



In the Literature

LEARNING FROM TAIWAN: EXPERIENCE WITH UNIVERSAL HEALTH INSURANCE

Karen Davis, Ph.D.
Andrew T. Huang, M.D.

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Taiwan's recent move to universal health insurance coverage—and what lessons its experience might hold for the United States—is the focus of an analysis in *Annals of Internal Medicine* by Commonwealth Fund president Karen Davis, Ph.D., and Duke University Medical Center's Andrew T. Huang, M.D.

In “[Learning from Taiwan: Experience with Universal Health Insurance](#),” (*Annals of Internal Medicine*, Feb. 19, 2008) Davis and Huang, a professor of medicine at Duke, president of the Center for Healthcare Improvement, and president of the Koo Foundation Sun Yat-Sen Cancer Center in Taipei, Taiwan, focus on a new study of life expectancy before and after the introduction of national health insurance, as well as changes in health disparities. Implemented in 1995, Taiwan's system has increased health insurance coverage from 57 percent to 98 percent of the population. It has also expanded access by waiving copayments for the very poor, veterans, and aboriginal populations.

While the rise in life expectancy overall has been modest, Taiwan has seen significant improvement for individuals who were most at risk prior to national health insurance. In 10 years, the poorer, previously uninsured group improved their life expectancy more substantially than the more affluent and insured.

For the United States, which already devotes 16 percent of gross domestic product (GDP) to health care, one significant barrier to universal health care is the potential increase in costs. In this regard, Taiwan provides some reassurance. Health spending has remained almost unchanged, at 5 percent to 6 percent of GDP, the authors say.

Other aspects of Taiwan's system provide cause for concern. Davis and Huang point out that inappropriate physician payment incentives can have an adverse effect on how medical trainees choose their specialties. That is, trainees will tend to select specialties with high payments. “These distorted payment incentives may seriously affect the match between Taiwan's physician workforce and its health care needs,” the authors say.

More troubling is long-term financial sustainability. Taiwan is experiencing health care budget shortfalls and increasing national debt. The risk remains that a national health insurance struggling to keep up with patient demands for more benefits can channel resources to services that deliver minimal health returns. Meanwhile, broader issues such as monitoring and improving the quality of health care, education and training of the health workforce, and the public health issues like smoking cessation, public safety, and weight control, may continue to suffer from underfunding and exert greater negative impact on Taiwan's health care in the long run.

Taiwan's success in improving life expectancy—particularly for people who are more vulnerable—lends credence to arguments calling for the United States to join other industrialized nations in ensuring universal health coverage. It also underscores the importance of adequate financing and having a strategy that addresses access, quality, and efficiency. “[T]he United States must design health reform so that we move simultaneously toward improved access to care and a high-performance health system,” the authors conclude.