Brief Introduction about China Healthcare

Geographics, Demographics, Economics, Healthcare Infrastructure, Insurance & Market Research Guidelines

Geographical & Population Background

1.408B

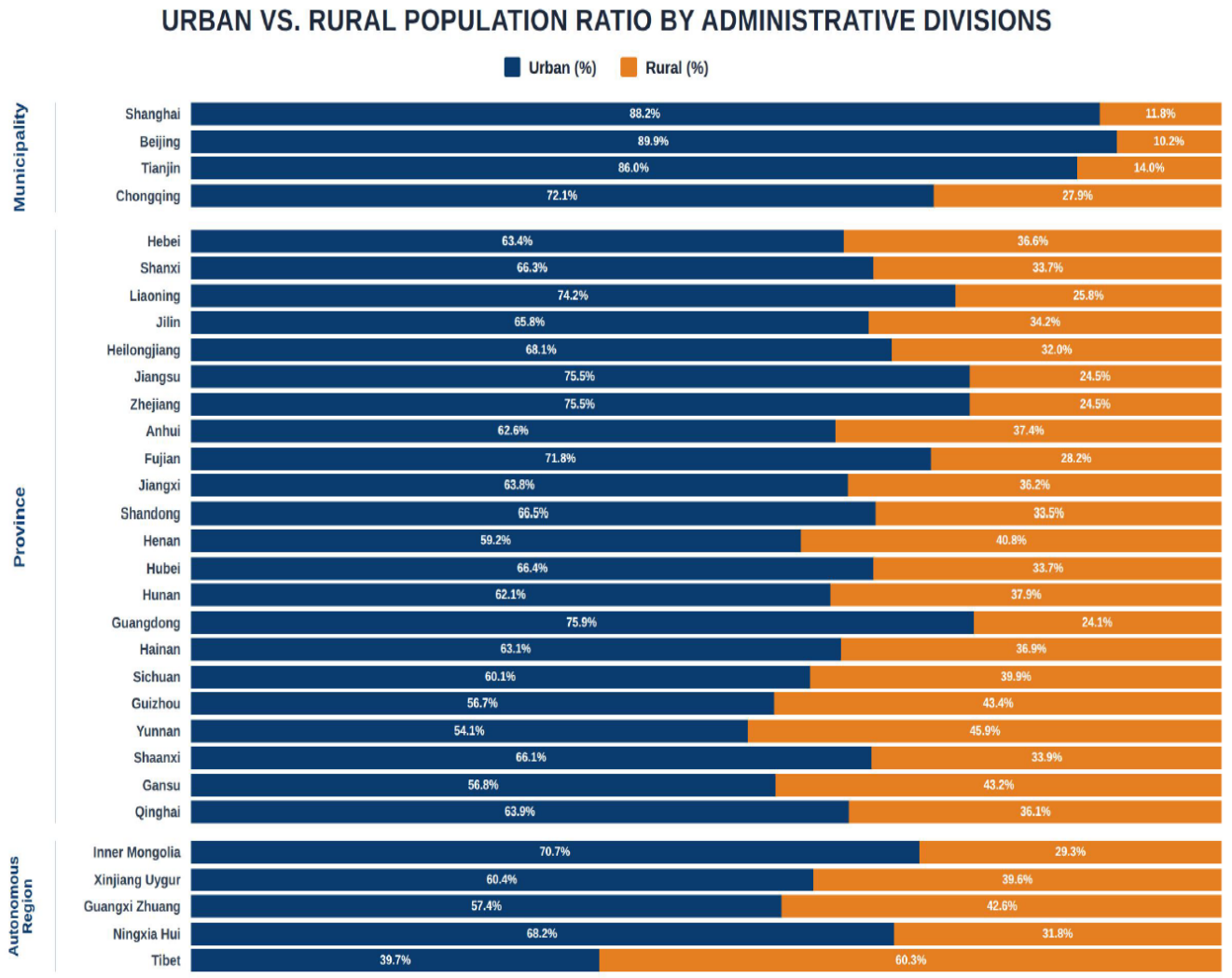
Total Population (2024)

2nd most populous country (~1/6th of global population)

Administrative & Demographic Breakdown

- **Administrative Structure:** 33 provincial-level divisions (4 Municipalities, 22 Provinces, 5 Autonomous Regions, 2 Special Administrative Regions).
- **Urban Population:** ~940 million people (**67%** urbanization rate).
- **Gender Distribution:** Male population stands at 719.09 million (**51.1%**).
- **Aging Society Challenge:** Population aged 65 and over reached a record high of **15.6%** in 2024.

Market research specific note: There is no official "city tier" system in China, and this is something created by foreign media. Thus, it is inappropriate to ask Chinese respondents about the city tier in which they live/practice. When doing market research in China, you can only ask them about their city or province.



Source: 2025 China Health Statistics Yearbook

General Economic Situation

GDP Per Capita Growth

The GDP of China has been consistently increasing over the past decade:

2015 to 2024 Expansion

RMB 49,922 ➔ 95,749

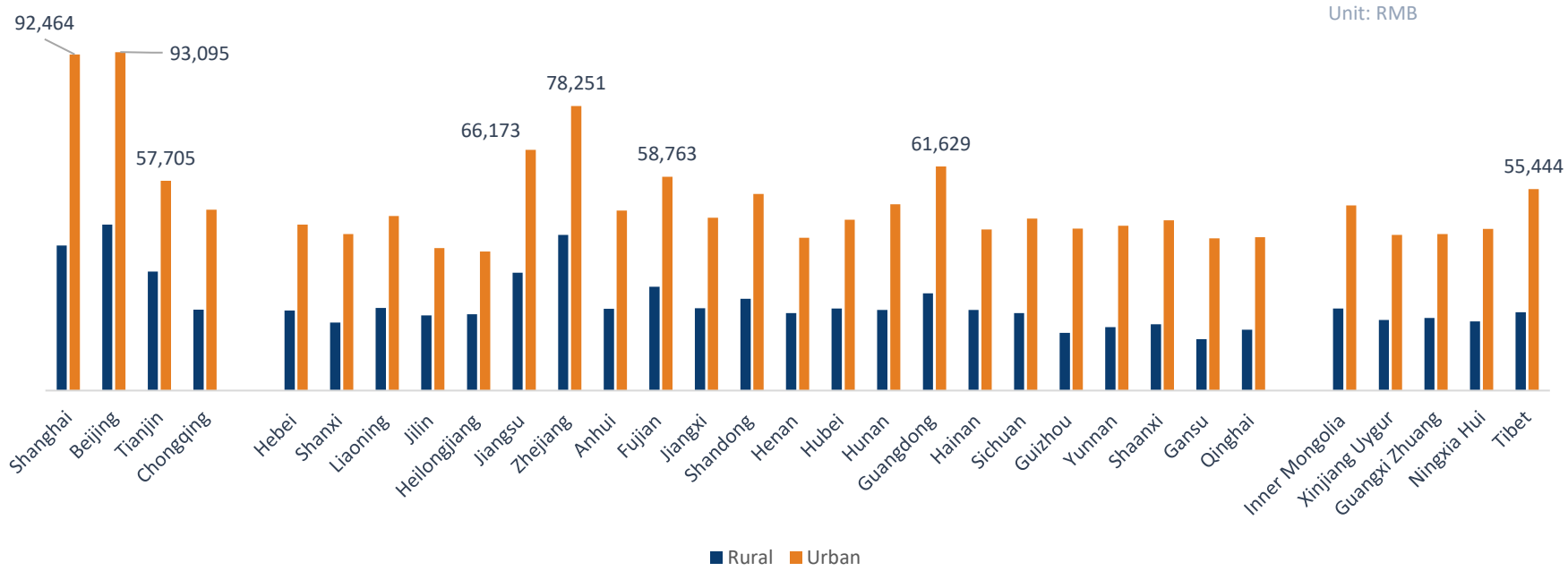
Nearly doubled in 9 years

Disposable Income Per Capita

Nationwide disposable income increased ~1.5x from **RMB 28,228 (2018)** to **RMB 41,314 (2024)**.

Regional Wealth Champions:
Shanghai and Beijing recorded the highest disposable income nationwide—**more than double** the national average.

Disposable income of China across different regions in 2024



Source: 2025 China Health Statistics Yearbook

Healthcare Facilities Breakdown

China operates ~1.09 million medical-related facilities, categorized into 3 main types:

PRIMARY TARGET

1. Hospitals

General hospitals, specialized hospitals, Traditional Chinese Medicine (TCM) hospitals, and long-term care/nursing hospitals.

PRIMARY CARE

2. Community Grassroot Health Centers

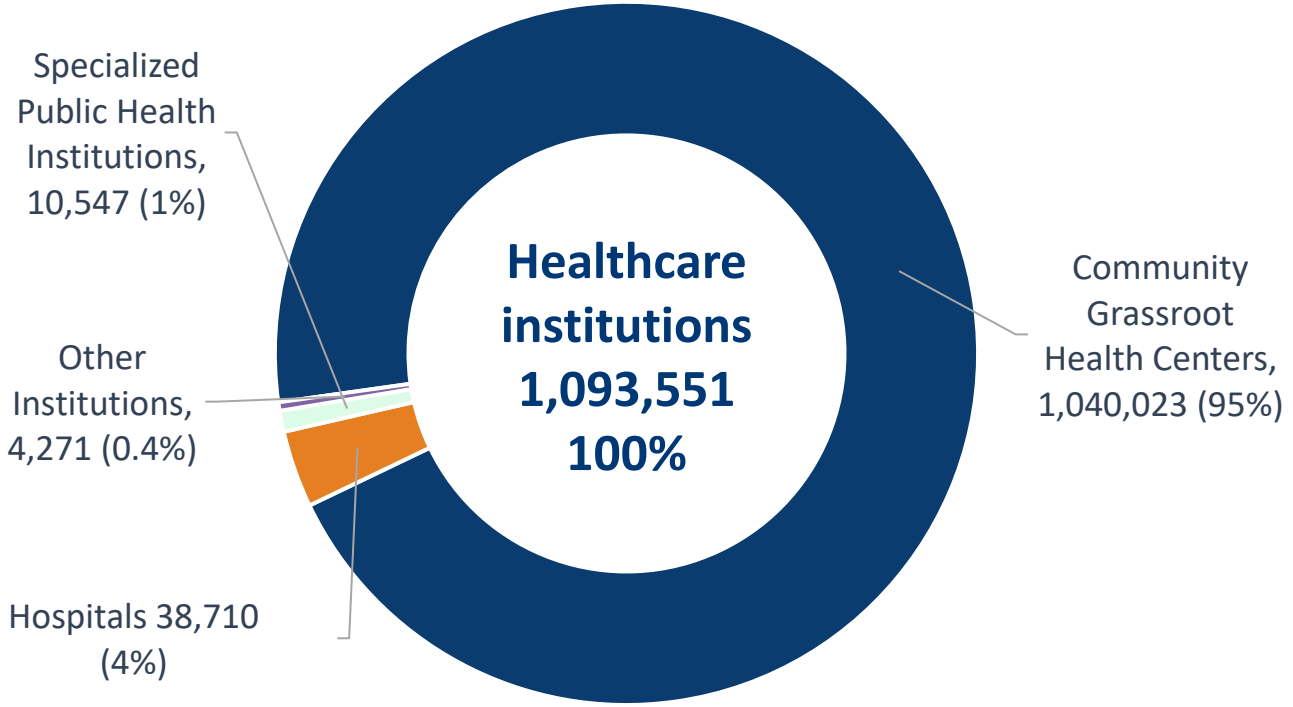
Urban community health service centers that do not meet full hospital criteria, including rural clinics, dental clinics, care facilities, and medical rooms. They provide basic medical care for common conditions and referring patients to hospitals when necessary.

PUBLIC HEALTH

3. Specialized Public Health Centers

Provide public health services, including Centers for Disease Control and Prevention (vaccination clinics), maternal and child health centers, health education institutions, blood donation centers, and food sanitation supervision/management centers.

Distribution of healthcare institutions by types



Market research specific note: "Hospitals" are the only relevant healthcare institutions for market research.

Source: 2025 China Health Statistics Yearbook

Hospital Tier & Ownership System

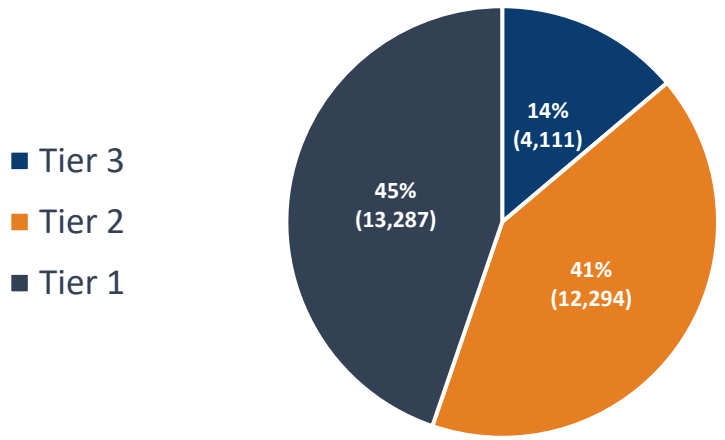
Hospital Tiering Structure

Hospitals are classified into tiers (Tier 3 > Tier 2 > Tier 1) and not "Academic vs Community" like in other countries:

- **Tier 3 Hospitals:** Largest & most advanced regional and national medical centers treating severe/complex diseases.
  - **Beds:** 500+ beds
  - **Bed-to-Staff Ratio:** ≥1.03 doctors/bed
  - Refers to **Hospitals at Country and higher levels** (multi-regional and national).
  - Have more highly skilled healthcare staff and more specialty departments than Tier 2 hospitals.
  - Do not do vaccinations.
- **Tier 2 Hospitals:** Regional general hospitals providing intermediate medical care
  - **Beds:** 100+ to <500 beds
  - **Bed-to-Staff Ratio:** ≥0.88 doctors/bed
  - Refers to **Regional Hospitals**.
  - Have highly skilled healthcare staff and more specialty departments than Tier 1 hospitals.
  - Do not do vaccinations.
- **Tier 1 Hospitals:** Local community facilities treating more common conditions, handling prescription refills, and preventative care
  - **Beds:** Less than 100 beds
  - **Bed-to-Staff Ratio:** ≥0.7 workers/bed
  - Refers to **Rural Township Hospitals** and community facilities.
  - Mainly general internal medicine (IM) doctors with very limited specialty departments (if any).
  - Usually comes with vaccination centers.

Market research specific note: Tier 3 public hospitals are the primary target for market research due to high patient volume and specialized treatments

Distribution of hospitals by tiers in China in 2024



Ownership & Target Dynamics

- **Public Hospitals:** Form the main backbone of healthcare in China.
- **Private Hospitals:** Mostly visited by very affluent locals and expats as most private hospitals are excluded from national health insurance
- **Specialty Hospitals:** Dedicated psychiatric, dental, ophthalmic, and orthopedic institutions.

Market research specific note: Since most patients only visit public hospitals (85% of all outpatient visits in China are to public hospitals), public hospitals are the target for market research.

Source: 2025 China Health Statistics Yearbook

Healthcare Provider Landscape

Medical Personnel Growth (2014–2024)

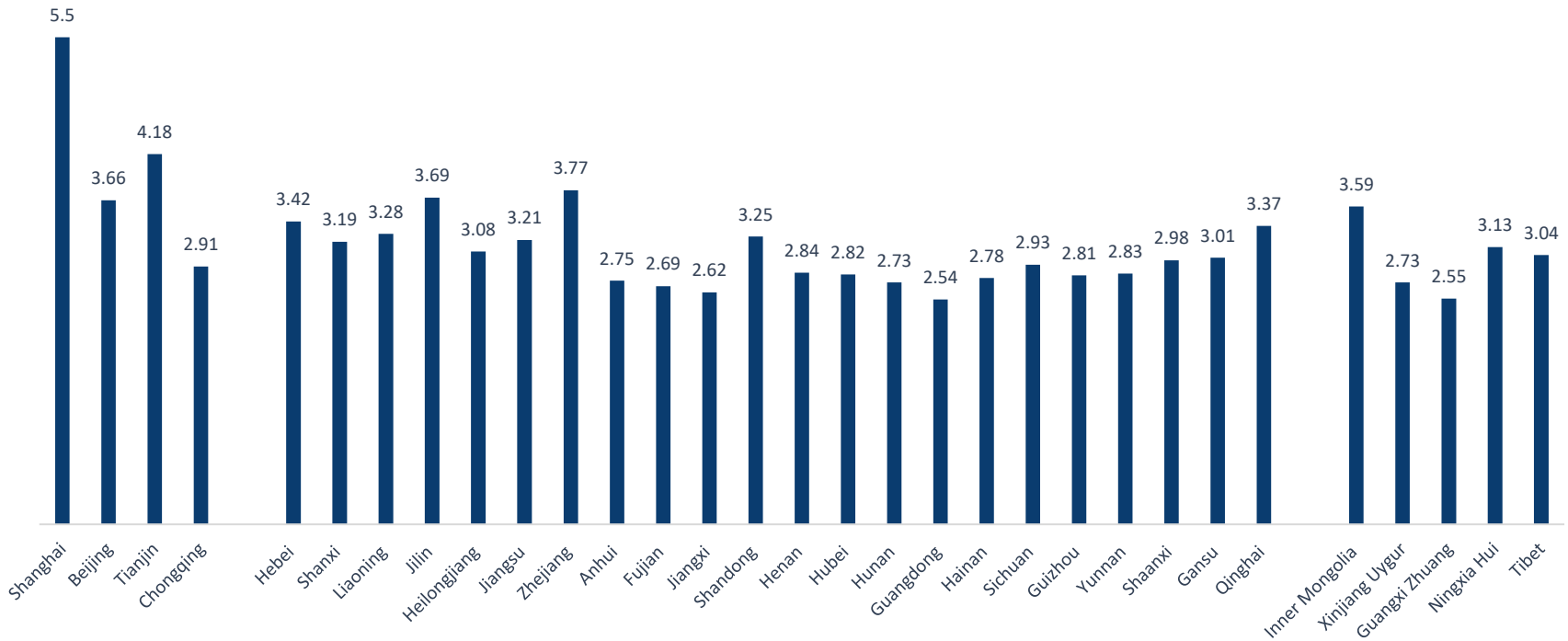
Healthcare providers have expanded rapidly over the past decade:

- **Licensed Doctors:** Nearly doubled from **2.37 million to 4.28 million**.
- **Registered Nurses:** Nearly doubled from **3.00 million to 5.86 million**.
- **Density Rate:** In 2024, average **3.04 doctors per 1,000 population** nationwide in 2024 (vs. 3.7 in USA, 2022).

Market research specific: Physician Specialty Structure

- **No Official PCP/GP System:** The nearest equivalent is Internal Medicine (IM).
- **Direct Specialist Access:** China has no official referral system; patients freely visit specialists for any condition. Due to this, patients want to go to tier 3 hospitals in major cities first since they have the most highly skilled doctors.
- **No Board Certification:** Specialties are defined by hospital department +/- sub-specialty practice.

Number of Doctors and Nurses per 1,000 Population by Region in 2024



Source: 2025 China Health Statistics Yearbook

Healthcare Expenses & Cost Structure

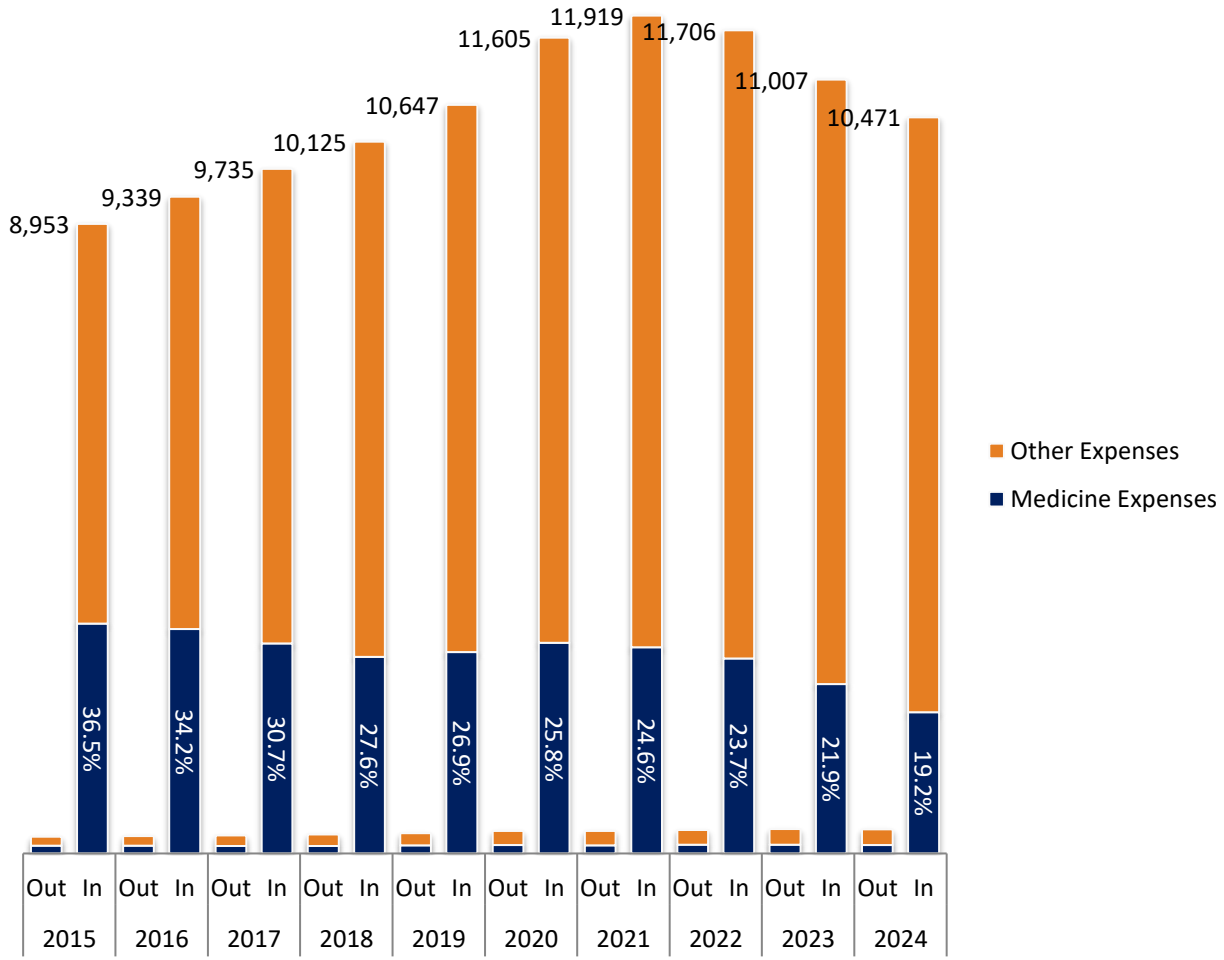
Total Expenditure: 9.1 Trillion yuan in 2024

Total healthcare spending increased **~1.5x from 2019 to 2024** (including Government Health Expenditure, Social Health Expenditure (mainly social security/insurance), and Out-of-Pocket Personal Health Expenditure).

Expenditure Breakdown Stability:
Proportions across funding sources remained stable over the past 5–6 years.

Outpatient vs. Inpatient Expenses

- **Inpatient vs Outpatient Cost Gap:** Average inpatient per capita expense (RMB 10,550) is **~3.5x higher** than outpatient (RMB 296.29).
- **Pharmaceutical Cost Proportion:** Medicine accounts for **~35% of outpatient** costs and **27% of inpatient** costs.
- **Downward Trend:** Overall drug spending percentage has steadily decreased over the past 10 years possibly due to the cost control.



Source: Statistical Communiqué on China's Health Care Cause; China Health Statistics Yearbook 2025

SSRI

Basic Medical Insurance System

China has a universal healthcare system and currently, there are 2 main insurance programs which are Urban Employee Basic Medical Insurance (UEBMI) and Urban and Rural Residents' Basic Medical Insurance (URRBMI).

1. Regional Disparities & Local Control

Reimbursement schemes and rates are not nationally standardized since regional populations and income levels vary significantly.

2. Deductible & Caps

Overall, it uses deductible thresholds (~10% annual wage) & caps (~4x annual wage), leaving expenses below or above these bounds entirely out-of-pocket but the detailed thresholds vary region by region.

3. Central Guidance vs. Local Execution

Central government sets the general min/max boundaries; while local cities, municipalities, and autonomous regions adjust and enforce the exact parameters within those bounds.

Example: Beijing	Plan Type	Deductible Threshold	Reimbursement Rate	Max Annual Limit
UEBMI (Urban Employees)	Outpatient	1,800 RMB (Active Employee) / 1,300 RMB (Retirees)	70% – 90%	20,000 RMB cap level
	Inpatient	1,300 RMB (1st admission) / 650 RMB (2nd+ admission)	85% – 99.1%	**500,000 RMB Cap**
URRBMI (Urban/Rural Residents)	Outpatient	100 – 550 RMB depending on hospital grade	50% – 55%	5,000 RMB Cap
	Inpatient	300 – 1,300 RMB depending on hospital grade	75% – 80%	**250,000 RMB Cap**

Market Access: NMPA Approval to NRDL Listing & Trends

Stage 1: NMPA Approval
MARKET ACCESS ONLY

- Granted by National Medical Products Administration.
- Grants legal commercial sales rights in China.
- **No automatic insurance reimbursement**.

100% Out-of-Pocket: Patients bear full cost prior to NRDL listing

Stage 2: NRDL Reimbursement Listing
MANAGED BY NATIONAL HEALTHCARE SECURITY ADMINISTRATION (NHSA)

Pre-2017: Traditional Listing

Standard catalogue updates without upfront centralized price negotiations.

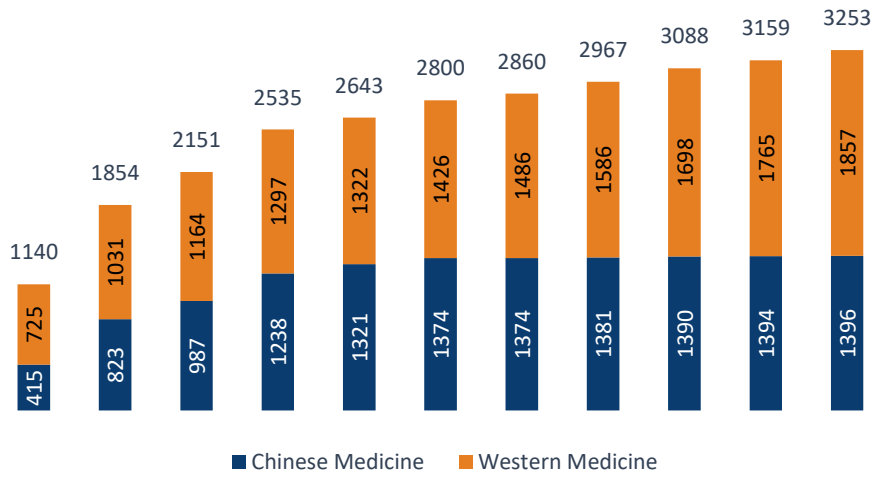
Historical delay: 8+ years **post-approval**

Post-2017: Accelerated Negotiation

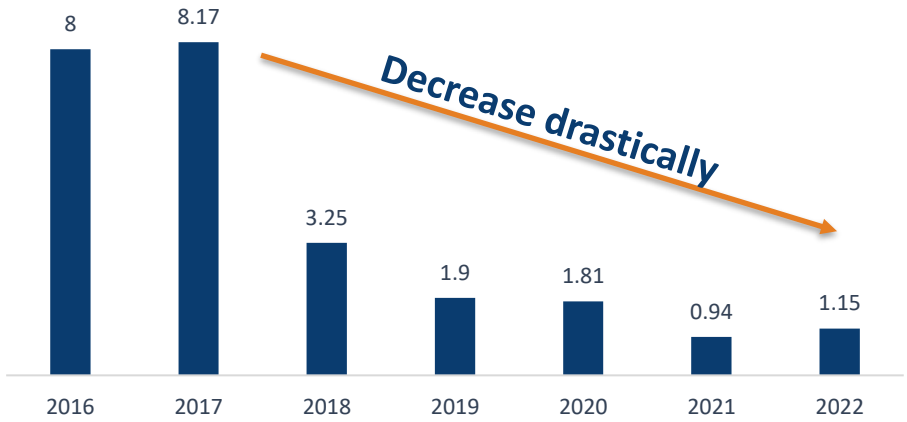
Direct NHSA price negotiations granting volume in exchange for price cuts.

Accelerated entry for the disease areas of interest: ~1.15 years **after launch**

National Reimbursement Drug List



Average number of years from NMPA approval to NRDL listing (anticancer drugs)



Source: National Healthcare Security Administration (NHSA) website: National Catalogue of Drugs for Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance, etc.; Caijing Health website

Western Pharmaceutical Market Concentration

Top 6 Regional Cluster (47% Market)

In 2024, six regions accounted for approximately **47% of total Western pharmaceutical sales** nationwide:

- **Guangdong Province**
- **Beijing Municipality**
- **Shanghai Surrounding Area:** Shanghai Municipality, Jiangsu Province & Shandong Province (North), Zhejiang Province (South).

Market research specific note: Guangdong (mainly Guangzhou), Beijing and Shanghai are the main target cities for healthcare market research in China.

Beijing & Shanghai Disproportionate Share

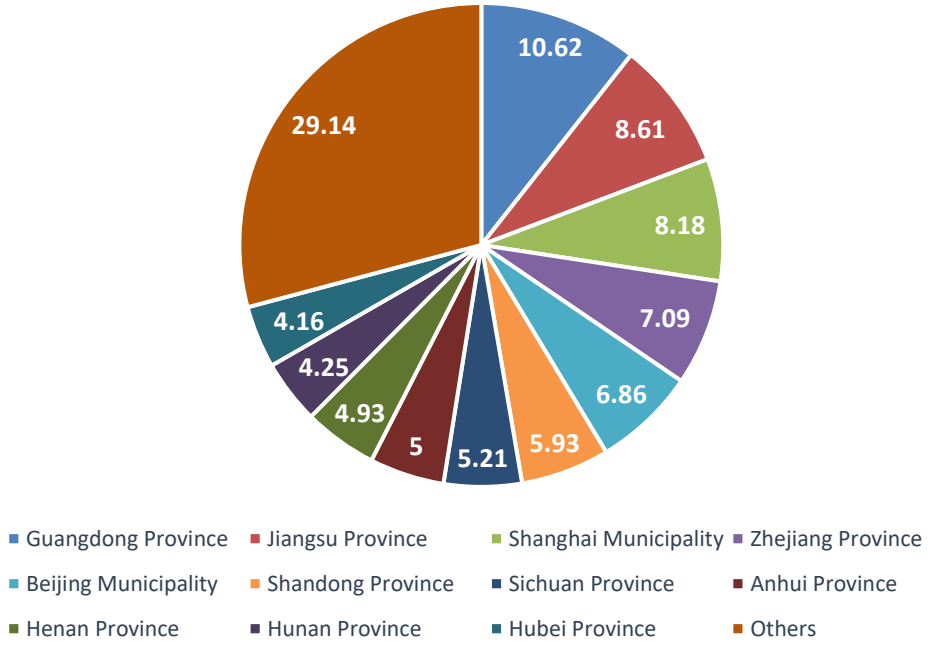
Population vs. Sales Share

3.3% Population with 15.0% Sales

Combined Shanghai + Beijing Western drug market share

Reflects high concentration of Tier-3 medical centers, higher disposable income, and advanced therapy adoption.

Sales of Western Pharmaceuticals by Region in 2024



Source: Ministry of Commerce Statistical Analysis Data: "Statistical Analysis Report on the Operation of the Pharmaceutical Distribution Industry (2024)"

Notes about Market Research in China

QUALITATIVE GUIDELINES

IDIs / TDIs Only (No Focus Groups)

Due to China's deep-rooted **"Face Culture"**, focus groups, online bulletin boards (OBB) or duos/trios are strongly discouraged:

- Respondents avoid voicing true opinions in group settings to avoid disagreement and preserve "face."
- Physicians will publicly agree with peers to avoid confrontation, masking genuine clinical insights.
- **Recommendation:** Conduct 1-on-1 IDIs/TDIs to capture authentic insights.

QUANTITATIVE GUIDELINES

Recommended LOI: 30 Minutes

Survey length management is critical for data quality:

- An LOI of 60 minutes badly affects physician cooperation rates and extends fieldwork timelines.
- **Recommendation:** Cap online survey LOI at 30 minutes to maintain high engagement and data reliability.

Key takeaways for doing healthcare market research

- City tier classification is NOT an official domestic system of categorizing cities in China.
- Hospitals in China are classified by tiers (tier 1,2,3) and not as “academic” vs. “community”.
- Tier 3 public hospitals are the main target for market research.
- Patients prefer going to tier 3 hospitals since they have free access and such hospitals have the most highly skilled doctors.
- New products are paid 100% out-of-pocket until they are listed in the NRDL.

About us

- **SSRI has been conducting healthcare market research in the Asia Pacific region since 2003 for;**
  - ✓ Japanese pharmaceutical companies
  - ✓ Oversea market research agencies
- **We have a regional office in China with a fieldwork team able to access over 81,000 HCPs via our own database**
  - ✓ Qualitative and quantitative research
  - ✓ Wide geographic coverage
  - ✓ Able to access hard-to-reach targets, such as KOLs, payers, hospital administrators etc.
- **Covering other Asian countries via trusted partners**
  - ✓ Especially in S. Korea and Taiwan

If you need further information about the healthcare market in China or need cost estimates for fieldwork in China, please do not hesitate to contact us at:

■ **SSRI Co., Ltd.**

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