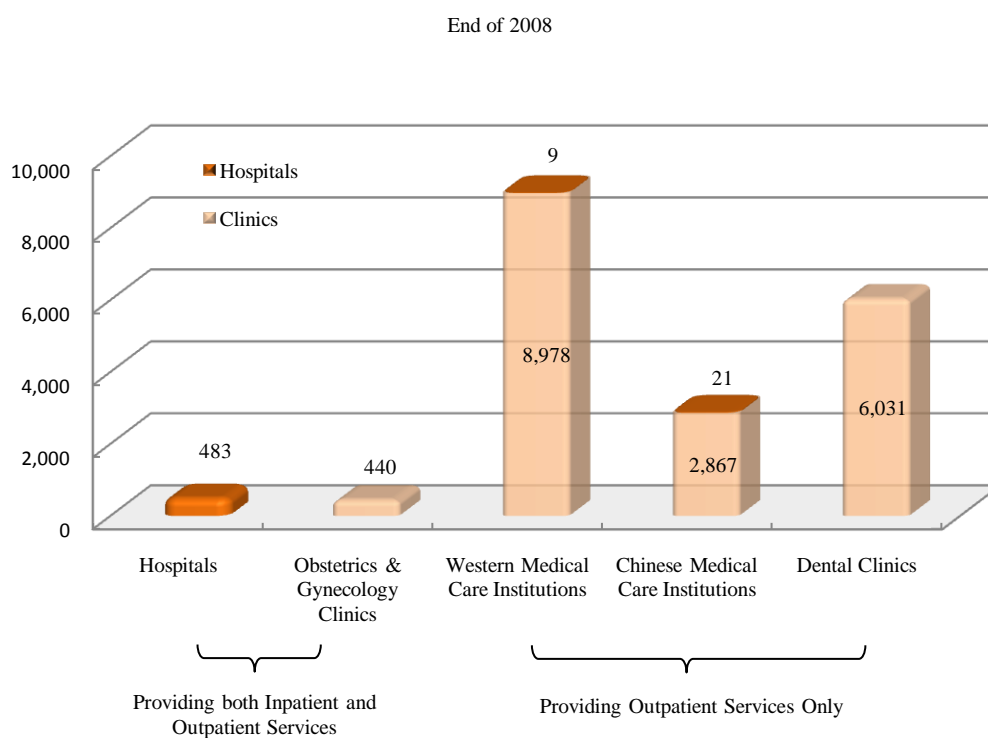
Figure 15 Contracted Medical Care Institutions



(1) Contracted Hospitals and Clinics

As of the end of 2008, there were 18,829 contracted hospitals and clinics with the BNHI, which increased by 289 from the end of the previous year with a growth of 1.6%. Among them there were 923 medical care institutions that provided both inpatient and outpatient services, including 483 hospitals (23 academic medical centers, 77 metropolitan hospitals, and 383 local community hospitals) and 440 obstetrics & gynecology clinics. There were 17,906 medical care institutions that provided only outpatient services, including 9 western medical hospitals, 8,978 western medical clinics, 21 Chinese medical hospitals, 2,867 Chinese medical clinics, and 6,031 dental clinics.

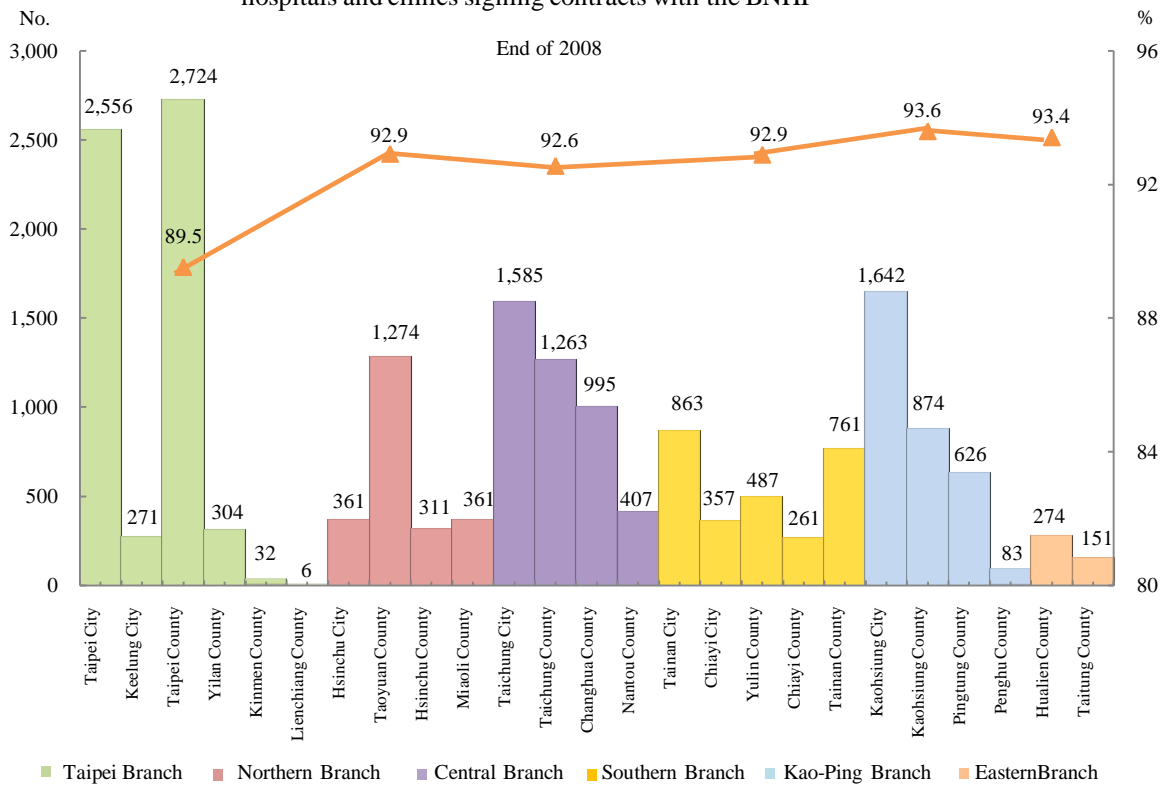
Figure 16 Contracted Medical Care Institutions by Nature of Service



Note: Hospitals include 23 Academic Medical Centers, 77 Metropolitan Hospitals, and 383 Local Community Hospitals

In terms of BNHI regions, the Taipei Branch had the largest number of contracted hospitals and clinics at 5,893 (31.3%), followed by the Central Branch at 4,250 (22.6%), the Kao-Ping Branch at 3,225 (17.1%), the Southern Branch at 2,729 (14.5%), the Northern Branch at 2,307 (12.3%), and the Eastern Branch the smallest at 425 (2.3%). Percentages of the hospitals and clinics signing contracts with the BNHI were 89.5 for the Taipei Branch, 92.6 for the Central Branch, 93.6 for the Kao-Ping Branch, 92.9 for the Southern Branch, and 93.4 for the Eastern Branch. In terms of city/county, Taipei County had the largest at 2,724, followed by Taipei City at 2,556 and Kaohsiung City at 1,642.

Figure 17 Numbers of Contracted Medical Care Institutions and Percentages of the hospitals and clinics signing contracts with the BNHI

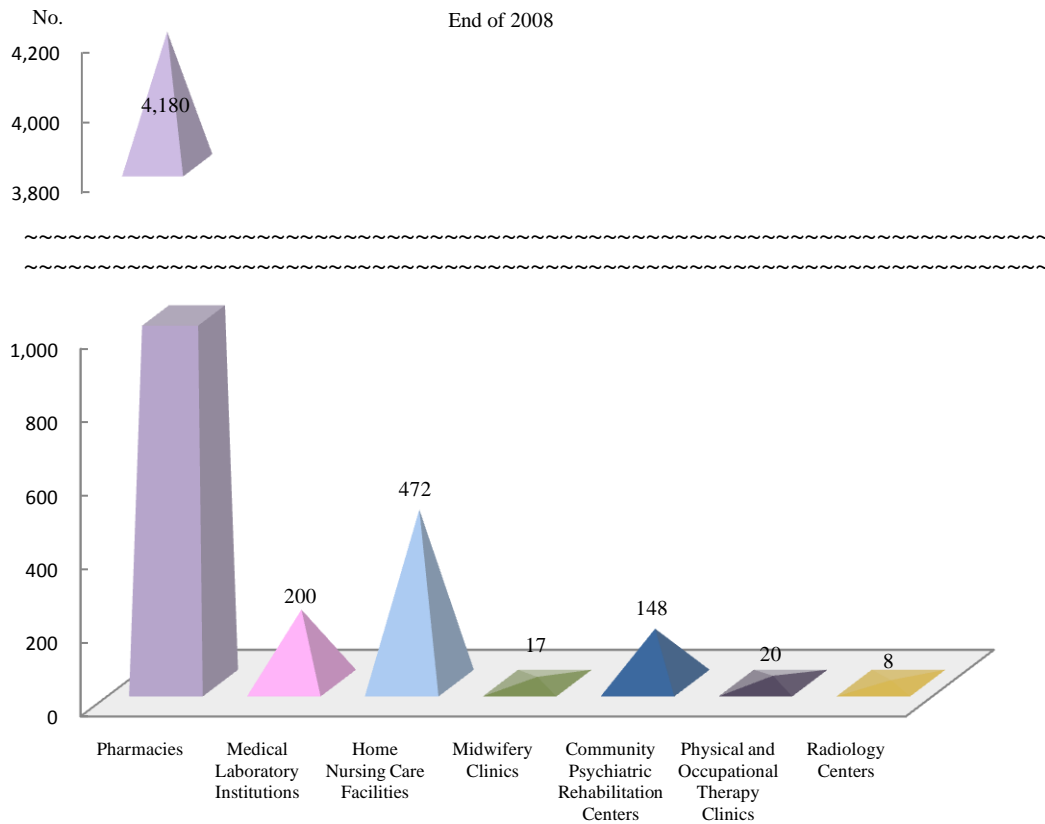


(2) Contracted Pharmacies and Other Medical Care Institutions

As of the end of 2008, there were 4,180 contracted pharmacies under the NHI scheme which increased by 119 from the end of the previous year. In terms of BNHI branch, the Taipei Branch had the largest number of contracted pharmacies at 1,344 (32.2%), followed by the Central Branch at 779 (18.6%), and the Southern Branch at 735 (17.6%). In terms of city/county, Taipei County had the largest number of contracted pharmacies at 669, followed by Taipei City at 505 and Taoyuan County at 409.

472 hospitals and independent home nursing care facilities provide home nursing care services. The Taipei Branch had the largest number at 109, followed by the Kao-Ping Branch at 93 and the Southern Branch at 86. Also, Medical laboratory institutions numbered 200, which decreased by 10 from the end of the previous year. The Central Branch had the largest number of medical laboratory institutions at 58, followed by the Southern Branch at 44 and the Taipei Branch at 35. Community psychiatric rehabilitation centers numbered 148. the Taipei Branch had the largest number at 66, followed by the Northern Branch at 23. Physical and occupational therapy clinics numbered 20. The Central Branch had the largest number at 10, followed by the Kao-Ping Branch at 5. A total of 17 midwifery clinics offered prenatal exams and delivery services. 8 Radiology centers, which were located 4 at the Central Branch, 2 at the Northern Branch, and 2 at the Taipei Branch.

Figure 18 Contracted Other Medical Care Institutions by Nature of Service



II. Insured Beds

Since the implementation of the NHI scheme, the number of hospitals had decreased every year while the number of hospital beds increased sharply. The number of acute beds showed a growth of 1.2% from the years 2007 to 2008 while the number of insured acute beds increased by 1.5%. The number of chronic beds showed a growth of 1.6% from the year 2007 to 2008 while the number of insured chronic beds increased by 1.8%.

Figure 19 Beds in Contracted Medical Care Institutions



According to Article 36 of the Regulations Governing Contracting and Management of National Health Insurance Medical Care Institutions, an insurance ward refers to a ward provided by a contracted hospital to an Insurance beneficiary in receiving hospital care without charging the patient with additional fees. According to Article 37 of the same regulations, the ratio of insured beds in insurance wards to the total number of beds should be maintained separately by the total number of acute beds and the total number of chronic beds. Calculation of the total number of beds in acute care wards shall include the number of ordinary beds, intensive care beds, burn care beds, and psychiatric beds.

As of the end of 2008, there were 143,121 beds in the Contracted medical care institutions. Among them there were 125,463 acute beds, including 70,625 general beds, 6,437 psychiatric beds, and 48,401 special beds (including 7,143 intensive care beds, 343 burn care beds, 14,141 hemodialysis beds, 6,651 nursery beds, 8,640 emergency observation beds, 541 hospice and palliative care beds, 1,098 isolation beds, 5,741 respiratory care beds, 867 respiratory care center beds and 3,236 other beds). There were

17,658 chronic beds, including 3,980 general beds, 40 T.B. beds, 45 leprosy beds, and 13,593 psychiatric beds.

As of the end of 2008, the number of insured beds in the contracted medical care institutions was 115,466 beds in total, accounting for 80.7% of the overall beds. The number of insured beds increased by 1,717, or 1.5%. Among them there were 98,550 acute insured beds, accounting for 71.97% of the overall acute beds, and 16,916 chronic insured beds, accounting for 95.8% of the overall 17,658 chronic beds. In terms of bed type, acute insured beds included 44,307 general beds, 6,086 psychiatric beds, 7,143 intensive care beds, 343 burn care beds, 14,141 hemodialysis beds, 6,651 nursery beds, 8,640 emergency temporary beds, 297 hospice and palliative care beds, 1,098 isolation beds, 5,741 respiratory care beds, 867 beds at respiratory care centers, and 3,236 other beds. Chronic insured beds included 3,372 general beds, 13,459 psychiatric beds, 40 T.B. beds, and 45 leprosy beds.

Figure 20 Acute Beds in Contracted Medical Care Institutions by Type of Bed

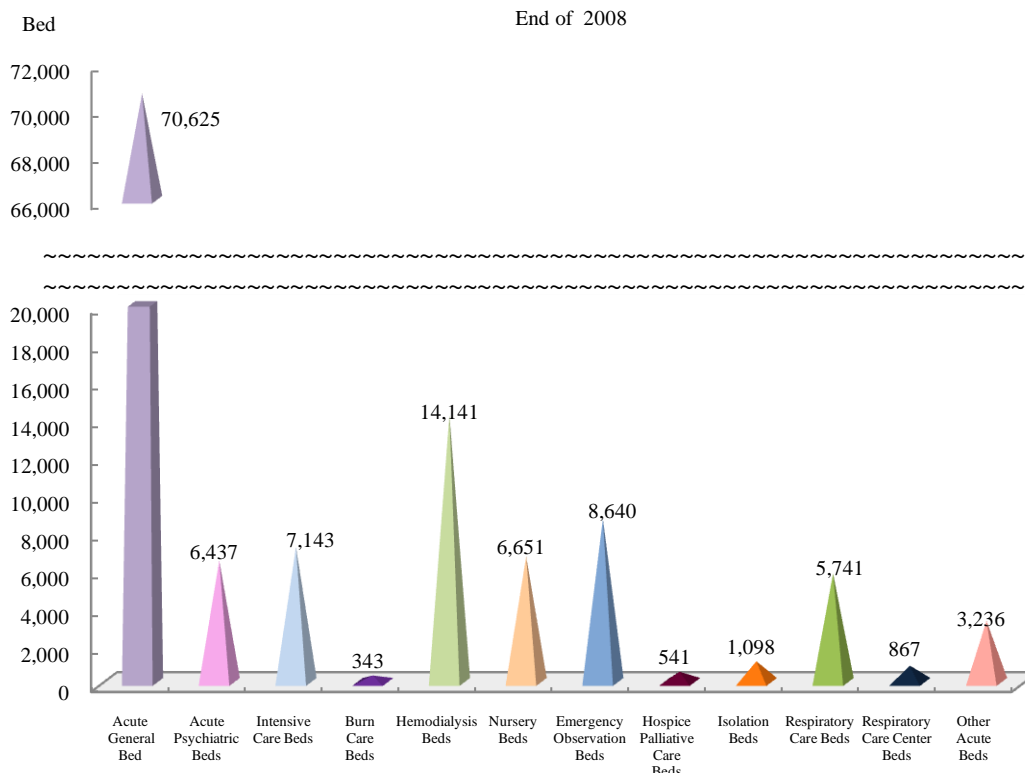


Figure 21 Chronic Beds in Contracted Medical Care Institutions by Type of Bed

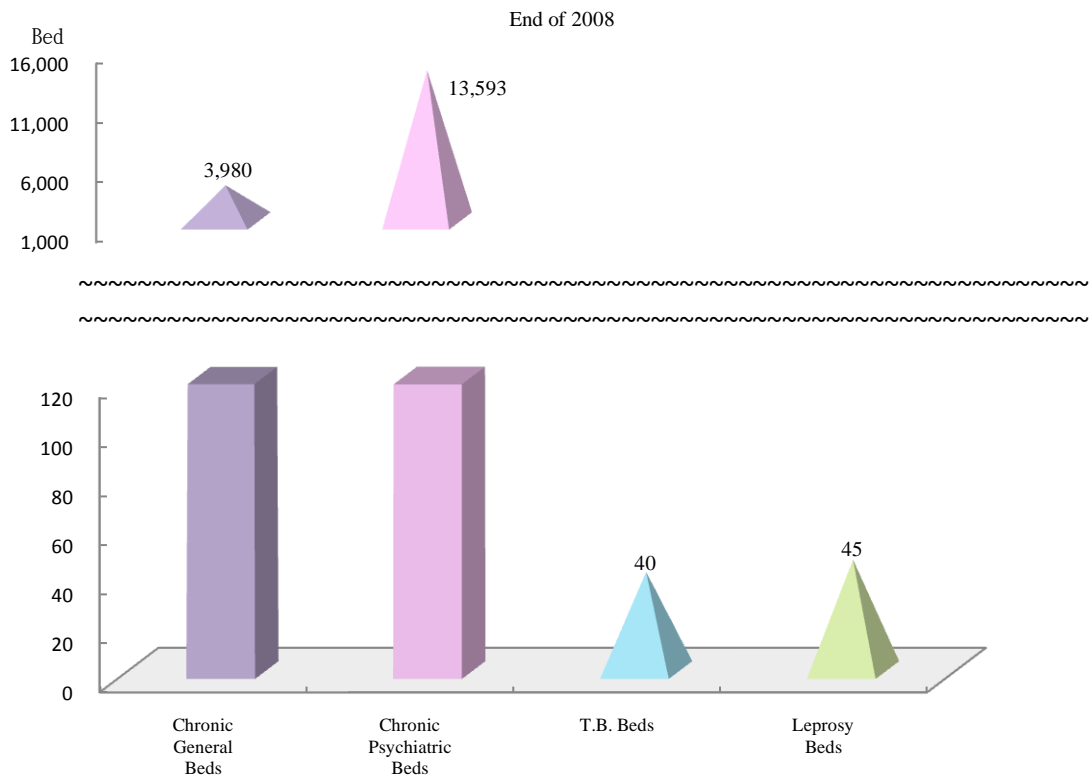
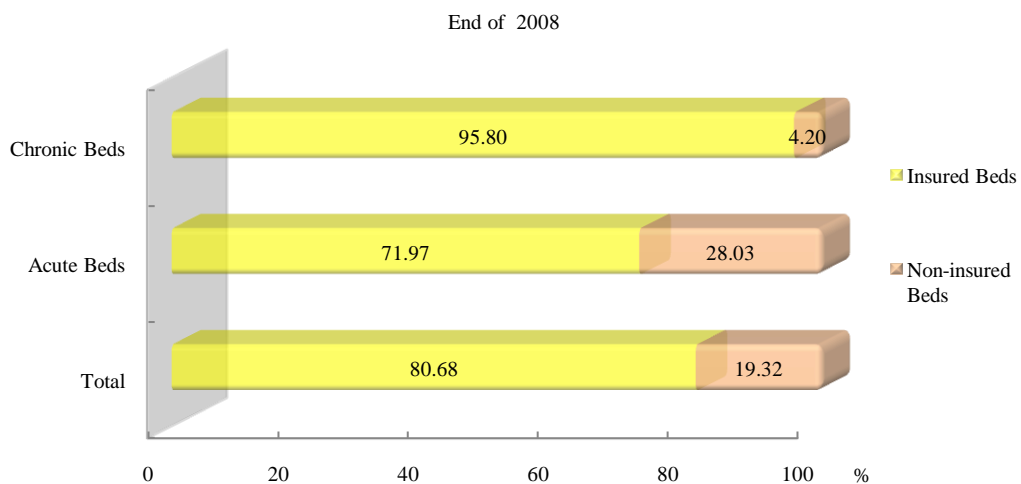


Figure 22 Ratio of Non-Insured Beds in Contracted Medical Care Institutions by Type of Bed



III. Management of the Contracted Medical Care Institutions

Since its establishment in March 1995, the BNHI has been putting more emphasis on the supervision of contracted medical care institutions to prevent waste or fraudulent

behaviors towards medical resources. In addition, the Bureau also follows the Regulations Governing Contracting and Management of National Health Insurance Medical Care Institutions to reinforce the reviews of violation as well as the management of abnormal activities. The reviews focus on the minority that intentionally commit fraud to falsely claim insurance benefits and, when appropriate, assist the related judiciary authorities in investigations of serious offenses committed by contracted medical care institutions.

In 2008, 154 medical care institutions were penalized by reduced reimbursement, 136 by corrections, 138 by suspension of contract ranging from 1 month to 3 months, and 18 by contract termination, making a total of 446 institutions which decreased by 126 from the end of the previous year. The number of institutions with corrections, penalties or suspension of contract from 1 month to 3 months declined over the latest 3 years.

Figure 23 Penalties and Disciplinary Actions against Contracted Medical Care Institutions

