Healthcare in China

INFRASTRUCTURE, GOVERNMENT & HEALTHCARE
Introduction

Healthcare reform has been one of the key topics on the government agenda both in China and Hong Kong SAR. In China, a basic framework for the medical and healthcare system is being developed with consolidation in the pharmaceuticals sector likely. In Hong Kong SAR, considerations regarding the promotion of public-private partnerships in the healthcare sector and medical funding reforms were addressed during the first stage of public consultation in 2008.

Developed countries, such as Australia and Japan, have well defined medical and healthcare systems and strictly regulated pharmaceutical markets. The rapid economic growth of China over the last decade has brought about fundamental demographic changes and shifted the balance between the country’s urban and rural populations. These changes are the drivers behind the government’s development of a national healthcare reform plan, which aims to provide a basic framework for medical services and the healthcare system for the short and longer term. As a result, we are seeing opportunities for investors in the medical and healthcare sectors during the market development and consolidation phases over the next decade.

The objective of this report is to provide a high level overview of healthcare reforms in China and Hong Kong SAR together with a brief discussion of their implications.

We hope you find the analyses in this report useful and we would be pleased to discuss the findings with you.

Andrew Weir
Partner in charge, China
Infrastructure, Government & Healthcare
Healthcare statistics

In 2008, total health expenditure per capita was USD 139 in China, compared with USD 1,532 in Hong Kong SAR, USD 3,138 in Japan and USD 4,403 in Australia. Total health expenditure as a proportion of GDP was 4.2 percent in China, compared with 5.0 percent in Hong Kong SAR, 8.1 percent in Japan and 8.8 percent in Australia.

These figures and other statistics presented below suggest an urgent need for China to achieve consensus between the public and industry participants and roll out concrete plans for healthcare reform in order to create a healthier nation by 2020.

Table: Healthcare statistics

<table>
<thead>
<tr>
<th>Country</th>
<th>Total health expenditure</th>
<th>Share of total health expenditure in GDP</th>
<th>Birth rates</th>
<th>Life expectancy at birth: total population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ per capita</td>
<td>% of total GDP</td>
<td>Per '000 inhabitants</td>
<td>Years</td>
</tr>
<tr>
<td>China</td>
<td>138.7</td>
<td>4.2</td>
<td>12.3</td>
<td>72.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>1,169.0</td>
<td>3.2</td>
<td>8.3</td>
<td>80.1</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,515.3</td>
<td>7.2</td>
<td>9.9</td>
<td>79.1</td>
</tr>
<tr>
<td><strong>Hong Kong SAR</strong></td>
<td><strong>1,531.8</strong></td>
<td><strong>5.0</strong></td>
<td><strong>7.0</strong></td>
<td><strong>82.0</strong></td>
</tr>
<tr>
<td>Japan</td>
<td>3,137.8</td>
<td>8.1</td>
<td>8.0</td>
<td>82.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3,174.4</td>
<td>10</td>
<td>15.1</td>
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<td>UK</td>
<td>4,184.6</td>
<td>8.8</td>
<td>12.1</td>
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<tr>
<td>Australia</td>
<td>4,402.8</td>
<td>8.8</td>
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<td>Canada</td>
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<td>10.2</td>
<td>11.0</td>
<td>80.6</td>
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<td>Netherlands</td>
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<td>9.5</td>
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<td>80.6</td>
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<td>Switzerland</td>
<td>7,302.5</td>
<td>11.2</td>
<td>9.5</td>
<td>81.8</td>
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<tr>
<td>USA</td>
<td>7,422.5</td>
<td>15.4</td>
<td>14.3</td>
<td>78.0</td>
</tr>
</tbody>
</table>

Source: Euromonitor International from OECD/WHO/national statistics
China's healthcare statistics

The number of certified doctors per 100,000 population has been increasing at a slower pace (approximately 1 percent year-on-year) than the number of hospital beds per 100,000 population, which increased by 2-4 percent annually.

### Number of persons employed in health institutions

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified (assistant) doctors (1,000 persons)</td>
<td>1,868</td>
<td>1,906</td>
<td>1,938</td>
<td>1,995</td>
<td>2,013</td>
</tr>
<tr>
<td>Registered nurses (1,000 persons)</td>
<td>1,266</td>
<td>1,308</td>
<td>1,350</td>
<td>1,426</td>
<td>1,543</td>
</tr>
<tr>
<td>Number of certified (assistant) doctors per 100,000 population</td>
<td>148</td>
<td>150</td>
<td>152</td>
<td>154</td>
<td>154</td>
</tr>
</tbody>
</table>


### Number of beds in health institutions

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centres (1,000 units)</td>
<td>2,955</td>
<td>3,046</td>
<td>3,135</td>
<td>3,271</td>
<td>3,438</td>
</tr>
<tr>
<td>Sanatoriums (1,000 units)</td>
<td>48</td>
<td>54</td>
<td>52</td>
<td>46</td>
<td>43</td>
</tr>
<tr>
<td>Maternity and child care centres (1,000 units)</td>
<td>81</td>
<td>87</td>
<td>94</td>
<td>99</td>
<td>106</td>
</tr>
<tr>
<td>Other health institutions (1,000 units)</td>
<td>80</td>
<td>81</td>
<td>87</td>
<td>96</td>
<td>114</td>
</tr>
<tr>
<td>Number of hospital beds per 100,000 population (units)</td>
<td>234</td>
<td>240</td>
<td>245</td>
<td>253</td>
<td>263</td>
</tr>
</tbody>
</table>


### Persons employed in healthcare institutions by occupation (2007)

- Clinics: 66.04%
- Maternity and child care centres: 10.84%
- Sanatoriums, specialised prevention & treatment centres, and research institutions of medical science: 20.28%
- Other institutions: 1.2%
- Centre for Disease Control and Prevention: 1.02%
- Medical technical personnel: 81.06%*
- Logistic workers: 8.79%
- Managerial personnel: 6.04%
- Other technical personnel: 4.11%

* This includes certified doctors and assistant doctors, registered nurses, pharmacists, and lab technicians

Hong Kong SAR’s healthcare statistics

Registered healthcare professionals (2007)

<table>
<thead>
<tr>
<th>Type of Professional</th>
<th>Total</th>
<th>Healthcare professionals to population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors</td>
<td>11,961</td>
<td>1:582</td>
</tr>
<tr>
<td>Chinese medicine practitioners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered</td>
<td>5,540</td>
<td>1:1,257</td>
</tr>
<tr>
<td>Limited registration</td>
<td>79</td>
<td>-</td>
</tr>
<tr>
<td>Listed</td>
<td>2,847</td>
<td>1:2,446</td>
</tr>
<tr>
<td>Dentists</td>
<td>2,025</td>
<td>1:3,439</td>
</tr>
<tr>
<td>Nurses</td>
<td>36,965</td>
<td>1:188</td>
</tr>
<tr>
<td>Midwives</td>
<td>4,693</td>
<td>1:1,484</td>
</tr>
<tr>
<td>Medical laboratory technologists</td>
<td>2,661</td>
<td>1:2,617</td>
</tr>
<tr>
<td>Physiotherapists</td>
<td>2,086</td>
<td>1:3,338</td>
</tr>
<tr>
<td>Optometrists</td>
<td>1,947</td>
<td>1:3,576</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>1,722</td>
<td>1:4,044</td>
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<tr>
<td>Radiographers</td>
<td>1,628</td>
<td>1:4,277</td>
</tr>
<tr>
<td>Occupational therapists</td>
<td>1,268</td>
<td>1:5,491</td>
</tr>
<tr>
<td>Dental hygienists</td>
<td>249</td>
<td>1:27,964</td>
</tr>
<tr>
<td>Chiropractors</td>
<td>97</td>
<td>1:71,785</td>
</tr>
</tbody>
</table>

Source: Department of Health, HKSAR

The number of hospitals under the Hospital Authority represents 37 percent of total number of health institutions in Hong Kong SAR, while these hospitals contributed to 80 percent of the total number of hospital beds in Hong Kong SAR.
Healthcare reform in China

China’s National Development and Reform Commission released its national healthcare reform proposal in an October 2008 paper entitled “Chinese medical reform draft open to public debate”. The proposal is a policy guideline for the overall direction of the country’s healthcare system over the next 10-20 years. In January 2009, a final draft for the healthcare reform was approved by the central government.

The 11th Five Year Plan touches on three specific areas of healthcare reform: a comprehensive healthcare system; improvement of systems to increase efficiency; and short-term goals. The following is a brief summary of the draft reforms.1

Components of a comprehensive healthcare system:

Public healthcare services

• Disease prevention, health education, mother and infant care, mental hygiene, emergency rescue, blood supply, supervision and monitoring, and family planning

Medical services

• Non-profit medical institutions will remain the main providers, complemented by private organisations

• Accelerate the building up of a rural medical network where hospitals at the county level are the frontline, those at the rural town level are the backbone and those at the village level are the foundation of the reform

• Build up a mechanism in which urban community healthcare institutions and urban hospitals share the burden

• Involve both western and Traditional Chinese Medicine (TCM) in the provision of services

Medical insurance

• Basic medical insurance complemented by insurance of other forms, such as medical help activities administered by labour unions and community groups, and those provided by insurance companies

• Encourage unions to initiate mutual medical coverage

Supply of medicine

• Nurture a competitive pharmaceutical industry, improve the pricing mechanism and strengthen regulatory controls

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Improvement strategies to increase system efficiency:

1) Implement a management system where provincial governments formulate resource allocation standards, specifically for the planning of the number, size, distribution and function of health institutions
   • Separate the income and expenditure of prescription medicines from that of dispensation
   • Look into effective ways to reform the current system of complementing prescription with dispensation

2) Government shall assume the leading role in the provision of public healthcare and basic medical services. These include:
   • Public healthcare services will be funded by the government and provided equally to rural and urban citizens
   • The financial burden of basic medical services to be shared by the government, the community and individuals
   • Special medical care to be paid by the individual or through commercialised insurance plans

3) The central government and local governments increasing their involvement in the provision of healthcare services
   • Local governments taking greater responsibility for basic medical protection for city/county citizens and the construction of public health institutions
   • The central government subsidising vaccination and cross-regional efforts in pandemic prevention

4) A mechanism to price medical services and medicine is to be set up
   • Services provided by non-profit medical institutions shall be priced by the government
   • Others can price their services themselves

5) The government shall focus more on monitoring the provision of healthcare services, medical insurance and issues with medicines. Organisations and individuals shall be encouraged to give their opinions

6) Innovation in pharmaceuticals shall be the highlight of technological development. The structure and size of tertiary educational institutions is to be adjusted to accommodate this aim

7) A revamped system of information sharing on healthcare issues and medical insurance shall be developed and enhanced with the aim of increasing transparency

8) A comprehensive legal system for healthcare is to be set up to:
   • speed up legislation
   • reiterate enforcement of laws and regulations
Short-term goals:

By 2011:
- Achieve basic medical insurance coverage that reaches all urban and rural residents
- Improve the accessibility and service standards of basic healthcare facilities.
- Reduce the cost for residents to receive medical services

Between 2009 and 2011:
(i) Accelerate the development of the basic medical insurance system by:
- raising the coverage of basic medical insurance for urban workers, urban residents and rural cooperative medical insurance to over 90 percent of the population in three years
- raising the level of subsidy for urban resident medical insurance and rural cooperative medical insurance to RMB 120 per head by 2010
(ii) Develop a comprehensive regulatory system for pharmaceutical selection, manufacture and supply
(iii) Improve grass-roots access to medical and healthcare services by focusing on the development of county-level hospitals (including TCM practice), rural clinics, village clinics in remote areas and community hygiene services centres in distressed regions
(iv) Promote equal access to basic public healthcare services by:
- formulating and implementing more projects on basic public healthcare services
- developing a standardised health records database across the country from 2009
- relying more on TCM practice
(v) Push forward reforms at public hospitals by:
- implementing trials in 2009, then commencing the reforms stage by stage from 2011
- reforming management structures, operations and supervision mechanisms
- reforming compensation mechanisms
- accelerating the diversification of medical practices

An estimated RMB 850 million will be injected by all levels of government over the following three years to achieve these short-term goals.
Implications of the planned healthcare initiatives in China

Since 2007, a number of initiatives to address the issues of access to and affordability of healthcare services for its ageing population were announced.

The three major initiatives below depend on particular factors in order to be successful.

Rolling out the New Rural Cooperative Medical System

This initiative was first promoted by the Chinese authorities in 2003 to improve the rural healthcare system, and involves setting up health clinics in every town and establishing a Rural Co-operative Medicare Fund. Under this latter scheme, residents in rural areas contribute to a collective insurance pool, which is supplemented by local and central governments. This fund would then be used to reimburse rural residents for medical expenses incurred.

Keys to success:

- A communications campaign utilising all forms of media will be important to improving rural residents’ understanding and subsequent adoption of the voluntary co-operative medical system. Promotion of the scheme and clear articulation of its benefits is important to its success.

- Investment in the infrastructure, for example labour resources and technology, will also be required to support the rural scheme effectively. This includes developing systems for tracking, managing and monitoring residents who contribute to the fund and are entitled to coverage.

Establishing an urban healthcare service based on community facilities

In 2006, the State Council Rural Co-operative Medicare Fund initiated a new system of dividing resources and delineating responsibilities between national hospitals and community medical centres. Hospitals are responsible for the provision of comprehensive medical services for people with serious illnesses (including surgery), while community centres focus on preventative medical services, for example, the provision of vaccinations and child healthcare protection.

The delivery of services in both these settings depends on whether the government can attract suitably qualified staff to both urban and rural settings.

Key to success:

- Developing a scheme to help ensure that adequate training institutions and programmes are in place to support, develop and foster the education of an appropriately trained and qualified medical and healthcare workforce.
Enhancing regulations for the manufacture, distribution and prescription of medicine

There are approximately 4,500 pharmaceutical companies in China, the majority of which are small players with limited local market reach. Rapid consolidation between medium and large players in the sector is anticipated since the Chinese government has been encouraging industry consolidation with an effort to improve the Good Manufacturing Practise (GMP) standard, enforce the GMP certification and to better control the pricing of drugs.

In contrast to the United States where pharmaceutical distribution is dominated by a few major players, there are more than 12,000 pharmaceutical distributors and chain stores in China. With the launch of the healthcare reform, the Chinese government has made inroads in establishing a more streamlined pharmaceutical distribution network and lowering costs along the supply chain. This creates a strong incentive for large distributors and retail chains to speed up the investment they need in order to survive and outrun their peers.

The introduction of more stringent regulations by the central government on pharmaceuticals has implications not only for the pharmaceutical industry, but also for hospitals and doctors who prescribe medicines. While international pharmaceutical companies are looking to develop their manufacturing interests in China, it will take time for them to gain confidence in the safety and quality of products under a system that they have little experience of.

In addition, hospitals and medical practitioners have relied on the income derived from prescribing medicine to supplement their incomes, which created a less-than-ideal incentive environment and increased prescription rates.

Keys to success:

- Providing accurate and reliable information regarding these new regulations will help all parties involved in the manufacture, distribution and prescription of pharmaceutical products and help maintain regulatory compliance.

- Continuing to enhance quality and safety standards in line with international standards for the manufacture and prescription of pharmaceuticals.

- Designing a monitoring and reporting system to ensure that prescription rates are appropriately linked to patient records and to patient outcomes.
Healthcare reforms in Hong Kong SAR

In October 2008, the Chief Executive of Hong Kong SAR announced in his Policy Address that the government will launch a series of new initiatives to enhance healthcare services for the people of Hong Kong.

The Policy Address on healthcare reform recognises the need to enhance primary care, promote public-private partnerships, develop an electronic health record system, and strengthen the healthcare safety net.2

Enhance primary care:

- Introduce basic primary care service models, focusing on preventive care and a primary care register based on the family-doctor concept
- Explore a primary care delivery model – “the community health centre” – to coordinate the efforts of different service units in delivering primary care services, including general out-patient services, outreach community healthcare services, nurse clinic services, allied health services, and specialist services for relatively simple cases
- Explore the feasibility of delivering services under the community health centre model through tri-partite collaboration among the public sector, the private sector and non-governmental organisations

Promote public-private partnerships:

- Encourage and facilitate the development of private hospitals at specific sites and formulate policies to ensure that the premiums for such land are fair to private hospitals and the public
- Attract talent from around the world to enhance training, exchanges and enhance the professional competence of healthcare personnel
- Implement a series of pilot measures to promote public-private partnerships, including purchasing primary care services and hospital services from the private sector, subsidising the public to receive preventive care provided by the private sector, and establishing medical centres of excellence in paediatrics and neuroscience

Healthcare financing arrangements:3

- The first stage public consultation conducted from March to June 2008 aimed at informing the public on the pros and cons of reforming the current financing arrangements through introducing six possible supplementary financing proposals:
  - Social health insurance
  - Out-of-pocket payments
  - Medical savings accounts
  - Voluntary private health insurance

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2 “2008-09 Policy Address”, Hong Kong Special Administrative Region Government
3 “Report on First Stage Policy Consultation on Healthcare Reform”, published by Food and Health Bureau, Hong Kong Special Administrative Region Government, December 2008
- Mandatory private health insurance
- Personal healthcare reserve

• The following broad principles were derived from this first stage consultation:
  - To preserve the existing public healthcare safety-net for all, while providing better and wider choices for individuals who are using or able to afford private services
  - To implement financing reform step-by-step based on the views of the public, and consider proposals by stages, with a view to reaching long-term solutions
  - To consider standardised and incentivised arrangements to facilitate access to better protection and choices on healthcare, with necessary flexibility to cater for the needs of different age/income segments of the population
  - To be in line with the concept of “money-follows-patient” under the healthcare reform, while ensuring sufficient protection to users on quality, price transparency and cost-effectiveness
  - To retain the HKD 50 billion fiscal reserve, pending a decision on supplementary financing, and to consider how the funding could be used to assist the implementation of supplementary financing

• The Food and Health Bureau plans to launch the second stage public consultation in the second half of 2009 to encourage further discussion

In February 2009, the Financial Secretary of Hong Kong SAR delivered a speech on the Hong Kong SAR Budget 2009/2010, which touched on the topic of medical and health:

• The government has implemented a number of pilot projects based on the concept of “money-follows-patient”, including the Influenza Vaccination Subsidy Scheme and the Elderly Health Care Voucher Pilot Scheme

• The government has pledged to increase health expenditure to 17 percent of recurrent expenditure by 2012. Actual health expenditure for 2006/2007 represented 14.7% of the total recurrent public expenditure. Expenditure of the Department of Health and Hospital Authority for 2006/07 was HKD 32.9 billion

• The government will increase the recurrent subvention for the Hospital Authority over the next three financial years by about HKD 870 million a year. Recurrent subvention indicated by the government for 2008/09 is HKD 29.8 billion

• The government has earmarked HKD 840 million over the next three financial years to implement various complementary measures to strengthen primary care services and support patients suffering from chronic diseases, promote public-to-private partnership, and develop a territory-wide electronic health record system

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4 “The Budget 2009-2010”, Hong Kong Special Administrative Region Government
5 “Hong Kong Annual Digest of Statistics 2008”, published by Census and Statistics Department, Hong Kong Special Administrative Region Government
6 “Hospital Authority Annual Plan 2008-2009”, published by Hospital Authority, Hong Kong Special Administrative Region Government
Implications of the reforms – Hong Kong SAR

Focus on primary care

The expansion and better utilisation of primary care services provides the foundation for improving the health of the population. The concept of multidisciplinary teams and the development of stronger links between public, private and non-government sectors will help to reduce the number of unnecessary hospitalisations.

A solid primary care model of service delivery will assist practitioners in the ongoing management of patients with chronic diseases. This, in conjunction with targeted prevention programmes, will help improve the health of the community.

Keys to success:

- **Collaboration between sectors** is essential to the success of an improved primary care model. Promotion of the strengths of each of the public, private and non-government organisations and development of a model for collaboration will be the foundation.

- **Decisions regarding prevention activities should be strategic** and utilise the strengths and experience of each of the sectors to progress the longer term goals of attaining better health outcomes for the population of Hong Kong SAR.

Enhancing public-private partnerships

The Chief Executive of Hong Kong SAR has stated that promoting public-private partnerships (PPP) in the healthcare sector is one of the priorities for the Hong Kong region. With this in mind, two pilot programmes were launched in 2008:

i) the launch of an electronic healthcare record system (“e-healthcare”) to facilitate better information sharing between public and private medical service providers, and

ii) the development of the proposed North Lantau Hospital, where the Hong Kong SAR Hospital Authority is exploring ways in which private hospital operators may be able to provide and/or share services at the same site.
### Implementation of an e-healthcare system

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Impact on how healthcare services are delivered                              | • Obtaining buy-in from health professionals  
• Training and education for potential users of the new system (including doctors, nurses, hospital administrators, pharmacists, and insurance companies) |
| Data privacy and security                                                     | • Defining who manages, updates and maintains these records  
• Designing a legal process and governance framework to recognise (and limit) the right to access and use these records |
| Degree of record sharing between healthcare service providers                | • Agreeing a voluntary vs. mandatory framework  
• Assessing the need and benefits associated with greater adoption  
• Designing an implementation plan that balances speed against robust consultation and testing |

### Development of a healthcare PPP

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Transition management between project phases and private and public stakeholders | • Managing potential operational disruption as Phase 2 commences on a site adjacent to existing facilities  
• Training, communications and change management activities to support employees potentially impacted by a shared services facility or transfer arrangement |
| Provision of IT services over the life of the project                         | • Being able to respond to the pace of change in the industry and technology over a longer time horizon that may complicate issues such as:  
  - IT security  
  - System continuity of critical IT applications  
  - Technical obsolescence |
| Integration of public and private hospitals and healthcare service delivery   | • Managing issues regarding patient flow and referral patterns  
• Agreeing arrangements to share access to high cost, high tech equipment and services  
• Agreeing the parameters for any potential Centre of Excellence to be established for a specific service |
**Healthcare in China**

**Keys to success:**

- **Evaluating the effectiveness** of these pilot programs will help to determine the success of public-private medical sector partnerships which are relatively new to the region. The evaluation process will be a necessary step before wider roll-outs are considered and implemented.

- **Safeguarding the privacy of personal data** for the planned e-healthcare system is crucial to obtaining public support for this project. This does discount the essential aspects involved in the design of the supporting technology.

**Medical funding reforms**

As the elderly population increases, the government has anticipated that the demand for healthcare services (and associated funding) will increase substantially in the 21st century.

The ratio of the working population (aged between 15 to 64) to the elderly population (aged 65 or above) was 6:1 in March 2008, and is expected to become 5:1 in 10 years’ time and 3:1 in 20 years’ time. Overall, public health expenditure is projected to increase from approximately HKD 38 billion in 2004 to approximately HKD 78 billion in 2015 and approximately HKD 127 billion in 2025. Much of this increase can be attributed to the challenges presented by an ageing population.

To plan for this challenge, the Hong Kong SAR government has proposed reforms to the way in which healthcare funding is arranged and moving towards a mechanism that recognises and rewards performance in an attempt to enhance patient care through improved efficiency and service. The medical funding arrangement reforms represent a significant culture change for stakeholders in the healthcare community and institutions (including doctors, patients and hospital administrators).

**Key to success:**

- **Structured change management** will be required to assist medical practitioners and hospital administrators to improve their awareness of efficiency and cost-effectiveness considerations while they deliver quality health services.

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9 “Factsheet on Healthcare Reform”, published by Food and Health Bureau, Hong Kong Special Administrative Region Government, March 2008
Conclusion

In China, rolling out a rural cooperative medical system, establishing an urban healthcare service based on community facilities and enhancing the regulations for the pharmaceutical sector are some of the main areas of healthcare reform in which investors need to identify opportunities and prepare to adapt to the challenges that may arise. Investors and stakeholders should also pay attention to the implications of the healthcare reforms in Hong Kong SAR, including the enhancement of primary care services and the development of new healthcare financing arrangements, including PPPs.

The healthcare reforms in China and Hong Kong SAR will offer many opportunities for investors in the markets’ development and consolidation phases over the next decade. For example, there may be opportunities for the Central government and regulators to partner with supportive market players in the medical and healthcare sectors at the provincial level to overcome the challenges ahead and capitalise on the keys to success identified in order to transform the healthcare system in China by 2020.
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Advisory

KPMG’s Advisory services tackle the challenges of growth, performance and governance that face all companies around the world. Known for tackling difficult challenges – no matter where in the world they arise – KPMG professionals are able to combine technical, business and market skills with an appetite for delivering answers that work to the individual client. We are able to assist with corporate transactions and restructuring, help develop corporate governance, risk and compliance programmes, and deliver performance and technology-related strategies, in order to achieve a competitive advantage.

Global Healthcare Group

In recognition of the fast growth occurring in the healthcare industry, KPMG has formed the Global Healthcare Group, enabling us to share industry knowledge and training amongst member firms. This allows us to assist clients in pursuing opportunities and implementing changes necessitated by industry developments. The Global Healthcare Group also comprises of a large number of healthcare sector specialists with extensive knowledge in serving clients in the healthcare sector across the world.
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