Inadequate Medical Protection for Rural Migrant Workers: An Analysis and Policy Recommendations Based on China's Urban Medical Health Insurance System

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Abstract. Given the significant acceleration of urbanization in China in recent years, this study delves into the various challenges faced by rural migrant workers (RUMWs) in the field of medical insurance. According to this detailed report, although the government has taken multiple measures to improve the medical insurance situation of migrant workers, they still face low participation rates, high reimbursement thresholds, fragmented insurance coverage due to frequent inter provincial mobility, and economic financial constraints. The insufficient integration of cross regional medical insurance funds, delayed updates of reimbursement items, and differences in real-time settlement technology have further increased the medical burden on migrant workers. To this end, this article innovatively proposes a three-dimensional policy optimization framework: implementing income based differentiated payment and subsidy policies, clarifying the relevant legal obligations of platform enterprises, and using blockchain technology to construct a unified national medical insurance catalog. These strategies aim to ensure that migrant workers can fairly enjoy the benefits brought by urbanization and promote China's healthcare system from "nominal inclusiveness" to "substantive fairness and justice".

Keywords: Rural-to-urban migrant workers (RUMWs); healthcare insurance; disparities; institutional barriers; policy optimization.

1. Introduction

Migrant workers have grown to be an essential part of China's urban labor force due to the country's expanding urbanization. They show how important they are by providing low-skilled, inexpensive labor. Rapid urbanization has increased the demand for highly qualified workers. About one-fifth of China's population is made up of Chinese Rural-to-Urban Migrant Workers (RUMWs), who appear to be at a disadvantage. China's grassroots healthcare system is still unable to adequately meet the particular requirements of migrant workers, even after several reforms. Through a summary of previous research and current RUMW needs, this study aims to identify healthcare provision gaps and suggest potential consequences under current healthcare conditions. By evaluating its capacity to provide adequate coverage of RUMWs, this passage aims to provide practical policy recommendations that could better integrate this group into the urban healthcare system.

This study initially does a systematic sorting of the pertinent literature to have a better understanding of the current state of migrant workers' medical insurance difficulties. Scholars have extensively analyzed the insufficient medical protection for rural migrant workers during urbanization, with their contributions focusing on several key areas. First, researchers such as Chen Yingying (2016) have explored the challenges of medical insurance for RUMWs, which emphasizes that marginalized status and ineffective policy implementation have hindered their equal access to healthcare services [1]. Second, studies by Lee Hui (2020) highlight that the low health insurance participation rate among migrant workers is primarily due to information asymmetry, high participation costs, and policy complexity. Many migrant workers lack sufficient knowledge of the health insurance system and are unaware of its long-term benefits, which negatively impacts their willingness to enroll [2]. Third, Zheng from the Chinese Academy of Sciences points out that, even though China is striving to solve structural problems of lagging citizenship of the agricultural transfer population, the Chinese government still needs to make an effort to equal exchange and two-way flow between urban and

rural areas, targeting on enhancing the capacity of integrated development of counties [3]. In summary, although existing studies have revealed multiple aspects of the migrant workers' medical insurance problem, there are still deficiencies in policy implementation effects and analysis of reform dynamics, which provide room for further exploration in this research

2. The Core Features of Rural-to-urban Migrant Workers

Understanding the deeper issues related to RUMWs requires a close examination of the characteristics shaped by their job nature. First, migrant workers possess rural-urban duality. Migrant workers are a specific group of people who choose to work and live in cities, but whose household registration remains “agricultural”, a status inherited from their parents rather than determined by their residential address [3]. Thus, they are living in a semi-urbanized state.

Second, migrant workers often engage in highly mobilized industries, including construction, manufacturing, and services [4]. During internal migration, the high mobility of migrant workers often needs to move frequently between cities, leading to a lack of continuity and stability in health insurance. The social security participation rate in the places of inflow is not encouraging, with only about 20 percent of the migrant population participating in the various social security schemes [5]. As a result, the high mobility of migrant workers not only affects their social security participation rate in the place of inflow but also further exacerbates their discontinuity and instability in terms of health care coverage.

Third, they are often economically challenged. In addition to the challenge related to their low stability of receiving health insurance, the unfair income received by rural-to-migrant workers also put them in a dilemma. In contrast with urban workers, rural migrant workers are paid 22.3% less per month and 32.2% less per hour, but rural migrant workers tend to work an average of 5.6% more hours per month than urban workers [6] Currently, the contributions for the five types of insurance account for about 35% of the employee's salary, and those who are insured on an individual basis are individually liable for their contributions. However, regarding their revenue in reality, which is only 4780 yuan on average [7], migrant workers find it hard to both survive and stay healthy. Besides, according to a Report on the implementation of the Social Insurance Law of the People's Republic of China, law enforcement inspections have found that the actual income of many low-income people is lower than the minimum contribution base [8]. In brief, undertaking unfair income distribution and financial pressure from relatively high social security contributions leads to their decision to cut off healthcare insurance.

Fourth, according to China’s medical insurance system, migrant workers are included in Basic Medical Insurance for Urban and Rural Residents, separated from the territorialized welfare system for urban workers. For example, urban household residents have access to basic old-age insurance for urban workers (BEIUE), guaranteed housing, quality education, and health care, while migrant workers have difficulty accessing these benefits due to the high thresholds and complex procedures for household registration conversion.

3. The Recent Development of China’s Medical Insurance System

China has also been working over the years to achieve Universal Health Coverage (UHC), especially to address the healthcare inequalities faced by migrant workers, and these efforts are reflected in ongoing reforms. However, China's efforts to achieve universal health coverage have always been hampered by the urban-rural divide. Over the past two decades, the Chinese government gradually became aware of the inadequacy of medical insurance coverage for migrant workers and thus actively carried out a series of reforms. In 2009, the Immediate Priority Implementation Programme for the Reform of the Medical and Health System (2009-2011) issued by the State Council promoted the reform of direct settlement of medical insurance for medical treatment in other places [9]. In 2024, this policy covered 238 million insurers in China to meet their transferable needs.

Social Insurance Law of the People's Republic of China, published in 2010, unprecedentedly removed institutional barriers to migrant workers' participation in social insurance for urban workers, announcing that migrant workers should enjoy equal social protection with urban employees [10]. In 2016, the Opinions on Integrating the Basic Medical Insurance System for Urban and Rural Residents issued by the State Council for the first time set out the goal of constructing a unified basic medical insurance system for urban and rural residents, targeting tackling issues brought by urban-rural dichotomy [11]. Releasing in 2024, the Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform and Promoting Chinese Modernization indicates a full abolition of household registration restriction on participation in insurance at the place of employment [12]. This is significant. Before, although urbanization had provided more employment opportunities for migrant workers, the restrictions of the household registration system prevented them from fully sharing the fruits of urbanization, especially in the areas of public services such as healthcare and education. However, both the efficiency of the current legislation and the health insurance participation rate of migrant workers are still plagued by the unique characteristics brought by migrant workers' positions and employment.

4. Problems with the Current Health Insurance System

First, political implementation and resourcing remain unequal. Cumbersome procedures for filing the application for medical treatment in a different place take an average of seven working days. Differences in medical insurance pooling fund capacities, deductibles, caps, and reimbursement rates across regions also result in discrepancies between real-time settlement and offline reimbursement ratios. This leads to inconsistencies in cross-province medical expense settlements, where costs in non-local areas may differ from those in the insured's home region, and differences arise between direct settlement and manual offline reimbursement amounts. Consequently, some individuals opt to return to their home region for offline reimbursement rather than using direct cross-province settlement services.

Additionally, variations exist among provinces and municipalities in the classification of medical consumables and drugs. Certain medical supplies or medications require patients to pay a portion of costs out-of-pocket based on region-specific reimbursement ratios. However, these classifications and their documentation differ across provinces. The current direct settlement platform only displays broad insurance categories, failing to account for granular regional distinctions. This lack of transparency exacerbates uncertainty in reimbursement outcomes, creating barriers for migrant workers relying on cross-region medical insurance settlement.

Furthermore, problems with the management of stocked medicines in primary healthcare facilities also affect the healthcare billing benefits of migrant workers [13]. Firstly, discrepancies in the inventory of medicines are common, and the number of discrepancies in the types of medicines is relatively high. Secondly, the inventory of medicines is blessedly entered into the system for sale, and the health insurance fund is used repeatedly for settlement. Thirdly, drugs of unknown origin are entered into the system for sale and settlement using the health insurance fund, leading to safety risks in patients' medication. Fourthly, unscientific methods of drug inventory storage and use out of the warehouse have led to serious wastage due to expiry. This also affects the accuracy of drug dispensing and the effectiveness of drug management.

With the development of the platform economy, platform economy practitioners, such as online taxi drivers, takeaway delivery workers, and couriers, are under tremendous work pressure and high labor intensity, but have not signed a labor contract with the platform or a third party, and do not have the protection of "five insurance policies and one pension" [14]. This greatly increases their health risks, adding a lot of uncertainties to the medical insurance for the mobile population.

5. Conclusion

This research examines the complications of health insurance problems related to RUMWs. The core features of migrant workers are identified, including duality, career mobility, economic vulnerability, and welfare exclusion. Derived from RUMWs traits, the challenges influencing their share of healthcare insurance benefits are apparent: inequality and complexity of inter-provincial medical settlements, regional differences in the classification of medical consumables and drugs, problems of drug stock management in primary health care, and inadequate health insurance coverage for platform economy workers. The findings stress the significance of policy experiments and multi-agency cooperation to improve the practicality of the proposals. Regarding these deficiencies in this system, this study suggests three potential policies for the concerns mentioned above.

First, Migrant workers earning below the local average social wage should make contributions based on actual income. They should be included in the medical assistance program, and low-income groups should be provided with subsidies for health insurance contributions.

Second, China should legislate to clarify the contribution obligations of platform enterprises, require platform enterprises such as takeaways and online car rentals to pay health insurance premiums for full-time migrant workers, and include them in the scope of labor inspections. Part-time or casual migrant workers should be permitted to convert their health insurance contributions according to the number of orders they receive or the number of hours they work and to make the contributions through the platform's withholding and payment on behalf of the migrant workers.

Third, China should build a unified national medical insurance catalog coding system, achieve mutual recognition of classification and reimbursement rules for drugs and consumables at the provincial level, and solve the problem of classification differences in cross-provincial settlements. The blockchain technology is a good way to achieve this goal. It can record the participation, payment, and reimbursement records of migrant workers, to realize the automatic continuation of the health insurance relationship when they move across provinces, without the need to return to the place of participation for transfer procedures.

Nonetheless, there is a limitation to this research. The data for the study hinge heavily on secondary literature and macro-statistical reports, thus lacking in-depth interviews or micro-surveys based on the migrant worker population. This may lead to an imprecise description of migrant workers' subjective willingness to participate in the insurance system and their reimbursement experience. Future research could deepen demand-side understanding through mixed research methods, such as quantitative surveys combined with qualitative interviews.

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