



# CHINA UPDATES

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## **Industry Association Step Up to Clean Health Product Market**

Since the implantation of updated food safety law, the number of illegal conduct is decreasing dramatically. However, many illegal vendors and companies still find space in all kinds of expos and industry seminars, where they can conduct false advertisements and such.

Such a trend is damaging the sound development of health food industry, and causing irreversible damages to consumers.

Some of the substandard health food, which are not able to obtain official production approval, are cheating by using other product's approval number and are sold online as well as on some limited venues.

This problem shows that the market still lacks for a strong regulation to inspect sales channels. The regulators should build a credit system in the industry and conduct more serious punishment towards the illegal vendors and companies, making the cost to violate laws higher for the companies involved.

Special attention should be paid to retail stores of health food around bus stations, schools and hotels. Information of illegal companies and vendors should be released to be public in time. (Source: China Food Daily)

## **CFDA Cracks Down on Illegal Pork Sales**

With the rise of pork and sales of illegal pork, which often are conducted cross regions, the state food and drug regulator recently conducted a special campaign to crack down on illegal pork sales.

The regulators pay special attention to small processing workshop of pork, manufacturing companies, whole-sales market, wet market, shopping mall, supermarket and restaurant. Inspections have been conducted thoroughly to make sure no illegal pork can be purchased from the local market.

The inspectors also said that any illegal vendors who are spotted in this campaign will be immediately handed to public security departments. (Source: Beijing Daily)

### China Never Approved Health Food to Enhance Sexual Performance

Recently, there are media reports saying that some illegal vendors are adding medicines into corn powders to produce so-called products that are able to enhance male's sexual performance.

Some of the products are added with Sildenafil, which is illegal in China. According to food safety law, it is illegal to add this ingredient to food and drug, which should be punished seriously.

China has never approved health product that can help to improve male's sexual performance. Any product which claims to have this function can be accused of false advertisement. In China, there are some legal products which can help alleviate fatigue, but they have nothing to do with enhancing sexual performance.

Experts suggested that special campaigns should be conducted to combat illegal sales of this kind. Any consumer who reports on this kind of cases should be rewarded.

Relevant education should be rolled out to help people understand how to tell the illegal products and how to protect themselves. (Source: CFDA)

### Beijing's Elderly Enjoy Best Benefits

Beijing has topped a newly created league table of China's most elderly-friendly areas, ahead of Shanghai and Zhejiang province.

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The measures, by the China Philanthropy Research Institute at Beijing Normal University, were calculated based on data from the China Statistics Yearbook.

It evaluated elderly policies in each of the country's provinces and municipalities from 2012 to 2014, the most recent period with available figures.

The capital city achieved the highest reading in 2012 and 2013, but was overtaken by Zhejiang province in 2014.

The report attributed Beijing's success to its strong social services and welfare, especially its health and education facilities available to older citizens.

Wang Zhenyao, a professor in public welfare research and dean of the China Philanthropy Research Institute, said: "We found that the gap between different provinces was small, indicating that local governments are actively drafting relevant regulation, and promoting related services.

"China has a strong tradition of respecting the



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elderly, and this could become an engine of national growth," he said.

"Good services for the elderly is an important feature of China's social transformation."

The study found that during the three years the average social welfare for elderly people from rural low-income households in Beijing was 1,090 yuan (\$168) per head per month.

The Beijing government also provides 100 yuan in subsidies for elderly people aged between 60 and 79, those with disabilities, and those aged above 80.

In Shanghai, which has offered home care subsidies to the elderly for many years, the average life expectancy is 80.26 years old.

The report highlighted how the number of hospital beds nationally for the elderly, the amount of social welfare, and pensions for retired citizens have shown a significant rise in recent years.

It also found that the elderly had a greater sense of having gained from better policies governing their environment and social security.

Beijing Normal University and China Health and Senior Care Industrial Alliance are co-hosting a senior care forum in September at Wudang, Hubei province, where the Taoist culture originated, and where harmony and health are considered paramount socially.

Xu Zhiling, a senior representative at Flaming Red Era Company, an elderly care firm in Hubei and a sponsor of the forum, said: "We hope that more elderly can come to visit the beautiful scenery in our area, and experience Wudang's new kind of elderly care model, in which we combine travel, culture and healthcare services." (Source: China Daily)

### **Military Cancer Clinic Deal Under Scrutiny**

China's health and military authorities have jointly started an investigation into a military hospital that allegedly subcontracted its cancer clinic to private owners in the wake of the death of a young man who was allegedly conned into receiving substandard treatment.

The qualifications of private medical facilities and their shady relationship with military hospitals are to be scrutinized as the National Health and Family Planning Commission (NHFPC) and the Central Military Commission announced Tuesday they would investigate the scandal that is believed to be the tip of the iceberg.

"China's private hospital sector has been in disorder for years due to loopholes in medical policies and weak supervision," Zeng Guang, a medical expert at the Chinese Center for Disease Control and Prevention, told the Global Times on Monday.

The synovial sarcoma patient, Wei Zexi, died on April 12 after receiving immunotherapy from a private biomedical center at the Second Hospital of Beijing Armed Police Corps, which allegedly lied to Wei's parents that its immunotherapy would guarantee an 80 to 90 percent survival rate and was the "most advanced technology in cooperation with Stanford University."

The Second Hospital of Beijing Armed Police Corps refused to comment on the case. The biomedical center has been shut down and Stanford has denied any connection to it.

The biomedical center which provided Wei's immunotherapy is run by entrepreneurs from Putian County in East China's Fujian Province, news portal [ifeng.com](http://ifeng.com) reported on Monday.

Farmers-turned entrepreneurs from Putian were the first to open private clinics in China. Chen Deliang, who created the business model of the

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Putianese-owned hospitals, started his medical career in early 1980s, using his limited medical knowledge to cure minor illness such as scabies and gain fame across the country, according to Shanghai-based magazine *Oriental Outlook*.

As Chen become famous, he started to take on apprentices and treat all kinds of ailments. Putianese entrepreneurs gradually came to control the majority of China's private hospitals in the next few decades.

According to *Jiankangbao*, a newspaper affiliated with the NHFPC, more than 60,000 residents in Putian were engaged in the medical and healthcare industry in 2014, while over 8,000 private hospitals among the country's total of 11,514 were run by Putianese.

Though Putianese-owned hospitals have spread nationwide, their insufficient medical resources and poor services have irritated the public. In 2014, Yu Minhong, founder of New Oriental Education and Technology Group, called for a boycott of a Putianese-owned hospital in Yunnan Province via his Sina Weibo, criticizing its unprofessional treatment.

"The rise of Putianese-owned private hospitals is partly caused by the government's underinvestment in public hospitals," Zeng said.

World Health Organization statistics show that more than half of Chinese public hospitals' income relied on government funding before 1978, but by 1980, this number had plunged to 30 percent. In 2014, private healthcare institutions accounted for 47 percent of China's total, according to the NHFPC.

"The decline of public hospitals has led to the booming of some unqualified private medical facilities, which excessively exploit their patients and scam their money by conducting unnecessary

medical procedures," Zeng said.

"The government should seize the chance to strike a blow against the disorder of these unfit private hospitals, and make it a main goal of the country's medical reform in the future," Zeng said, adding that private hospitals that follow the law and put patients as a priority should be encouraged, as they can fill the hole in China's medical resources which are currently lacking.



An announcement sent to the *Global Times* from the Beijing Health and Family Planning Commission on Tuesday states that local public hospitals are forbidden from putting their departments out to contract, but military hospitals are not subject to the commission's jurisdiction.

"Beijing Health and Family Planning Commission has no right to supervise military hospitals, as they are controlled by the military's health departments," the announcement read.

"Contracting out military departments to private hospitals has severely damaged the reputation of the army, and may lead to corruption," Zeng said.

"The medical scandal shows that loopholes still exist in the supervision system of military hospitals, which may offer some corrupt officials a chance to feather their nests," Song Zhongping, a Beijing-

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based expert, told the Global Times.

China's military will end all paid services in every sector within the next three years, and the armed forces must not sign any new contracts for paid services and allow existing contracts to expire, the Xinhua News Agency reported in March.

"One of the main tasks of China's military reform is to cut off business connections between society and the military. In order to keep their purity, military hospitals should only be run by the army," Song said. (Source: Global Times)

### **Net-based Healthcare Services Set to Flourish in China**

Like many people in China, Chen Hua (not her real name), a 60-year-old resident of Guangdong province, used to hate visiting hospitals because she had to wait in serpentine queues every time she required to see a doctor, pay medical bills and buy the prescribed drugs from the hospital pharmacy.

But now, she has a better alternative. Chen visits a nearby drugstore where she gets to interact with doctors at big hospitals via video calls. Using online tools, the drugstore people transmit readings of her blood pressure and temperature to the doctors concerned.

Chen recently suffered from backache and had an online diagnosis with a doctor from the Guangdong Internet Hospital, which is operated by the Second People's Hospital of Guangdong province.

"The doctor prescribed medication online, which I could immediately buy," she said, "Previously, it took me four hours to see a doctor, but now the entire process takes less than 10 minutes."

Chen is among a growing number of patients who are benefiting from the country's booming internet-

based or online medical services. Technology companies are rushing to revolutionize the sector by partnering with public hospitals and acquiring private ones.

Dozens of online or internet-based hospitals have popped up across China since the end of last year. Starting March 29, at least six new internet hospitals have been established in six provinces within a week, fueled by strong support from local governments.

Internet heavyweights Alibaba Group Holding Ltd and Tencent Holdings Ltd, as well as a string of startups and local companies, are all eyeing the niche.

Jiang Xinwei, an analyst at Beijing-based internet consultancy Analysys International, said the domestic internet-based healthcare industry has entered a new stage, after several years of explosive growth in basic online medical services such as making appointments with doctors and paying medical bills.

A report by Analysys International said the online healthcare industry was worth 11.3 billion yuan (\$1.75 billion) in 2014, up from 5 billion yuan in 2011. The figure for 2015 will likely be 15.7 billion yuan, Analysys predicted.

"By setting up internet-based hospitals, tech companies are finally looking at the key aspects of tele-diagnosis, which promises bigger chances of profitability," Jiang said.

Qin Zexi, an analyst at Beijing-based iResearch Consulting Group, said the internet-based healthcare industry will continue to gain steam, thanks to the swift development of the mobile internet technology and the government's intensified efforts to push forward medical reform.



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"Public hospitals used to be very reluctant to embrace the internet. But now, that has been gradually changed by the government," Qin said.

In March, Li Bin, minister for the National Health and Family Planning Commission, called for more widespread use of the internet to direct patients to different medical institutions based on their needs, so as to reduce the pressure on big hospitals and improve the efficiency of medical resources.

Unlike other internet-enabled services such as e-commerce which first boomed in rich eastern provinces, online medical service providers have ventured into less-developed western regions from the very beginning.

We Doctor Group, which has raised more than \$100 million from Tencent, opened an internet-based hospital for northwestern Gansu province earlier this month by teaming up with a local public hospital.

"The internet can help expand medical services to secluded villages and remote regions such as Tibet," Liao Jieyuan, CEO and chairman of We Doctor Group, said, adding patients can enjoy video diagnosis, e-prescription and drug delivery service from its platform.



Alibaba also moved in the same direction by running a similar project in a village in central Hubei province, hoping to help villagers deal with common and chronic illnesses like hypertension and diabetes.

But other players are eyeing the higher-end of the online healthcare market, which includes handling of serious and complicated illnesses by pooling top-level doctors.

Haodf inked a deal with the municipal government of Yinchuan, capital of Ningxia Hui autonomous region, earlier this month to build an internet-based or online hospital that connects top-level doctors from big cities with patients and doctors in local clinics.

The system can work even better for re-diagnosis, given that experts can offer training and technical guidance to doctors in local clinics, who will then be able to properly treat patients, according to him.

Jiang of Analysys International said: "The two models are still nascent, but I am more optimistic about the high-end medical services market because of the enormous demand (for it). And patients of this group are more willing to pay (for such services)."

But Tian Junzhang, president of the Second People's Hospital of Guangdong province, thinks it is next to impossible to attract so many experts to offer online diagnosis.

"The more renowned a doctor, the less willing he or she is to treat a patient online because it is too difficult and risky to handle complicated diseases through the internet," he said, adding internet-based hospitals by nature are more suitable to deal

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with chronic diseases which require frequent re-diagnosis.

In addition to technological bottlenecks, analysts said the issue of getting internet-based medical services covered by the National Medical Insurance System remains thorny, especially for prescription drugs sold online.

Ni Jianwen, vice-president of Alibaba's health business division, said in an interview with Caixin.com that due to the different regional policies, drug sales receipts sometimes are not accepted by local medical insurance authorities, creating difficulties for people buying medicine from online stores. (Source: China Daily)

*China Updates is published weekly by the U.S. – China Health Products Association, a non-profit organization dedicated to the promotion of dietary supplements and nutritional ingredients. The association's major focus is the continued development of China's overall natural health product industry as well as offer business services to its global members.*

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