

“Healthy Greater Bay Area” : Integration and Reciprocity





Table of contents

Foreword	3
1 The as-is intra-region integrated care¹ in GBA	4
1.1 The GBA economy has grown to be on par with other global regional economies	5
1.2 Each region presents a distinct supply and demand landscape and unlocks unique potential	6
1.3 Key drivers: economic boom, resident aggregation and integration	9
2 Achievements have been made up to par in the past few years	10
2.1 “ <i>The Measure</i> ² ” introduces advanced drugs and devices	11
2.2 A set of cross-border healthcare infrastructure, programs, products launch	12
2.3 Cross-border elderly care promotes population aggregation and integration	14
2.4 Innovation in cross-border medical insurance stimulates connectivity	15
3 The integration outlook	16
3.1 Challenges remain in integration aspect	17
3.2 Proposed levers to unlock integration potential	19
Contacts	22

1. Intra-region integrated care stands for integrated healthcare, elderly care and medical insurance in GBA;

2. “*The Measure of using HK/Macau registered drugs and medical devices in Guangdong-Hong Kong-Macau Greater Bay Area*”;



Foreword

Intra-region integrated care has become the new normal across GBA, thanks to the incentivising policies and “Hard and Soft Connectivity”

- In February 2019, the State Council issued the **“Outline”³**, which aims to transform the GBA into a world-class bay area and city cluster, one that is composed of high-quality living communities with equitable public services to enhance conditions for living, working, and tourism.
- **GBA’s world-class intra-region infrastructure exemplifies “Hard Connectivity”**. The concept of a “one-hour living circle”, facilitated by seamless transit options such as roads, bridges, high-speed railways, and airports, greatly enhances urban mobility and population flow.
- Meanwhile, one of the key initiatives mentioned in the **“Outline”** – **“Shaping a healthy GBA”**, pointed out the GBA shall be poised to promote the integration within healthcare sector, particularly in 1) healthcare resource integration; 2) biomedical innovation; 3) TCM standardisation and global expansion; 4) health workforce cultivation and communication; 5) cross-border patient referrer; 6) promotion of healthy urban and rural area. In addition, the **“Outline”** also highlights the importance of finance industry, proposing **incentives for insurance companies within the GBA to develop market-relevant medical insurance and other applicable financial products**.
- Following the release of the **“Outline”**, governments across the region subsequently introduced a series of cascading policies that began to effect meaningful changes. With the collaborative efforts from all the stakeholders, **the intra-region integrated care has achieved “Soft Connectivity”**.

Exploring the intra-region integrated care is pivotal to the development of GBA

- The integration creates synergies among stakeholders across regions and gives residents broader offerings for healthy living. For example, Hong Kong and Macau residents can “go north for retirement”, access intra-region medical services for better care, and benefit from diversified asset management plans across regions. Ultimately **this approach addresses the imminent challenges posed by an aging population in Hong Kong and Macau, while converting the government’s financial pressure into Public-Private Partnership (PPP) opportunities within the GBA;**
- In light of aging population and consumption tax reform, local governments are poised to adjust their financial models to secure fiscal benefits. Attracting and retaining populations with appropriate financial capabilities has become a key objective. While promoting intra-region integrated care, local governments are on the same track of **adding value in a variety of green, low-carbon, service-oriented economies, such as medical tourism, meditation, hospitality, catering and leisure – a strategy that is essential for sustaining their fiscal models;**
- As global demographics shift and chronic diseases become increasingly prevalent, promoting intra-region integrated care presents an opportunity to establish a **role model that could serve as a benchmark. The success of this initiative could be leveraged not only within Greater China but also across Asia and beyond.**

3. “Outline of the Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area”;



1. The as-is intra-region integrated care in GBA



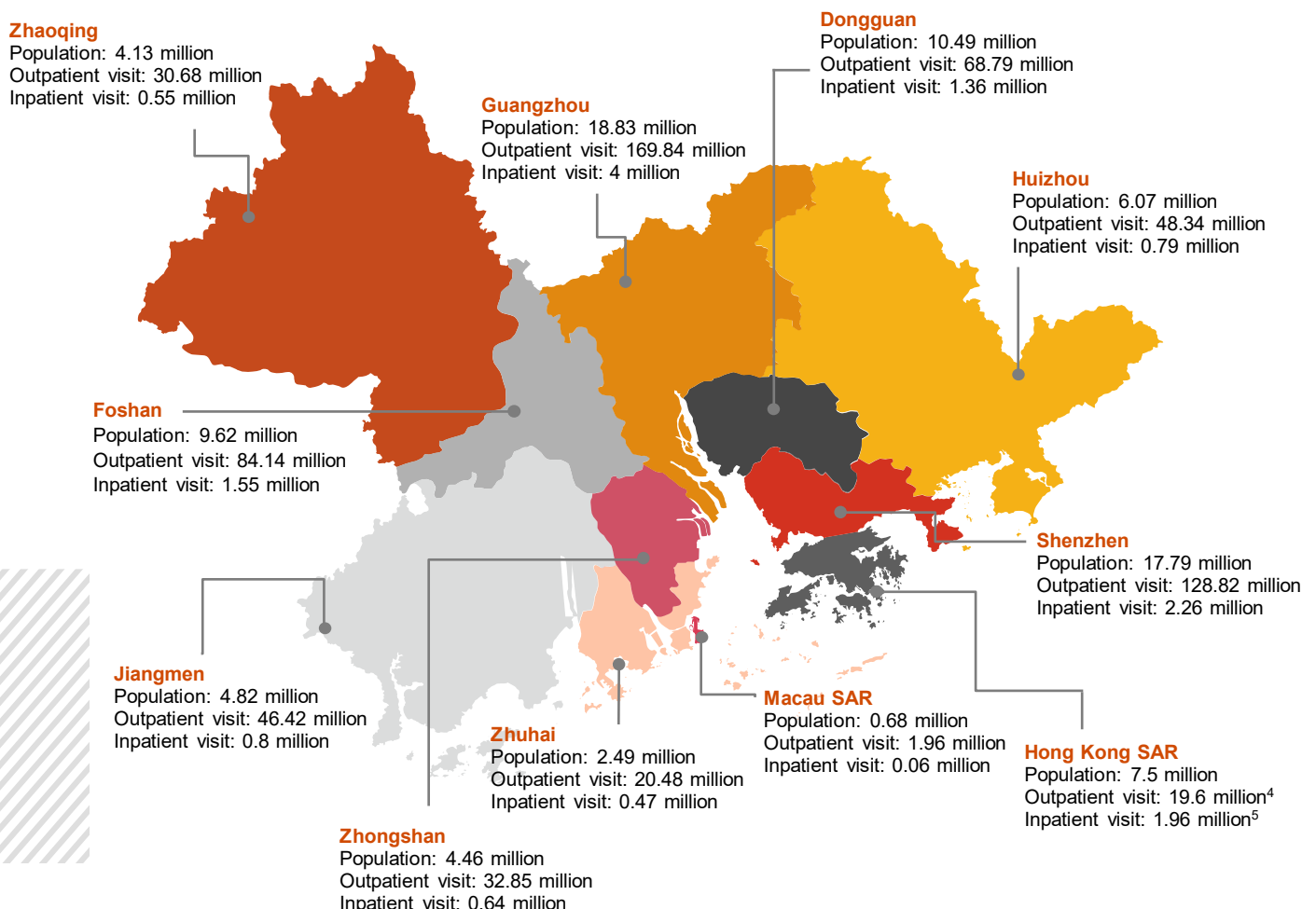
The as-is intra-region integrated care in GBA

1.1 The GBA economy has grown to be on par with other global regional economies

As one of the most vibrant and affluent city clusters in China, the GBA is home to a population of over 86 million, contributed more than RMB14 trillion GDP in 2023, accounting for approximately 11% share of China's total GDP. This economic output surpasses that of Australia and is comparable to Canada's.

The healthcare sector has experienced similar growth. In 2023, the total outpatient visits in GBA reached 652 million, while inpatient visits totaled 14 million.

GBA 2023 population, outpatient visit and inpatient visit



4. The 2023 data has not yet been released. Instead we use 2022 data. Outpatient visit is summarised based on the total number of outpatient visits from public hospitals/clinics under the Hong Kong Hospital Authority and the Department of Health. Since the data of outpatient visit from private hospitals/clinics are not disclosed, they are not included in the sum. According to the survey data of 10,051 households from Thematic Household Survey Report No. 78 released by the Hong Kong Census and Statistics Department in 2024, the share of outpatient visit from private hospitals/clinics as % of both public and private hospitals/clinics within 30 days before the survey was c.62%; hence it is estimated that the number of outpatient visit in private hospitals/clinics in Hong Kong will exceed 20 million;

5. The 2023 data is not yet released. We use the 2022 data which include inpatient visit in both public and private hospitals in Hong Kong;

1.2 Each region presents a distinct supply and demand landscape and unlocks unique potential

City	% of population aged 65+	Population density (ppl/km ²) ⁶	Hospital beds per 1,000 population	Doctors per 1,000 population
Guangzhou	8%	2,533	6.2	3.8
Shenzhen	3%	8,908	3.1	2.9
Dongguan	4%	4,264	3.4	2.6
Foshan	7%	2,533	4.4	2.7
Huizhou	7%	535	4.3	3.0
Jiangmen	13%	506	5.6	3.0
Zhongshan	6%	2,504	3.8	2.7
Zhaoqing	12%	277	5.3	2.4
Zhuhai	7%	1,443	5.2	3.8
Hong Kong SAR	22%	6,732	4.9	2.1
Macau SAR	14%	20,606	2.8	4.4

- **Nine cities in the Pearl River Delta⁷: A young, dynamic socioeconomy with leading tertiary hospital offerings supported by Basic Social Medical Insurance (BMI) Schemes with equitable access for all**

1) Demand: characterised by a vast geographical area, large younger population, and BMI surplus, the nine cities are at the forefront of the region's economic growth. As of 2023, their population totaled 78.7 million, with only approximately 7% aged 65 and older. The cumulative surplus in BMI Schemes was around RMB 477.1 billion⁸.

2) Supply: the region boasts some of the top-ranked tertiary hospital offerings in China. According to "Top 100 Best Hospitals in the GBA in 2020"⁹, 13 of the top 25 hospitals are located in Guangzhou and Shenzhen, and the remaining 12 are in Hong Kong.

However, in the nine mainland cities, public institutions dominate the healthcare sector, which is characterised by 1) an emphasis on equitable and inclusive access for all residents; and 2) a focus on critical illness treatment, though there is limited coverage for personalised and holistic wellness management. In addition, there are gaps in medical quality and accreditation compared to the international standards. The penetration rate of commercial insurance remains low, and private hospitals lag behind public peers, particularly in regard to seasoned clinical and teaching practitioners, as well as capabilities in treating severe diseases.

6. Population density is derived by dividing the population by the land area, both of which are sourced from the economic and trade research conducted by the Hong Kong Trade Development Council;

7. Including Guangzhou, Shenzhen, Dongguan, Foshan, Huizhou, Jiangmen, Zhongshan, Zhaoqing, Zhuhai;

8. The data is the sum of the ending balance of BMI surplus in Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Zhaoqing, Huizhou in 2023, plus data in Dongguan in 2022 (as 2023 data not disclosed); Zhongshan has not disclosed its data over the years, hence it is not included in the calculation;

9. Produced by the third-party hospital evaluation institution – Institute of Asclepius Hospital Management;



• **Hong Kong SAR: a “super-aged society” with supply vs demand gap**

- 1) Demand: Population aging has become a significant challenge for Hong Kong. In 2023, it was estimated¹⁰ that approximately 1.6 million people aged 65 and above resided in Hong Kong. From 2021 to 2023, this demographic increased by about 150,000. Hong Kong has officially entered a “super-aged society”¹¹ with projections indicating by 2046, the percentage of residents aged 65 and above will rise to 36%. In addition, according to the *Report*¹², the prevalence of chronic non-communicable diseases (such as hypertension, obesity, and diabetes) among Hong Kong residents is notably high, at 29.5%, 32.6%, and 8.5% respectively, highlighting significant age-related health issues. The post-COVID focus on health management has also emerged as a mid-to-long term issue, resulting in even higher demand on healthcare systems.
- 2) Supply: Hong Kong excels in the quality of its healthcare capabilities, but not quantities. The city enjoys world-renowned reputation particularly in specific areas such as breast cancer, gastric cancer, and lung cancer. However, limited land resources constrain the supply of health facilities. The overall experience of an average Hong Kong patient is depicted by either long waitlist for public hospitals, or high bills from private hospitals.

For instance, the healthcare system in Hong Kong primarily consists of public and private sectors. Public healthcare services are affordable for eligible individuals¹³. According to the Department of Health, consultation fees of outpatient services at GP clinics are HKD50 for residents and HKD445 for non-residents. However, this pricing structure leads to overcrowding in public healthcare facilities. Data from the Hospital Authority indicates that the longest waiting time for new cases in ophthalmology outpatient clinics can exceed 2 years, while internal medicine can have wait times of over 1.5 years. On the contrary, bills from private hospitals are generally higher. The table below hints at the fact that pricing for MRI can be vastly different. Additionally, the elderly care resources in Hong Kong are limited. According to the Social Welfare Department of Hong Kong, over 30,000 individuals were waiting for government-subsidised beds in the elderly care centers in 2020, with an average waiting time of 2 years.

	Hong Kong private hospital ¹⁴	A private hospital in Shenzhen	Public hospital in Shenzhen ¹⁵
MRI per body part per examination	HKD 3,000 – HKD 20,000	RMB 3,300 – RMB 3,800	RMB 400 – RMB 1,000

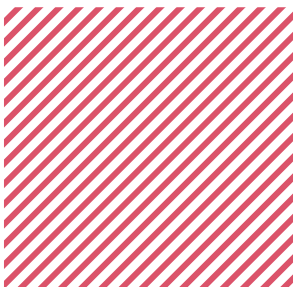
10. According to the data of the Census and Statistics Department of the Hong Kong SAR Government;
 11. According to United Nations standards, a society is considered "aging" when the proportion of the population aged 65 and above exceeds 7%, "aged" when it exceeds 14%, and "super-aged" when it surpasses 20%;
 12. 2020-2022 Population Health Survey Report released by the Hong Kong Department of Health;
 13. Eligible individuals include individuals who is holding a Hong Kong identity card, children under the age of 11 who are residents of Hong Kong, other individuals recognized by the Chief Executive Officer of the Hospital Authority as eligible;
 14. Public data released by Hong Kong Hospital Authority;
 15. The standard cost of MRI services in the list of BMI Schemes in Shenzhen, which is charged based on the specific body part. The average cost per patient for examinations may vary depending on choices;



- **Macau SAR: Free public healthcare services but increased government’s fiscal burden; clinical capabilities under-shadowed by peers**

1) Demand: similarly, Macau faces a growing aging population issue. As of 2023, Macau's total population is 680,000, with approximately 14% aged 65 or above. According to the *forecast*¹⁶, it is expected to rise to 21% by 2041, signaling the emergence of a “super-aged society” with as the elderly population is projected to reach 164,000 in 2041.

2) Supply: As of 2023, only 5 hospitals operate in Macau. The government-owned Centro Hospitalar Conde de São Januário (CHCSJ), together with a handful of primary care centers, leads the healthcare system. They implement a two-way referral network and provide residents with free primary care services. However, this comes at a considerable cost to the Macau government; in 2023, the government's expenditure on the Health Bureau and its subordinate institutions amounted to MOP9.1 billion, representing about 10% of total government expenditure – a substantial burden on public finances. Furthermore, Macau’s clinical capabilities for tertiary specialty care are lagging, especially for complex conditions such as cardiovascular diseases, organ transplants, and gynecological radiotherapy. As a result, the government often has to refer patients to Hong Kong or the Mainland for appropriate treatment, incurring additional costs. Pre-COVID, thousands of patients from Macau were transferred annually to Hong Kong and the Mainland for medical treatment, resulting in relevant expenses exceeding MOP200 million.

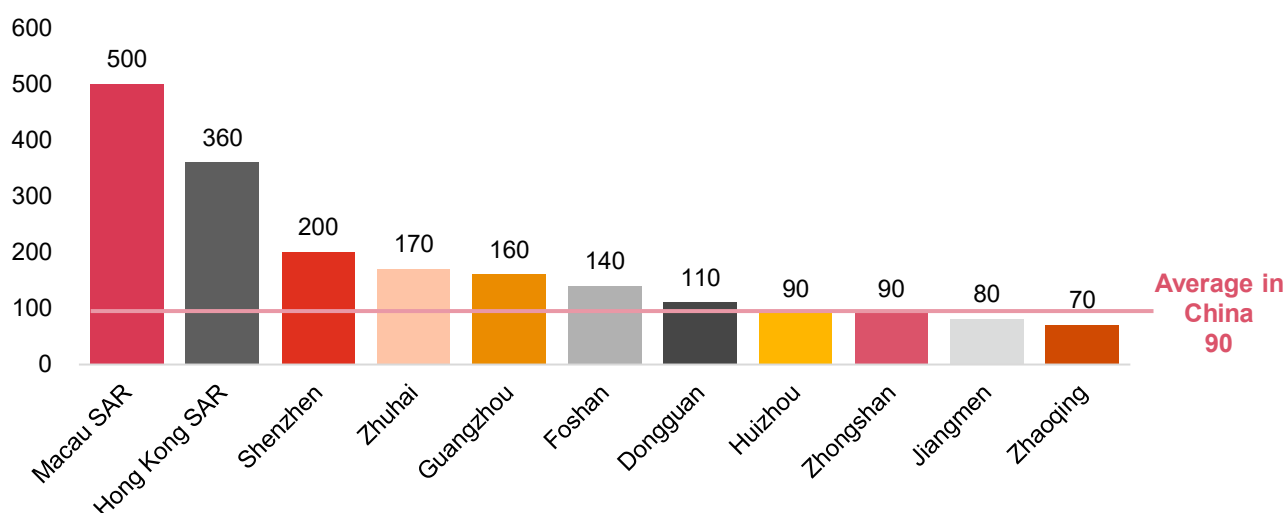


16. Forecast is made by the Statistics and Census Service in Macau;

1.3 Key drivers: economic boom, resident aggregation and integration

- **Aggregation of the middle-class population:** Thanks to its promising job opportunities and municipal inclusivity through Hukou and relevant policies, the GBA welcomes over 86 million residents, with a remarkable net increase of 22 million people in the past decade. The influx of young, competent middle-class families underpins the region's robust economic strength, establishing it as one of the wealthiest regions in China.

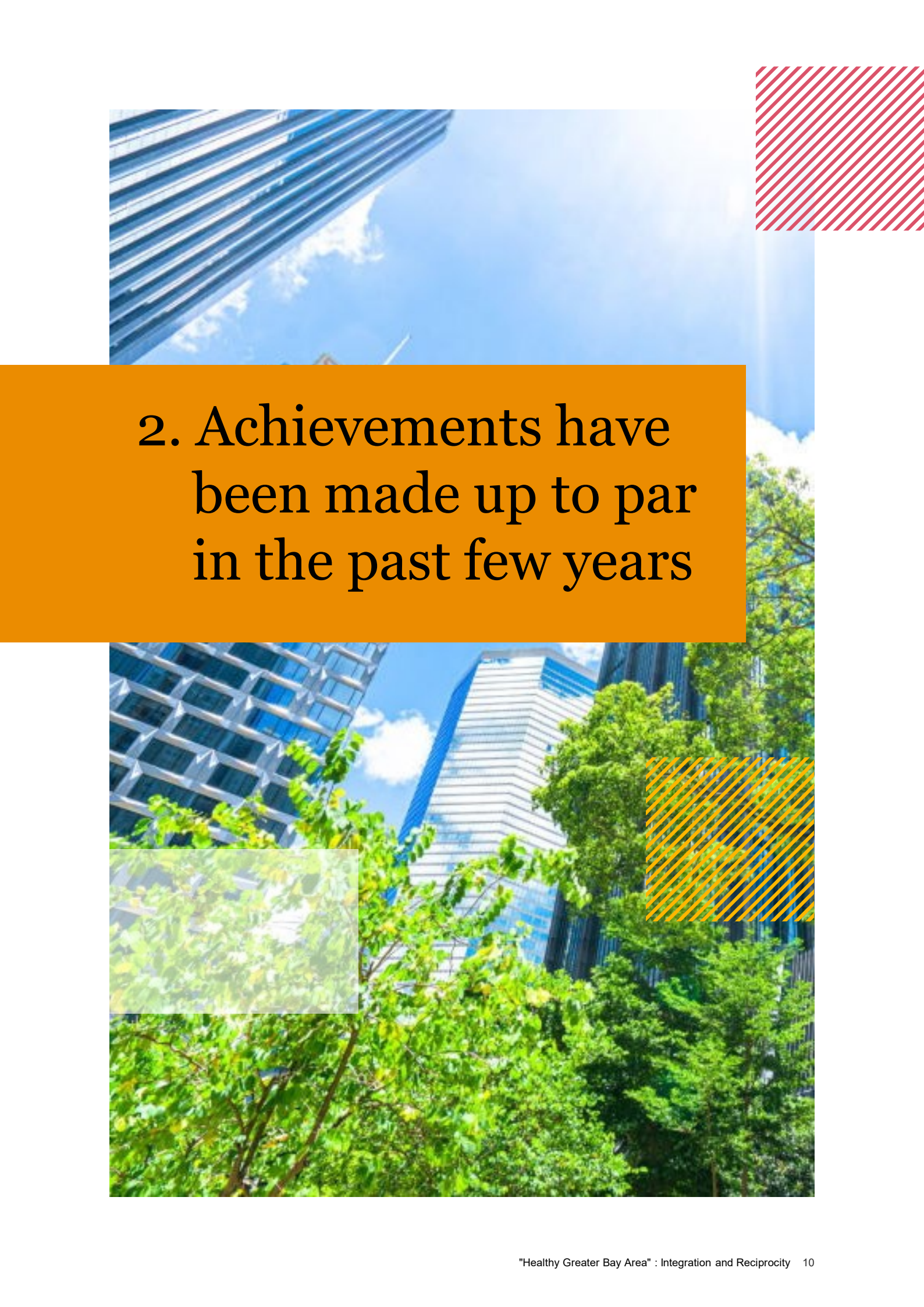
GDP per capita in 2023 (RMB'000)



- **Shared culture roots and the "one-hour living circle" sets the basis for integration:** The region benefits from shared culture ties, climate, and lifestyle. World-class transportation infrastructure, including the Shenzhen-Zhongshan Bridge, Shenzhen Gulf Bridge and high-speed rail connections, facilitates convenient cross-border mobility for residents.
- **Intra-region mobility fosters a new norm of cross-border care:** According to the data¹⁷, there were 505,000 Hong Kong residents living in Guangdong province in 2022, with 17.4% aged 65 and above, totaling 88,000 residents. This demographic shift has increased demand for urgent, ambulatory, and specialty care services. This trend is expected to accelerate as Guangdong increasingly becomes a hub for Hong Kong and Macau residents seeking work and residence;
- **To address the imminent challenge of population aging and fiscal pressure in Hong Kong and Macau, it is essential to foster a mutual openness and create innovative, collaborative business models. This approach will help to cushion the impacts of aging issues and turn these challenges into development opportunities within the GBA;**
- The region's economic strength, population mobility, and proactive government guidance provide a solid foundation for integration. Various pilot schemes have been rolled out, including cross-border drug and medical device imports, hospital O&M collaboration, data management, and talent exchange. With relevant policies, such as "*The Measure*", being prioritised, residents can look forward to a new range of offerings.

In summary, there is a shared aspiration among residents across the region for "affordable high-quality healthcare" and "happy and healthy elderly care". The GBA is well-poised to stay ahead of the race – by connecting dots, i.e. streamlining the advantages and tackling the pain points of each catchment, thereby rolling out bespoke solutions to meet specific needs.

17. Data collected by Census and Statistics department in Hong Kong;



2. Achievements have been made up to par in the past few years

Achievements have been made up to par in the past few years

2.1 “The Measure” introduces advanced drugs and devices

Significant progress has been made in recent years. In 2020, *the Work Plan*¹⁸ released, allowing designated healthcare institutions in the nine mainland cities of the GBA to utilise Hong Kong-registered drugs and medical devices that address urgent clinical needs (“*The Measure*”). According to the People’s Government of Guangdong Province, by June 2024, 19 hospitals had been designated to implement “*The Measure*”, resulting in the approval of 34 drugs and 33 medical devices, benefiting over 7,000 patients.

In 2024, the policies evolved further to motivate the hospitals to adopt these practices, the Bureau of Medical Insurance of Guangdong Province improved the pricing structure for medical services associated with “*the Measure*”. Instead of adhering to BMI-guided prices, the medical service can be priced and settled separately between hospitals and patients, allowing for greater flexibility in reflecting market supply and demand dynamics while incentivising hospitals. New regulations¹⁹ set to take effect in December 2024 will advocate for further simplification of the review and management processes for importing drugs and devices. To a great extent, patients in the Chinese Mainland are granted with more access to advanced drugs and devices than other cities.



Nov 2020

- The State Administration for Market Regulation, along with other ministries and commissions, jointly formulated the “*Work Plan*”, which permits the use of 1) clinically urgent drugs listed in Hong Kong and Macau, or 2) advanced medical devices that have been purchased and used by public hospitals in Hong Kong and Macau, in designated medical institutions in the nine cities of the GBA, subject to the approval of the People’s Government of Guangdong Province.



Feb 2024

- Guangdong Province Medical Insurance Bureau issued *The notice of Pricing Scheme of Medical Services from the “The Measure”*, setting the tone that pricing scheme shall be determined by the designated medical institutions with reference to both international practice and principles of “*Fairness, Legality, and Honesty*”. Instead of following the BMI-guided prices, costs shall be settled directly between hospitals and patients as out-of-pocket expenses.

Jul 2024

- The Standing Committee of the Guangdong Provincial People’s Congress passed the *Regulations on the Administration of Importing Hong Kong and Macau Drugs and Medical Devices in the Nine Mainland Cities of the GBA*. These regulations aim to optimise the catalogue management system for urgently needed drugs and devices from Hong Kong and Macau. They will simplify review procedures, lower the threshold for hospitals to qualify as designated medical institutions, and encourage commercial insurance companies to develop insurance products that cover urgently needed drugs and devices from Hong Kong and Macau.



18. The State Administration for Market Regulation and other ministries jointly announced the “*Work Plan for Regulatory Innovation and Development of Pharmaceutical and Medical Device in the GBA*”;

19. Issued by the Guangdong Provincial People’s Congress Standing Committee;

2.2 A set of cross-border healthcare infrastructure, programs, products launch

2.2.1 Hospital and clinic JV, O&M²⁰ projects

Guided by "*the Outline*", several hospital and clinic projects have been established through collaborative efforts:

- In July 2012, the HKU²¹-Shenzhen Hospital officially commenced operations. Funded by Shenzhen Municipal Government and operated by the HKU, this healthcare complex spans a total floor area of 367,000 square meters and features 2,000 beds. It integrates international standardised high-quality medical services, and encompasses all of HKU's strong specialties. By its 10th anniversary in 2022, the hospital has treated over 1.4 million expat patients from Hong Kong, Macau and other jurisdictions, earning recognition as one of the 14 pilot hospitals for high-quality development of public hospitals in China;
- In September 2020, the People's Government of Shenzhen Municipality signed an agreement with the CUHK²² and the CUHK (Shenzhen) to jointly establish the CUHK-Shenzhen Hospital. The building's main structure has been completed, with a soft opening for outpatient operations anticipated in 2024Q4;
- In August 2022, The Hong Kong and Macau Residents (Guangzhou) Health Service Center, established by the Guangzhou Development District Hospital and the GBA Healthcare Group, officially opened in Guangzhou. This center allows doctors from Guangdong and Hong Kong to provide collaborative diagnosis and treatment through both offline and online platforms. It is considered an endeavor to explore cross-border two-way referral mechanisms and facilitate international insurance payment systems;
- In December 2022, the Hong Kong-style GOLD™ GP Outpatient Center was inaugurated in Nansha, Guangzhou, marking the first fully funded Hong Kong medical institution in the area. It provides the high-quality Hong Kong-style medical services while offering training for GOLD™ general practitioners and community nurses;
- In 2023, Peking Union Medical College Hospital (PUMCH) signed a long-term O&M agreement with the Office of the Secretary for Social Affairs and Culture of the Macau SAR government. The agreement aims to operate and manage the Islands Healthcare Complex - Macau Medical Center of PUMCH, and deliver advanced medical services to residents of Macau.



20. Operation and manage contract;
21. University of Hong Kong;
22. Chinese University of Hong Kong.



2.2.2 Government initiatives supporting cross-border medical services

In 2009, the Hong Kong SAR government launched the "*Elderly Health Care Voucher Scheme*", subsidizing each eligible Hong Kong resident aged 65 or above with medical vouchers valued HKD2,000 per year. Since 2015, the list of designated hospitals where these vouchers can be used has expanded to include hospitals in the Chinese Mainland. The list features several top Class IIIA general hospitals and dental hospitals in Guangdong, such as the First Affiliated Hospital of Sun Yat-sen University, Dongguan Tungwah Hospital, Shenzhen New Frontier United Family Hospital, among others. According to the Health Bureau of the Government of the Hong Kong SAR, from 2021 to 2023, the total amount of medical vouchers under "*Elderly Health Care Voucher Scheme*" applied at the HKU-Shenzhen Hospital reached HKD34.93 million, with over 106,800 applications submitted.

Additionally, in 2023, the Health Bureau of the Government of the Hong Kong SAR launched the "*Pilot Scheme for Supporting Patients of the Hospital Authority in the GBA*", with an aim to facilitate access to subsidised medical services at the HKU-Shenzhen Hospital for Hong Kong citizens residing in the GBA. Upon registration at the Hospital Authority of Hong Kong, patients can directly visit HKU-Shenzhen Hospital for consultation. As of February 2024, more than 4,000 patients had participated in the scheme.

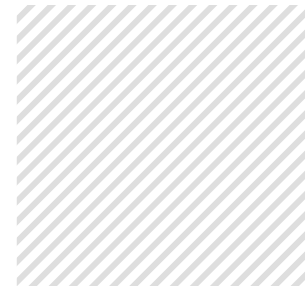
In 2020, the Macau SAR government launched the "*Healthcare Insurance Scheme for Macau Residents Living in the Chinese Mainland*", providing subsidy support for eligible residents to apply for BMI Schemes in the Mainland. This scheme now covers the nine mainland cities in the GBA, having received approximately 10,000 applications by 2023.

2.3 Cross-border elderly care promotes population aggregation and integration

The governments of Guangdong, Hong Kong and Macau have successively introduced several initiatives to promote cross-border elderly care:

- Since 2014, the Hong Kong SAR Government has launched the “*Residential Elderly Care Services Scheme in Guangdong*”, which promotes the government’s strategic purchase of residential elderly care services from major cities in Guangdong, allowing elderly residents in Hong Kong to opt in;
- In 2023, Guangdong, Hong Kong, and Macau jointly released the “*GBA Standards*”, covering a total of 110 items. Among these, the *Guidelines for the Care of Elderly People with Cognitive Disorders in Elderly Care Institutions* outlines several key standards for elderly care;
- The Guangdong “*14th Five-Year Plan*” for the elderly care industry emphasised intra-region integration of elderly care services in the GBA, and supported Hong Kong and Macau service providers in operating elderly care centers in Guangdong through various investment models, including sole proprietorships, joint ventures, partnerships, while ensuring equitable policies for all parties involved.

So far, various types of pilot zones and smart health communities are in the construction pipeline, with some already operational. One notable example is the “Macau New Neighbourhood (MNN)”, established in the Chinese Mainland. Its key role is to fulfil the medical and elderly care needs of Macau residents in this area, providing each resident with dual access to both Macau’s social welfare system and China’s BMI Schemes. Residents benefit from alignment with Macau welfare standards, enjoying public services such as education, healthcare, elderly care, and community services, along with social welfare benefits such as financial aids, pension, and elderly allowance. On the other hand, they can participate in BMI Schemes in the Mainland. This initiative has become a new demonstration model for “cross-border elderly care” services in the GBA.



2.4 Innovation in cross-border medical insurance stimulates connectivity

Social and commercial insurance play a pivotal role in alleviating financial burdens for both governments and patients. However, some challenges remain regarding connectivity across the three regions, as insurance products are subject to distinct applicable laws, accounting policies, actuarial models, not to mention differences in medical insurance policies, payment and settlement schemes. Nevertheless, some breakthrough have been achieved, including:

- China Taiping Life Insurance has launched the GBA Outpatient Insurance Plan, which allows Hong Kong insurant to conveniently access outpatient consultation services and drug delivery across all GBA regions;
- AIA Hong Kong has partnered with the GBA Healthcare Group (strategically invested by Chow Tai Fook) to provide a diversified range of quality medical and healthcare services via the GBA Healthcare Group's vast healthcare network in the GBA. This service is available to designated AIA Hong Kong policy holders residing in the GBA, covering hospital admissions and treatment, chronic disease management, vaccination arrangements, medical check-ups, among other areas;
- The "*Shenzhen City Commercial Health Insurance (City CHI)*" now covers specific drugs and medical devices included in "*The Measure*". The "GBA reassured - medicine and equipment insurance", launched by PICC, China Re Life Insurance and other organisations, entails coverage for wonder drugs from "*The Measure*", and provides support for cross-border outpatient consultations.





3. The integration outlook



The integration outlook

3.1 Challenges remain in the integration aspect

The GBA, characterised by “one country, two systems, three jurisdictions and customs territories, and three currencies”, faces significant disparities in regulatory regimes, physician training, medical payment mechanisms and medical insurance systems. These factors pose major constraints to integration.

- **Lack of a unified cross-border medical payment and insurance claim scheme**

The medical insurance systems across the three regions vary vastly in their fundamental systems, pricing, and payment settlement processes. Yet the penetration rate of commercial insurance diverge among the three regions. For example, when Hong Kong and Macau residents seek medical treatment in Mainland hospitals, they typically pay through either BMI provided by their Mainland employer or out-of-pocket with limited commercial insurance coverage. Due to different accreditation standards for hospitals, as well as the insurance regulations with inconsistent criteria and terms used to define critical illness, patients often encounter difficulties in obtaining reimbursement for cross-border healthcare expenses. Furthermore, this process can lead to disputes and complications. In addition, cross-border insurance programs are generally not an equitable-to-all program – they mainly target mid-to-high income groups, resulting in low coverage for other income groups and seniors aged 65 or above.

- **Obstacles exist in data transfer and medical record verification**

Medical records, data, medical imaging/labs results are governed by different rules and are managed in different ways across the three regions, and are subject to differences in policies and practices such as coding, workflows, and business scenarios, leading to significant challenges. Sometimes patients incur additional time and costs for re-diagnosis, re-imaging and re-testing due to these discrepancies. Actuaries in commercial insurance companies also find it challenging to develop cross-border insurance programs due to lack of data on real incidence rate, treatment cycles, treatment costs associated with various diseases. Although there has been some milestones achieved in cross-border data management in 2023, the actuary work is expected to face slow progress in implementing breakthroughs due to these ongoing challenges.

- **The breadth and width of the intra-region integrated care is yet to be enhanced**

There are several areas where the continuity of integrated care can be improved:





- The cross-border patient journey can be transformed into a more seamless, digitalised experience. Currently, patients requiring cross-border referrals for critical illnesses often find themselves navigating search and scheduling procedures independently, or relying on personal connections to locate relevant hospitals and doctors. Overall this journey lacks efficiency;
- Lack of turnkey solutions for services such as health check/screenings, physiotherapy, rehabilitation, mental wellness. Currently, these services are provided by various small-to-medium-sized vendors, with few end-to-end services nor synergies within one another in marketing and sales. Furthermore, there is a lack of government endorsement and support from industry consolidators;
- The elderly care industry is still in its infancy. As Gen X, profiled by "high-asset, low-debt", begins to enter retirement, opportunities emerge in shaping the relevant bespoke service offerings for this demographic. Potential services include advanced pension services, AI-enabled aging-friendly building renovations, personalised medical care like gene and cell-therapy, emotional counseling, and social networking – all of which could significantly enhance quality of life.

- **Inbound cross-border medical tourism from global to GBA remains nascent**

The GBA, as a key transit hub that connecting Asia and the world, shall develop medical tourism competencies on top of its strategic location and superior transportation. Cases in point include Singapore, Thailand, and Dubai, which have leveraged their innate advantages as transportation hubs while offering high-standard medical services to become international medical tourism destinations. However, some notable logistical challenges need to be resolved, including language barriers, visa application procedures, medical quality and international accreditation of hospitals, and brand promotion.



3.2 Proposed levers to unlock integration potential

The fundamentals of the integration edge on streamlining delivery models, leveraging resource advantages, and minimising supply and demand gaps.

- **PPP to facilitate a multi-layer and multi-pillar payment system**

On top of mutual attestation of medical records and data management, local governments are advised to implement strategic purchasing, O&M, subsidy mechanism and other measures to achieve these goals, specifically:

- In cities facing significant supply shortages, local governments could issue strategic purchase orders for medical and nursing services from neighbor cities. This approach would promote the “*public price, private service*” manifesto, and capitalise on cost synergies within the “one-hour living circle”;
- Encourage Hong Kong and Macau residents to enroll in BMI Schemes in the Chinese Mainland;
- Promote the purchase of commercial insurance among GBA residents. On the premise that BMI serves to solve the problem of “affordable healthcare”, commercial insurance focuses on “quality healthcare” by covering outpatient care, preoperative and postoperative care, rehabilitation, high-end medical care and other supplementary care. Notably, Hong Kong, as a leading international financial center and risk management hub in China and the Asia Pacific, should encourage its insurance companies to take a prominent role in the GBA;
- Advocate for government-issued vouchers for the elder group.

- **Streamline models and modalities of integrated healthcare delivery**

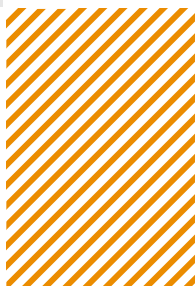
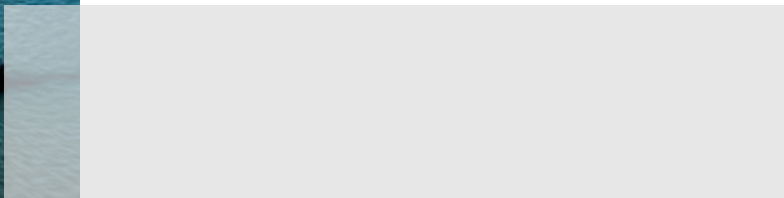
- Integrated healthcare sector: Encourage industry players with consolidation capabilities, supported by government endorsement, to foster collaboration among all stakeholders, including local governments, hospitals, and other service providers. Operational wise, this will facilitate more seamless and digitalised cross-border referral processes, while promoting resource synergies and cohesion in service offerings, branding, and marketing. For startups with growth potential, empower them through VC/PE backing, tax incentives, and resource brokerage.
- Elderly care sector: Given the well-developed transportation network in the GBA, consider implementing a model of satellite cities for elderly care around metropolitan areas. It could be a government-led, PPP operation project backed by pension funds and urban planning budgets. Content wise, a comprehensive suites of services should be considered, including retirement communities, healthcare facilities, cultural/sports/recreation centers and living facilities. Meanwhile, government can utilise incentivising policies such as tax breaks and land use rights to attract investors.
- In addition, the government is advised to introduce funds to deploy capital at scale in the GBA's healthcare and elderly care sector, in order to fully realise the pivotal role of the finance industry. Healthcare-related investment typically have longer return periods but provide steadier cash flow that can withstand downturns, aligning well with the appetite of insurance-backed funds. With interest rates declining and further federal rate cuts on the agenda, insurance-backed funds should conduct feasibility studies and sector scans for investment opportunities in GBA healthcare.



- **Improve competencies of inbound cross-border medical tourism industry**

To elevate medical tourism from a cottage industry to one with double-digit growth trajectories, the government should prioritise initiatives to promote the “Healthy GBA” brand as a global label. This requires:

- Simplifying the process of expat patients applying for medical visas to the GBA. Similar measures include Malaysia's “My Second Home Program” and Thailand's “Elite Visa”. Furthermore, consider implementing visa-free policies for short-term medical stays from certain countries and providing long-term residence visas for expats traveling to the GBA for medical and nursing purposes under specific conditions (e.g. purchase of a retirement apartment);
- Enhancing the brand presence of “Healthy GBA” internationally through collaborative efforts between government and industry stakeholders. For example, the government can lead hospital groups in participating in oversea’s medical exhibitions, while encouraging relevant service providers to offer ground logistical support, showcasing the region’s competencies as a global medical tourism destination;
- Encouraging insurance companies to launch cross-border medical tourism insurance programs for expat patients.





Contacts

PwC China

James Chang

Managing Partner of Regional Economic Clusters
Mainland China Financial Services Leader
Tel: +86 (755) 8261 8882
Email: james.chang@cn.pwc.com

Leon Qian

Healthcare Industry Leader
Deal Strategy Leader
Tel: +86 (10) 6533 2940
Email: leon.qian@cn.pwc.com

Chris ST Chan

Financial Services Markets Leader,
GBA Services
Tel: +852 2289 8388
Email: chris.st.chan@hk.pwc.com

Christine Huang

Healthcare Industry and
Deal Strategy Senior Manager
Tel: +86 (10) 8553 1534
Email: christine.ya.huang@cn.pwc.com

Amelie Peng

Financial Services Manager,
GBA Services
Tel: +86 (755) 8261 3168
Email: amelie.peng@cn.pwc.com

The GBA Healthcare Group

Felix Lee

Co-CEO
Tel: +852 2682 2260
Email: felix.lee@gbahealthcare.com.hk

Peter Fang

Chief Insurance Officer
Tel: +852 2682 2290
Email: peter.fang@gbahealthcare.com.hk

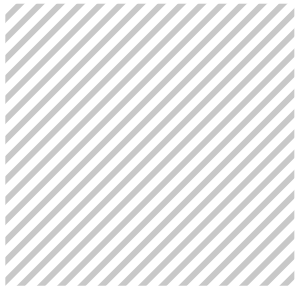
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PwC China Healthcare Industry Services Team:
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The GBA Healthcare Group

Glossary

BMI	Basic Social Medical Insurance
c.	Approximately
GBA	Guangdong-Hong Kong-Macao Greater Bay Area
GP	General Practitioner
O&M	Operation and Manage Contract



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