CORRUPTION IN THE HEALTH SECTOR

Based on Executive Summary and Foreword by Mary Robison, *Corruption and Health: Global Corruption Report, 2006*  
Transparency International, Feb.2006
INTRODUCTION
Corruption

‘The abuse of entrusted power for private gain’

Transparency International
Corruption in the health sector

- Encompasses
- *Bribery of regulators and health professionals*
- *Manipulation of information on drug trials*
- *Diversion of medicines and supplies*
- *Procurement*
- *Over-billing of insurance*
- Not limited to public officials
Health Expenditures

- Globally US$3 trillion a year
- An attractive target for abuse
- Stakes high and resources precious
- Money lost to corruption can be used to buy medicines, equip hospitals and clinics and hire badly needed health staff
Scale of corruption in health

- Difficult to determine
- Vast in both developed and developing countries
- **USA:** Spends more on health care than any other industrialized country – 15.3% of GDP; in Medicare and Medicaid 5-10% of budget lost to “overpayment”
- **Cambodia:** More than 5% of health budget lost to corruption before it leaves central government
Corruption

- Deprives people of access to health care
- Can lead to wrong treatments
- In the pharmaceutical chain can be deadly
Drug Counterfeiting

- "Facadeled by corruption kills en masse and anyone can be a victim" – Dora Akunyili head of Nigeria’s FDA
- Found water substituted for adrenaline and active ingredients substituted by counterfeits
- Trigger drug-resistant strains of malaria, TB, HIV
The Poor

- Disproportionately affected by corruption in the health sector
- Less able to offer small bribes for fee services
- Unable to pay for private alternatives where corruption depleted public health services
- Philippines: Poor and middle-income municipalities waited longer at public clinics than rich ones; higher frequency of denied vaccines
Corruption affects public policies & spending priorities

- Public officials in Kenya and the Philippines abuse their power to divert funds to ‘pet’ projects irrespective of whether they are in line with agreed policies.
- When “fee-for-service” is applied, care-givers have incentives to provide unnecessary services to maximize revenues; if they are paid ‘per patient’, they can profit by not providing the needed services.
Reducing Corruption

- Can inject revenues back into the health sector
- UK: In the NHS, stopped corruption totaling more than US$300 million since 1999; total financial benefits equals US$1.2 billion, enough to build 10 new hospitals
WHY IS THE HEALTH SECTOR SO PRONE TO CORRUPTION?
Certain characteristics make all health systems vulnerable to corruption

- Imbalance of information – *health professionals have more information than patients; pharmaceutical companies know more about their products than public officials*
- Uncertainty in health markets – *not knowing who will fall ill, when illness will occur, what kind of illness people get, how effective the treatment is*
- Complexity of the health system – *large number of parties involved; relationships between medical suppliers, health care providers and policy makers*
Types of corruption in the health sector

- Embezzlement and theft
- Corruption in procurement
- Corruption in payment systems
- Corruption in the pharmaceutical supply chain
- Corruption at the point of health service delivery
Recommendations for the health sector
Anticorruption measures must be tailored to fit the particular context of a country’s health system.

Corruption less likely on societies where there is rule of law, transparency, trust, effective civil service codes and strong accountability mechanisms.

Preventive measures – procurement guidelines; codes of conduct for operators in the health sector – both individual and institutional; and transparency and monitoring procedures are helpful.
Transparency

- Governments and health authorities publish regularly updated information on health budgets and performance at national, local and health delivery centre levels
- Health funds are subject to independent audits
- Information about tender process publicly available
- Implementing an effective nationwide systems for reporting adverse drug effects
- Develop a public database listing the protocols and results of all clinical drug trials
- Donors be open and explicit about what they are giving, when and to whom and should evaluate their programmes in terms of health outcomes and not level or speed of disbursement
- Donors coordinate their support to the health sector
Codes of Conduct

- Introducing and promoting codes of conduct through continued training
- Codes should make explicit reference to preventing corruption and conflicts of interest
- Pharmaceutical, biotech and medical device companies adopted the Business Principles for Countering Bribery
Civil society participation and oversight

- Health authorities introduce avenues for public oversight, which should oversee procurement and rugs selection at facility level and health delivery at community and local health board level.
- Public policies, practices and expenditures open to public and legislative scrutiny.
Governments introduce whistleblower protection for individuals working in procurement bodies, health authorities, health service providers and suppliers of medicines and equipment.

Pharmaceutical companies introduce whistleblower mechanisms and protection.
Reducing Incentives for corruption

- Governments continuously monitor payment mechanisms
- Doctors, nurses and other health professionals paid a decent wage, commensurate with their education, skills and training
Conflict of interest rules

- Regulators adopt conflict of interest rules that disqualify individuals or groups with an interest in the manufacturer from participating in clinical trials.
- Governments push for transparency in drug regulation processes, reduction in the excessive promotion of medicines, tougher restrictions on doctors over prescribing drugs.
- Governments closely monitor relationships between the health departments and the drug industry.
- Medicine licensing authorities define specific rules for physician behaviour regarding conflict of interest.
**Integrity and debarment**

- An Integrity Pact – a binding agreement by both bidders and contracting agencies not to offer or accept bribes in public contracting applied
- Company found to have engaged in corrupt practices debarred by governments from participating in tender processes
Authorities strengthen the message that corruption has consequences by rigorously pursuing corrupt acts.

Producers of counterfeit drugs and the public officials who collude with them prosecuted and duly sanctioned.

Special anti-corruption and fraud agencies detect corruption and promote preventive measures equipped with necessary expertise, resources and independence.
Conclusion
Health

- A major global industry
- A key responsibility and budget expense for governments and businesses
- A global human right
- Corruption in health deprives people of access to health care and to poor health outcomes
- Recommendations outlined could prevent and control corruption
Foreword

by Mary Robison
Corruption

- The human rights community needs to pay more attention to it.
- Alongside poverty, inequity, civil conflict, discrimination and violence, it is a major issue that has not been adequately addressed.
- Leads to skewing of health spending priorities and the leaching of health budgets.
- Poor people decide against life-saving treatment.
- Effects people all over the world.
- Violates human rights.
Most vulnerable population

- **Africa** – corruption and lack of transparency are not addressed, HIV/AIDS and other infectious diseases threaten to reverse the hard-won development gains

- **Women** – suffer most through discrimination in service provision
Human rights approach to health

- Ensuring that essential medicines are available, accessible and of good quality
- Availability: drugs on offer in sufficient quantity within countries where is the need for them
- Accessibility: easily obtainable on a non-discriminatory basis to those who require them
- Good quality: drugs are scientifically and medically approved
Opportunities for corruption

- Generated by unpredictability of disease, together with opaque spending decisions and aggressive marketing by medicine producers and suppliers.
- Effects the quality of medicines with far reaching consequences such as stimulating drug-resistant strains of killers such as malaria.
Unpacks the issues related to corruption and health

The immense challenge can only be tackled by governments, international institutions, the private sector and the civil society working closely together

Make use of moral and legal arguments provided by the internal human rights framework and well as the practical tools and strategies highlighted in the report
Urgent Needs

- Improving donor coherence, transparency and willingness of developing countries to have rigorous systems of accountability to address corruption
Press Kit
Theft, bribery and extortion
rob millions of proper healthcare

Counterfeit drugs kill thousands each year and accelerate spread of drug-resistant diseases
“The price of corruption in health care is paid in human suffering.”

Huguette Labelle,
Chair of Transparency International
Corruption

- Permeates the provision of health care – public or private, simple or sophisticated
- Public health budgets become subverted by unethical officials for private use
- Hospitals function as self-service stores for illicit enrichment
- Health workers demand fees for services that should be free – In Bulgaria doctors accept informal payments or gifts ranging from US$10 to US$50, and in some cases rising up to US$1,100
- In the Philippines, a 10% increase in the extortion of bribes by medical personnel reduced the rate of child immunization by up to 20%
- In Cambodia certain health indicators worsened partly because of direct embezzlement of public health funds
- In the UK, tighter control mechanisms reduced losses to corruption by US$300 million since 1999
- In Costa Rica, nearly 20% of a US$40 million international loan for health equipment ended up in private hands
Market Distortions and counterfeit drugs

- Aggressive marketing techniques buy doctors’ support for specific drugs
- Marketing and lobby budgets outpaced R&D outlays
- Corruption underpins a lucrative counterfeit drugs trade
- Corruption in the pharmaceutical sector has a direct and painful impact on people struggling for survival
Undermining the fight against HIV/AIDS

- Corruption hampered the success of global efforts to reign in the HIV/AIDS pandemic
- Theft by ministries and national AIDS Council of funds allocated for treatment leave sufferers with critical care – In Kenya National AIDS Council was hijacked by a few high-level civil servants
- Corruption contribute directly to infection when low-costs measures cannot be carried out because of corrupt procurement and distribution process
MDGs under threat

- Corruption undermined progress towards the MDGS in particular the three directly related to health – child mortality; improved maternal health and the fight against AIDS, malaria and other diseases
- The global community is already off target to meet them – and corruption is one of the causes
TI recommends

- The cure for corruption starts with transparency
- Donors and recipient governments grant easy access to information on key aspects of health-related projects, budgets and policies
- Adopt and enforce codes of conduct for health workers and private sector companies
- Provide ongoing training
- Incorporate conflict of interest rules in drug regulation and drug licensing procedures
- Independently monitor public health policies and projects
- Procurement processes be competitive. Pen and transparent
- TI’s Integrity Pact adopted
- Rigorous prosecution
- Robust whistle blower protection