

Part III Contracting and Management of Medical Care Institutions

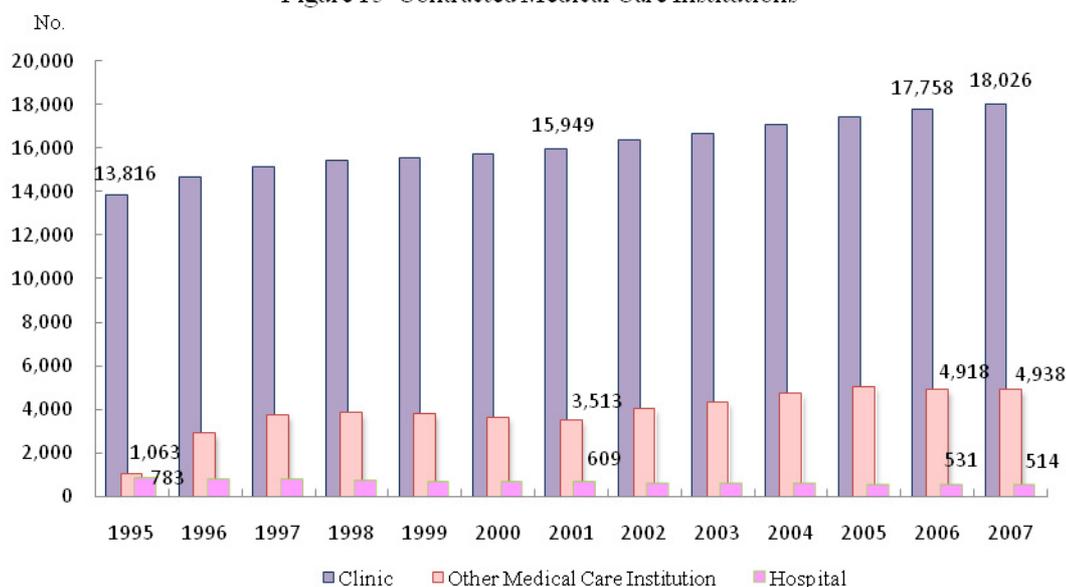
According to Article 55 of the National Health Insurance Act, contracted medical care institutions are categorized as contracted hospitals and clinics, contracted pharmacies, appointed medical laboratory institutions, and other contracted medical care institutions appointed by the competent authority, which so far include midwifery clinics, home nursing care facilities, community psychiatric rehabilitation centers, physical 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 514 in 2007. The number of contracted clinics increased from 13,816 in 1995 to 18,026 in 2007. The number of other contracted medical care institutions also increased from 1,063 in 1995 to 4,938 in 2007. The trends of growth for hospitals and clinics appeared to move in the opposite 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.

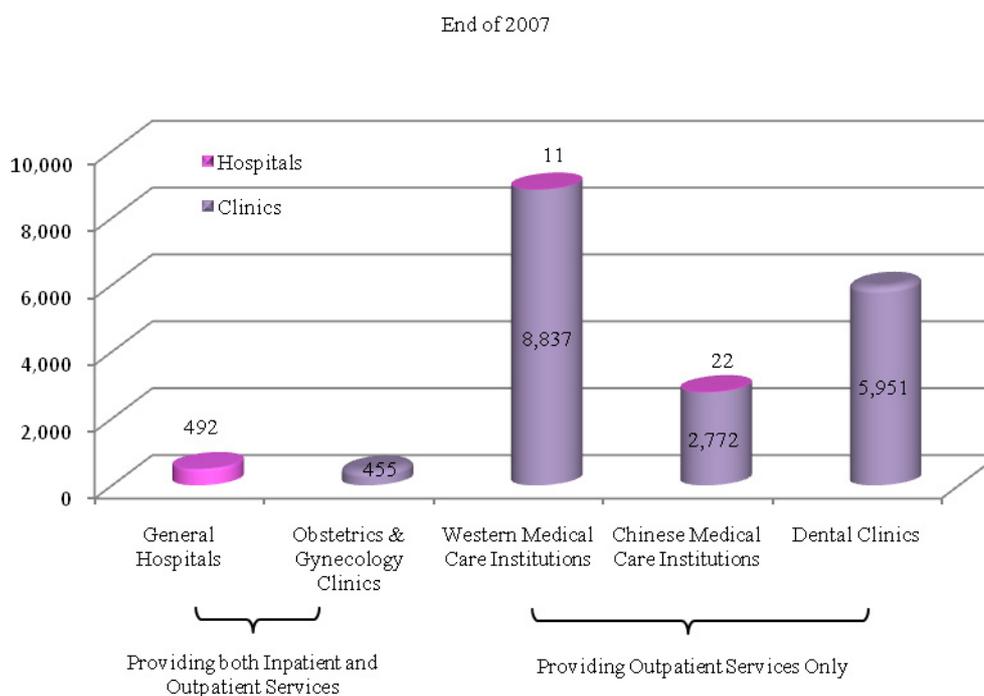
Figure 15 Contracted Medical Care Institutions



(1) Contracted Hospitals and Clinics

As of the end of 2007, there were 18,540 contracted hospitals and clinics with the BNHI, which increased by 251 from the end of the previous year with a growth of 1.4%. Among them there were 947 medical care institutions that provided both inpatient and outpatient services, including 492 hospitals (23 academic medical centers, 72 metropolitan hospitals, and 397 local community hospitals) and 455 obstetrics & gynecology clinics. There were 17,593 medical care institutions that provided only outpatient services, including 11 western medical hospitals, 8,837 western medical clinics, 22 Chinese medical hospitals, 2,772 Chinese medical clinics, and 5,951 dental clinics.

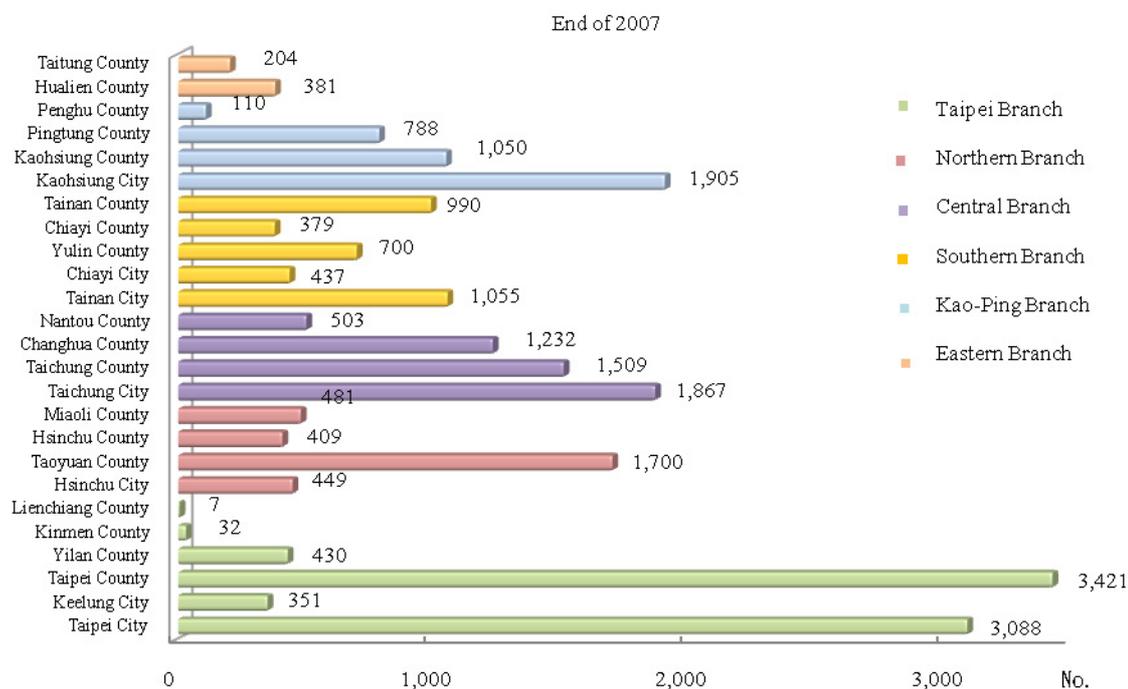
Figure 16 Contracted Medical Care Institutions by Nature of Service



Note: General Hospitals include 23 Academic Medical Centers, 72 Metropolitan Hospitals, and 397 Local Community Hospitals

In terms of BNHI regions, Taipei Branch had the largest number of contracted institutions at 5,806 (31.3%), followed by Central Branch at 4,180 (22.5%), Kao-Ping Branch at 3,176 (17.1%), Southern Branch at 2,694 (14.5%), Northern Branch at 2,261 (12.2%), and Eastern Branch the smallest at 423 (2.3%). In terms of city, Taipei County had the largest at 2,681, followed by Taipei City at 2,514 and Kaohsiung City at 1,611.

Figure 17 Contracted Medical Care Institutions by BNHI Branch and Locale

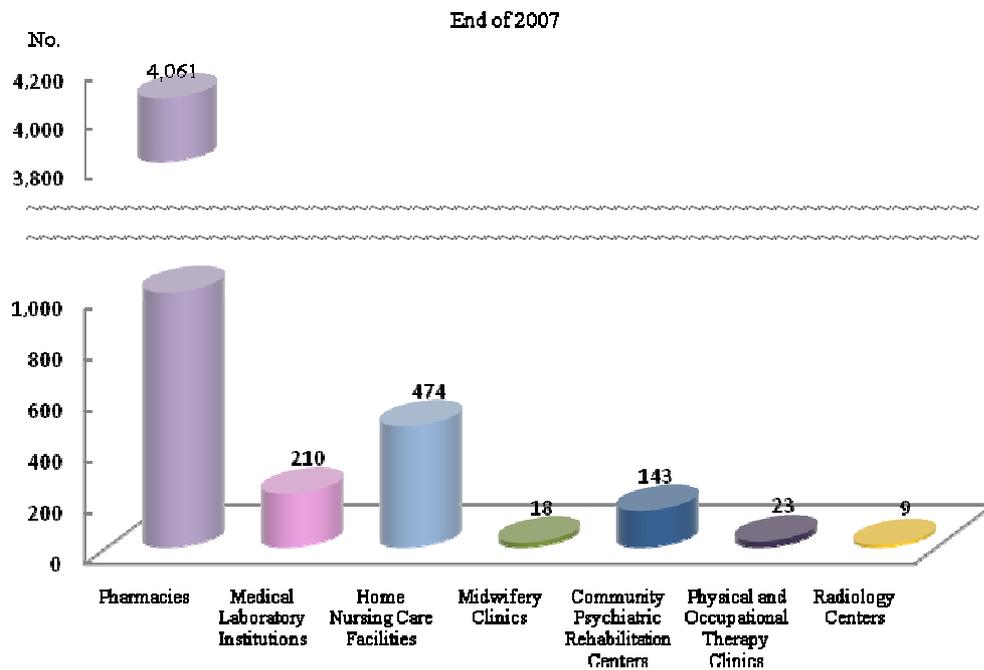


(2) Contracted Pharmacies and Other Medical Care Institutions

As of the end of 2007, there were 4,061 contracted pharmacies under the NHI scheme which increased by 25 from the end of the previous year. In terms of BNHI branch, Taipei Branch had the largest number of contracted pharmacies at 1,298 (32.0%), followed by Central Branch at 753 (18.5%), and Southern Branch at 725 (17.9%). In terms of city/county, Taipei County had the largest number of contracted pharmacies at 648, followed by Taipei City at 479 and Taoyuan County at 395.

Medical laboratory institutions numbered 210, which decreased by 3 from the end of the previous year. Central Branch had the largest number of medical laboratory institutions at 64, followed by Southern Branch at 43 and Taipei Branch at 40. Also, 474 hospitals and independent home nursing care facilities provide home nursing care services. Taipei Branch had the largest number at 113, followed by Kao-Ping Branch at 95 and Southern Branch at 83. A total of 18 midwifery clinics offered prenatal exams and delivery services. Community psychiatric rehabilitation centers numbered 143. Taipei Branch had the largest number at 64, followed by Northern Branch at 23. Physical and occupational therapy clinics numbered 23. Central Branch had the largest number at 10, followed by Kao-Ping Branch at 9. 9 Radiology centers, which were located 4 at Central Branch, 3 at Northern Branch, and 2 at Taipei Branch.

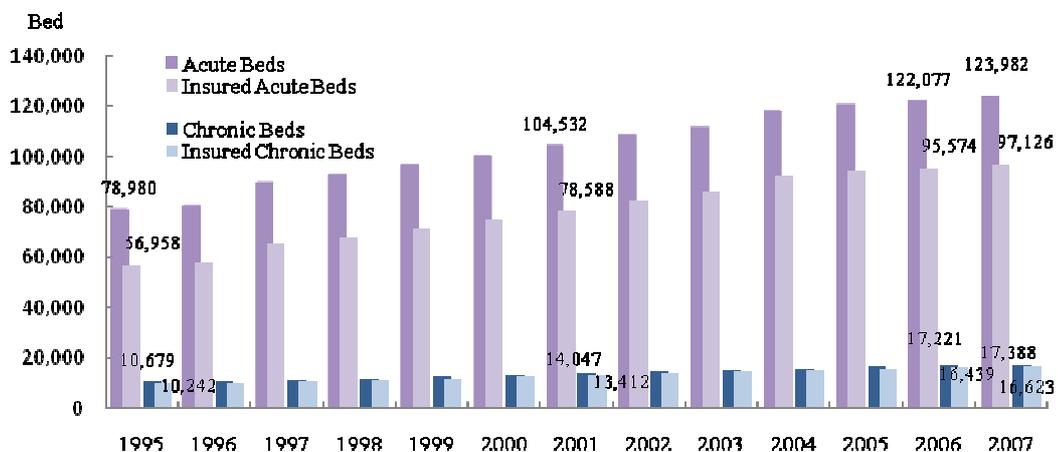
Figure 18 Contracted Other Medical Care Institutions by Nature of Service



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 57.0% from the years 1995 to 2007 while the number of insured acute beds increased by 70.5%. The number of chronic beds showed a growth of 62.8% from the year 1995 to 2007 while the number of insured chronic beds increased by 62.3%.

Figure 19 Beds in Contracted Medical Care Institutions



As of the end of 2007, there were 141,370 beds in the Contracted medical care institutions. Among them there were 123,982 acute beds, including 70,424 general beds,

6,231 psychiatric beds, and 47,327 special beds (including 7,037 intensive care beds, 366 burn care beds, 13,504 hemodialysis beds, 6,810 nursery beds, 8,320 emergency observation beds, 549 hospice and palliative care beds, 1,148 isolation beds, 5,573 respiratory care beds, and 3,200 other beds). There were 17,388 chronic beds, including 3,992 general beds, 40 T.B. beds, 45 leprosy beds, and 13,311 psychiatric beds.

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

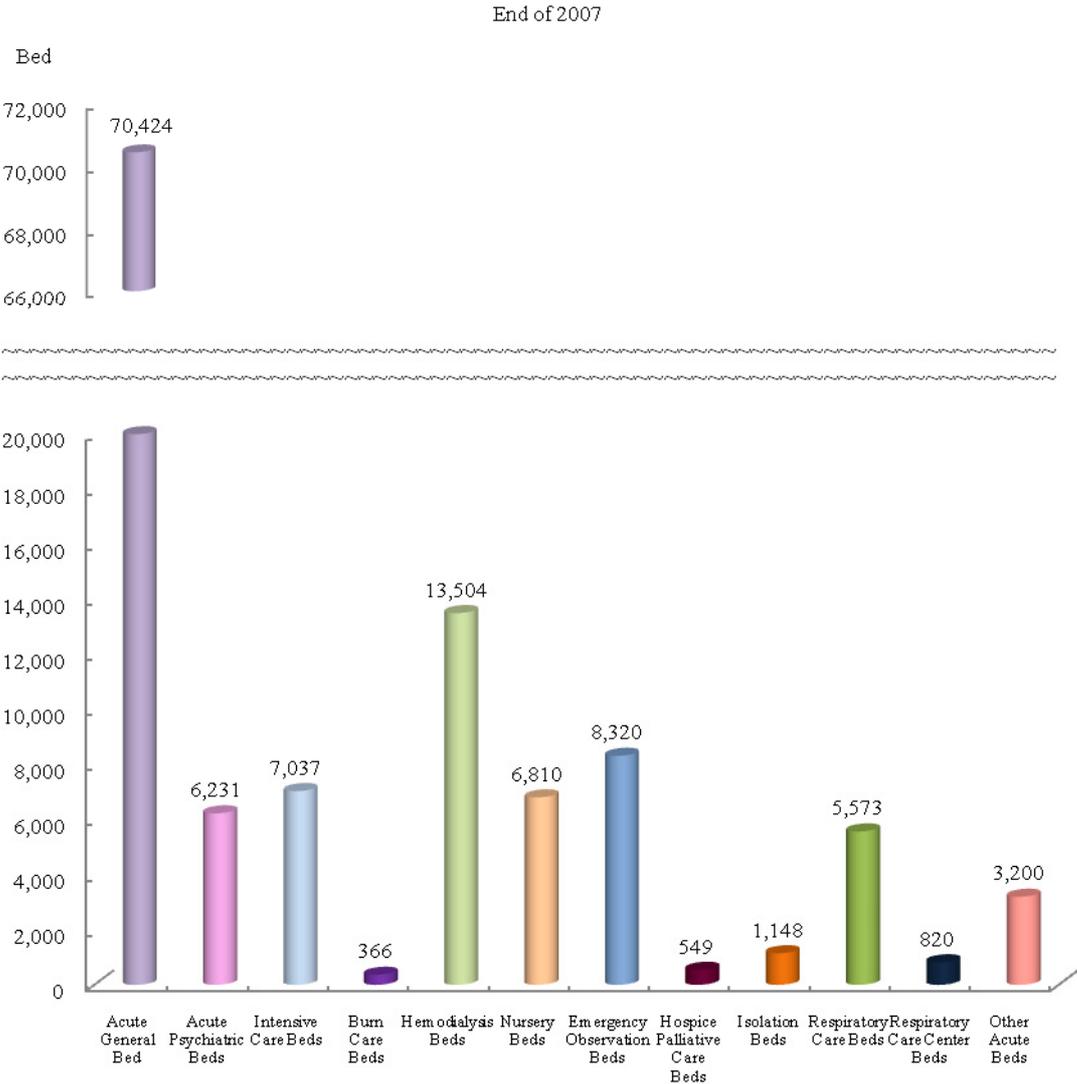
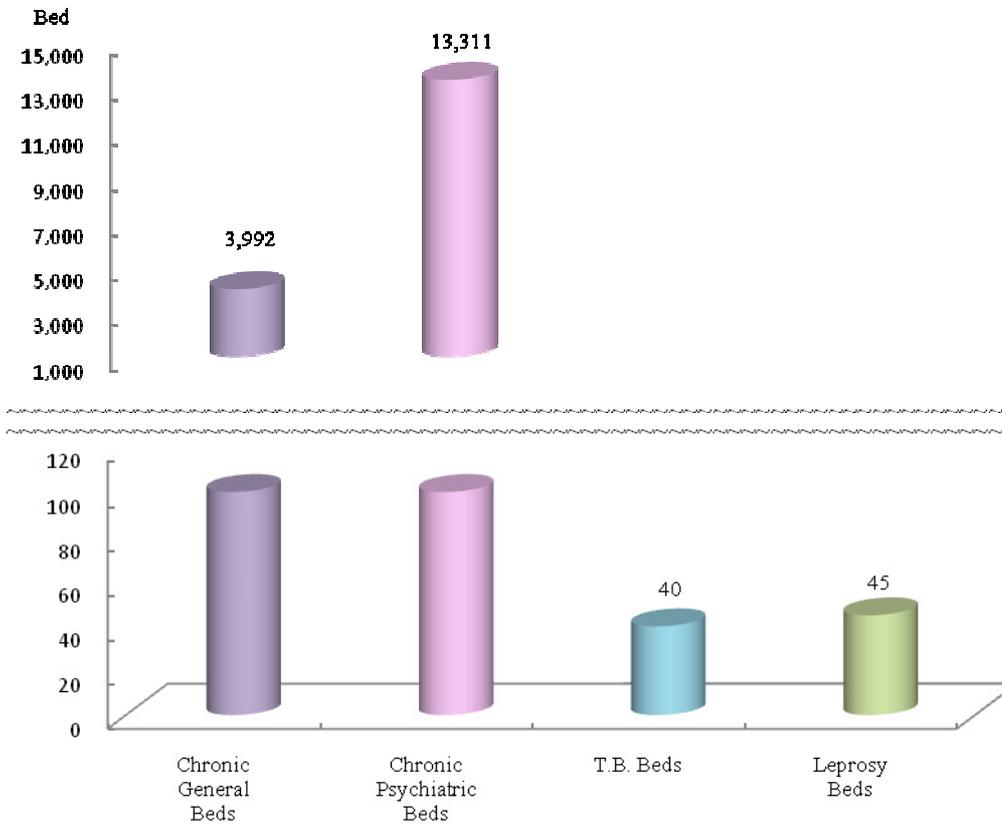


Figure 21 Chronic Beds in Contracted Medical Care Institutions by Type of Bed

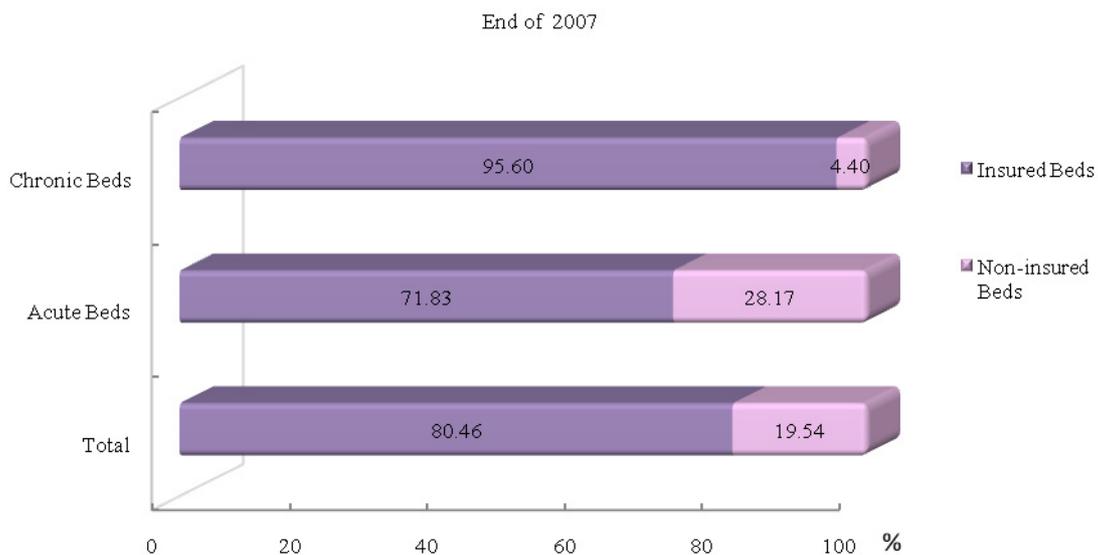
End of 2007



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 2007, the number of insured beds in the contracted medical care institutions was 113,749 beds in total, accounting for 80.5% of the overall 141,370 beds. The number of insured beds increased by 1,736, or 1.5%. Among them there were 97,126 acute insured beds, accounting for 71.8% of the overall acute beds, and 16,623 chronic insured beds, accounting for 95.6% of the overall 17,388 chronic beds. In terms of bed type, acute insured beds included 44,187 general beds, 5,889 psychiatric beds, 7,037 intensive care beds, 366 burn care beds, 13,504 hemodialysis beds, 6,810 nursery beds, 8,320

emergency observation beds, 272 hospice and palliative care beds, 1,148 isolation beds, 5,573 respiratory care beds, 820 beds at respiratory care centers, and 3,200 other beds. Chronic insured beds included 3,365 general beds, 13,173 psychiatric beds, 40 T.B. beds, and 45 leprosy beds.

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 2007, 241 medical care institutions were penalized by reduced reimbursement, 165 by corrections, 149 by suspension of contract ranging from 1 month to 3 months, and 17 by contract termination, making a total of 572 institutions. The number of medical care institutions with violation increased by 156.5% from the years 1995 to 2007. The number of institutions with penalties had the largest increase whereas the number of institutions with corrections or termination of contract declined over the years.

Figure 23 Penalties and Disciplinary Actions against Contracted Medical Care Institutions

