**2. Financial Status**

The main source of revenues for the National Health Insurance scheme is devised from premium revenues, which is made collectively by the insured, the group insurance applicants, and the governments. In recent years, factors such as the aging of the overall population, bringing in of new medical technologies, and increased care for major disease patients have led to a substantial increase of medical expenditures. Premium revenues have long been inadequate to meet medical expenditures, and the BNHI is facing a serious financial pressure. To ease the financial deficit, the BNHI plans to tap new resources and cut expenses. Furthermore, premium rate were adjusted on April, 2010 to prevent the deficits gap from widening. In order to expand the premium basis and ensure better fairness and reasonability in premium contributions, the NHI has also been actively promoting reform of the financial system (i.e., 2nd Generation NHI).

**（1）Premium Collections**

**i. Premiums**

Premium receivables were NT$470 billion in 2011, and NT$452 billion was collected, with a total collection rate of 96.3%. Contribution from the insured and group insurance applicants totaled NT$352 billion, including NT$26 billion of government subsidies to specific targets; NT$345 billion was collected, including government subsidies to specific targets of NT$26 billion. Collection rate was 98.0%. Contribution from the governments (statutory government subsidies) were NT$118 billion, and NT$107 billion was collected, for a collection rate 91.0%.



The premium receivable for 2011 increased by 7.0% from the previous year; contributions from the insured and group insurance applicants (including government subsidies to specific targets) increased 7.4%, and contributions from the governments (statutory government subsidies) increased 5.8%. Compared with the previous year, the actual contribution by the insured and group insurance applicants increased 6.5% after deducting government subsidies to specific targets. Government subsidies to specific targets increased by 20.0% from the previous year. The premium collected increased by 8.2% over the previous year. Compared to 2001, premiums collected increased by NT$165 billion, with an average annual increase of 4.6%.

**ii. Government Subsidies**

Government subsidy receivables (including statutory subsidies and subsidies to specific targets) were NT$144 billion or 30.7% of premium receivables, NT$133 billion was collected, for a collection rate of 92.6%. Statutory government subsidy receivables were NT$118 billion, and NT$107 billion was collected, for a collection rate of 91.0% (central government subsidy receivables were NT$80 billion, a collection rate of 100%; NT$35 billion for provincial and municipal governments, and NT$25 billion was collected, a collection rate 69.8%; NT$3 billion for county and city governments, collection rate of 100%), subsidy to specific targets receivables for contribution of the insured and group insurance applicants subsidized by governments were NT$26 billion, NT$26 billion was collected, for a collection rate of 99.9%.

**iii. Delinquent Charges**

Delinquent charge receivables were NT$179 million in 2011, a decrease of 6.9% over the previous year. Category 1 accounted for 58.3%, Category 6 35.2%, and Categories 2 & 3 accounted for 6.5%. NT$110 million was collected, a decrease of 4.5% over the previous year. The collection rate was 61.7%, thereby showing no significant difference compared to 2010.

**（2）Financial Revenues and Expenditures**

In recent years, NHI-related expenses have grown significantly. This is mainly due to an aging population, the introduction of new medical technologies and additional medical care offered to patients with major diseases. On the other hand, the premium rate has remained unchanged for seven consecutive years since its last adjustment, to 4.55%, in 2002. Premium revenues, therefore, were insufficient to cover medical expenses. In order to prevent the deficits gap from widening, the premium rate was adjusted to 5.17% in April, 2010.

**i. Accrual Basis**

In terms of accrual basis, the insurance revenues were NT$497 billion in 2011, an increase of 6.8% from the previous year. Insurance costs were NT$463 billion, an increase of 3.6% from the previous year. The surplus was NT$34 billion. As of the end of 2011, the accumulated balance was -NT$6 billion, which should be covered using the reserve fund.

The average annual increase of insurance revenues was 5.5% from 2001, of which premium revenues, including delinquent charges, increased by 4.9%. The average annual increase of insurance costs since 2001 was 4.2%. Medical expenses increased 4.3%. The proportion of premium revenue, including delinquent charges, to insurance revenue showed a decreasing trend, falling by 5.3 percentage points since 2001.

**ii. Cash Basis (Cash Flow)**

In terms of cash basis, revenue was NT$505 billion in 2011, an increase of 8.8% from the previous year. Expenditures were NT$483 billion, an increase of 5.3% from the previous year. The loan was -NT$22 billion. There was a NT$372 million surplus. As of the end of 2011, the accumulated balance was NT$7 billion.

Since 2001, there has been an average annual increase in revenue of 5.2%. Premium revenue, excluding delinquent charges, increased 4.6%. The average annual increase of expenditures since 2001 has been 4.7%. Medical expenses the main source of expenses also increased 4.7%.

As of the end of 2011, the working capital for NHI scheme was NT$7 billion, which included NT$6 billion in demand deposit, NT$839 million in other short-term investments, and NT$88 million in trust property.

In 2011, revenue from the NHI reserve fund was NT$26 billion, mainly coming from the lottery income and contribution for the tobacco, accounted for 98.3% of the total income. The other 1.7% was from the premium delinquent charge. The expenditure, amounting to NT$26 billion, was fully used to cover the deficits in medical expenses. The deficit was NT$7 million in 2011. As of the end of 2011, the accumulated balance was NT$172 million.

Notes:

1. Data in this chapter was last updated on May 2, 2012.
2. The "premium receivable" in this chapter means the premium amount that has been corrected based on the queries/requests by the insured or the group insurance applicants.
3. In this chapter, statutory subsidies provided by the different levels of governments shall be determined in accordance with the subsidy levels prescribed in the National Health Insurance Act.
4. "Government subsidies to specific targets" (non-statutory subsidies from the government) in this chapter means the separately-budgeted government subsidies for premium payments, which were originally payable by the insured or the group insurance applicants pursuant to the National Health Insurance Act.
5. Taoyuan County was upgraded to a quasi special-municipality in 2011. The subsidy level was therefore upgraded to the provincial/municipal level.