



Physicians Bridge Pacific

SCAPE Aims to Effect Quality Healthcare Reform in China - *Part 2*

In last month's PYA [eNewsletter](#), we brought you Part 1 of our 2-part series about the formation, mission, and goals of the Society of Chinese American Physician Entrepreneurs (SCAPE). Part 2, which follows, will be a continued conversation between PYA's Director of [U.S.-China Business Advisory Services](#) Steven Gu, PYA's Senior Director of Business Strategy Michael Levesque, and SCAPE founders Dr. Xiang Qian and Dr. Gang Li about the risks related to the transformational change of China's healthcare system, concerns for creating a balanced system there, and optimism for helping shape the future of care, both in China and from an international perspective.

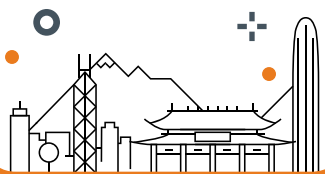
Steven Gu Tell us more about the expected growth in healthcare expenditures in China over the next five years. In what areas will the Chinese government expand and invest in healthcare, and what does the overall future of Chinese healthcare look like?

Dr. Qian Healthcare is expected to grow from 5% GDP [gross domestic product] to 10% and to become the largest industry in China. At the national level, the president [Xi Jinping] has already spoken about it in an August 19, 2016, national healthcare meeting. Xi Jinping said that our country is going to encourage the diversity development of our healthcare system for many years to come. In his vision, the basic healthcare

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CHINA'S GROWTH FAST FACTS:

- Economy grew an average of 9.8% annually during last 30 years
- By 2020, Chinese consumption will have grown by \$2.3 trillion — even if GDP growth slows to 5.5%
- Over the next 20 years, building of up to 50,000 new skyscrapers (like building 20 Manhattans from scratch, or 1 Chicago every year for 20 years)



Dr. Qian

need will be covered by the country. He said the government has to do a better job of providing for the basic needs of the population of the whole country. However, he said the non-basic healthcare needs would require social and private capital.

In China, 90% of facilities are publicly owned hospitals with very few privately owned. But that has changed over the last few years. The entire country at every level has been encouraging private investors and organizations to be involved in the hospitals and healthcare system. In a few years, it is going to be a balanced healthcare system with the public taking responsibility for basic needs, and the private [sector] taking on more advanced care. You can see all over the country discussion about how to change the ownership of individual hospitals. This is a brand new thing, and nobody knows which models will work best for China.

Most physicians gravitate toward major academic centers, so all the top talent is concentrated in big cities. However, the average cities or non-major cities are struggling to attract the top talent to their healthcare systems. This creates a huge problem in terms of balancing the distribution of healthcare resources, and the patients know it. So whenever they have an ailment—even a simple cold—they will go to a major academic center to get checked out instead of going to private doctors and community hospitals, as would be the case in the U.S. There are essentially no private doctors or primary care systems in China yet. The major hospitals are so crowded, you have to travel for hours, wait for hours, and then see a doctor for only a few minutes because a doctor on average has to see 50-100 patients a day.

That's why the country is promoting this residency training program—in hopes that all medical graduates will have similar quality of training and similar skills, so that wherever they go—major hospital or not—their starting point is the same. The country is also creating a system that encourages graduates to go to the non-major hospitals by offering incentives, changing ownership of the hospital, etc. It is probably the top issue in China at this time. In 10 years, China is going to have close to 300-million people who are 65-years-old and above. The system is totally unprepared for it. We believe that we can make a difference at each level.

At the national level, we can help design a better system. At the hospital level, we can work with individual hospitals to improve their quality and to make sure patient safety is a top priority. At the physician level, we can help to improve their training by instilling medical humanities into their philosophies and making sure they are capable, adequately skilled, and safe to practice.

Please tell us about your members; are they all of Chinese descent?

Dr. Qian

Yes. At this time, nearly all of our members graduated from school in China, came to the U.S., and became physicians here. We are not talking about American-born Chinese who went to medical school and were trained here and then became physicians. Those are not the main members. We have a few members who were medical doctors in the U.S. and joined us, but most were educated in China, have M.D. degrees from China, came to the U.S., received residency training here, and became licensed physicians here. But in the future, we are hoping to include Chinese descendants who are either born or trained in the U.S. as well.



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Steven Gu

Can you elaborate about how your current members best understand both the U.S. and Chinese healthcare systems?

Dr. Li

Yes, we did medical training both in China and in the U.S. We are bilingual and speak both fluent Chinese and English. We also learned about, and from, both of the systems. I think this is our strong point—that's our advantage in forming this society to help Chinese healthcare.

Michael Levesque

Your members are scattered in hospitals and academic medical centers across the U.S., so how can U.S.-based hospitals and hospital systems participate or become involved in this effort?

Some of our members are from academic medical centers or major healthcare systems across the U.S, including Stanford University, Harvard University, University of California system, Mayo Clinic, Cleveland Clinic, Sutter Health, Kaiser Permanente, etc. I believe the opportunity for collaboration is huge. My own institute, Stanford, has been supportive from day one by donating its time, money, and resources.

What I was hoping to get started was to partner with hospitals and organizations that see the significant potential of the Chinese market to go to China to create our own healthcare systems there – either through collaboration or independently. For example, we can go there to create a primary care franchise and clinics throughout the country. We can go there to establish imaging centers that would be part of the hospital.

There are many opportunities for collaboration, and we could also do it remotely. For example, some healthcare facilities in the U.S. can help us provide telemedicine to Chinese patients, conduct real-time multidisciplinary discussions, and utilize teleradiology and telepathology – there’s just so much you can do electronically to provide education and patient services. We are still in the infancy for that part.

"Many U.S. medical institutions have already made inroads in China" - Dr. Li:

- HCA
- Johns Hopkins International
- Columbia Pacific Management
- Massachusetts General Hospital
- Partners HealthCare
- Mayo Clinic

If the country [China] fails to realize the role that physicians will play in this new system, and if we do not figure out a good compensation system for them nationally, then the physicians will continue to stay concentrated in the major academic centers in big cities.

That creates big problems.

The opportunity is there, and you just can’t miss it— with China being the second largest player in the world. Many U.S. medical institutions have already made inroads. Organizations like HCA and Dignity Health have formed strategic partnerships with groups in China. As a matter of fact, HCA’s Chinaco Healthcare Corporation has established a 500-bed hospital in Cixi. Sutter Health and Kaiser Permanente are looking for collaborative opportunities and have been approached by multiple organizations; Johns Hopkins International is also working on collaborative deals. Columbia Pacific Management has invested in Shanghai Kaiyuan Orthopedics Hospital; and Massachusetts General Hospital has looked into the possibility of building a facility in an area close to Macau. Partners HealthCare, a Harvard Medical School affiliate, announced a collaborative partnership with Shanghai Jiahui International Hospital Ltd. in 2014. And, the Mayo Clinic has already set up a joint venture in China.

There are pioneers already in the field looking for opportunities. I think that what they lack is an organization that knows both healthcare systems very well. I have been helping some of them find the right target in China. But individually, you can only make a very small impact. By coming together, we can do much more.

Michael
Levesque

Listening today, I'm wondering what you are fearful of and what the risk factors are with all this money and resources being committed to healthcare in China—what most concerns you?



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Dr. Qian

Personally, I am most concerned about the top-level design. If the country fails to realize the role that physicians will play in this new system, and if we do not figure out a good compensation system for them nationally, then the physicians will continue to stay concentrated in the major academic centers in big cities. That creates big problems. All the money spent will still go to Beijing, Shanghai, Guangzhou; but what about the hundreds of other cities?

Another thing I'm concerned about is that the top-level designers do not realize how important it is to design from the beginning and make sure that it's a patient-centered healthcare philosophy with proper residency training system; and it needs to have market-driven elements. You can't have everything planned by the central government; you have to have market-driven models combined with the government-backed system to provide basic healthcare needs. It is a challenge. Some cities are doing better, while others are not, and we are just hoping that through this process we can provide some guidance and different perspectives and a third, objective voice. So, basically, my concern is that the government at the policy level may not be able to fully implement those ideas.

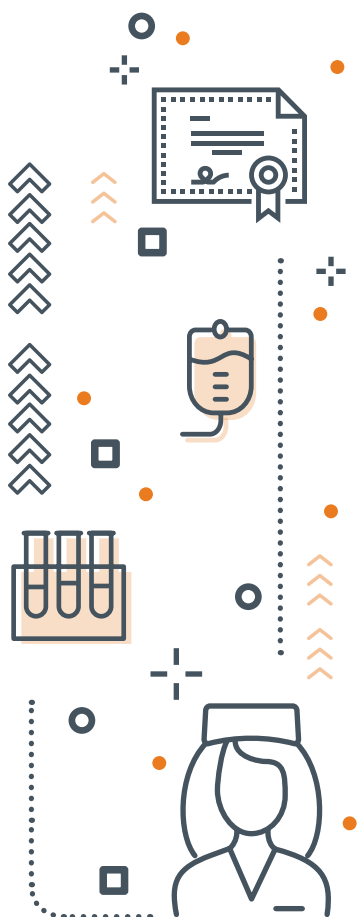


Dr. Li

I think everyone who is interested in Chinese markets is concerned with government policy. What exactly is its policy? Will it change in the next few years? Because we know the healthcare reform in China is inevitable. China has 1.4 billion people; they want to have the basic universal coverage, but at the same time, they have a growing population of the wealthy and middle class who want better healthcare—and they want quality care with more humane treatment. That creates a significant challenge for healthcare reform. And I don't think any of us have a clear idea of how things will change in the next few years.

Steven Gu

I believe that your group has an advantage because you seem to have a great relationship with the policy makers. The policy makers actually consult with your group. Is that a fair assessment?



Dr. Qian

I think an advantage of SCAPE is that we have some of the best doctors from China who lived there and were educated there before coming to the U.S. Most of our classmates now practice in China and are already hospital leaders and healthcare sector leaders. Healthcare is not just about population health; it's also about quality care for individuals. Everyone wants quality care especially as the economy grows and advances. Remember, back in the late 1970s and early 1980s, China opened its market to the outside and to the U.S. because it knew it couldn't do it alone. Right now, my impression is that the top leaders in China are open to collaboration. The Chinese people are also proud people. I think that our organization of SCAPE and the Chinese American people can play a significant role. We understand both the American and Chinese culture, and I think they are more amenable to our recommendations.

Michael Levesque

I was hoping you could discuss the supply and demand consideration related to the number of people becoming doctors in China. Does China have sufficient supply to accomplish all that is envisioned? Wouldn't the government want the physicians who came to the U.S. to come back to lead the healthcare reform? What are your thoughts on people moving back and forth between the countries...or is that impractical?

Dr. Li

In the U.S., we have over 850,000 licensed physicians for a population of about 320 million. That translates into 2.9 physicians per 1,000 patients. In China, the number is actually not that far off. The total number of licensed practicing physicians is about 2.4 million. China also has 1.7 million additional countryside physicians whose qualifications are a little different.

The problem for Chinese medical students is that it's extremely different in the U.S. with the language barrier, culture, requirements, etc. Like I said earlier, there are over 200,000 Chinese medical graduates that, over the years, have come to the U.S.; however, only about 6,000, or less than 3% of them, have become licensed physicians here. In a nutshell, to have a Chinese M.D. come to the U.S., get trained, and go back is very difficult to do. We are hoping that we can provide some sort of mid-level co-training where they still get Chinese degrees and training, but some of them

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could have the opportunity to come to the U.S. and observe for three months. They wouldn't have a degree from the U.S., but they would have some exposure with international visions, the English language, U.S. connections, etc. Those people could definitely go back to China and become the future core of physician training, and we could play a role by helping set up the joint programs.

Really, this is a medical humanities issue because there are needs there and people who are suffering, and we want to help them the best we can. We are thankful for the early pioneers in technology, because we are now able to connect without traveling. We are hopeful that with new technology and innovation, we are able to achieve our goal without compromising the care of our patients here.

Dr. Qian

China realizes the time and effort it takes to become a physician here and appreciates that we understand both systems well. They think very highly of us and want us to help them out. So when we do communicate with them, we have a significant voice that they will listen to.

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Dr. Li

Regarding the question you raised about the number of Chinese physicians in the U.S., very few are likely to go back to China to work full-time. But I think, as Qian already mentioned, we try to provide our input through education in hopes of bringing the U.S. standard of residency training to China, so they can produce more quality medical students and graduates.

There is change in the healthcare system. There is change in reimbursement. There is some tension between the patient and the physician. And that probably has some impact on the recruitment of the best and brightest medical students. But overall, the medical field is still a great route for Chinese students.

China has 2-year, 5-year, 7-year, and 8-year systems for medical education, so the level of training varies greatly. The U.S.-style residency program develops a high baseline for the quality of care afforded patients, so that no matter where physicians practice—whether in urban or rural areas—patients will receive the same quality of care. And I think, just like in the U.S. right now, what we are doing is trying to ensure the mid-level physicians are involved in rural care.

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Michael Levesque

There are parallels with regard to rural care. I think it's really important that we learn about what is going on globally and that we understand how great the opportunity is for collaboration. Much of the healthcare content we've produced for our readers is U.S.-centric, but I think our audience will find what you're doing very interesting. Thank you for telling us about SCAPE and how the U.S. can cooperate with China to help further the mission of access to quality care. Thank you, and we wish you the best.

Considering the magnitude and complexity of the healthcare transformation taking place in China, the Society of Chinese American Physician Entrepreneurs occupies a unique standing to help facilitate effective, patient-centered change. SCAPE's outgoing and incoming presidents Dr. Xiang Qian and Dr. Gang Li, esteemed medical practitioners in China and the U.S., along with PYA's Steven Gu, who holds law degrees in both countries, offered a captivating perspective of the opportunities that exist for U.S.-based enterprises. It is with respect and gratitude that I express a sincere thank you to our guests. —Michael Levesque

PYA provides international business advisory services for companies that are working to enter or expand business into U.S. or China markets. PYA's bi-cultural,

bi-lingual U.S.-China Business Advisory Services team offers market entry strategy, location studies, investment and holding structuring, tax planning and compliance, mergers and acquisitions (M&A) advisory, and post-deal integration for industries that include healthcare, consumer markets, financial services, government, industrial markets, infrastructure, manufacturing and technology, media and telecommunications, and private equity.

If you'd like to learn more about PYA's U.S.-China Business Advisory services, contact Steven Gu (sgu@pyapc.com) or Michael Levesque (mlevesque@pyapc.com) at (800) 270-9629. For more information about SCAPE, email: support@scapeusa.org.

Chinese American Physicians Launch Healthcare Startup

Dr. Xiang Qian and Dr. Gang Li have partnered for another healthcare initiative—a startup company known as Pier 88 Health— launched this year, two years after SCAPE was founded. The following Q&A is further, separate discussion between Dr. Qian and Steven Gu about this enterprise and its role in healthcare transformation.

Steven Gu

SCAPE has really taken off since its inception and some great things have already come out of it. I understand you have partnered with another group of physicians to form a healthcare startup. Can you tell us more about what it is and how it originated?

Dr. Qian

Our start-up, Pier 88 Health is one of the first transpacific physician groups in the U.S. that specifically targets the Asian/Chinese communities. It is founded by over 40 Chinese American physicians and hospital management experts. Founding physicians are from renowned medical centers and institutions in the U.S. across a broad range of specialties.

Our goal is to create a transpacific platform that gives Chinese patients easy and affordable access to U.S. trustworthy healthcare providers with cutting edge medical diagnosis and treatment capabilities. We will achieve this goal by building a technology platform, through which Chinese patients will have easy and affordable access to U.S. healthcare services.

Steven Gu

With 40+ founding physicians and many more network physicians in Pier 88 Health, I think you have a great network with Chinese hospitals. So, how many hospitals do you have relationships with that you can reach out to?

Dr. Qian

Each of us probably has about 5-10. I personally have a network with probably around 50 hospitals in China with great relationships. I am in a unique position through my work at Stanford International Medical Services. On average, I think it's safe to say each member of Pier 88 Health has connections with about 5-10 Chinese hospitals. That translates into around 300-600 hospitals, and the majority of those are among the best academic centers and hospitals in China.

To contact Pier88 Health, please email contact@pier88health.com.