



U.S.-CHINA TRACK II DIALOGUE ON HEALTHCARE

CONSENSUS AGREEMENT

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Washington, D.C., United States

The National Committee on U.S.-China Relations and the National School of Development at Peking University convened the third Track II Dialogue on Healthcare at Airlie House in Virginia on November 6 and 7, 2018. The dialogue brought together American and Chinese experts (attendee list attached) from academia, think tanks, and industry for off-the-record discussions on healthcare issues pertaining to both countries.

Dialogue participants noted the difficulties in current relations between the two countries. However, they also noted that both countries are facing increasingly similar problems in health, including finding better ways to accelerate innovation to develop treatments for unmet needs, managing rising healthcare costs and a growing burden of chronic disease and health inequality, redirecting healthcare to be more prevention-oriented, efficient, and community-based, and making progress on key public health challenges like smoking and emerging threats. Participants identified a range of collaboration opportunities to address these challenges, with mutual benefits for both countries and potentially the rest of the world.

POINTS DISCUSSED

Medical Technology Development. As the United States and China are the world's two largest markets for medical products, both countries have a shared interest in advancing effective and consistent regulatory standards and transparency that reflect the latest scientific developments. China continues to make substantial progress in enhancing its regulatory capabilities. The National Medical Products Administration (NMPA, formerly China's Food and Drug Administration) has taken major steps to streamline and improve its innovative drug approval process, including working to implement best practices recommended by the International Committee on Harmonization (ICH). China is also implementing more intellectual property protections for innovative biomedical companies. Both countries are undertaking initiatives to reduce the time and cost of demonstrating that new medical products are safe and effective, and developing more evidence using "real-world" data sources about medical product performance once they are on the market. Areas to build on this progress include the following:

- Further alignment of the two nations' regulatory approaches would reduce the costs of product development and time to approval, enabling investment in research and development to have more impact on bringing better medical treatments to patients. As such alignment continues, the United States and China could take steps to update ICH standards to reflect progress in regulatory science and product development.
- Building on regulatory alignment, both countries can learn from each other and benefit from co-developing innovative approaches for medical product development and approval – such as "platform trials," studies that integrate digital data more effectively, and practical clinical trials. Together, China and the United States can generate post-market data to ensure safety and effectiveness in actual practice.

- Both countries should be leaders in advancing the use of real world evidence (RWE), investing in infrastructure and workforce that can enable learning from data generated in clinical care and health-related activities and rapid feedback into the system to better inform decision-making and propel advances. Further steps can be taken to develop more explicit policy frameworks for a better use of digital data taking place in health systems. Common standards across both countries will enable better opportunities for collaboration and mutual learning.
- Both governments need to emphasize the importance of scientific and regulatory transparency in healthcare. This includes greater clarity in data protection for innovative products in development, and clearer approaches governing the sharing of data and results while protecting patient confidentiality. (Enhanced data protection is critical for exchanging sensitive data and therefore especially important for addressing emerging global public health threats, but can also help advance many other areas such as more personalized medicine.)
- Both countries should continue to encourage collaboration in biomedical research and should avoid the imposition of tariffs or other trade restrictions on healthcare products, which can impede scientific collaboration between the two countries, as well as adversely affect each country's ability to provide high-quality care.

Insurance Reform and the Role of the Private Sector. In recent years, both countries have implemented significant reforms to expand insurance coverage, involving a combination of government subsidies and regulation, public- and private-sector insurers, and national and state roles. In China, 95 percent of the population has “basic” health insurance coverage through national plans. This is often supplemented, in part, by private health insurance. In the United States, health insurance is often private (provided through employer plans), but there are substantial government programs (Medicare and Medicaid) that use both private insurance and publicly-administered reimbursement systems to provide access to care. In both countries, growing healthcare costs and other factors, such as aging populations and increasing incidence of non-communicable diseases (NCDs), are putting pressure on government insurance systems. In China, the range of services and treatment covered by “basic” medical insurance is not clearly defined and may be changing, particularly with budgetary concerns. This uncertainty makes further investment by private healthcare insurance providers difficult. Out-of-pocket (OOP) costs are still relatively high in China. OOP costs also pose a significant burden on many Americans with serious illnesses which may have the effect of restricting access to care, although the Affordable Care Act limited OOP maximal payments and patient co-pay support programs exist for many costly drugs.

To help address these issues, the focus in both countries should continue to shift from acute, hospital-based treatment for illnesses to health promotion through primary care and prevention strategies as well as treatments that can cure diseases or reduce or halt their progression. Health insurance in both countries must do more to support integrated, prevention-oriented care, in both clinical and non-clinical settings. Both nations should implement further healthcare payment and insurance benefit reforms to support more efficient care systems (e.g., move beyond high-deductible plans to insurance coverage that enables people with high expected healthcare costs to choose more efficient systems of care, and share in the savings through low OOP payments). One challenge in China is that the definition of basic medical insurance coverage, and the essential services that must be covered, is not yet clear, which may potentially complicate efforts to deliver such benefits in more “value-based” care models.

Advancing Value-Based Care Models. Healthcare constitutes a very large and growing part of national spending in China and the United States, yet many people in both countries do not have access to needed care. Both nations are confronting the challenge of providing better care to their populations in a more cost-effective way. Current care models and payment approaches do not do enough to promote access to valuable treatments and do too little to discourage and eliminate the use of treatments that have low or no value. As China increases its healthcare spending, and as the United States takes further steps to limit its health care spending growth, both countries should move away from traditional fee for service (FFS) payment models to more value-based payment models, with safeguards to be sure patients have access to effective services

and products. Both countries should continue to develop and use health technology assessments (HTA) in more formal and transparent ways to assess the value of particular preventions, treatments and cures, and to encourage better development of evidence related to value. Implementing these reforms will require a greater capacity in both countries to use electronic data to coordinate and improve care, and to give individuals the ability to integrate and use their own data to improve their health and reduce their medical spending. Better, secure systems for developing and analyzing such data on care and outcomes at the population level will provide better evidence about the cost-effectiveness of new treatments and approaches to delivering care.

Public Health. The major public health concerns that both countries face—aging populations, increasing incidence of NCDs, unhealthy behaviors such as tobacco use and excessive consumption of alcohol, as well as pollution and climate change—present enormous challenges, as well as growing opportunities for collaboration in addressing them. Both countries should continue to build fundamental public health capacity and sustained commitment to support population health programs. Additionally, as in biomedical innovation and healthcare redesign, improving the use of electronic data to identify opportunities and evaluate the impact of policy reforms could enable progress in both countries. For example, such data and evidence systems at the community or regional level could be used to support programs to address poorly controlled cardiovascular risk factors and other sources of rising NCD burdens in both countries. Smoking is a leading cause of premature death in both countries, and e-cigarettes and other alternative nicotine delivery systems are helping to reduce smoking rates in the United States – but policymakers are also taking steps to limit use of both tobacco and alternative products by youth, to help avoid nicotine addiction in the first place. Finally, as noted above, better systems and protocols are needed for sharing data and information related to emerging public health threats.

RECOMMENDATIONS

There are numerous areas where China and the United States can collaborate to address their increasingly similar healthcare concerns together. To further such joint efforts, the Dialogue participants support advancing specific projects that can be undertaken in the near term. These include the following:

1. **Collaboration to develop better evidence on clinical care, medical technologies, health care reform models, and public health challenges using increasingly rich “real world” electronic data.** In our digital age, increasing access to relevant real world data on a near real-time basis provides an opportunity to develop truly innovative solutions to practical problems. To turn such data into useful decision support and better evidence, both countries must make progress on interoperable terminology and definitions, protection of patient privacy and confidential access, secure platforms, and better analytic methods. The participants encourage both nations to develop even further collaborations that offer better evidence and support more effective models of biomedical innovation and care. One example is a coordinated analysis of the impact of a medical technology on patient outcomes, healthcare utilization, and costs using emerging electronic data and research platforms in both countries, with the goal of accelerating the development of evidence needed for product approval or label changes.
2. **Insurance and Payment.** To help develop a more efficient global insurance system that supports integrated, prevention-oriented care, China and the United States should share experience with innovative coverage and payment models in both countries. Such collaborations could inform pilot programs to test reforms in both countries – for example, to guide reforms to improve the care for low-income populations in the United States, and to determine how private insurers and health care organizations can play an expanded role in delivering basic healthcare coverage in China. Redesigning coverage and payment to better engage consumers and support new care models is challenging. Joint projects and a bilateral “learning network” could provide relevant evidence not just for the United States and China, but also leading models for innovative coverage that would be relevant globally.

3. **Care Delivery and Population Health.** As we have noted, China and the United States need to implement care redesigns that improve primary care, support team-based and technology-enabled care, shift care from the hospital into the community, and enhance care coordination. In conjunction with collaborative efforts to pilot new value-based coverage and payment models, both countries should undertake research collaborations to learn more quickly and effectively about how to reform existing hospital-based care systems and implement successful integrated care strategies – in order to speed progress and enhance success in the new coverage models. Collaborations could also support testing of community-based interventions to address public health challenges like smoking or other risky behaviors, and care and payment reforms involving priority issues for both countries like cardiovascular risk factor management and care, and cancer prevention and care. Finally, a collaborative research strategy could develop more efficient ways to test specific, focused interventions, like the use of digital medical devices to encourage lifestyle modifications, prevent diseases and improve care.

The Dialogue participants will work toward identifying and supporting projects to address these areas at their next Dialogue, scheduled to take place in China in the Summer of 2019.

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