

Several Opinions of the General Office of the State Council on Improving the Drug Price Formation Mechanism¹

Authority: **State Council**

Document number: No. 9

Promulgation Date: March 30, 2026

To the People's Governments of all provinces, autonomous regions, and municipalities directly under the Central Government, and to all ministries, commissions, and directly affiliated institutions of the State Council: For the purpose of implementing the decisions and arrangements of the CPC Central Committee and the State Council, and further improving the mechanism for the formation of drug prices, the following opinions are hereby proposed with the approval of the State Council.

I. General Requirements

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 20th National Congress of the Communist Party of China and the successive plenary sessions of the 20th Central Committee; adhere to the people-centered development philosophy; give full play to the decisive role of the market in resource allocation and better give play to the role of the government; effectively serve the building of a unified national market in the pharmaceutical sector; improve a market-oriented mechanism for the formation of drug prices; better stimulate market vitality, promote fair competition, and maintain market order; highlight clinical value and accessibility of medication use; support the high-quality development of the pharmaceutical industry; and ensure that the people have access to drugs of good quality at reasonable prices.

II. Improving the Drug Pricing Policies for Key Links

(1) Optimizing the initial pricing mechanism for newly marketed drugs such as innovative drugs. A self-assessment system shall be implemented for enterprises regarding newly marketed drugs, guiding pharmaceutical enterprises to conduct self-assessments, and to independently and reasonably determine prices by comprehensively considering factors such as clinical value,

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





market supply and demand, competitive landscape, and social affordability, and to accept public supervision and peer review.

With respect to the pricing of newly marketed drugs, distinctions shall be made among high-level innovative drugs, improved new drugs, and generic-name drugs (i.e., generic drugs), with differentiated policy support and guidance provided accordingly. For high-level innovative drugs with a high degree of innovation and significant clinical value, support shall be given to setting prices at the initial marketing stage that are commensurate with high input and high risk, and to maintaining relatively stable prices for a certain period.

For improved new drugs, efforts shall be made to encourage and guide pricing that is aligned with patient benefit. For generic-name drugs and other newly marketed drugs, pharmaceutical enterprises shall be guided to set reasonable prices by reference to drugs with the same generic name, the same mechanism of action, and the same indications.

Based on real-world research findings and actual clinical use outcomes, pharmaceutical enterprises may appropriately adjust the pricing level on the basis of the initial listing price of the drug.

(2) Giving full play to the guiding role of medical insurance payment standards in the formation of drug prices. Adherence shall be maintained to the principle that basic medical insurance shall “ensure basic coverage,” while taking into account patient benefit and encouraging innovation, and the rules for adjusting the medical insurance drug list shall be optimized.

For exclusive drugs applying for inclusion in the medical insurance drug list, subject to the affordability of the medical insurance fund, a payment standard that is compatible with the level of economic and social development and market scale, and that reasonably reflects the clinical value of the drug, shall be formed through negotiation with pharmaceutical enterprises, taking into comprehensive consideration factors including the reasonableness of the initial listing price.

Pharmaceutical enterprises shall, in accordance with the agreed terms, supply negotiated drugs to designated medical insurance institutions at prices not higher than the payment standard. The market prices at which negotiated drugs are supplied to non-designated medical insurance medical institutions may not be subject to the payment standard.

(3) Improving the price formation mechanism for centralized volume-based procurement of pharmaceuticals. Efforts shall be made to further advance the standardization, institutionalization, and routine implementation of centralized volume-based procurement of pharmaceuticals, and to broaden channels for pharmaceutical manufacturing enterprises to connect with and supply medical institutions.

For drugs with diversified supply sources and long-standing market presence, adherence shall be made to a demand-oriented approach and quality priority, with unified procurement and



tendering, and linkage between volume and price. Reasonable prices shall be formed through voluntary participation by enterprises, independent quotation, and fair competition.

Procurement rules under centralized volume-based procurement shall be optimized in light of the characteristics of different categories of drugs. Renewed procurement upon expiration of agreement periods shall be carried out in a standardized manner, and guidance for local centralized volume-based procurement shall be strengthened, so as to promote fair competition and ensure the quality and stable supply of selected drugs.

Coordination between medical insurance payment standards and the selected prices under centralized volume-based procurement shall be strengthened. For drugs included in the medical insurance list that are subject to centralized volume-based procurement and share the same generic name, the medical insurance payment standard shall be determined based on the selected price.

(4) Improving the management of listed (online) drug prices. Efforts shall be made to accelerate the construction of a provincial-level pharmaceutical procurement platform integrating bidding, procurement, trading, settlement, and supervision.

Drugs supplied to public medical institutions shall be listed and priced on provincial pharmaceutical procurement platforms. Newly marketed drugs shall be listed at their initial listing prices; drugs subject to centralized volume-based procurement, negotiated drugs, and competitively priced medical insurance drugs shall be listed at their agreed prices; and other drugs shall have their listing prices reasonably determined by the marketing authorization holder in accordance with listing rules and drug price comparison rules, and a dynamic adjustment system for listing prices shall be improved.


Listing rules shall be optimized to promote that reference preparations and generic-name drugs reflect a reasonable price gradient, and to facilitate relatively balanced pricing among drugs with the same generic name produced by different enterprises.

III. Promoting the Role of Relevant Entities in Drug Price Discovery

(5) Giving full play to the professional role of medical institutions. All drugs used by public medical institutions shall be procured through provincial pharmaceutical procurement platforms and shall be subject to zero mark-up sales (excluding prepared slices of traditional Chinese medicine). A zero mark-up policy shall be implemented for traditional Chinese medicine formula granules.

Medical institutions shall be promoted to promptly record actual procurement prices on provincial pharmaceutical procurement platforms, and effective approaches shall be studied to reasonably link listed prices with negotiated prices, so as to incentivize medical institutions to actively control costs.





Selected drugs under centralized volume-based procurement and negotiated drugs within the contract period shall not be subject to price negotiation. Comprehensive measures shall be adopted to sever the interest linkage between physicians and pharmaceuticals. The pricing policy for pharmaceutical-related medical services shall be improved.

(6) Guiding pharmacies to reasonably determine retail drug prices. Drug retail prices of retail pharmacies shall be independently determined by operators and formed through market competition. A system of open price comparison for medical insurance drugs in designated medical insurance pharmacies shall be implemented.

A volume-price comparison index for medical insurance drugs in designated pharmacies shall be compiled, so as to guide more reasonable pricing of such drugs. Supervision over designated medical insurance pharmacies shall be strengthened through contractual management, and price implementation shall be regularly evaluated.

Designated medical insurance pharmacies shall be encouraged to participate in centralized volume-based procurement and to sell drugs at appropriate prices, thereby guiding selected enterprises to maintain stable supply and improving the accessibility and coverage of selected drugs.

(7) Leveraging the price discovery function of online pharmacies. Taking advantage of the transparency of information, convenience of price comparison, and sufficient competition in online pharmacies, regular online-offline price comparisons shall be conducted, abnormal prices shall be assessed, and fair and reasonable pricing of drugs across different channels shall be promoted.

Operators of online platforms shall be guided to strengthen the management of online pharmacies operating on their platforms. Where pharmaceutical enterprises, online pharmacies, or other entities are found to have engaged in illegal or irregular conduct, they shall promptly report to the relevant authorities.

IV. Guiding Drug Prices in Key Areas to Remain at Reasonable Levels

(8) Promoting diversified payment for innovative drugs and the reasonable formation of prices. The multi-tiered medical security system shall be improved, giving full play to the functional roles of commercial health insurance, public welfare charities, and other mechanisms, and introducing multi-party participation in price negotiations for innovative drugs so as to broaden payment channels.

Implementation of commercial health insurance drug lists for innovative drugs shall be accelerated, and such lists shall be recommended for reference and use by commercial health insurance, medical mutual aid, and other multi-tiered medical security systems. The advantages of medical insurance information platforms shall be leveraged to encourage pharmaceutical enterprises, charitable organizations, special funds, and other social forces to provide precise and effective assistance to users of innovative drugs.



(9) Strengthening supply assurance and price stabilization of shortage drugs. Dynamic adjustment management shall be strengthened for national and provincial lists of shortage drugs and key monitoring lists of clinically necessary drugs prone to shortages. Rules for direct listing of shortage drugs shall be optimized, and classified management, information disclosure, and monitoring and evaluation shall be strengthened.

Where drugs are subject to emergency deployment from national pharmaceutical reserves or are included in the aforementioned lists, medical institutions and pharmaceutical enterprises may negotiate temporary procurement prices, and such drugs shall be procured and recorded through provincial pharmaceutical procurement platforms.

(10) Strengthening price management of narcotic drugs and psychotropic substances. Government-guided pricing shall be implemented in accordance with law for narcotic drugs and Category I psychotropic substances. For newly marketed drugs for which no government-guided price has yet been set, pharmaceutical enterprises shall independently and reasonably determine temporary prices and promptly report them to the medical insurance authorities as required.

Where such drugs are declared for listing on provincial pharmaceutical procurement platforms, the listed prices shall not exceed the government-guided prices or the reported temporary prices.

(11) Regulating pricing conduct for pharmaceutical raw materials and excipients. Information sharing on the prices of pharmaceutical raw materials and excipients shall be promoted, and enterprises producing such materials shall be guided to directly supply preparation manufacturers, supporting integrated development of “raw materials + preparations.”

Disorderly price increases in key pharmaceutical excipients and pharmaceutical packaging materials shall be prevented. Guidance on the prices of traditional Chinese medicinal materials shall be strengthened, and, on the basis of improving quality evaluation, high-quality traditional Chinese medicine shall be promoted to achieve commensurately higher prices.

V. Strengthening Drug Price Governance

(12) Strengthening monitoring and early warning of drug prices. Relying on medical insurance information platforms, the application of data such as the national list of listed drug prices shall be enhanced, and intelligent monitoring of drug prices shall be implemented. The full-chain application of drug traceability codes in the drug circulation field shall be advanced. The pharmaceutical price index mechanism shall be improved. Greater use shall be made of monitoring results, and a drug price risk early warning system shall be implemented. With prices formed through effective competition as the benchmark, risk alerts shall be issued for drugs with the same generic name whose prices are significantly higher.

(13) Advancing coordinated governance of drug prices. Cross-departmental joint regulation shall be strengthened, and coordination and alignment shall be enhanced between policies on drug review and approval, circulation and supply, allocation and use, and payment assurance,



and pricing policies. A drug price risk disposal mechanism shall be improved, and measures such as written inquiries, cost investigations, interviews and reminders, and public inquiries shall be adopted to urge enterprises to regulate their pricing conduct.

The credit evaluation system for pharmaceutical prices and procurement shall be improved, and efforts to constrain and rectify dishonest conduct in the purchase and sale of drugs shall be intensified. Illegal and non-compliant acts such as bid rigging and collusive bidding shall be resolutely cracked down upon, irrational bidding that may affect normal supply shall be effectively prevented, and order in centralized volume-based procurement markets and pricing shall be maintained.

Enforcement relating to drug pricing and anti-monopoly shall be strengthened, and illegal acts in the production and operation of drugs and raw materials—such as driving up prices through artificial shortages, monopolistic price increases, and manipulation of market prices—shall be strictly punished in accordance with the law. Audit-based supervision across the entire pharmaceutical chain shall be strengthened.

(14) Establishing a value assessment system for drugs under medical insurance. The framework, rules, and procedures for real-world studies of drugs shall be improved, and support shall be provided for conducting such studies on drugs included in the medical insurance list and in commercial health insurance innovation drug lists, so as to scientifically and objectively assess drug value and provide a basis for dynamic adjustment of the medical insurance list and payment standards.

Capacity building for drug value assessment under medical insurance shall be strengthened, so as to promote innovative development of the pharmaceutical industry.

VI. Strengthening Organization and Implementation

Medical insurance authorities shall fulfill their leading responsibilities and coordinate the implementation of policies. All relevant departments shall, in accordance with their respective functions and duties, strengthen coordination and cooperation so as to form a joint working force. All regions shall attach great importance to drug pricing work, strengthen organizational coordination, and ensure effective implementation in light of local conditions.

General Office of the State Council

March 30, 2026



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