



Notice on Issuing the Pilot Work Plan for Expanding in the Field of Wholly Foreign-owned Hospitals¹

Authority: National Health Commission, Ministry of Commerce, National Administration of Traditional Chinese Medicine and National Bureau of Disease Control and Prevention

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Introduction

Health Commission, Business Administration, Traditional Chinese Medicine Bureau and Disease Control Bureau of Beijing, Tianjin, Shanghai, Jiangsu, Fujian, Guangdong, Hainan:

In order to implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China and promote the orderly expansion of the medical field; the National Health Commission, the Ministry of Commerce, the State Administration of Traditional Chinese Medicine and the State Administration for Disease Control and Prevention have formulated the Pilot Work Plan for Expanding the Opening up of Wholly Owned Hospitals.

National Health Commission, Ministry of Commerce, National Administration of Traditional Chinese Medicine and National Bureau for Disease Control and Prevention

November 1, 2024

Pilot Work Plan for Expanding Opening up in the Field of Wholly Foreign-owned Hospitals

1. General Provisions

Guided by the Thought of Xi Jinping on Socialism with Chinese Characteristics for a New Era, in order to implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China; this notice aims to coordinate development and security, promote orderly expansion and opening up of the medical field, pilot the establishment of wholly foreign-owned hospitals and introduce international high-level medical resources. Additionally, it aims to enrich domestic medical service supply, optimize the business environment and provide diversified medical services for the people and foreign nationals in China. This notice shall strengthen risk prevention, improve in-process and post event supervision measures and ensure smooth and orderly pilot work.

¹ Translated by Health Law Asia – Pharmaceutical, Medical Device, and Cosmetics Law



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2. Pilot tasks

This notice allows the establishment of wholly foreign-owned hospitals in Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Fuzhou, Guangzhou, Shenzhen, and the entire island of Hainan (excluding traditional Chinese medicine, excluding mergers and acquisitions of public hospitals).

3. Pilot conditions

(1) Conditions for investment entities: Overseas investors who apply to establish wholly foreign-owned hospitals should be legal entities capable of independently assuming civil liability. Overseas investors should have direct or indirect experience in medical and health investment and management; and meet the following conditions:

- a. Able to provide internationally advanced hospital management concepts, management models and service models.
- b. Able to provide internationally leading medical technology and equipment.
- c. Able to supplement or improve the deficiencies in local medical service capabilities, medical technology, medical facilities and expand the diversified service supply pattern.

(2) Conditions of establishment and operation: A wholly foreign-owned hospital shall be established and operated in accordance with the *Basic Health and Health Promotion Law of the People's Republic of China*, the *Biosafety Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Regulations on the Administration of Medical Institutions*, the *Regulations on the Administration of Human Genetic Resources of the People's Republic of China* and other laws and regulations; and meet the following conditions:

- a. The nature of hospital operations can be for-profit or non-profit.
- b. The hospital categories include general hospitals, specialized hospitals, rehabilitation hospitals and hospitals classified as level three. It is not allowed to establish psychiatric hospitals, infectious disease hospitals, hematology hospitals, traditional Chinese medicine hospitals, integrated Chinese and Western medicine hospitals or ethnic minority medicine hospitals
- c. It's not allowed to register a medical department of hospitals as Hematology Department.
- d. Hospitals cannot carry out medical and ethical risk diagnosis and treatment activities, mainly including human organ transplantation technology, human assisted reproductive technology, prenatal screening and diagnosis technology, psychiatric inpatient treatment, experimental treatment of new tumor cell therapy technologies, etc.
- e. Hospitals may hire foreign doctors, including doctors from Hong Kong, Macao, and Taiwan; as well as other health professionals from Hong Kong, Macao, and Taiwan for short-term practice in accordance with regulations. The proportion of Chinese (mainland) personnel in the management and health professionals of the entire hospital shall not be less than 50%.
- f. The hospital information management system should be connected to the local medical service supervision platform. Electronic medical records, medical equipment and other information storage servers should be located within the territory of China.



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g. Hospitals that comply with relevant medical insurance regulations can apply to be included in the designated medical insurance according to procedures. At the same time, it's necessary to support the connection of hospitals with domestic and foreign commercial health insurance.

4. Management measures

The local health administrative department shall fulfill the responsibilities of admission and post management of wholly foreign-owned hospitals in accordance with the law. Wholly foreign-owned hospitals shall carry out diagnosis and treatment activities in accordance with the law and strengthen self-management.

(1) Admission management: The establishment approval and practice registration of wholly foreign-owned hospitals shall be preliminarily reviewed by the municipal health administrative department and then submitted to the provincial health administrative department for review. For those who meet the conditions, the Provincial Health Administrative Department shall issue an approval letter for the establishment of medical institutions and a medical institution practice license. The procedures, application materials and deadlines for setting up approval and practicing registration shall be implemented in accordance with *the Provisional Measures for the Administration of Sino Foreign Joint Venture and Cooperative Medical Institutions* and the *Notice of the Ministry of Health on Adjusting the Approval Authority of Sino Foreign Joint Venture and Cooperative Medical Institutions*. The medical institution practice license of a wholly foreign-owned hospital is valid for 5 years and can be extended according to regulations before the expiration of the validity period. Those who meet the conditions will have their medical institution practice license renewed.

(2) Practice Management: The health administrative department should include wholly foreign-owned hospitals in the scope of medical quality and safety management and encourage them to participate in hospital evaluation and assessment. Wholly foreign-owned hospitals shall operate and manage in accordance with relevant Chinese laws and regulations and carry out diagnosis and treatment activities in accordance with clinical diagnosis and treatment guidelines, clinical technical operation norms, industry standards and medical ethics norms.

(3) Supervision and management: Provincial and municipal health administrative departments shall fulfill their territorial regulatory responsibilities in accordance with specific matters and relevant laws and regulations.

5. Organize and implement

Provincial health administrative departments should work together with other departments (commerce, traditional Chinese medicine, disease control) in order to develop specific work plans and submit them to the National Health Commission and the Ministry of Commerce by the end of December 2024.

The local health administrative department should strengthen the monitoring and evaluation of the operation of foreign-funded hospitals, establish a collaborative management mechanism with relevant departments, timely study and solve key problems encountered in the pilot program. In the event of any significant situation, it shall promptly report to the National Health and Health Commission and the Ministry of Commerce. In cases where the original provisions are inconsistent with this pilot program, the terms of this program shall prevail.



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