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# Swiss-Chinese Life Sciences Forum

*The Swiss-Chinese Life Sciences Forum focused on the two key topics of «Challenges, Responses and Opportunities in the Chinese Health Sector» and «Digital health in China» and delivered valuable insights. The key take-aways are:*

*China's healthcare market is poised for substantial growth. The PRC recently joining the ICH should support drug discovery efforts in China and provide partnering opportunities for Western companies. The characteristics of the Chinese health sector, including its hospital-centric system, high out-of-pocket expenses, and reimbursement challenges are expected to remain in place. This drives demand for new insurance products.*

*Implementing digital solutions is an opportunity to leapfrog the development of improved healthcare services. Managing the complexities across treatments, diseases and patients in general requires digital solutions today. In addition, many of China's specific healthcare challenges are driving digital medical solutions: patients in remote regions receive early stage telediagnoses, or digital tools can allow diagnoses by remote physicians.*

**D**r. Beat Krähenmann, Director and Head Group Legal and M&A, Group Structure and Finance, F. Hoffman-LaRoche Ltd., as the forum's host, welcomed the participants at Roche's conference facilities in Basel. The Swiss-Chinese Chamber of Commerce, BaselArea.Swiss, represented by Mr. Gabriel Schweizer, Senior Project Manager Asia, and the FHNW University of Applied Sciences and Arts Northwestern Switzerland jointly organized this forum. The introduction by Mr. Christoph Brutschin, State councillor of the Canton of Basel-Stadt, emphasized the long-standing relationship of the city of Basel with China, including a city partnership with Shanghai.

## **PART I: CHALLENGES, RESPONSES AND OPPORTUNITIES IN THE CHINESE HEALTH SECTOR**

Prof. Michael Jeive, Head of the Swiss SME Research Center China, FHNW School of Business, structured and moderated the first part of the forum.

Dr. Laurenz Kellenberger, CSO, Basilea Pharmaceutica, elaborated on the changing demographics in China, which lead to an increased demand for healthcare services due to age and the growing middle class. Strong support for the biotechnology industry by the govern-

ment has increasingly led to a switch «from imitation to innovation» and provides opportunities for partnerships. Drug discovery in China should be further supported by clearer paths to drug approvals and by the fact that China recently joined the ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use).

Although China is the second largest market for pharmaceuticals in the world, the growth potential remains substantial since only 3 percent of global healthcare spending is used for 22 percent of the world's population, according to Mr. Alexander Hardy, Head of Global Product Strategy, F. Hoffmann-La Roche Ltd. An increased focus on productivity, openness to trade and foreign investment, and a willingness to experiment and invest all contribute to the positive outlook for the healthcare sector in China. Healthcare market reforms are having an impact. The government's challenges include the quality of service, reducing access barriers for the rural population and increasing efficiency. The pharma industry grapples with regulatory complexity and volatility, a rapidly evolving patent and IP environment and difficulties to get reimbursed for drugs. ▶

► Dr. **Christoph Nabholz, Head Life & Health R&D, Swiss Re**, described one successful new type of healthcare insurance in the Chinese market: «critical illness insurance». Upon contracting a pre-defined illness like cancer and/or a cardiovascular disease, the insured patient receives a payout. The number of such policies in force is more than 120 million, bringing the policy holders peace of mind and a reduction of their dependency. One driver for market demand is that, while 95% of the population in China have healthcare insurance, approx. 30% of treatment costs must be covered out-of-pocket. In addition, reimbursement for the very expensive drugs is difficult to get, making them unaffordable for many people.

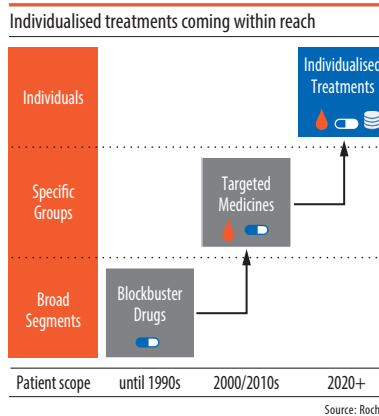
**The panel and Q&A discussion**, also with the participation of Dr. **Zhang Li, President SCC Life Sciences**, first discussed the current hospital-centric healthcare system in China. Big questions remain on how newly introduced reforms (e.g. the reduced mark-up for drug prices in hospitals, leading to an increase in service charges) will work out. Consensus among panelists was that the hospital-centric system will remain in place because other challenges in the system are more pressing. Regarding the financial transparency and compliance of corporate partners in China, the view was that the financial data quality should improve as more and more companies are listed on stock exchanges. On the topic of TCM, panel members pointed out that the majority of the pharmacies' product offering still is traditional Chinese medications. The TCM market continues to benefit from fewer regulations due to the fact that they have been used for many decades or longer.

## PART II: DIGITAL HEALTH IN CHINA

Mr. **Felix Sutter, President of the SCCC and Head Asia Business Group, PwC Switzerland**, introduced the topic and the participants of the second part of the forum.

Based on diagnostics, various treatment modalities and the power of data, individualized treatment of illnesses should be the target of digital healthcare innovation (see exhibit 1), according to Dr. **Tim M. Jaeger, Global Head Diagnostics information Solutions, F. Hoffmann-La Roche Ltd.** Managing the complexities across treatments, diseases and patients today requires digital solutions. Many new data sources, the initiation of data integration and analytics, and payers focusing more on outcome and value-based care will be the drivers for more effective healthcare systems. New digital tools like the «Roche

### 1 Shift in Treatment Paradigm



Tumor Board» (a tumor board is a multi-disciplinary oncology care team) facilitate the integration of clinically relevant patient data with guidelines and real-world data in order to improve clinical decisions and the quality of care (see exhibit 2). Digital solutions are expected to have a big impact on the Chinese healthcare system due to the strong market development, high ambitions in Artificial Intelligence and big, digital market players moving into the healthcare sector.

Mr. **Michael Frizberg, General Manager, Luye Supply AG**, provided an overview of digital applications in China's healthcare sector. Around 2000 digital applications are available, with some attracting substantial funding, such as «Ping An Good Doctor» (USD 500 million). Many of China's healthcare challenges are driving digital medical solutions: patients in isolated regions can be helped with early stage tediagnosis and digital diagnosis tools allow diagnoses by remote physicians. Such applications can significantly improve healthcare services for a big part of China's population.

Positive results of «leapfrogging» the way healthcare services are made available can be expected for patients, providers and payers, according to Mr. **Sandy Johnston, Advisor Pharmaceutical & Life Sciences Practice, PwC Switzerland**. Digitally aware healthcare professionals and enlightened local governments are paving the way for digital solutions to improve China's healthcare services. Going from paper-based to digitalization, from physician-centric to patient-centric services, from independent to integrated solutions, and from security to trust are part of the digital advancements. Challenges for providers of digital healthcare solutions mainly are growing their revenues and coping with frequently shifting government policies and priorities.

To start the **panel and Q&A session**, Mr. **Felix Sutter** posed the question how far away integrated, digitally-based solutions in the healthcare sector are. Panelists commented that the government plays an important role in preparing the road to realization of such applications. Humans may still be needed for cases where patients are unable to hold or operate a digital tool. For Chinese citizens living in remote areas, digital solutions may not be perfect, but they are much better than existing alternatives. Regarding the question of whether patients will agree to give away health-related data, surveys show that patients are most likely to consent if a doctor or a caregiver asks for the data.

### 2 Roche View on Decision Support

