

Cost-containment strategies successful in Taiwan

Three cost-containment strategies, generic grouping, reduction of the flat payment rate and delegation of financial responsibility, appear to be significantly associated with a reduction in pharmaceutical expenditure of the National Health Insurance programme in Taiwan, according to researchers from that country.

To evaluate and compare the impact of different cost-containment strategies on the monthly pharmaceutical expenditure, they applied time-series intervention methodology using monthly claims data from 1996–2003, obtained from the Bureau of National Health Insurance. The impact of various strategies on total, and inpatient, outpatient, hospital and clinic subsectors was evaluated.* All costs were calculated in Taiwan new dollars.

The total pharmaceutical expenditure increased from \$NT62.2 billion in 1996 to \$NT94.5 billion in 2003. The total cumulative net savings from all cost-containment strategies were \$NT25.442 billion, of which generic grouping and reduction of the flat payment rate of the drugs for clinics accounted for \$NT25.371 billion and \$NT10.128 billion, respectively. Delegation of financial responsibility accounted for \$NT1.261 billion reduction in the inpatient sector. The savings were partially offset by a \$NT10.057 billion increase in the hospital global budget. The overall savings were greater for hospitals and outpatients than for clinics and inpatients, respectively.

* controlled for the calendar effect of the Chinese New Year and the severe acute respiratory syndrome outbreak in 2003

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