



## U.S.-CHINA TRACK II DIALOGUE ON HEALTHCARE

### CONSENSUS AGREEMENT

June 18-20, 2019  
Jiangyin, Jiangsu Province, China

THE NATIONAL COMMITTEE ON U.S.-CHINA RELATIONS AND THE NATIONAL SCHOOL OF DEVELOPMENT AT PEKING UNIVERSITY convened the fourth Track II Dialogue on Healthcare at the Yushan Arcadia Hotel in Jiangyin, Jiangsu Province, China on June 18 and 19, 2019. 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.

### POINTS DISCUSSED

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**Regulatory Science and Capacity Building.** Biomedical innovation is increasing in both China and the United States and expedited approvals are getting products to market more quickly. Yet innovation is often concentrated among a subset of disease areas and drug development costs create a barrier to more innovation. In both countries, the high price of pharmaceuticals presents an issue to healthcare systems and patients. Reducing barriers to market entry and increasing competition can help decrease drug prices and drug development costs.

Additionally, both nations recognize that sharing real world evidence (RWE) and real world data (RWD), as well as post-market studies, have great potential in improving drug quality, expanding clinical indications and expediting the development of new drugs. Recently both countries have restricted the exchange of health data over data ownership, security, and privacy concerns. Reducing barriers to data sharing can help advance drug development.

As the world's two largest healthcare markets, China and the United States can gain much by working together. Particular areas include the following:

- Greater harmonization of approval and manufacturing standards, particularly for generic and biosimilar drugs, can improve access to products and reduce costs and prices. In addition, it is important for both nations to work together to ensure that such standards reflect continuing advancements in manufacturing, technological progress and regulatory science.
- Promote consistent data standards and regulatory oversight to support sharing data to enhance research and transparency. Distributive data systems, such as the U.S. FDA's Sentinel Initiative, which includes data from 193 million patient records (about 60% of U.S. population), can help preserve digital security while enabling data sharing.
- Generic drugs can provide a more reasonably priced alternative to brand pharmaceuticals. However, insufficiently implemented regulations and questions of product quality consistency over time, particularly in China, limit their availability. Chinese and American authorities should work together to develop more robust rules and standards to ensure higher quality and availability of these products.

**Health Technology Assessments.** With increasing concerns about the cost and equitable access to medical treatments, health technology assessments (HTAs) offer a way to align the price of a health technology based on its value, promoting the use of more cost-effective and affordable drugs. HTAs are becoming more relevant in both countries as they provide decision makers a more holistic means to evaluate pricing for valuable therapies and understand the benefits, harms, and value of new technologies. In the United States, insurance providers are using HTAs to negotiate cost effective drug prices and inform clinical guideline creation and coverage policies. While still relatively new in China, the government understands the utility of HTAs and has recently started to introduce the role of pharmaceutical economics in the determination of prescription drugs for the national health insurance listing.

Participants recognize that HTAs help create value by establishing a clear foundation for negotiation and will become increasingly relevant as data and evidence improve. Given the complexity of HTA research, the participants believe there is great potential for collaboration between both nations to improve the methodology, data input and evaluation role of real world evidence in such assessments.

**Technology Payment.** Advancements in biomedical science and technologies have resulted in tremendous health benefits while simultaneously driving up costs. Both countries are adopting new strategies to control overall healthcare costs, including HTAs, new pricing models through shared risk agreements, and population-based reimbursement methods. These evolving strategies present opportunities to share learning between both countries. However, further work is needed to ensure that such approaches do not reduce access to or impact the quality of care.

The advent of digital health (that is, software and technologies that assist with diagnostic, communication, and decision-making processes among professionals and patients, as well as continuing chronic care management) can increase access and impact the cost and delivery of care. Innovations in this area have included better monitoring of medication adherence, text based primary care, and virtual triage, typically charged on a monthly fee instead of a fee for service basis. Digital health also has the potential to provide better services to people in rural or remote areas where hospitals and other facilities may be scarce. However, more work is needed to evaluate, support and scale digital health solutions, including addressing quality, potential bias and data privacy concerns, within and between both countries.

**Value-Based Care.** Both nations are facing rising health care costs due to shifting demographics, lifestyle changes, and technological advances. As both countries consider efforts to rein in health costs, policymakers should ensure quality of care does not diminish. Areas to consider include the following:

- Moving away from current fee for services (FFS) payment models to alternatives, such as episode payments, DRGs, drug and device payments informed by HTAs, and other health value-outcome based approaches, can better align health services with outcomes that matter to patients. Both countries should continue to explore and support these payment models.
- Non-adherence to prescribed care plans is a key driver of higher costs and poor outcomes in the United States. New technologies, such as wearables and remote diagnostics, could help ensure that patients follow their drug plans, enable early recognition of ineffective therapies and help reduce unnecessary or avoidable emergency care and hospitalizations.
- Hospitals—which are now the primary suppliers of healthcare services—can be more integrated into community care and more resources can be devoted to alternative delivery systems, such as urgent care and primary care facilities.
- China and the United States can exchange experiences in the fields of innovative global insurance payment models, and establish bilateral learning networks to support an integrated preventive-oriented medical service system.

## RECOMMENDATIONS

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The Dialogue participants identified numerous ways that the United States and China, both separately and together, can work to improve their respective healthcare systems. Areas that the participants particularly emphasized include:

1. **Opportunities for higher value.** Identify key opportunities for improving population health while controlling costs, such as more innovative prevention and management of cardiovascular disease, diabetes and other behavior-driven disease conditions.
2. **Data/analytics and evidence.** Develop strategies for using and improving available data to identify ways to improve care, track health improvements, and evaluate and improve reforms.
3. **Coverage reform.** Identify ways that existing health insurance coverage can be modified to better support value-based care models and preventive health services.
4. **Pricing and payment reforms.** Develop paths for moving from FFS or provider silo payments to medical home payments, episode payments, and partial/full capitation, and make drug and device payment contracts more value-based, informed by improved HTAs.
5. **Value-based care capabilities.** Implement steps to inform, engage and activate patients in their own health; provide paths for building out primary care and integrated care management (using new tools, such as digital health); improve hospital capabilities to participate in person-focused care; determine ways to encourage private-sector capabilities and investments to develop such capabilities.
6. **Integrate community and social supports.** Devise steps to integrate social services that address value goals and leverage healthy cities initiatives.

Implementation of these recommendations will require coordination and cooperation among institutions from both nations. To help in this endeavor, the participants recommended to carry out a joint project that can address a specific area of concern on a limited scale with potential broader application in the future.

## CHINESE PARTICIPANTS

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<b>CHEN Wen, Ph.D.</b>	Professor, Health Economics and Director of National Healthcare Security Center for Pharmacoeconomics and Health Technology Assessment, Fudan University
<b>CHEN XI, Ph.D.</b>	Assistant Professor, Public Health, School of Public Health, Yale University
<b>DING Lieming, Ph.D.</b>	Founder, Chairman and CEO, Betta Pharmaceuticals Co., Ltd.
<b>FENG Zijian, M.D., MPH</b>	Deputy Director General, Chinese Center for Disease Control and Prevention (CDC)
<b>GONG Peng, Ph.D.</b>	Professor and Chair, Department of Earth System Science; Dean, School of Sciences and Vice Chair, Academic Committee, Tsinghua University
<b>HUO Yong</b>	Director, Department of Cardiology, Peking University First Hospital; Vice President, China Cardiovascular Association (CAA); President, Asian Society of Cardiology (ASC); President, World Association of Chinese Cardiologists (WACC)
<b>LEI Xiaoyan, Ph.D.</b>	Professor of Economics, National School of Development, Peking University; Director, The Center for Healthy Aging and Development, Peking University
<b>Gordon G. Liu, Ph.D.</b>	Yangtze River Scholar Professor of Economics, National School of Development, Peking University (Dialogue Co-Organizer)
<b>LIU Qian, M.D.</b>	Former Vice Minister, Ministry of Health; Vice Chairman, the Education, Science, Culture and Health Committee of the 13 <sup>th</sup> National People's Congress; President, China Hospital Association (Leader of the Chinese Participants)
<b>QIN Xuezheng, Ph.D.</b>	Professor and Deputy Dean, School of Economics, Peking University
<b>SHAO Xiaojun, Ph.D.</b>	Chief Medical Officer, Healthcare, China Pacific Life Insurance Co.; Visiting Professor, Shanghai University of Medicine & Health Science
<b>ZHANG Ligang</b>	Chairman and CEO, iKang Healthcare Group, Inc.

## AMERICAN PARTICIPANTS

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<b>Molly Coye, M.D., MPH</b>	Executive-in-Residence, AVIA Health Innovation
<b>Mark B. McClellan, M.D., Ph.D.</b>	Director and Robert J. Margolis, M.D., Professor of Business, Medicine and Health Policy, Margolis Center for Health Policy, Duke University (Leader of the U.S. Participants)
<b>Samuel R. Nussbaum, M.D.</b>	Strategic Consultant, EBG Advisors; Senior Fellow, University of Southern California Schaeffer Center for Health Policy & Economics
<b>Stephen A. Orlins, J.D.</b>	President, National Committee on U.S.-China Relations (Dialogue Co-Organizer)
<b>Mariclaire Payawal</b>	Senior Vice President, Head of Global Public Affairs, Sanofi
<b>David Rind, M.D.</b>	Chief Medical Officer, Institute for Clinical and Economic Review
<b>Winnie Yip, Ph.D.</b>	Professor of the Practice of International Health Policy and Economics, Harvard T.H. Chan School of Public Health, Harvard University