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China's Healthcare Evolution: Policy Stability, Biotech Ambition, and the March Toward Global Healthcare Leadership

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Yang Huang, Head of China Healthcare Research at J.P. Morgan, speaks with BioSpectrum Asia on how China's 15th Five-Year Plan marks a strategic shift Ã¢â?¬â?• from infrastructure expansion to innovation-driven growth, biotech leadership, and sustainable healthcare investment.



In a special conversation with *BioSpectrum Asia*, Yang Huang, Head of China Healthcare Research at J.P. Morgan, shares sharp insights into China's evolving healthcare agenda under the 15th Five-Year Plan. From the nation's growing focus on biological manufacturing and innovation-led growth to the rising prospects for elder-care and biotech investments, Huang outlines how policy maturity, regulatory predictability, and capital confidence are shaping the next phase of China's healthcare transformation.

How does the reduced emphasis on healthcare keywords in the 15th Five-Year Plan reflect China's evolving policy priorities?

The 14th Five-Year Plan (with 2035 Prospect Outline) appears to be a more detailed and comprehensive document than the 15th Five-Year Plan with about three times the number of words, which affects word frequency in general. For example, the words "quantum" and "integrated circuit" also appear fewer times in the 15th Five-Year Plan compared to the 14th Five-Year Plan. Moreover, we believe the difference in terms of the frequency of keywords, including medical care, pharmaceuticals, medical insurance, and biology, mainly reflects a phrasing update: the 14th Plan contained dedicated, programmatic chapters on public health and insurance, so keywords appeared more often, while the 15th Plan frames health in higher-level strategic language. In addition, we think many foundational healthcare tasks—basic medical insurance coverage, a tiered health insurance system , and major healthcare reforms—have moved from active construction to a maintenance and quality-upgrade phase. Going forward, we expect the China healthcare sector to enter a steadier development trajectory with clearer emphasis on innovation.

What impact do you foresee from the inclusion of "biological manufacturing" as a national strategic industry?

The Plan explicitly names "biological manufacturing" among the forward-looking industries to be advanced and ties it to "science & technology self-reliance" and strengthening domestic industrial chains. The Plan does not explain what exactly

“biological manufacturing” is. We consider biological manufacturing to be any manufacturing related to biotechnology. We think this could mean a substantive upgrade in the importance of biotech/pharma companies; as an essential part of the biological manufacturing ecosystem, biotech/pharma companies will not only provide inputs (drugs/treatment) for health-service but also serve as an identified industrial pillar connected to advanced manufacturing, strategic autonomy, and future-industry leadership. Although we are waiting for more policy details on biological manufacturing, this could raise the policy floor for innovative drugs and Contract Development and Manufacturing Organization (CDMO) players alike — we expect faster, more predictable regulatory pathways and more targeted support for R&D and commercialization.

How will stronger policy support for innovation influence capital flows and investor sentiment in China’s biotech sector?

Stronger policy support for innovation is a pivotal catalyst for China's biotech sector, fundamentally reshaping capital flows and investor sentiment, although sometimes the policy impact is only seen after some time. For example, from 2021 to 2024, capital inflow and investor sentiment have been weak in the China biotech sector. Meanwhile, the China government has provided policy support to accelerate innovative drug development and approval, expand the inclusion of innovative drugs in the National Reimbursement Drug List (NRDL), provide indirect financial support to translational and early-stage drug R&D, and encourage multiple investment exit pathways for investors. Due to this policy support and other favorable factors, this year we are seeing a significant shift in capital allocation in the China biotech sector. Much more domestic and global capital is flowing into the China biotech stocks. Venture capital and private equity are increasingly moving to back more ambitious, early-stage companies with first-in-class or best-in-class potential. This trend is also fueling a robust IPO pipeline on Shanghai's STAR Market and the Hong Kong Stock Exchange. Overall, this supportive regulatory environment fosters a virtuous cycle: it boosts investor confidence, encourages long-term investment in high-risk, high-reward R&D, and ultimately accelerates the China biotech sector’s maturation from a follower to a global innovator.

What opportunities could arise for private healthcare and elder-care providers under the expanded long-term care insurance framework?

From an investment perspective, the expansion of China's long-term care insurance (LTCI) framework could become a potentially significant catalyst for private healthcare and elder-care providers. It fundamentally de-risks the sector and creates several clear opportunities. First and foremost, depending on its scale, LTCI could help solve the critical issue of affordability, expanding the addressable market beyond the affluent. This unlocks a stable, government-backed revenue stream for providers, reducing reliance on volatile out-of-pocket payments and improving financial predictability. Second, it incentivizes a "flight to quality" and service specialization. With reimbursement levels often tied to care acuity, the basis for competition shifts from price to quality. This creates opportunities for providers to develop higher-margin, specialized services such as dementia care, post-surgical rehabilitation, and professional home nursing, moving up the value chain. Finally, the need for efficiency under a structured reimbursement system will drive the adoption of "care-tech", including management software for healthcare facilities and remote patient monitoring solutions. It will also foster public-private partnerships (PPPs) as the government seeks private sector capacity and expertise to meet overwhelming demand. In essence, we believe LTCI could help provide the financial architecture for building scalable and quality-focused elder-care enterprises in China.

How do you assess the improving predictability of China’s regulatory pathways for innovative drugs compared to other major markets?

China’s regulatory pathways for innovative drugs have significantly improved in predictability, continuing to narrow the approval timeline gap with the US and EU over the past several years. The National Medical Products Administration has implemented comprehensive regulatory reforms, including expedited pathways (breakthrough therapy, conditional approval, priority review), strengthen various regulatory guidance, and clearly defined regulatory timelines across drug development process that now rival international standards. We also think the agency’s communication with drug developers has improved, providing clearer pathways for drug developers to follow. These changes represent a fundamental shift from China’s historically less predictable system to one that offers predictability comparable to other major markets, making it increasingly friendly for both domestic and international biopharma companies seeking regulatory approval in China.

What is J.P. Morgan’s medium-term investment outlook for China’s healthcare sector through 2030?

We believe China’s healthcare sector offers a compelling medium-term investment opportunity, underpinned by powerful demographic and structural trends. Key growth drivers include a rapidly aging population, increasing middle-class demand, and a substantial disease burden. In addition to the basic medical insurance scheme, commercial health insurance is

emerging as a significant catalyst for domestic innovative drug growth. The innovative drug and device assets from China not only meet domestic demand, but also could play more important roles in global market. Those innovative drug assets are attracting growing interest from multinational companies, who are pursuing licensing agreements and further fueling sector momentum. Supported by strong government backing and robust market demand, we remain confident in the medium-term investment outlook for China's healthcare sector.

(ankit.kankar@mmactiv.com)