

China Announces Master Plan for the Healthcare Services Industry

On September 28, 2013, China's State Council published a plan titled *Opinions on Promoting the Development of the Healthcare Services Industry*, which outlines policy initiatives and development goals for China's healthcare services industry to achieve by 2020 (the "Plan").

Highlights of the Plan include:

1. **Relaxing restrictions on private investment in the healthcare sector.** Specifically, the government encourages the formation of Sino-foreign joint venture healthcare institutions and will gradually allow wholly foreign-owned healthcare institutions.
2. **Optimizing healthcare resources available for senior care services,** including healthcare institutions, senior hospitals, nursing homes, rehabilitation centers and community-based day care centers.
3. **Encouraging diversified commercial insurance products** which will supplement the Basic Medical Insurance scheme. Qualified commercial insurers will be allowed to act as health management organizations for the government.
4. **Promoting traditional Chinese medical services and medicines,** especially in grass roots healthcare institutions.
5. **Forming a supportive infrastructure for the healthcare services industry,** ranging from disease prevention-related services, pre/post-natal care services, and medical tourism, to research and development of innovative drugs and medtech products and healthcare management services outsourcing.

The Plan explicitly acknowledges that the healthcare sector is open for private investment. However, current laws and regulations create barriers to such investment. Approval procedures are expected to be streamlined and simplified, especially for rehabilitation centers, senior care facilities, childcare centers and nursing facilities. Private healthcare institutions are expected to benefit from the same treatment and privileges as public healthcare institutions, such as pre-requisites for market entry, land use rights, and subsidization of utility charges. The Plan also aims to build a more supportive financing environment for players in the healthcare services industry through means such as public offerings, issuance of corporate bonds, foreign direct investment, and loans by foreign governments, merchant banks or international organizations.

If you would like to discuss the foregoing or any other related matter, please contact [Katherine Wang](#), [Fan Yang](#) or your usual Ropes & Gray advisor.