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China's Internal Labor Migrants: How do they Perceive theirHealth and the Healthcare System, and What should Be Done?

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The research question for this study developed from my previous interest in China's internallabor migrants. I started to pay attention to this particular population aftera research trip to Geneva in 2008. In 2008, the Employment Permit System, then a 3-year-old policy of the Korean government to manage labor migrants from different parts of Asia, was being nationally evaluated. A group of students were selected by the government to go to Geneva to research case studies of labor migration in other parts of the world and corresponding policy decisions. There I was briefed on China's internal migrants and their particular situation of being a country's rightful residentsbut being excluded from their country's social security and services.

Likewise, the institutional arrangements of the public health system in China fail to account for the "floating population," or "peasant workers," as internal migrants are referred to in China. The rural to urban migration being one of the most pressing social phenomena China faces in developing itself to a country of international level, the Chinese government recently is becoming more attentive to this issue. In 2009, the government published "Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform," a document laying out the plans for healthcare reform for 2020, and "Implementation Plan for the Recent Priorities of the Health Care System Reform (2009-

2011), the immediate action plan on which to operate to successfully accomplish the long term reform.

As China goes through an active healthcare reform, I was curious how these reform plans, comprehensive and superlative in their conceptions, were being carried out. Specifically, a set of questions including"Are the reforms actually reaching internal migrants' lives in a useful way?", "How much attention do internal migrants pay to their health status and the healthcare system?", and "What do they think about their present status?" prompted me to plan this study. The studyaims to directly investigate the lives of internal labor migrants and find out how they perceive their health, health risks, and the current health care system. The research focuses on what measures internal labor migrants resort to once they get ill, what possibilities of treatments they see, and what they identify as the biggest health risk for them as internal migrants.

The actual opportunity to conduct this research came with a generous research grant from the Franklin Center for Global Exchange. With the grant, I lived in Shanghai, China, from June 15th to August 31st, 2011, conducting research and working as a part-time intern at Compassion for Migrant Children (CMC), a local NGO that runs a community center in *Minhang*,Shanghai. The primary method for research was survey. 18 internal migrant workers who migrated to Shanghai from their home villages to work in different employment sectorswere surveyed. Additionally, government documents, regulations, and statistics in the Shanghai Library were reviewed and studied to set up the context for the survey. The followingreportsummarizes the background information, survey results, as well as direct observations I gained through my experience in Shanghai this summer. Finally, I will try to suggest how the government may make the healthcare system more sensitive to the internal migrant population who are increasingly of importance to the national development.

China's Next Challenge

The phenomenon of internal migrationhas become one of the defining characteristics of the 21st century with 740 million internal migrants (WHO, 2010) across the globe. Although this figure includes different migrating populations such as students and refugees other than just migrant workers, it demonstrates how the health issues of migrants are crucial public health challengesin this era. (WHO, 2010)

China is definitelyfacing this challenge with 210 millionChinese, about twenty percent of its population, being internal migrants. Among the 210 million migrants, about 140 million are labor migrants. (Scheineson, 2009)Internal labor migrants in China move mostly from rural areas to the larger cities in the Southeast coast of China's mainland, for example Shenzhen, Shanghai, and Guangzhou. These highly industrialized cities are the major centers of Chinese economic developmentsince the Opening-up of China in the 1980s. Internal migrantsto these areas are regarded as being responsible for 16% of total GDP growth in China over 1988 to 2006 by prompting industrial development, drawing in foreign direct investment that seek cheap labor, and relieving the problem of surplus rural labor. (Deshingkar, 2006) Despite their large contribution to the nation's development, the population was left exposed to health risks that increased with their migratory status but excluded from appropriate healthcare services.

Biao in *Migration and Health in China: Problems, Obstacles and Solutions* points to four reasons for internal migrant's deprivation of healthcare. First, Biao identifies the friction between migrant's mobility and the healthcare scheme's localized operation pattern. From ancient times, China has had the *hukou* system, a household registration system that classifies people based on their place of birth. Being a core institution in the period of planned economy, the *hukou*system continues to serve as a means to control and regulateChina's large populationuntil today. Various aspects of a Chinese person's life including access to

healthcare services is still heavily influenced by the person's *hukou* status as social services are provided regionally to persons who hold the local *hukou*. Second, he points to the rural-urban divide in welfare provision. The fact that 80% of China's health budgetis allocated to urban health care system demonstrates the gap between rural and urban healthcare services.Third, he mentions the tension between the informal employment of migrants and the Chinesehealthcare system's reliance on formal employment. 50% of the internal migrant population is estimated to have informal employmentor to be self-employed. Thus, the healthcare schemes based on a person's formal employment status fails to account for the internal migrant population. Lastly, there is the potential conflict between the government's goal to relieve state-owned enterprises from welfare burdens and the costs of including migrants in the system. A compounding factor would be the rapid commoditization of medical services in Chinasince in the early 2000s, which further increase the price of healthcare. (Li, 2006)

To resolveabovementioned dilemmas and to overcome institutionalhurdles so that it can provide adequate healthcare for internal migrants isa"challenge of development" for China. (Naughton, 2006) Having overcome many of the initial challenges of market transition, China now faces the challenges of development,which includes the need to invest in human skills and physical infrastructure, the need to create effective institutions, and the need to protect underprivileged and vulnerable sections of the population. As Naughton suggests in the beginning of his book *The Chinese Economy*, the ultimate success of China will depend on its ability to handle these challenges of development, which includes providing adequate healthcare to its population.

Defining the Challenge – the Hukou System

As pointed out by Biao, China's *hukou* system interacts with the localized nature of China's healthcare system to create an institutional barrier to healthcare for the migrant population. The *Hukou* system was first established in ancient China wherehouseholds were registeredaccording to the distance from the capital.During the period of Great Leap Forward, the ChineseCommunist Party usedthe *hukou* system to control the population movement between the rural and the urban areas. After the economic reforms, migration from one area to another became possible even without an "official permit"form the government. Further, people with rural *hukou* were allowed to hold non-agricultural jobs and run businesses in the city.

In the 1990s,the government adopted the institution of temporary urban residency permits. However, this legislation didn't benefit most of the rural to urban migrant laborers since local governmentswere responsible for the management of these permits, and the majority of the permits ended up with migrants who have the money or occupational skills that they can contribute to the respective city.

The requirements to obtain a permanent residence in a first-tier city are even further out of the reach of most migrant workers. For example in Shanghai, applicants for the permanent residence registration have to simultaneously meet the following conditions:having held the "Shanghai Residence Permit" for 7 years or more;having participated in the city and town social insurance in this Municipality according to relevant provisions for 7 years or more during their permit holding period;having paid up the income tax in this Municipality according to law during their permit holding period;having been engaged as holders of secondary professional and technical posts or above, or of vocational qualification certificates for technicians or above (national secondary vocational qualification certificates or above), with the specialty corresponding to the type of work; and having no acts of violating the provisions of the national and municipal family planning policy, having

no law-breaking record of penalties in public order administration or above and no criminal record, and having no record of misconduct in other aspects. (Shanghai Municipal People's Government, 2009)

They also have to submit 6 different types of materialsto apply for the handling of permanent residence registration. In addition, there are as many as 12 different fees. In 2005, it took 3 months on average and up to 1000 RMB for a "peasant worker" to obtain a resident permit. This high institutional barrier in the form of *hukou* is one of the reasons why 80% of the migrant workers do not, or cannot, permanently relocate to the cities. (Li, 2006)

Recently, there have been some positive changes to the *hukou* system. In 2005, the Central Committee on Public Order eliminated the division between non-agricultural and agricultural *hukou* in 11 provinces. However, these reforms had nosubstantialeffect in ameliorating migrant workers' positionin the city since the categorization according to the place of *hukou* registration, one's ''permanent'' residence, is still well and alive. Internal migrant workers continue to be discriminated from urban services based on whether or not they have the local*hukou*. (Chan and Buckingham, 2008)

Defining the Challenge – Divisions and barriers in Healthcare Provision

The existence of the *hukou* system intensifies the divisions in China's healthcare system and makes the institutional barriers almost impossible to surmount for internal migrant workers. The divisions in the Chinese healthcare system can be categorized into two. The first division is the one between rural and urban healthcare services. The urban healthcare system and its rural counterpart basically were on different paths from the beginning.

The Rural Cooperative Medical System in the 1960s was based on communes and budgeted from the communal crop stock. The combination of the bare-foot doctors and a high

insurance coverage that was up to 90% of the rural population contributed to China's outstanding public health results in that period. However, following the dismantle of communes in the 1980s, the Rural Cooperative Medical System was replaced by a Household Responsibility system, an individual family-based system with Out-of-Pocket and Point-of-Service payment system. The coverage dropped dramatically from 90% to 5%. One study showed that 38% of the people who got sick forwent medical attention under this system. (Biao, 2004) The Chinese government in 2003 carried out a reform to restore the better system it had in the past for the rural residents and created the New Rural Cooperative Medical Scheme (NRCMS). The reform aimed for minimizing the inequality of healthcare access between the rural and urban residents. The risk pool became larger by going from family-based to county-based, but some important defects, such as low reimbursement rates and no statistically significant effect on average household Out-Of-Pocket spending and catastrophic expenditure, remain. (You & Kobayashi, 2009) It also does little for the internal migrant population since the system itself was not designed to take ininternal migrants.

On the other hand, the system that becomes the basis of the urban healthcare system was established in 1949. The system had two components, the Government Employee Insurance Scheme and the Labour Insurance Scheme. Each scheme was for government employees and employees of enterprises respectively. The characteristic of the urban healthcare schemes was that they were dependent on the work units. In 1999, urban healthcare went through a reform, which resulted in the Individual Medical Account system. The goal was to widen the coverage for the urban employed. The Health Security Management Bureau of the district or the county where an employer is located formed the risk pool. Although the goal was reached and the coverage of urban employees increased from 8.7% in 1998 to 46.9% in 2004, the system was far from success.(Zheng, 2010) The

biggest drawback, apparently, was that the system stayed employment-based, which made it irrelevant for the large population without formal employment in urban areas.

As shown in the brief review of the urban healthcare system, another large barrier in the healthcare system for internal migrants comes from the fact that the urban healthcare system relies on formal employment for enrolment. Without a permanent residence permit or a temporary urban residency permit, it is hard for migrant workers with rural *hukou* to find a job that provides them with a formal employment contract. In Shanghai, since 2001,businessesare required to recruit at least 15% of their workers from localpopulation before accepting any migrant workers. Moreover, only certain sectors are open to migrants.The Shanghai Bureau of Labour and Social Security had a list of twenty types of jobs, including taxi drivers, telephonists, insurance or bank clerks, forbidden to migrants.Even with a temporary residency permit, migrants are still excluded from five types of employment. They may not work for official or public services, for public security or environmental protection services, for the management of joint property in the city districts, for the sales departments in state-owned stores, or for the cleaning services in airports, railway stations and harbour facilities. Recently, some of the restrictionson certain job sectors have been abolished. However, prospects to become formally employed are still low for those with lower education level or fewer skills.

As an alternative, most of migrant workers work informally in sectors such as textiles, heavy industry, construction, restaurants, and other service industrieswith hardly any access to formalized jobs. Informal employment is often a choice made strategicallyby the migrant workers themselveswithin the context of high mobility and increasing uncertainty.(Roulleau-Berger and Lu, 2005)

Evaluation of the First Round of Reforms of the Urban Healthcare System

A policy statement was issued by the State Council in 2007, which announced a new healthcare system for the urban area. Urban Resident Basic Medical Insurance Scheme (URBMIS), Urban Employee Basic Medical Insurance Scheme (UEBMIS), and Medical Assistance were to compose the healthcare system in urban areas. In UEBMIS, the employment-based nature of China's urban healthcare provision can still be seen. The difference from previous systems thought is that whether to join or not is not the decision of the employer. (Xu, 2007)To complement the limited coverage of UEBMIS, the Urban Resident Basic Medical Insurance Scheme was introduced for urban residents not covered by the UEBMI, including children, elderly, disabled, and other. The third component of the new system, Medical Assistance,was designed as a safety net for the poorest and the most vulnerable people not only in the urban areas but also in the rural areas.

These set of reforms under the slogan "Government Orientation and Market Subordination" still failed to reflect the internal migrant workers. Eligible Persons for the URBMI are specified as following: 1. Persons above 18 years of age who are registered permanent residents; 2. Secondary and primary school students, infants and children who are registered permanent residents; 3. Other persons that may be eligible by reference to the present procedures in accordance with the actual circumstances. The reform is evaluated to be unsuccessful not only for the internal migrant population, but also for the general population as well. 44.8% of urban citizensstill were not covered by any health insurance after the reform. (Zheng, 2010) The government's efforts to develop and expand community health centers were not regarded effective as well. (Wagstaff, 2009)The only substantial improvement in healthcare provision relevant to the internal migrants would be in the area of workplace injuries. Following policies announced by the Ministry of Health and Ministry of Labour and Social Security on work related injury and vocational illness, about 1/3 of internal migrant workers in dangerous fields had some injury accident cover in 2006. Still,

China's healthcare system remained to be divided and oblivious towards internal migrants at the same time. Inequalities in healthcare access and usage were shown to be continuously increasing.

2009 Healthcare Reform

The good news is that the Chinese government is also aware of the task it faces. The government officially recognized the significance of internal migrants in developing China and the need to adequately reflect internal migrants in the healthcare system. In "Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform,"the government firmly states, "for an harmonious society, government agreed to increase spending on public health, primary care, and finance in both supply and demand side."

To accomplish this "major task," the government listed a short-term five point action plan aimed to 2011 and four long-term reform goals to be achieved by 2020.

First short term targetis"wide medical insurance cover for more than 90% of Chinese People, including city residents, migrant workers and their family as well." The other short term targets consist of establishing a national essential drug system, a medicalcare and public health service system improved at grassroots level, gradual equalization of basic public health service, andpilot reform of public hospitals.

By reaching these goals, China seeks to develop the public health system, and to maintain all public health institutionsfully budgeted to provide public health services without user charges; to strengthen the rural health delivery system and the urban community servicedelivery system, and to develop appropriate basic health service facilities toprovide services at a low cost;to reform the hospital management and operational system, maintain thenature of public hospitals, and ban supply-side induced demands for medicalpersonnel to

earn more; to develop a health protection system basically comprising three insuranceplans: (1) basic medical insurance for urban employees including civil servants,(2) urban residence medical insurance, and (3) rural new cooperative medicalinsurance for farmers by 2020. (Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform, 2009)

In regard to the internal migrant workers, the government demonstrates its understanding of the division and barriers in the healthcare system that makes the situation especially hopeless for the internal migrants. It addresses both the divide between the healthcare system of the rural and urban area and the institutional barrier of formal employment by announcing:

"Efforts should be made to actively and properly conduct the transferral and continuation of basic medical insurance credentials from one region to another, laying stress on the migrant workers floating between urban and rural areas […] properly address basic medical insurance issues concerning migrant workers; in light of government regulations, clarify the contribution obligations of enterprises with whom migrant workers sign employment contracts and establish steady labor relationship, and such migrant workers shall be integrated into urban employees' basic medical insurance system; other migrant workers may participate, in accordance with their actual situation, in the New Rural Cooperative Medical Scheme of the places of their origin, or the urban residents' basic medical insurance of their work locations." (Opinions of the CPC Central Committee and the State Council on Deepening the Health Care System Reform, 2009)

It is notable that with this remark, the government at least theoretically extended all three existing options of health insurance to the internal migrant population.

Shanghai, after Reform

Shanghai isthe city in China that most powerfully demonstrates the rapid development that occurred as a consequence of the economic reforms in the 1980s. With almost 5 million labor migrants from rural areas, Shanghai is also a city where the reforms and new policies of the central government regarding internal migrants are reflected firsthand. A survey developed in order to read how the reform influenced migrant workers in Shanghai was carried out from August 5th, 2011 to August 30th, 2011. The survey was structured into 8 parts, General Information, Employment Status, Life in Shanghai, Healthcare norms, Health-seeking Behavior, Healthcare Coverage, General Consumption Behavior, and risk factors. Internal migrants were approached individually and were asked to complete the survey which took them 10 to 15 minutes. Respondents were selected on the purpose of widening the range of occupations reflected in the survey as much as possible. As a result, the survey could includemigrant workers working not only in the top three sectors for migrant workers, which are construction, manufacturing, and trade, but also in other sectors such as service, transportation, and rubbish collection. (Roulleau-Berger and Lu, 2005)

Filling out the survey, respondents were willing to start conversations, which often led to comments that gave more insight on the subject matter than the survey result itself. Parts of the survey result only remained verifying the existing knowledge on the healthcare status of internal migrant workers and failed to give any new information on the status after the 2009 reform. However, survey results, conversations, and information from direct observations in Shanghai simultaneously suggestedfour interesting findings.

They don't blame the system, they blame life

First, internal migrants talked about problemsin accessing healthcare services purely in terms of lack of resources,mostly time and money, and of informal barriers, such as lack of healthcare knowledge and discrimination against them by Shanghai locals,instead of formal

barriers. It was only when they were asked directly about their insurance status that they talked about the formal barriers they face living in the city.

The most pronounced factor internal migrants identified as the reason for their limited access to healthcare is the cost. The average amount of money they said they spend at one visit to the hospital is 423 RMB, which is from 15% to 50% of their monthly household income depending on their wage. Internal migrants also addressed their concerns of excessiveprovider incentives. A female migrant worker who works as a cleaner at a local university's dormitory pointed to her lack of knowledge in medical care combined with the fact that doctors prescribe medicine that she doesn't really need to charge more money as her biggest concern in seeking medical treatment. The reform's efforts to control supply-side induced demandsand to provide services at a low costat basic health service facilities seem yet to be realized.

Their inability to find the time to get treatment was the second most cited reason. Fatigue from working too many hours was identified as the most probable reason why they get sick if they do. In fact, the average work hour of the surveyed internal migrants was 10.05 hours, and average number of work days in one month was 26.88. Especially those who sold vegetable or fruit in markets and those who were in the service sector replied they have to work without any day off. Their overwhelming amount of work combined with the fact that it took migrant workers on average 90.77 minutes to get to the hospital or the clinic they go to made seeking treatment nearly impossible for many of them. It is puzzling why they have to travel so far to get medical attention because hospitals can be easily seen in every part of Shanghai. For instance, in *Minhang*district, where both the community center for CMC and*Xin'anShichang,* a traditional market in which migrants consist over 90% of its vendors, are located, there are 65 hospitals officially recognized by the insurance system. However, vendors in the market who were surveyed said they travel at least two hours to get to the

hospital they go to. One woman replied it takes *bantian,*an expression meaning “half a day”in Chinese, for her to go to a clinic that is reasonably priced and makes her comfortable. Even after a long journey just to get to the place they can receive treatment, the level of satisfaction ofthe treatment they get was average 2.22 on the scale of 1 to 4, 4 being extremely satisfied and 1 being dissatisfied.

Although it is actually the institutional barriers, lack of adequate insurance coverage and lack of a local *hukou*, that keeps the cost of healthcare too high for them and the reliable health facilities too far away from them, they chose “lack of money,” and “lack of time,” over “lack of Shanghai *hukou*” or “lack of a formal employment contract” as answers to their difficulties in accessing healthcare.

Improvement in Insurance Coverage

One of the most revolutionary features in the 2009 Healthcare reforms was that the government opened the possibility of migrants to join one of three major components of government insurance, the NRCMS, URBMIS, and UEBMIS, according to their situation. Among the 18 migrants surveyed, seven had insurance. Two were enrolled in the NRCMS with their family,three in UEBMIS, two in Medical Assistance, and four had commercial individual insurance accounts they bought personally. Considering the fact that none of the 90 migrants surveyed in 2006 by a team of researchers had any health insurance (Hong, 2006), it can be said that the level of coverage improved after the reform.

Migrants who did not have any insurance were asked what they thought was the most crucial reason for not having an insurance. The options they chose for this question were“Because I am just in Shanghai temporarily,”(37.5%) “Because my employers do not provide insurance,” (25%) “Because I don’t have a Shanghai *hukou*,” (25%) and “BecauseI don’t have an employment contract,”(12.5%) opposed to options such as “Because insurance

is too expensive," and"Because insurance is not worth the money." From these answers, it can be said that for the migrants who still fall outside the government insurance system, the reasons why they do and also why they believe they do didn't change after the reforms.

The conflicting result of improvement in the level of coverage and some migrants still being denied of adequate insurance for the same reasons as before can be explained by insufficient distribution of information on the healthcare reforms.In this sense, it can be said that the reform did not truly reach the people yet. The reforms are being implemented, but the efforts are not wide and deep enough to change people's notion of the insurance system.

Health is more important than economic opportunities

In contrast to the previous notion that migrant workers in China are more than willing to sacrifice their health to earn more money and create a better life for their children, 15 out of 18 migrants surveyed answered that their future health status is more important than the present economic opportunities. 61.1% responded that they seek medical attention right after they get sick eventhough medical costs, including the travel expenses,can take up most of their monthly income. The internal migrants who had insurance spent on average 325 RMB on their insurance. The ones who currently didn't have insurancesawinsurance crucial, with 76.47% answering it is very important or important.

However, better healthcare environment in the larger cities turned out not to be a major pull factor that draws migrant workers to migrate to the cities. The biggest pull factor among the 18 migrants surveyed was better education for their children. (34.6%) Following better educational environment, more work opportunities (26.9%) and better living environment (23%) led migrants to come to the city. Four selected better healthcare environment as a reason, but this does not necessarily make better healthcare environment a

"pull factor" since the four that selected this option did so in combination with other choices as well.

Both the fact that internal migrant workers actually do care about their health status and that better healthcare provision in the cities doesn't act as a major pull factor for internal migration also suggest that government should better inform the population with the contents of reforms rather than to be passive about distributing information on the reforms out of the fear that the improvement in the healthcare system would create a mass exodus of rural residents to the cities which are already congested.

Conclusion

China's Healthcare reform in 2009 is considered as a step forward towards the right directionfor better healthcare for internal migrant population. The Chinese government officially recognized their task to provide adequate access to healthcare services for the internal migrant population. However, the actual survey of internal migrants in Shanghai suggests that there is still a lot of room for improvement in the system.

First of all, the reform's efforts to control costs by minimizing supply-side induced demands and providingbasic health services at community health centersare weak on their actual effects. Physician behavior must be more closely monitored, and community health centers must be better organized. Increasing the number and the effect range of community health centers may actually be the most important element of the reform since strengthening grassroots health centers can solve the problem of cost and distance at the same time. They also can provide culturally sensitive services in areas where migrant population from one region live together. Surveyed migrants, if they seek health care,base their hospital choices mostly on the distance from home. Moreover, they do not believe that hospitals at higher administrative levels offer better services, and they prioritized hospitals according to

convenience and price. Thus, a healthcare facilityin the neighborhood that is affordable, close, and comfortable will take a big role in solving the barriers to healthcare discussed in the section*They don't blame the system, they blame life*.

Second, results showedimprovements in insurance coverage, but also indicated a need for the government to focus more on distributing information on the healthcare reform. Continued effortstofurther distribute information on the reform and to educate migrants of their rights are needed for migrants to be able to truly take benefit from the reforms, make informed decisions, and become properly entitledto healthcare services. It was also shown that the government does not need to be afraid to distribute the results of the reform since urban healthcare system was not a major pull factor for migration. The community healthcare centers mentioned above can take a role in disseminating information on reforms as well.