
THE RISE OF HEALTH CARE SECURITY IN CHINA

Liqian Ren — Director of Modern Alpha
07/26/2019

- U.S. Department of Defense (2.86 million)**
- People's Liberation Army of China (2.52 million)**
- Walmart (2.3 million)**
- McDonald's (1.9 million)**
- U.K.'s National Health Service (1.7 million)**

What do the five items in this list have in common?

They are the world's biggest employers.

The list is interesting from another perspective. In China, aside from a small percentage who bravely jumped into the private health sector, most doctors and nurses are technically civil servants. As of 2017, there were 3.39 million licensed doctors in China, up from 2.12 million in 2007.

A newly established superagency, the National Healthcare Security Administration (NHSA), has been charged to lead everything health-care-related in China. If China starts imitating the health care model of U.K.'s National Health Service (NHS), the NHSA has the potential to become the world's biggest employer.

Health care is an important part of financial markets as well.

The sector makes up 15% of the [S&P 500 Index](#) as of the end of June, while the [MSCI China Index](#) is only 3% health care.

On last week's episode of "Behind the Markets," we had two guests who are experts in both U.S. and Chinese health care policies.

Dr. Zhou Yang, health policy advisor to the World Bank Group, obtained her Ph.D. in health economics from the University of North Carolina at Chapel Hill, and has also taught at Emory University and the University of Florida.

Dr. Mark McClellan is a former administrator for the Centers for Medicare & Medicaid Services (CMS) and a former commissioner of the U.S. Food and Drug Administration (FDA). He's the Robert J. Margolis Professor of Business, Medicine, and Policy, and directs the Duke-Margolis Center for Health Policy at Duke University.

Much like me, Dr. Yang came to the U.S. from China two decades ago for graduate school. She talked about how she got to know people in U.S. health policy circles and ended up consulting with Congress on financing reform. She also went into detail about China's health care opportunity, and its challenges relating to financing (who pays) and delivery (who to care for).

Dr. McClellan noted that health care will again be an important election topic for Democrats, and pointed out that the Duke-Margolis Center for Health Policy is a great place to follow the health care debate during the election cycle. He still believes market-centered health care delivery plus individual health incentives and responsibility will win the argument.

Dr. McClellan explained that, in his view, the U.S. is not hurting innovation in the health care space with its focus on ethical regulations. He also mentioned that “healthtech,” just like fintech, will challenge various parties in both the U.S. and Chinese health care industries in the coming years. To illustrate his point, he noted that, when China’s NHTA agency was launched, it didn’t even have its own website.

Health care is a big—and contentious—issue all over the world, and will continue to be debated all over the world, especially during election cycles. Stay tuned as we try to bring more to our future programs on the subject of the health care sector in China.

These were both great discussions, and you can listen to the conversation with each guest below.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

S&P 500 Index : Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

MSCI China Index : A free float-adjusted, market capitalization-weighted equity index designed to measure the performance of the Chinese equity market.