

# Research on the development status and promotion strategy of China's health industry —Take Hainan as an example

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**Abstract:** Health industry is an industry with the purpose of maintaining and promoting human health, with the characteristics of high added value and high innovation. This paper analyzes the development status of china's health industry, and proposes that the development of health industry in hainan has the advantages of good policy environment and good basic conditions, but also faced with the problems of late start and low supply quality. It is suggested that hainan should improve the development level of hainan's health industry by building an international health service system, improving the level of medical technology, promoting the development of the market-oriented development of health service industry and strengthening the construction of talent team, and put forward corresponding countermeasures and suggestions.

## 1. Introduction

The health industry is an industry for the purpose of maintaining and promoting human health, with the characteristics of high added value and high innovation. In recent years, china's health industry has shown a rapid development trend, and has become an important part of the national economy. In order to further promote the development of china's health industry, the state council has issued the "13th five-year national health plan", "guiding opinions on promoting and accelerating the development of social hospitals" and other documents, clarifying the overall requirements, key areas and safeguard measures for the development of the health industry. As the only pilot free trade zone and a free trade port with chinese characteristics, hainan has unique advantages in the development of health industry. Therefore, it is of great significance to analyze the development status and existing problems of hainan health industry and put forward corresponding countermeasures and suggestions to promote the development of hainan health industry.

## 2. The connotation of the health industry

The concept of the "health industry" was first proposed by the British and Americans in the 1970s. The United States was the first to take the health industry as an industry. Since the 1980s, scholars in Taiwan have defined the health industry as "an industry oriented to meet the needs of society with modern medical technology and production technology to maintain and promote human health". In November 2015, the National Health and Family Planning Commission and 11 other departments jointly issued the Guiding Opinions on Promoting the Industrialization of New Medical Technologies, which put forward the concept of "health industry" for the first time. "Health industry" is an industry with the purpose of maintaining and promoting human health, including medical and health services, health examination, health management, health insurance, fitness and leisure, health care and elderly care, etc. According to the Outline of the 13th Five-Year Plan for National Economic and Social Development, by 2022, the average life expectancy will reach 79.5 years, the health literacy level of residents will reach 15 percent, and the per capita area of sports venues will reach 2.2 square meters. It can be seen that the "health industry" is a comprehensive industry closely related to human health.

In foreign countries, the "health industry" is known as the "sunrise industry". The UK Health Care Strategy 2015 reports that "supporting the private sector for quality and affordable health care,

social security and retirement planning, and focusing on the environment and the planet" is the core of the strategy. In the United States, the "Health Service Innovation" plan was proposed in the 2015 National Health Service Strategy, focusing on chronic disease management, reproductive health care, vaccines and genetic engineering. In China, the State Council's Opinions on Promoting the Development of Health Service Industry in 2017 proposed "by 2020, to build a basic medical and health system that covers urban and rural residents, supplemented by non-basic medical and health services based for a moderately prosperous society." Health industry " has been endowed with new connotations.

### **3. Development status and characteristics of China's health industry**

In recent years, China's health industry has been a rapid development. According to the National Bureau of Statistics, the scale of China's health industry reached 2.79 trillion yuan in 2022, up 14.5% year on year, accounting for 6.8% of GDP. The development of the health industry in China presents the following characteristics:

#### **3.1 Healthy consumption has grown rapidly, and people's awareness of health has been strengthened**

In recent years, China's health industry has made great progress, from the market scale, product structure, technical level and other aspects have been greatly improved. According to the statistics of China's Health Industry Development Report (2016), the total scale of China's health service industry reached 7.2 trillion yuan in 2016, including 2.3 trillion yuan for medical services and 548 billion yuan for health products and services. It is expected that by 2023, the total scale of China's health industry will reach about 10 trillion yuan. With the improvement of people's income level and the upgrading of their consumption structure, people's demand for health services is constantly increasing. According to statistics, in 2022, the total number of visits in medical and health institutions was 3.95 billion, an increase of 12.6% over the previous year, and the total number of health technicians reached 14.55 million, an increase of 11.9% over the previous year.

#### **3.2 The health service industry has developed rapidly, and the market entities are growing continuously**

Medical services, health management, medical product research and development, health insurance and other industries have become the most important emerging industries. In 2022, the scale of China's medical service market reached 7.5 trillion yuan, with an increase of 9.6% over the previous year; in 2018, the scale of pharmaceutical industry reached 4.9 trillion yuan, with an increase of 19.8%; in 2018, the scale of health service industry reached 2.1 trillion yuan, with an increase of 11.2% over the previous year. A number of emerging health service models and enterprise groups have emerged in China. The Internet medical platform enterprises, such as Chunyu Doctor, Ping An Good Doctor and Micro, are emerging, and large real estate enterprises such as Wanda and Evergrande have also crossed the health industry and launched a series of new health industry products such as health care and pension services. The traditional "disease-centered" medical model is changing to the "human-centered" health management model. For example, with the rapid development and wide application of the modern Internet, the Internet of Things and cloud computing technologies, new models of health services such as family doctors, health management and telemedicine are gradually emerging and continue to grow. In addition, the health service industry also shows a trend of diversified development. In addition to medical services, a number of new forms of business such as sports fitness, leisure tourism and elderly care have emerged.

#### **3.3 Regional development is not balanced**

In terms of regional distribution, the eastern region has obvious advantages in industrial development and resource agglomeration; the central region has great development potential in medical and health services and drug research and development, and the western region has great space for development in medical devices, health products and characteristic drugs. From the

regional distribution, the development of China's provinces is unbalanced. According to statistics, Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong and other provinces are in better development in the order, and therefore, these regions have obvious advantages in medical and health services and drug research and development.

### **3.4 Great progress has been made in product innovation**

New technologies, new business forms and new models represented by the "Internet + medical and health care" are constantly emerging in China. For example, hospitals at all levels and of all types actively use information technology to innovate service models; Beijing and Shanghai provide convenient medical services for residents through Internet hospitals; and build "smart medical" platforms in Jiangsu and Anhui provinces. In addition, the Internet diagnosis and treatment model is also constantly innovation and development. For example, Ruijin Hospital affiliated to Shanghai Jiao Tong University School of Medicine has launched the "Internet + pediatrics" service model; Jiangsu Provincial Hospital of Traditional Chinese Medicine has built the "cloud medicine" platform; and Anhui Provincial Hospital has launched the "Internet + nursing" platform, etc.

## **4. Problems existing in Hainan's health industry**

### **4.1 The policy system for health industry development is not sound**

The health policy system of Hainan industry has not yet been formed, lacks competitive preferential policies, and the support is not enough, especially in the health management, medical services, medical research and development and other aspects are not perfect, there is a big gap compared with the developed regions in the country.

### **4.2 The supporting conditions for the development of the health industry are insufficient**

There is a gap between Hainan and the developed regions in terms of infrastructure, talent reserve and scientific research strength. From the perspective of infrastructure, Hainan lacks large general hospitals, especially international high-level hospitals; from the perspective of talent reserve, the professional structure of medical and health personnel in Hainan is not compatible with the development of the health industry, and the shortage of health industry is prominent; from the perspective of scientific research strength, the investment in science and technology in Hainan is a large gap compared with the developed areas of the country. In addition, the medical insurance system in Hainan is not perfect, and the number of participants and the low guarantee level is small, which limits the development of the health industry to a certain extent.

### **4.3 Macro-and micro-scale conditions are limited**

From the macro level, there is a shortage of medical and health talents in Hainan, especially the relative lack of high-end talents. From the micro level, health service institutions are small in scale, small in number and low in quality. In addition, due to the lack of medical personnel support and the imperfect medical and health service system, the uneven distribution of medical resources, the lack of quality resources and other prominent problems.

### **4.4 The health industry development plan is not systematic**

From the perspective of the planning content, Hainan province has not yet compiled a complete health industry development planning system. Hainan has not yet formulated a special plan and implementation plan for the development of the health industry. From the perspective of overall layout, the development plan of the health industry in Hainan has not yet formed effective synergy; from the perspective of policy support for the development of insufficient supporting policies; from the perspective of health industry, there are still differences in the development priorities.

## **5. Hainan's advantages in developing the health industry**

The construction of the Hainan Pilot Free Trade Zone and the free trade port with Chinese

characteristics has brought great opportunities to the development of the health industry, especially in medical services, drug production and distribution, and medical insurance, where policy dividends have been released. Hainan has favorable climate conditions and geographical advantages, which is suitable for the development of TCM industry and medical and elderly care services. Advantages are mainly reflected in the following aspects:

### **5.1 The policy environment is good**

In April 2017, During his inspection visit to Hainan, General Secretary Xi Jinping clearly proposed to "build a free trade port with Chinese characteristics with world influence", which is a new mission and positioning entrusted to Hainan by the CPC Central Committee. In April 2018, the Guiding Opinions of The General Office of the State Council on Supporting Hainan in Comprehensively Deepening Reform and Opening up was released, which put forward a series of major measures to support Hainan's development. In August of the same year, General Secretary Xi Jinping personally spoke for Hainan Special Economic Zone and inscribed "Strive to build a new highland of reform and opening up", and required Hainan to "closely focus on the research and practice of major issues of comprehensively deepening reform and opening up, boldly try, boldly explore and independently reform, and take the lead in establishing an economic and trade rule system in line with international standards".

### **5.2 Good basic conditions**

Small land area, large population density and small economic volume are the basic conditions of Hainan. However, in recent years, with the continuous improvement of the infrastructure, the continuous improvement of the level of medical and health services, and the superior climate conditions, the tourism environment has been continuously optimized, laying a good foundation for the development of the health industry. At the same time, it also has a unique advantage in the aspect of talent team construction. In order to further enhance the development level of the health industry, corresponding measures should be taken.

### **5.3 Market potential**

Hainan has a huge market size and huge consumption potential. It is estimated that the market size of Hainan's health service industry is expected to reach 2 trillion yuan by 2030, and with the enhancement of people's health awareness and the continuous improvement of the demand for a better life, the health service industry is expected to maintain rapid growth.

### **5.4 High degree of industrial agglomeration**

At present, Hainan province has formed an industrial pattern dominated by tourism, medical and health care, tropical agriculture and traditional Chinese medicine, with a high degree of industrial agglomeration, which is the basic condition for the development of health industry in Hainan.

### **5.5 Have an "international style"**

Hainan has continuously introduced advanced technology and medical resources in the medical field, and at the same time, it has continuously strengthened cooperation and exchanges with the WHO, and actively introduced international advanced technology, high-end talents and advanced management experience, providing support for the development of the health industry.

## **6. Hainan develops the health industry promotion strategy**

### **6.1 Actively cultivate the big health industry, and make Hainan local characteristic brands bigger and stronger**

From the current development situation of Hainan, if Hainan wants to make greater breakthroughs in the future development, it must actively cultivate the big health industry and make efforts to make bigger and stronger local characteristic brands. In the wave of global health industry, Hainan has unique advantages in attracting medical and health resources at home and abroad.

Hainan has rich medical resources, a variety of medical technologies and equipment, as well as a large number of high-quality medical talents. We should make full use of our own advantages, actively introduce and develop advanced technology and equipment at home and abroad, attract world-class talents and teams to start businesses, invest and develop the health industry in Hainan, and strive to build an international health industry system integrating medical care, health care, and old-age care. At the same time, we will build Hainan into an international tourism island and realize the dual drive of the tourism and health industries.

## **6.2 We will increase financial support and strengthen policy support**

The development of the health industry in Hainan can start from the following aspects. First, it is suggested to increase the financial support for the big health industry, set up a special fund for the development of the big health industry, and increase the capital investment in the big health industry through government guidance, enterprise investment, social financing and other ways. Second, Suggestions to further improve the health industry development policy guarantee system, such as research on the regulations on the big health industry development of Hainan province the Hainan province medical institutions medical technology clinical application management method "the medical device supervision and management method of Hainan province" and other local regulations, for the development of the health industry to provide more perfect legal guarantee. Third, it is suggested to increase the preferential tax policies for the big health industry, such as studying and issuing the Several Policies and Measures for Promoting the Development of the Big Health Industry in Hainan Province and the Notice on the Issues related to the Preferential Income Tax Policies of Enterprises in the Hainan Big Health Industry. Fourth, it is suggested to further strengthen the financial support for the development of the big health industry, such as supporting qualified medical institutions to apply for the construction projects of "National Medical Center" and "National Regional Medical Center"; giving appropriate preference to the qualified projects to encourage social capital to enter the medical and health field.

## **6.3 We will innovate financing methods and expand financing channels**

On the one hand, commercial banks and other financial institutions should innovate financial products and increase their financial support for technology enterprises. Commercial banks should increase the credit supply to high-tech enterprises, develop financial products specifically for science and technology enterprises, explore the establishment of credit mode and credit process suitable for small and medium-sized science and technology enterprises, and give preferential interest rate to science and technology loans according to the characteristics of enterprises' technological innovation. We will actively promote loans for intellectual property rights, and promote loans for intangible assets such as patent and trademark rights. On the other hand, we should make full use of the capital market and the financial market to achieve financial financing. The relevant government departments should actively guide the qualified enterprises to be listed in the domestic capital market, and improve the visibility, influence and financing ability of the company through the capital market. At the same time, we should strengthen the reform of the stock issuance audit system and supervision system, and broaden the direct financing channels of science and technology enterprises through various ways.

## **6.4 We will strengthen the construction of talents and improve our health management and service capabilities**

Health management is the focus of health management, not only to have medicine, psychology, nutrition, sports knowledge, also need to have a deep understanding of the importance of health, to understand the physical and psychological conditions, can provide effective health guidance and services, at the same time also have certain communication ability and expression ability. In practical work, many grassroots doctors have not received systematic relevant training, and they are prone to problems such as communication barriers and unclear expression in the face of patients, which needs to strengthen relevant training for doctors. The government can take corresponding measures to train more professionals, improve the ability of health management service, and guide

social capital to participate in the construction of health management service industry through policies, so as to promote the development of health management cause.

### **6.5 We will improve the regulatory mechanism and standardize the order of the health services market**

First, we should strengthen the supervision of the health service market and standardize the market order. We will strictly implement the principle of "whoever approves and supervises, is in charge and oversees", and explore the establishment of a comprehensive supervision mechanism featuring departmental departments. We will implement the system of "double randomization and one public disclosure", strengthen ongoing and post-operational oversight, disclose regulatory information in a timely manner, strengthen information sharing and coordination among departments, and explore the implementation of credit classification and hierarchical oversight. Encourage industry organizations to strengthen industry self-discipline, strengthen self-restraint and self-regulation. Second, strengthen the price and quality supervision in the health service market. We will deepen the reform of medical insurance payment methods, explore the establishment of a diversified and complex medical insurance payment method based on medical insurance payment and combining the total amount of medical insurance control, and promote the price of health services to gradually integrate with the market. For the institutions providing health management services, the content and fee standards should be clarified. Third, establish and improve the health management industry standards and norms. We will accelerate the introduction of industry standards such as health management service quality standards, codes of conduct for practitioners, and technical standards for health management, define service scope, content and fee standards, and formulate service processes and quality evaluation systems to guide the sound development of the industry. Finally, improve the information disclosure system. Regular information of health management institutions and practitioners and medical insurance reimbursement policies to ensure the public's right to know and supervise. Strengthen the supervision and inspection of health management in medical institutions, doctors and other employees, and strengthen the practice responsibility and risk awareness of medical institutions and medical personnel. Establish and improve the industry credit system, implement the blacklist system, implement accountability for violations of laws and regulations, and standardize the order of health management and service market.

## **7. Conclusion**

Health is the eternal theme of human beings. With the improvement of people's living standards, the demand for health is increasingly urgent. Health management is to maintain and promote the national health, through the comprehensive intervention of health factors, to achieve the health goal of "prevention before disease, prevention before disease, prevention and recovery after recovery". Strengthening the management of personal health is an important link to realize the health of the whole people, and also an important part of building a harmonious society and a beautiful China.

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