

## NATIONAL HEALTH INSURANCE ACT

First Promulgated on August 9, 1994 by the President' s Order of Hua Chung (1) Yi Tze No.4505;

Amended and Promulgated Articles 11-1,69-1 and 87 by the President' s Order of Hua Chung (1) Yi Tze No.5865 on October 3, 1994;

Second Amendment and Promulgation of Articles 8 to12,14,19,24,26,30,32,36,69, 88 and the Addition of Articles 87-1 to 87-3 by the President' s Order of Hua Chung (1) Yi Tze No.8800162120 on July 15,1999

Third Amendment and Promulgation of Articles 8, 9, 11, 13, 14, 18, 19, 21, 22, 24, 25, and 27-29 by the President' s Order of Hua Chung (1) Yi Tze No. 9000014910 on January 30, 2001.

Forth Amendment and Promulgation of Articles 21, 27, 29, 32, 55, 87-1, 87-2, and the Addition of Article 22-1 by the President' s Order of Hua Chung (1) Yi Tze No. 09100142270 on July 17, 2002.

Fifth Amendment and Promulgation of Articles 30, 87-1~87-3, and the Addition of Articles 87-4 and 87-5 by the President' s Order of Hua Chung (1) Yi Tze No. 09200113970 on June 18, 2003.

### CHAPTER ONE

#### General Principles

#### Article 1

This Act is enacted to promote the health of all nationals, to administer national health insurance (hereinafter referred to as "this Insurance") and to provide health services. Matters not provided for herein shall be governed by other relevant laws.

#### Article 2

During the insured term, in case of illness, injury or maternity occurred to the beneficiary, benefits shall be provided under the provisions of this Act.

#### Article 3

The Competent Authority of this Insurance shall be the central competent authority in

charge of health.

#### Article 4

There shall be a Supervisory Board of the National Health Insurance established to supervise the operations of this Insurance and to provide studies and consultation on insurance policy and regulations.

The said Supervisory Board shall consist of specialists and representatives from relevant authorities, the insured, the employers, and the contracted medical care institutions. The organizational rules of the Supervisory Board shall be established by the Competent Authority and submitted to the Executive Yuan for approval before promulgation.

#### Article 5

There shall be a Disputes Settlement Board (hereinafter the "Board") established under the National Health Insurance to settle disputes arising from cases approved by the Insurer, and raised by the insured, the group insurance applicants or the contracted medical care institutions.

The said Board shall consist of representatives from the Competent Authority and legal, medical and insurance experts. The organizational rules of the Board and the rules for processing disputes shall be made by the Competent Authority and submitted to the Executive Yuan for approval before promulgation.

The insured and the group insurance applicants may file administrative appeal and administrative lawsuit if they disagree with the Board's decision over the disputes in question.

### CHAPTER TWO

#### The Insurer, The Beneficiary and The Group Insurance Applicant

#### Article 6

The Insurer of this Insurance shall be the Bureau of National Health Insurance

established by the Competent Authority to administer the insurance business.

The organization of the Bureau of National Health Insurance shall be prescribed by law.

#### Article 7

The beneficiary of this Insurance includes the insured and his/her dependents.

#### Article 8

The insured shall be classified into the following six categories :

##### 1. Category 1

(1) Civil servants or full-time and regularly paid personnel in governmental agencies and public/private schools;

(2) Employees of publicly or privately owned enterprises or institutions;

(3) Employees other than the insured prescribed in the preceding two subparagraphs but are otherwise employed by particular employers;

(4) Employers or self-employed owners of business;

(5) Independently practicing professionals and technicians.

##### 2. Category 2

(1) Members of an occupational union who have no particular employers, or who are self-employed;

(2) Seamen serving on foreign vessels, who are members of the National Seamens Union or the Master Mariners Association.

##### 3. Category 3

(1) Members of the Farmers Association or the Irrigation Association, or workers aged over fifteen who are actually engaged in agricultural activities;

(2) Class A members of the Fishers Association who are either self-employed or have no particular employers, or workers aged over fifteen who are actually engaged in fishery activities.

#### 4. Category 4

(1) Military servicemen whose compulsory service terms are over two months or who are summoned to serve in military for more than two months, military school students who receive grants from the government, military servicemen's dependents who lost their support recognized by the Ministry of Defense, and military decedent's families who are receiving pensions due to the death of their decedents .

(2) Men at the age for enlisting in the military, who are currently in military-substitute service.

#### 5. Category 5

Members of a household of low-income families as defined by Social Support Law.

#### 6. Category 6

(1) Veterans, household representatives of survivors of veterans;

(2) Representatives or heads of household other than the insured or their dependents prescribed in subparagraphs 1 to 5 and the preceding item of this subparagraph.

The standard for identification and qualification of the workers actually engaged in agricultural activities under item (1) of subparagraph 3 and the workers actually engaged in fishery activities under item (2) of subparagraph 3 shall be established jointly by the central agricultural competent authority and the Competent Authority.

#### Article 9

The dependents of the insured in Categories 1 to 3, and 6 are prescribed as follows:

1. The insured's spouse who is not employed.

2.The insured' s lineal blood ascendants who are not employed.

3.The insured' s lineal blood descendants within second degree of relationship who are either under twenty years of age and not employed, or are over twenty years of age but incapable of making a living, including those who are in school without employment.

#### Article 10

Any national of Republic of China must meet one of the following requirements in order to become the beneficiaries of this Insurance:

1.Those who have previously subscribed to this Insurance or having established a registered domicile for at least four consecutive months in the Taiwan area prior to subscription of this Insurance;

2.Having established a registered domicile in the Taiwan area at the time of becoming a subscriber to this Insurance and qualified as the insured under items (1) to (3), subparagraph 1, paragraph 1 of Article 8;

3.Newborns having had domicile registration at the time of subscription to this Insurance in the Taiwan area, and qualified under Article 9 as the dependents of the insured.

Any person who has not met the requirements in the preceding paragraph and has an alien resident certificate in the Taiwan area and qualified as the insured under Article 8 or those qualified under Article 9 as the dependents of the insured, upon fulfilling a four-month minimum residency requirement, may subscribe and become covered by this Insurance. Any person qualified as the insured under items (1) to(3), subparagraph 1, paragraph 1 of Article 8 shall not be subject to the four month requirement.

#### Article 11

The following persons are not covered by this Insurance and shall be withdrawn from it if they have subscribed to this Insurance:

1.Those who are confined in the detention centers or in prisons because of criminal punishment, rehabilitative disciplines, or reformatory education, unless their terms are less than two months. Those who are subject to a protective restriction order, however, are still covered by this Insurance;

2.Those who have been missing for six months or more;

3.Those who have lost the qualifications as prescribed in the preceding Article.

#### Article 11-1

Except for the circumstances prescribed in Article 11, all the beneficiaries qualified under Article 10 shall subscribe to this Insurance.

#### Article 12

The insured classified in Category 1 may not opt for classification in Category 2 or Category 3. The insured classified in Category 2 may not opt for classification in Category 3. The insured classified in Categories 1 to 3 may not opt for classification in Category 4 or Category 6.

Those qualified as the insured shall not subscribe to this Insurance as dependents.

#### Article 13

The dependents of the insured delineated in article 9 shall subscribe to or withdraw from this Insurance together with the insured.

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#### Article 14

The group insurance applicants for the different Categories of the insured are as follows:

1.For the insured in Categories 1 and 2, the group insurance applicants shall be the agencies, schools, enterprises, institutions, or employers, which they work for, or unions where they hold membership. Nonetheless, the group insurance applicants that cover the insured in the Ministry of Defense shall be designated by the Ministry of Defense.

2.For the insured in Category 3, the group insurance applicants shall be the lowest-level Farmers Association, Irrigation Association or Fishers Association to which they belong, or located at the place where the insured have their household registered.

3.For the insured in Category 4, the group insurance applicants are as follows:

(1) For the insured in item 1, subparagraph 4, paragraph 1, article 8, the group insurance applicants shall be designated by the Ministry of Defense.

(2) For the insured in item 2, subparagraph 4, paragraph 1, article 8, the group insurance applicants shall be designated by the Ministry of Interior.

4. For the insured in Categories 5 and 6, the group insurance applicants shall be the village (township, municipal, district) administration offices of their registered domicile; provided, however, the public or private social welfare service institutions may be the group insurance applicants for the insured who lives therein.

The insured prescribed in item 2, subparagraph 6, paragraph 1 of Article 8, and their dependents may, upon consent of the group insurance applicants of the insured in another category who live together with the above insured and their dependents, use such units as their group insurance applicants, provided that the premium shall be calculated separately according to the provision of Article 26.

The group insurance applicants prescribed in subparagraph 4, paragraph 1 of this Article shall set up special units or agents to administer relevant matters of this Insurance.

For any one who is covered under Category 6 and undergoing vocational training or exam-taking training at a government-registered institution, such training institution or agency shall be the group insurance applicant.

The group insurance applicant has failed to make the premium payments for more than two months, the Insurer may contact another group insurance applicant to administer matters related to this Insurance.

#### Article 15

The commencement and termination of the insurance shall take effect from the date of occurrence of such conditions or causes specified in Articles 10 and 11.

#### Article 16

The group insurance applicants shall subscribe to the Insurer for coverage within three days from the date on which the beneficiaries meet the conditions of this Insurance and

shall withdraw from the coverage within three days from the date of occurrence of the cause for withdrawal.

#### Article 17

The beneficiaries and the group insurance applicants, when completing insuring formalities, shall provide necessary information or documentation as required and shall not elude, reject, obstruct, or misrepresent, misreport or misstate when interviewed or inquired by the Competent Authority or the Insurer.

### CHAPTER THREE

#### Insurance Finance

#### Article 18

The premium payable by the insured in Categories 1 to 3 and their dependents shall be calculated according to the insured payroll-related amount and the premium rate of the insured.

#### Article 19

The premium rate applicable to the insured and their dependents prescribed in the preceding Article shall be set at a maximum of 6 percent. For the first year, the premium payable shall be calculated at the rate of 4.25 percent. From the second year, the premium rate shall be reassessed according to Article 20. If adjustment is necessary, the Competent Authority shall report to the Executive Yuan for approval.

Any deficit incurred during the first two years after the commencement of this Insurance shall be subsidized by the central government.

The premium payable by the dependents articulated in the preceding article shall be paid by the insured. When the number of the dependents exceeds three, the premium shall be calculated on the basis of only three dependents.

#### Article 20

The Insurer shall make the actuarial process at least once every two years for the premium rate, with each such actuarial process covering a period of 25 years.

The premium rate in the preceding paragraph shall be reviewed by the actuary group consisting of 15 to 21 members, who are actuaries, insurance finance specialists, economists and impartial persons designated by the Competent Authority.

Upon occurrence of any of the following events after the actuarial process, the Competent Authority shall readjust the premium rate and report to the Executive Yuan for approval:

1. The actuarial mean value of the premium rates for the first coming five years falls beyond the range of plus or minus 5 percent of the premium rate of the current year;
2. The reserve fund of this Insurance drops to its minimum required level;
3. Any addition to or reduction in benefit items, contents or payment schedules that affects the finance of this Insurance.

#### Article 21

The insured payroll-related amount for the insured in Categories 1 to 3 shall be subject to a grading table drafted by the Competent Authority and be reported to the Executive Yuan for approval.

The minimum in the said Grading Table of insured payroll-related amount shall be equal to the base salary promulgated by the central competent authority in charge of labor affairs. Upon adjustment of the base salary, such minimum shall be adjusted accordingly.

The insured payroll-related amount of the top level of the Grading Table of insured payroll-related amount has to be kept fivefold higher than the amount in the bottom level, and the said Grading Table has to be revised in one month after the basic salary is adjusted. In case that the number of the insured applicable to the highest level of insured payroll-related amount exceeds three percent of the total number of the insured for twelve consecutive months, the Competent Authority shall readjust the Grading Table of insured payroll-related amount to advance another highest level starting from the following month.

#### Article 22

The insured payroll-related amount for the insured in Categories 1 and 2 is determined on the following basis:

1. Employees: the payroll;
2. Employers and self-employed: the business income;
3. Independently practicing professionals and technicians: the income from professional practice.

If the insured prescribed in Categories 1 and 2, has no stable income, the insured shall select the proper insured payroll-related amount from the Grading Table of insured payroll-related amount and such insured payroll-related amount shall be examined by the Insurer, who may make adjustment at its own discretion if the insured payroll-related amount is found inappropriate.

#### Article 22-1

In case that the insured prescribed in paragraph one of the preceding Article are qualified as the insured under either the public official insurance or the servicemen insurance, their insured payroll-related amounts are calculated as the following: the insured' s total amounts of salaries multiply by the ratio of the most recent yearly average insured payroll-related amount of the insured indicated under items 2 and 3 of subparagraph 1, paragraph 1 of Article 8 and the average regular salaries from various industries announced by the Directorate General of Budget Accounting and Statistics, Executive Yuan.

#### Article 23

The insured payroll-related amount applicable to the insured in Category 3 shall be the average amount for those specified under items 2, 3 of subparagraph 1, and subparagraph 2 of paragraph 1, Article 8; provided, that the Insurer may adjust the level of insured payroll-related amount according to the financial viability of the insured and their dependents.

#### Article 24

In case that the income of the insured in Categories 1 and 2 as prescribed in Article 22 is adjusted between February and July of the current year, the group insurance applicants shall notify the Insurer the adjusted insured payroll-related amount by the end of August of the same year, or notify the Insurer by the end of February of the following year if the adjustment is made between August of the current year and January of the following year. In situations where the insured subscribes to other social insurance schemes, and the insured payroll-related amount shall be adjusted in accordance with the provision in paragraph 5 of Article 22, the group insurance applicant shall, at the same time, notify the insurer of the adjusted insured payroll-related amount. The adjustment of the insured payroll-related amount becomes effective on the first day of the following month after notification.

#### Article 25

The premium of the insured in Categories 4 and 5 shall be calculated according to the averaged actuarial premium based on the total number of the beneficiaries.

#### Article 26

The premium of the beneficiaries in Category 6 shall be the average premium of all beneficiaries according to the actuarial results.

The premium of the dependents shall be paid by the insured. When the number of the dependents exceeds 3, the payment shall be calculated on the basis of only three dependents.

#### Article 27

This Insurance contribution rates shall be calculated according to the following provisions:

1. For the insured in Category 1:

(1) The insured and their dependents referred to in term 1, subparagraph 1, paragraph 1 of Article 8 shall pay 30 percent of the premium, with the other 70 percent of it paid by the group insurance applicants. Nonetheless, for the premiums charged for the employees of private schools, the insured and their dependents shall pay 30 percent of the premiums, with 35 percent of them paid by their schools and 35 percent of them

subsidized by the executive agencies of education either in the central or in the municipal government.

(2)The insured and their dependents referred to in items 2 and 3 of subparagraph 1, paragraph 1 of Article 8 pay 30 percent of the premiums, and the group insurance applicants pay 60 percent of them. For the other 10 percent of premium,it is subsidized by the central government if they register in the provincial jurisdiction, or 5 percent subsidized by the central government and another 5 percent subsidized by the municipal government if they register in the municipal jurisdictions.

(3)The insured and their dependents referred to in items 4 and 5 of subparagraph 1, paragraph 1 of Article 8, shall pay the full premium.

2.The insured and their dependents in Category 2 pay 60 percent of the premiums, with the other 40 percent subsidized either by the central government if they register in the provincial jurisdiction or by the municipal governments if they register in the municipal jurisdictions.

3.The insured and their dependents in Category 3 pay 30 percent of the premiums, with the other 70 percent splitted into either (1) 60 percent by the central government and 10 percent by the county' s governments if they register in the provincial jurisdiction, or (2) 40 percent by the central government and 30 percent by the municipal government if they register in the municipal jurisdictions.

4. For the insured in Category 4:

(1) For the insured in item 1, subparagraph 4, paragraph 1 of Article 8,the institutions they belong shall subsidize their premiums in full.

(2) For the insured in item 2, subparagraph 4, paragraph 1, article 8 , the Ministry of Interior shall subsidize the premium in full.

5.For the insured in Category 5, the central competent authority in charge of social welfare shall subsidize 35 percent of their premiums with the county (or city) governments subsidizing the other 65 percent when they register in the provincial jurisdiction; while the municipal governments shall subsidize premiums in full when they register in the municipal jurisdictions.

6.The premium payable by the insured referred to in item 1, subparagraph 6, paragraph 1 of Article 8 shall be subsidized by the Vocational Assistance Commission for Retired Servicemen, the Executive Yuan. Whereas 30 percent of the premium of the insured dependents shall be paid by themselves and 70 percent subsidized by the Vocational Assistance Commission for Retired Servicemen, the Executive Yuan.

7.The insured and their dependents referred to in item 2, subparagraph 6, paragraph 1 of Article 8, shall pay 60 percent of the premium and the central government shall subsidize 40 percent.

#### Article 28

The number of dependents in Categories 1 to 3, for whom the group insurance applicants or the government subsidize premium, shall be the average number of the dependents that the insured in Categories 1 to 3 actually have.

#### Article 29

The premium of this Insurance shall be paid monthly according to the following provisions:

1.The premium to be contributed by the insured in Categories 1 and 4 shall be deducted from the pay roll and paid by the group insurance applicants to the Insurer, together with the group insurance applicant' s contributions, by the end of the following month.

2.The premium to be contributed by the insured in Categories 2, 3 and 6 shall be paid monthly to the group insurance applicants to which they belong, and the group insurance applicants shall forward the accumulated premiums to the Insurer no later than the end of the following month.

3.The premium payable by the insured in Category 5, shall be paid by the various levels of subsidizing governments to the Insurer no later than the fifth day of the current month.

4. For the insured in Categories 2 to 4 and 6, the premiums shall be partly subsidized by the various levels of governments, Ministry of Defense, or the Vocational Assistance Commission for Retired Servicemen, the Executive Yuan, and shall be paid in advance to the Insurer twice a year by the end of January and of July. The account shall be settled at the end of the year.

The premium of this Insurance for the month when the insured subscribes to coverage shall be fully paid; and that for the month when the insured withdraw from coverage shall be exempted.

If the administrative government agencies delineated in the preceding paragraph do not pay the premium subsidy required by this Act, the Insurer may report it to the competent authority, which may in turn ask the supervisory agencies of the said administrative government agencies to deduct [the amount] from the subsidy allocated to them so as to pay their deferred premium subsidies.

### Article 30

A grace period of fifteen days shall be allowed in case that the group insurance applicants or the insured do not pay the premium during the period provided in the preceding Article. If the end of the grace period does not make the payment, an overdue charge of 0.1 percent of the amount payable shall be levied for each day of delay after the expiry day of the said grace period until the premium is fully paid up. However, the amount of overdue charge shall not exceed 15 percent of the amount of the payment due. However, overdue charges of small amounts that are less than an amount to be fixed by the Competent Authority, may be waived.

If the premium and the overdue charge referred to in the preceding paragraph payable by the group insurance applicant remains unpaid for thirty days, the Insurer may refer the case to the court for compulsory execution under the law; the same shall apply to the insured [who has failed to pay either the premium or the overdue charge] for one hundred and fifty days.

Those group insurance applicants or those insured who are unable to pay the premium and the overdue charge provided in the preceding two paragraphs may apply for payment by installments to the Insurer. The regulations concerning the application conditions, the examining procedure, periods for the payment by installments, and any other regulations to be abided by, will be drafted by the Insurer and be submitted to the Competent Authority for approval.

The Insurer may temporarily suspend benefits and decline issuing the insurance card before the premium and overdue charge are paid in full by the group insurance applicants or the insured, unless the portion of the premium payable by the insured has been withheld

by or paid to the group insurance applicants, or has been arranged to pay by installments under the preceding paragraph.

The governments of various levels that do not pay the premium subsidies under paragraph one of the preceding Article are entitled to a grace period of fifteen days. After the grace period, the governments have to pay interests for the amount due. The interest referred to here is calculated daily according to the post office one-year deposit interest rates from the following day of the end of the grace period through the day prior to their payments. The Insurer may refer this case to the court for compulsory execution under the law.

Whenever the group insurance applicants owe the premium or the overdue charge, but have no property for execution or have not enough property to pay off their debts, the persons in charge or the persons dealing with the businesses may be liable for the damages, provided that they have fault in not paying the premium or the overdue charge.

#### CHAPTER FOUR

##### Insurance Benefits

#### Article 31

In case the beneficiaries encounter illness, injury, or maternity, the contracted medical care institutions shall provide ambulatory or hospital care pursuant to the Medical Benefit Regulations of this Insurance. The physicians may deliver prescription to the beneficiaries for dispensing by the pharmacy.

The Medical Benefit Regulations mentioned in the preceding paragraph shall be drafted by the Competent Authority and submitted to the Executive Yuan for approval before promulgation.

The delivery of the medication mentioned in paragraph 1 shall be made in accordance with Article 102 of the Pharmaceutical Act.

#### Article 32

To maintain the health of the beneficiaries covered by this Insurance and to enhance medical service in aboriginal settlements, mountain areas, and outlying islands, the Competent Authority shall designate items concerning preventive health services and its implementing rules, and shall establish plans to promote medical service in aboriginal settlements, mountain areas, and outlying islands.

The areas designated as aboriginal settlements, mountain areas, and outlying islands referred to in the preceding paragraph shall be determined by the Competent Authority.

#### Article 33

The beneficiaries are required to pay 20 per cent of the expenses of either ambulatory or emergency care; 30 percent of the expenses if they visit outpatient departments of district hospitals directly without referral; 40 percent if they visit outpatient departments of regional hospitals without referral; and 50 percent if they visit outpatient departments of medical centers without referral.

The Competent Authority may, when necessary, sanction the collection of a fixed amount of expenses, which the beneficiaries mentioned in the preceding paragraph shall pay for and promulgate such amount every year; such amount is to be determined in accordance with the average ambulatory care expense of the preceding year and the ratio prescribed in the first paragraph.

The referral ratio mentioned in paragraph 1 and its implementation date shall be regulated by the central health competent authority.

#### Article 34

After implementation of this Act, if the national average ambulatory visit exceeds twelve times per person per year for two consecutive years, the deductible system shall be adopted immediately and the regulations for implementation shall be made by the Competent Authority.

#### Article 35

The ratio of hospitalization expenses to be borne by the beneficiaries is as follows:

1. For acute care ward, 10 percent for the first thirty days; 20 percent from the

thirty-first to the sixtieth day; and 30 percent from the sixty-first day onward;

2. For chronic care ward, 5 percent for the first thirty days; 10 percent from the thirty-first to the ninetieth day; 20 percent from the ninety-first to one hundred and the eightieth day; and 30 percent from the one hundred and eighty-first day onward.

The maximum amount to be borne by the beneficiaries for hospitalization in acute care ward for not more than thirty days, or in chronic ward for not more than one hundred and eighty days for the same illness, shall be determined by the Competent Authority.

The criteria for the establishment of acute care ward and chronic care ward shall be determined by the Competent Authority.

#### Article 36

In case of the following circumstances, the beneficiaries shall be exempted from payment of the expenses prescribed in Article 33 and 35:

1. Major illness and injury;

2. Child delivery;

3. Receiving preventive health service prescribed in Article 32; or

4. Receiving medical care in mountain regions and outlying islands.

The rules relating to the exemption from the payment of expenses referred to in the preceding paragraph and the scope of illness and injury prescribed in the subparagraph 1 of the preceding paragraph shall be determined by the Competent Authority.

#### Article 37

In case where the beneficiaries in Category 5 shall pay their own expenses according to Articles 33 and 35, the central competent authority in charge of social affairs shall prepare budget to pay for that; provided, however, those who do not abide by referral provisions prescribed in Article 33 are excluded.

#### Article 38

The beneficiaries shall pay to the contracted medical care institutions for the self-bearing expenses prescribed in Article 33 and 35.

In case the beneficiaries fail to pay the expenses according to the preceding paragraph after being notified and duly demanded by the contracted medical care institutions; the Insurer may suspend benefits to the beneficiaries when necessary.

#### Article 39

Expenses arising from the following service items are not covered in this Insurance :

1. Medical service items on which the expenses shall be borne by the government according to other laws or regulations;
2. Immunization and other medical services on which the expenses shall be borne by the government;
3. Treatment of drug addiction, cosmetic surgery, non-post-traumatic orthodontic treatment, preventative surgery, artificial reproduction, and sex conversion surgery;
4. Over-the-counter drugs and non-prescription drugs which should be used under the guidance of a physician;
5. Services provided by specially designated doctors, specially registered nurses and senior registered nurses;
6. Blood, except for blood transfusion necessary for emergent injury or illness according to the diagnosis by the doctor ;
7. Human-subject clinical trials;
8. Hospital day care, except for psychiatric care;
9. Food other than those which are to be tube feeding and balance billing for wards;
10. Transportation, registration fee, and certificate for the patient;
11. Dentures, artificial eyes, spectacles, hearing aids, wheelchairs, canes, and other

treatment equipment not required for positive therapy;

12. Other treatments and drugs promulgated by the Competent Authority not to be covered.

#### Article 40

This Insurance shall not apply to a contingency incurred by war, riot or major plague and act of God, such as severe earthquake, wind storm, flood, fire, that has been identified by the Executive Yuan and provided by the government with special aids.

#### Article 41

No insurance benefits shall be payable to the beneficiaries for any one of the following events:

1. Applying for hospitalization under the same injury or illness after receiving disability benefits under other social insurance laws;
2. Expenses incurred from excessive hospitalization after being notified of discharge from the hospital but refused to do so;
3. Treatment and drug which are not medically necessary according to the pre-examination by the Insurer;
4. Violating relevant provisions of this Act.

#### Article 42

If medical services provided by the contracted medical care institutions to the beneficiaries were determined by the Professional Peer Review Committee to be incompatible with the provisions of this Act, the expenses thereof shall be borne by the contracted medical care institutions themselves.

#### Article 43

In case the beneficiaries, under emergency, need to be treated immediately or to give birth in non-contracted medical care institutions, the group insurance applicants may, with the support of the relevant certification documents, apply to the Insurer for

reimbursement of the medical expenses. The reimbursement regulation shall be established by the Competent Authority.

The application for medical expense reimbursement prescribed in the preceding paragraph shall be submitted within six months after completion of treatment or baby delivery; otherwise, it will be rejected.

#### Article 44

Duplicated payment in cash of benefits under this Insurance for the same incident shall not be allowed.

#### Article 45

From the date of withdrawal, no benefits shall be payable for the beneficiaries who withdraw from coverage according to Article 11. If the benefits have already been received, the beneficiaries shall return them to the Insurer. The premium already paid by the beneficiaries shall not be refunded.

#### Article 46

The right of the beneficiaries to receive cash reimbursement should not be transferred, offset, seized or object to security interest.

### CHAPTER FIVE

#### Payment of Medical Expense

#### Article 47

The range of the total amount of the medical payment of this Insurance each year shall be proposed by the Competent Authority no later than six months prior to the commencement of the fiscal year and reported to the Executive Yuan for approval.

#### Article 48

In order to coordinate and allocate medical payment, the Negotiation Committee for

Medical Expenses shall be established consisting of one-third each of the following personnel, with organizational rules of such Committee to be established by the Competent Authority and submitted to the Executive Yuan for approval before promulgation:

1. Representatives from medical care institutions;
2. Representatives from premium payers and specialists or scholars in the relevant fields;
3. Representatives from relevant competent authorities.

#### Article 49

The Negotiation Committee for Medical Expenses shall negotiate and reach the agreement on, no later than 3 months prior to the commencement of each fiscal year, the aggregate amount of the medical payment and the method of allocation, within the range of the total amount of the medical payment approved by the Executive Yuan under Article 47, and report to the Competent Authority for approval. The Competent Authority shall make decision at its own discretion in case the Negotiation Committee for Medical Expenses does not reach an agreement in time.

The allotment for ambulatory care and hospitalization expenses of the budget for the aggregate payment described in the preceding paragraph may be specified by district.

The allocation ratio and a system of separating accounts for medical and pharmaceutical expenses may be established in regard to the budget for payment of the ambulatory care described in the preceding paragraph, according to the ambulatory care services provided by physicians, Chinese medicine doctors and dentists, pharmaceutical services and expense of drugs. Drugs, priced medical devices and materials shall be reimbursed at cost.

The scope of district mentioned in the second paragraph shall be determined by the Competent Authority.

#### Article 50

The contracted medical care institutions shall declare to the Insurer the points of the medical services rendered and expense of drugs, based on the Fee Schedule for Medical Services and the Reference List for Drugs.

The Insurer shall calculate the value of each point based on the budget allocated according to in the preceding article and the total points of medical service as reviewed by the Insurer. The Insurer shall pay each contracted medical care provider according to the reviewed points.

The ambulatory care drug expenses shall be paid to the contracted medical care institutions after being examined by the Insurer. In case the payment of expense exceeds the total of drug expense preset according to the preceding article, a certain ratio of the excessive amount shall be deducted from the budget for the ambulatory care for the current season. In such a situation, the Reference List for Drugs shall be adjusted in the following fiscal year.

The ratio of deduction described in the preceding paragraph shall be decided by the Negotiation Committee for Medical Expenses. The Competent Authority shall make decision at its own discretion in case the Negotiation Committee for Medical Expenses does not reach an agreement in time.

#### Article 51

The Fee Schedule for Medical Services and Reference List for Drugs shall be established jointly by the Insurer and the contracted medical care institutions and reported to the Competent Authority for approval.

The Fee Schedule described in the preceding paragraph shall follow the principle of "equal payment for same illness" and the relative points shall reflect the cost of each medical service. The International Classification of Diseases shall be used as the reference in deciding equal pay for the same illness.

#### Article 52

The Insurer, in order to examine the item, quantity and quality of the medical service of this Insurance provided by the contracted medical care institutions, shall appoint medical and pharmaceutical specialists who have clinical or practical experiences to organize the Professional Peer Review Committee. The rule of examination thereof shall be established by the Competent Authority.

#### Article 53

In case the drug, laboratory tests or diagnostic examination is provided by other contracted medical care institutions in accordance with the physicians instruction, and the Insurer, after the examination according to the rules of examination described in the preceding article, decides not to pay the benefits due to the physicians improper instruction, such expenses incurred thereof shall be borne by the medical institution where the physician practices.

#### Article 54

Articles 47 to 50 may be implemented in stages, with the respective implementation dates to be set by the Competent Authority. Before the implementation date, the amount of payment for each point in the Fee Schedule for Medical Services shall be decided by the Competent Authority.

### CHAPTER SIX

#### Contracted Medical Care Institutions

#### Article 55

The contracted medical care institutions are as follows:

1. Contracted hospitals and outpatient departments;
2. Contracted pharmacies;
3. Contracted medical laboratory institutions;
4. Other contracted medical care institutions appointed by the Competent Authority.

The regulations governing contract and management matters in respect of the insurance medical care institutions mentioned in the preceding paragraph shall be established by the Competent Authority.

#### Article 56

The number of the currently operating Government Employees Group Practice Centers shall not be increased. They shall apply the same principles of equal payment for same illness as the regular hospital outpatient department and bear the risk for surplus or deficit and shall be re-evaluated one and a half years after the implementation of this Insurance.

#### Article 57

Provisions of ward in a contracted hospital shall comply with the criteria for establishment of the insurance ward. The criteria for establishment of insurance ward and the ratio of the insurance ward to the total number of hospital wards shall be established by the Competent Authority.

#### Article 58

With regard to the medical benefit provided by this Insurance, unless provided otherwise by this Act, the contracted medical care institutions shall not make up items to charge the beneficiaries.

#### Article 59

The contracted medical care institutions shall check the qualification of the beneficiaries when they visit. The Insurer may refuse to pay medical expenses for those who have not been checked and shall seek reimbursement if the medical expenses have been paid.

#### Article 60

Upon occurrence of an incident under coverage to the beneficiaries, the contracted medical care institutions shall provide proper medical service based on their specialties and facilities without any unreasonable refusal.

#### Article 61

Before making referral of the beneficiary who needs to be transferred, the contracted medical care institutions shall, in addition to following the provisions of Medical Care Act, complete the summary of medical history for the said beneficiary.

#### Article 62

In case the Competent Authority or the Insurer requests, for administrative reasons , to investigate, inquire or review relevant documents, such as medical history, diagnosis records, account records, receipts, or cost of medical expenses, the contracted medical care institutions may not elude, reject or obstruct.

## CHAPTER SEVEN

### Reserve Fund and Administrative Expenses

#### Article 63

In order to balance the insurance finances, this Insurance shall set aside a reserve fund from the following sources:

1. Proportion stipulated by the Competent Authority within 5 percent of the total premium revenues of each fiscal year;
2. Surplus from each fiscal year;
3. Premium overdue charges;
4. Profits generated from the management of the reserve fund.

Deficiency in the balance of insurance revenue and expenditure of each fiscal year shall be recovered by the reserve fund first.

#### Article 64

The government may impose social health insurance surtax on tobacco and alcoholic products. The revenues therefrom shall be set aside as the reserve fund.

The implementation regulation for the preceding paragraph shall be jointly established by the Competent Authority and the central competent authority in charge of finance, and shall not be subject to the limitations of the relevant provisions of the Government Fiscal Revenues and Expenditures Allocation Law.

#### Article 65

The government shall set aside a certain proportion of returns from social welfare lottery as the reserve fund.

The implementation regulation for the preceding paragraph shall be jointly established by the Competent Authority and the central competent authority in charge of finance and shall not be subject to the limitations of the relevant provisions of the Government Fiscal Revenues and Expenditures Allocation Law.

#### Article 66

The funds of this Insurance may be managed in the following ways:

- 1.To invest in treasury bonds,treasury bills,and corporate bonds;
- 2.To deposit in government owned banks or financial institutions designated by the Competent Authority;
- 3.To offer as loans to contracted hospitals for renovation or expansion of the premises;
- 4.To invest in any other program which is beneficial to this Insurance and as approved by the Competent Authority.

#### Article 67

In principle, the total amount of the reserve fund shall be equal to the total amount of benefit payments in the most recent one to three months based on actuarial principles. The ratio of premium or reserve shall be adjusted when the total amount of the reserve exceeds three months of payments or below one month.

#### Article 68

The Insurer shall prepare budget for personnel and administrative expenses for this Insurance. The maximum of such budget shall be 3.5 percent of the current annual total amount of medical payment.

The expense of facilities and working capital required by the insurer for this Insurance shall be paid by the Central Government.

## CHAPTER EIGHT

### Penal Provisions

#### Article 69

If a group insurance applicant, which fails to carry out subscription to this Insurance pursuant to Article 16 for the insured or their dependents, it shall be punished with an amount equivalent to two times of the payable premiums in addition to the unpaid premium.

The preceding paragraph is not applicable if the failure is not attributable to the group insurance applicant.

If a group insurance applicant fails to pay the premiums for the insured and his/her dependents pursuant to Article 30, and the premiums were paid by the insured, in addition to returning the premiums paid, the group insurance applicant shall be punished with an amount equivalent to two times of the payable premiums.

#### Article 69-1

If a beneficiary who, in violation of the provisions of this Act, has not subscribed to this Insurance, he/she shall be subject to a fine of no less than three thousand and no more than fifteen thousand New Taiwan Dollars and shall subscribe to this Insurance retrospectively from the date on which the beneficiary is qualified for insurance. The benefits shall be suspended before the fines and premium are fully paid.

#### Article 70

If a beneficiary subscribes to this Insurance in violation of the provision of Article 12, he/she shall be subject to a penalty of no less than three thousand and no more than fifteen thousand New Taiwan Dollars in addition to the payment of premium shortfall.

The payment of the premium shortfall described in the preceding paragraph is limited to those payable within the most recent five years.

#### Article 71

The person who violates the provisions of Article 17, 60 or 61, shall be subject to a fine of no less than two thousand and no more than ten thousand New Taiwan Dollars.

#### Article 72

The person who receives benefits or claims medical expenses through improper conduct, or makes false certification, report, misrepresentation, shall be fined equivalent to twice the benefits or medical expenses received. If criminal offense is involved, he/she shall also be referred to the court. Any medical expenses so received by contracted medical care institutions may be deductible from the expenses claimed or receivable by it.

#### Article 73

In any of the following cases, a fine in the amount of two to four times of the payment of different premium shall be imposed in addition to the payment of premium differential:

1. The insured payroll-related amount of the insured in Category 1 declared by the group insurance applicants for the insured is less than the regulated insured payroll-related amount;
2. The insured payroll-related amount of the insured in Categories 2, 3 and 6 declared by the insured are less than the regulated insured payroll-related amount.

#### Article 74

The contracted hospital, if it fails to attain the criteria and the specified ratio of the insurance ward to the total number of hospital ward as provided in Article 57, shall be fined no less than twenty thousand and no more than one hundred thousand New Taiwan Dollars, and shall be ordered to improve within a given period of time. The fine shall be continuously imposed for each violation if not improved within the time given.

#### Article 75

The person who violates the provision of Article 58 shall return the amount received and shall be fined five times of the expenses received.

#### Article 76

The person who violates the provision of Article 62 shall be fined an amount no less than ten thousand and no more than fifty thousand New Taiwan Dollars.

#### Article 77

The fines prescribed in this Act shall be imposed by the Insurer.

#### Article 78

In case the fines imposed by this Act remain unpaid after a given period of time provided in the written notice, the case shall be referred to the court for compulsory execution.

### CHAPTER NINE

#### Supplementary Provisions

#### Article 79

The Insurer may offer incentive to the group insurance applicants and the beneficiaries who have achieved significant result in the practice of preventive health care. The regulation of incentives shall be established by the Insurer and reported to the Competent Authority for approval.

#### Article 80

The Competent Authority, for the purpose of mediating insurance disputes or the Insurer, and implementing the underwriting business or reviewing medical claims, may inquire the tax authority or other relevant authorities for documents relevant to the insurance of the beneficiaries.

#### Article 81

For those insured who are covered by the occupational injury insurance, the medical expenses incurred from occupational injury contingency shall be paid by the occupational injury insurance.

Article 82

In case the beneficiary receives medical benefits from this Insurance because of automobile traffic accidents, the Insurer of this Insurance may exercise the right of subrogation against the Insurer of compulsory third-party liability insurance.

Article 83

The financial revenue and expenditure of this Insurance shall be administered by the Insurer as operation fund in the annual fiscal budget.

Article 84

All account records, receipts and revenue and expenditure under this Insurance shall be exempted from taxation.

Article 85

The Competent Authority, within two years after implementation of this Insurance, shall prepare evaluation report and improvement proposal for the National Health Insurance. The improvement proposal shall include suggestions for alternative sources of funding, premium burden of the insured, and organizational form of the insurer.

Article 86

The Enforcement Rules of this Act shall be prepared by the Competent Authority and submitted to the Executive Yuan for approval before promulgation.

Article 87

Article 69-1 shall be applied to the Insured in item 2 of Category 6 one year after implementation of this Insurance.

Article 87-1

The overdue charge, the suspension of benefits and of the insurance card, or the fines provided in paragraphs 1 and 4 of Article 30, paragraph 2 of Article 38, and Article 69-1 are not applicable to the insured qualified as being financially difficult under

Article 87-5.

Article 87-2

The Competent Authority may work out a budget or borrow a certain amount of money from the reserved fund of this Insurance to establish a fund for the insured, who have financial difficulty in paying premiums under Article 87-5, to apply for loans without interest in the amount of the premiums of this insurance and the fees they have to pay. The Executive Yuan shall establish the regulations governing the revenue and expenditure of the fund and the ways in which the fund is managed and used.

The regulations concerning the qualifications for applying for loans from the fund provided for in the preceding paragraph, conditions for granting loans, the duration of repayment, the ways of repayment, and any other regulations to be obeyed, shall be established by the Competent Authority. Nonetheless, the amount of repayment shall not be higher than twice the personal premium set at the time when the borrowers began applying for the loans, unless the borrowers want to repay it at their own will.

The Competent Authority shall make budgetary plan for payment to the insurer of the interest on the fund borrowed from the reserve fund of this Insurance referred to in paragraph one.

Article 87-3

For those remained uninsured, who are subjected to financial difficulty or are unable to pay the premiums, the Competent Authority shall order the Insurer, or the group insurance applicants to help them finish the enrollment procedures.

Article 87-4

Those who met the qualifications as being financially difficult under article 87-5 and did not subscribe to this Insurance prior to June 6, 2003 when this law was revised, shall pay their premiums from the date of subscription due, and are entitled to apply for postponing paying the premiums due prior to their new subscription, if they subscribe to this Insurance within one year after June 6, 2003. Nonetheless, for those who did not subscribe to this Insurance over four years after March 1, 1995 when this Insurance was established, and met the qualifications as being financially difficult under article 87-5, the premiums prior to their subscription to this Insurance are waived, and the

medical expenses paid by themselves previously cannot be reimbursed.

The insured that have applied a loan for their relevant fees under article 87-2 may apply for postponing their payments within a year after June 6, 2003, the date of this Act's revision.

For the beneficiaries of this Insurance who applied for postponing their payments for either their premiums or their loans under the preceding two paragraphs, the Insurer has to periodically check their abilities to repay. For those who have the ability to repay but refuse to do so after the Insurer informs them to pay in writing, the Insurer may refer the case to the court for compulsory execution under the law.

#### Article 87-5

The Competent Authority shall establish the regulations as to identifying the people being financially difficult and being the particularly financially difficult mentioned in article 87-1, 87-2, and the preceding article.

#### Article 88

The date of implementation of this Act shall be effective upon promulgation, unless otherwise indicated.

#### Article 89

Two years after the implementation of this Act, the Executive Yuan shall amend this Act within half a year; otherwise, this Act shall cease to be effective upon such expiration.