
Establishment of Foreign-Invested Medical Institutions in China No Longer Requires Central Government Approval

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China's Ministry of Health ("MOH") on January 25, 2011 issued a notice (the "MOH Notice"), effective immediately, devolving the authority to approve the establishment of foreign-invested medical institutions to provincial-level health administrative agencies. By relaxing the approval procedure for foreign investment in medical institutions, the MOH Notice serves to implement the general plan recently announced by the central government to promote non-state-owned medical institutions (see [WilmerHale client alert](#) on the *Opinions on Further Encouragement and Guidance of Private Investment in the Establishment of Medical Institutions*, jointly issued by the National Development and Reform Commission, MOH, Ministry of Finance, Ministry of Commerce and Ministry of Human Resources and Social Security on December 3, 2010).

Under the MOH Notice, applications for establishing foreign-invested medical institutions may be approved by provincial-level health administrative agencies after preliminary review at the municipal level. Similarly, changes to existing foreign-invested medical institutions in such key respects as joint-venture partners, legal representative, address, total amount of investment, scale, clinical departments, and term of operations may also be approved at the provincial level. The MOH Notice also affirms

that foreign investors may establish both for-profit and not-for-profit medical institutions.

The MOH Notice applies only to the medical institution side of the approval process. Establishment of the foreign-invested company itself remains subject to commerce bureau/commission approval at the provincial level.

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