

# *Corruption in health care: challenges and identifying potential solutions*

Djibouti, 10 March 2012

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# Structure of the talk

- Is it important?
  - Corruption is a technical issue
- Its manifestation in health systems
- What can be done?
- Evidence-informed policy making

# What is corruption?

“Abuse of entrusted power for private gain”

Transparency international



# Is it important?

- A challenge for everyone
- Measuring the exact of amount of corruption
- Distinguishing between inefficiencies, incompetency and corruption
- Distinguishing between abuse, and corruption and fraud
- The intangible, indirect costs of corruption difficult to measure
  - Loss of trust
  - Entrepreneurship spirit
  - Long term planning

# It's jobs and then economy, then corruption

**In your opinion what are the most important problems facing Serbia in 2009?**



Corruption was  
the 3<sup>rd</sup> problem



# How big is the health care corruption problem

- 3-10% of health care spending in high income countries is lost to fraud and corruption
- Fraud and abuse in health sector cost US\$ 12 – 23 billion annually in the United States
- Informal payments account for 56% of total health expenditure in Russian Federation
- 5 per cent of health budget lost through corruption in Cambodia

# How big is the health care corruption problem

- The proportion can be bigger in low income countries
- In multi-source funding conditions corruption may be more likely to occur
  - Different policies of different donors ...
- Some countries reported 2/3 medicines supplies lost through corruption and fraud in hospitals (WHO-2007)

# Structure of the talk

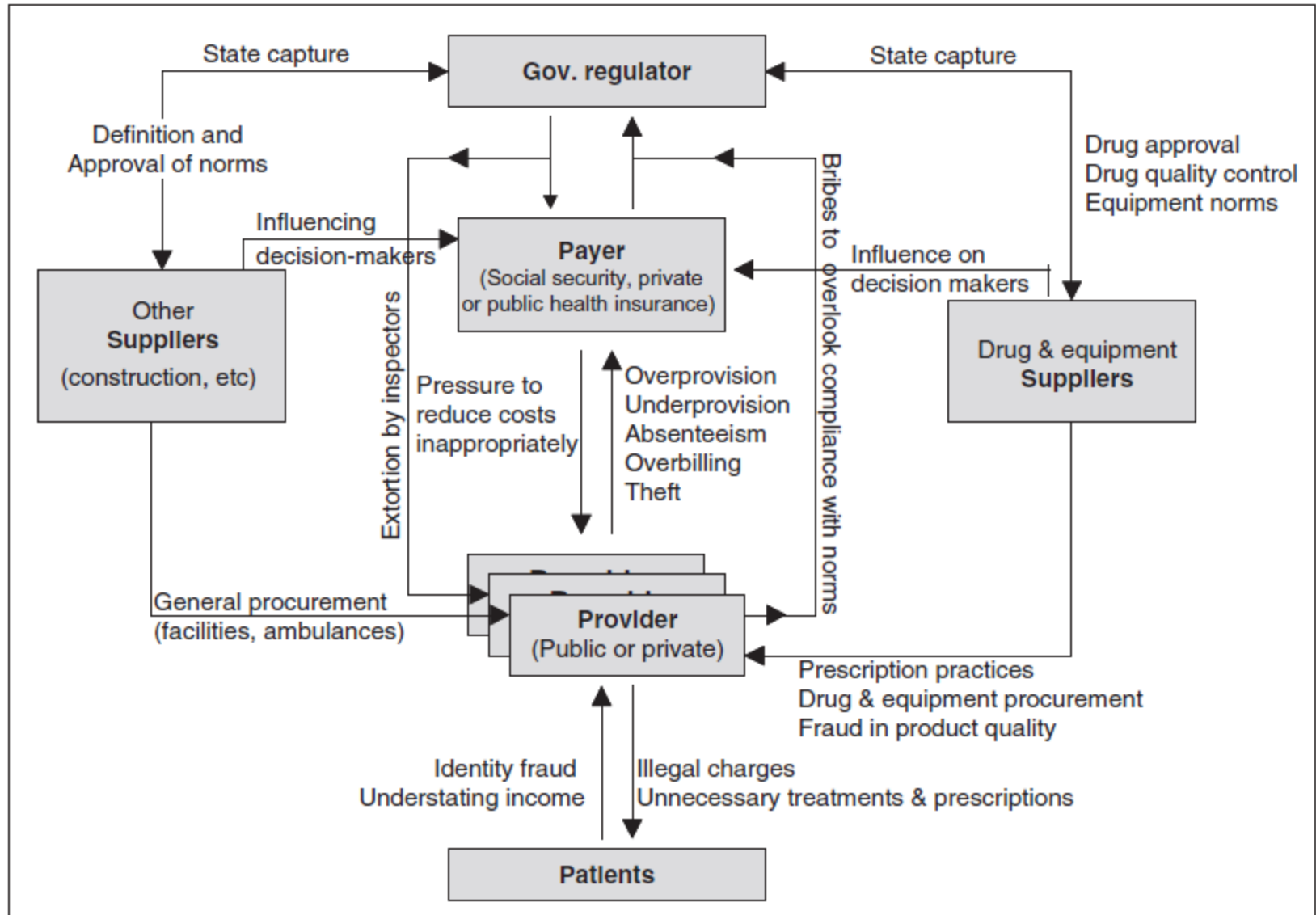
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# Understanding corruption in health care

- Better to divide into its elements
- Act according to those categories
- Actors and players in corruption
  - Clinicians, managers, support staff, ...

# Actors in health care corruption

(Savedoff 2006; from Vian 2008)



# Types of fraud in health care by 'who committed fraud' (Rashidian et al 2012)

- Provider (doctor, nurse ...) fraud
- User (patient) fraud
- Payer (insurer, government, donor ...) fraud

# Understanding corruption in health care

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- Act according to those categories
- Actors and players in corruption
  - Clinicians, managers, support staff, ...
- Locations where corruption might happen
  - Hospitals, pharmacies, ...
- Functions
  - Procurement, service delivery, ...

# Functions affected by corruption

Provision of services by  
medical personnel and  
other health workers

Construction and rehabi-  
litation of health  
facilities

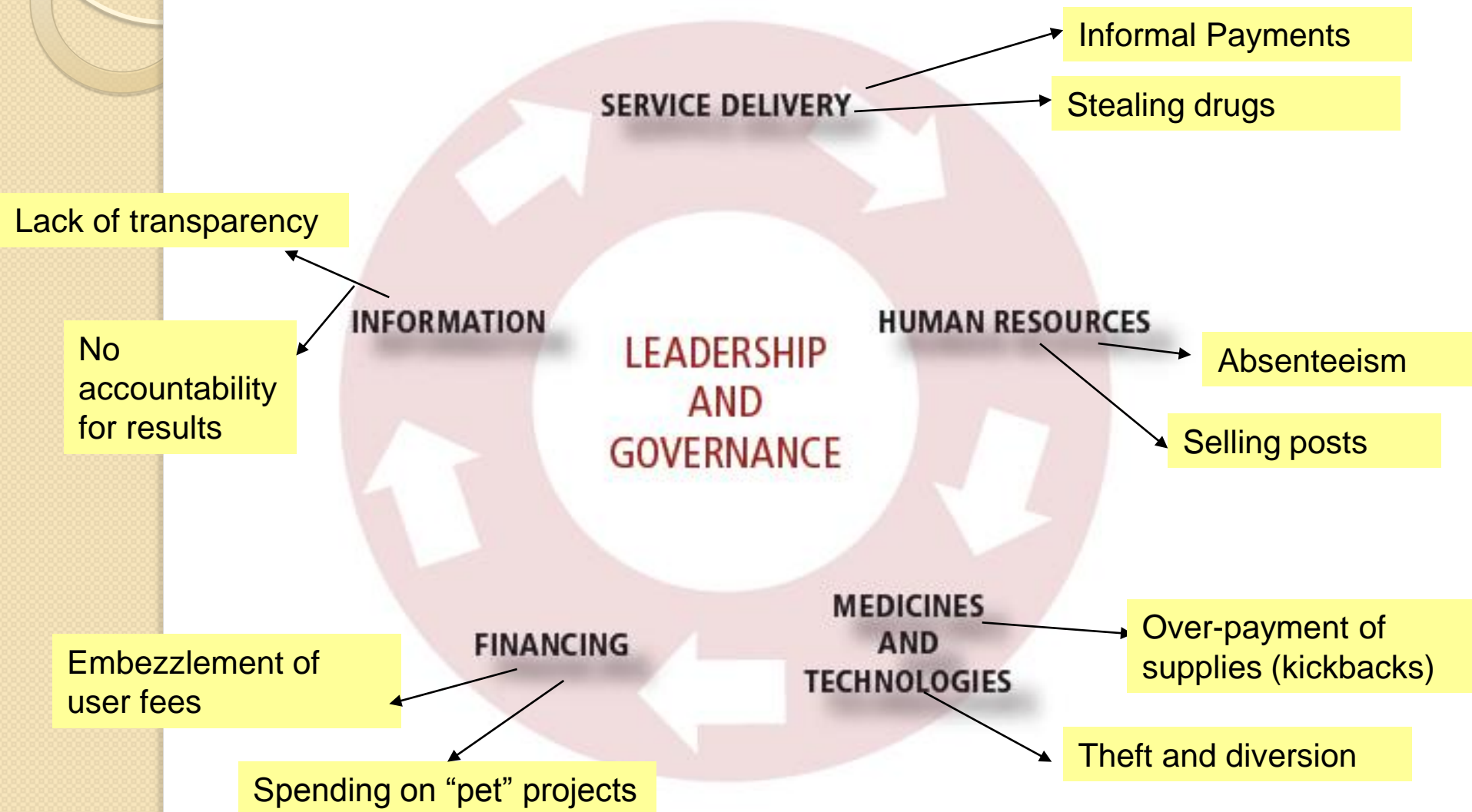
Distribution and use of  
drugs and supplies in  
service delivery

Medical research  
Purchase of equipment  
and supplies, including  
drugs

Education of health  
professionals

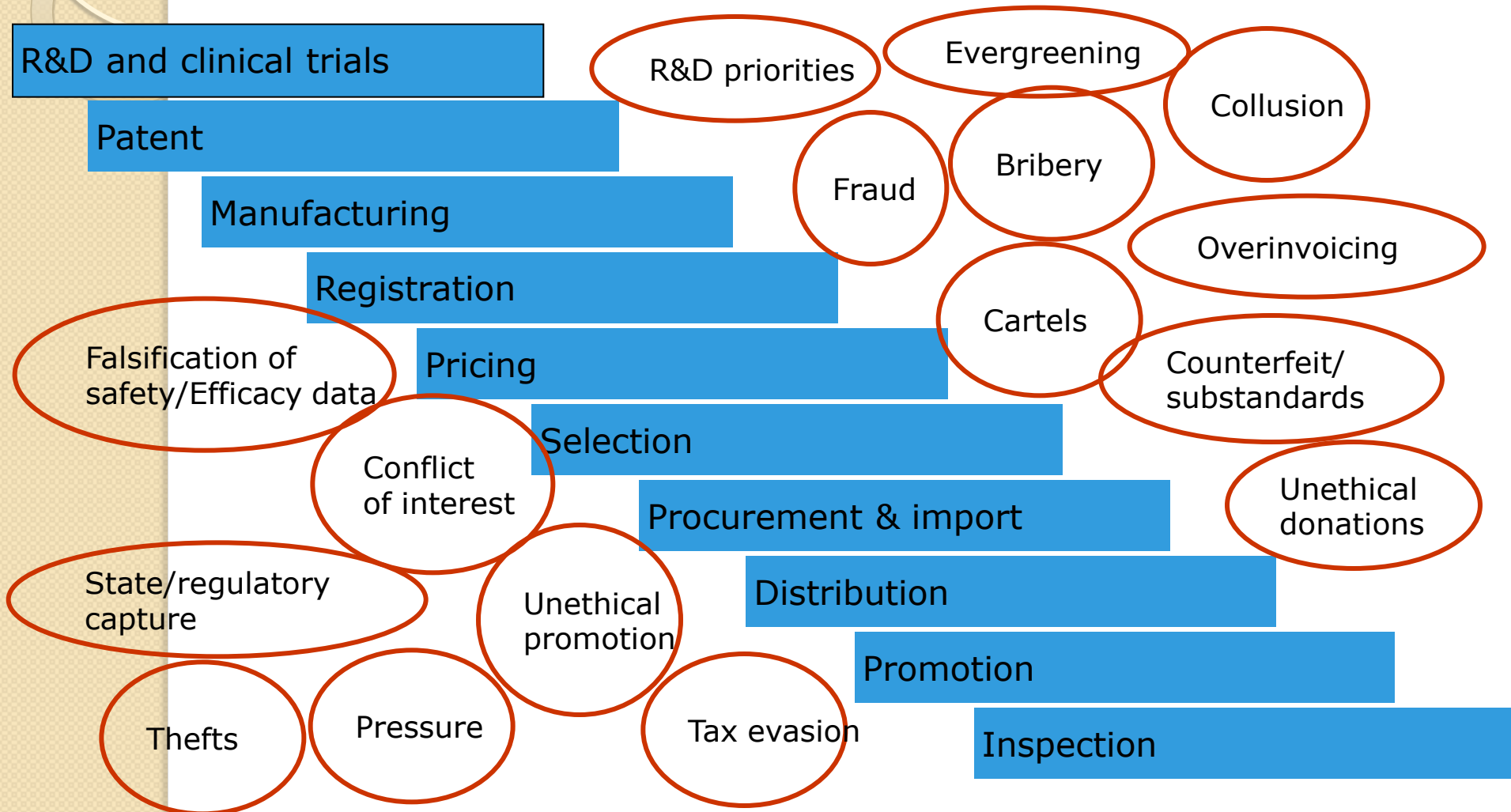
Regulation of quality in  
products, services, facil-  
ities and professionals

# Linking Governance to Health Systems Strengthening (Vian 2009)



# Good Governance in Medicines - WHO

Unethical practices can be found throughout medicines chain & are very diverse (Baghdadi-Sabeti 2007)



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  - Hospitals, pharmacies, ...
- Functions
  - Procurement, service delivery, ...
- Frequency of corrupt behaviours



# Major Sources of Corruption in the Health Sector

(Lewis – World Bank)

- Contracting and procurement
- Petty theft
- Selling accreditation or positions
- Public funds disappearing
- Staff nonattendance
- Informal payments

# Examples of fraudulent behaviour in health care (Rashidian et al 2012)

- Agent or insurer collecting premiums, then issuing no insurance

Falsifying Certificates of Medical Necessity, Plans of Treatment, and Medical Records to Justify Payment

- Phantom billing: Billing for services not provided. Adding charges for services never performed (padding the bill) or fabricating claims.

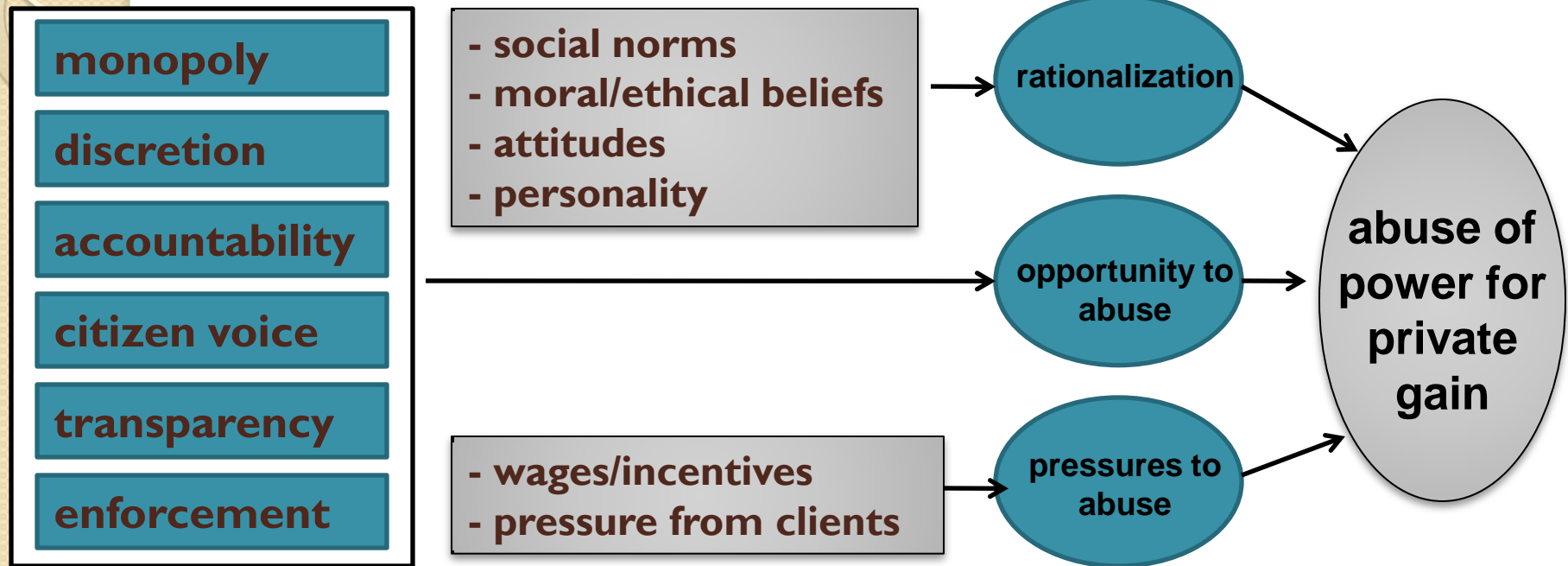
- Self-referral: referring the patients to a clinic, diagnostic service, hospital etc with which the referring physician has a financial relationship.

- Providing unnecessary care: Including unnecessary tests, surgeries, and other procedures, for the purpose of increasing the reimbursement.

- Up-coding: Charging for a more expensive service such as a visit to a specialist when the patient actually saw a nurse or an intern

- Identity theft: Obtaining using another person's health insurance card or identification by theft, or deception, to obtain health care or other services to impersonate that person

# Framework of corruption in the health sector



## Health care system and structure

- Insurance
- Payer-provider split
- Role of private sector, etc.

## Type of abuse

- Hospital construction
- Procurement
- Informal payments, etc.

## Resources

- High or low incomes
- Donor dependence, influx of funding

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# Intervention to reduce corruption

- Apply to all public services
  - And in health
- General public sector infrastructure and governance issues
- Banking structure / judiciary/ legal system/ public trust

# Interventions to combat health care corruption (Rashidian et al, 2012)

- Three groups of interventions
- Preventing occurrence of corruption
  - *These are mostly neglected*
- Detecting when it occurs
  - *These are usually ineffective and costly*
- Responding to identified corruption
  - *These are usually not rigorously implemented*

# Interventions to combat health care corruption:

## Preventing corruption

- 1. Deterring potential corrupters and fraudsters
  - AIM: Creating an anti-fraud culture
- 2. Stopping a corruption attempt before it actually occurs
- Changing the beliefs, attitudes, social norms, and cultural factors
  - “corruption will not be detected or punished”
  - “defrauding public purse or donor money is victimless”
  - “it is not bribe, it is a gift” ....

# Interventions to combat health care corruption:

## Preventing corruption

- General awareness (e.g. such as this seminar)
  - Public gestures
- Removing economic incentives for corruption
  - e.g. complicated bureaucracy
- Transparency
  - Conflict of interest management
- Citizen voice
- Improving internal control and developing anti-corruption 'compliance systems'
  - processes to ensure the organization and its employees comply with applicable laws, regulations, and standards

# Measuring Transparency in the Public Pharmaceutical Sector

1. *registration* of medicines
2. *licensing* of pharmaceutical business
3. *inspection* of establishments
4. *medicine promotion*
5. *clinical trials*
6. *selection* of essential medicines<sup>1</sup>
7. *procurement* of medicines
8. *distribution* of medicines

## Interventions to combat health care corruption:

### Detecting corruption

- Involves identifying past and new cases of corruption as quickly as possible
- Manual document reviews
- Automated systems
  - data mining, artificial intelligence systems, decision support systems, process control
- Random checks
- ‘Whistle blowing’



## Interventions to combat health care corruption: **Detecting corruption**

- Requires established structures
- Internal organizations – within the MoH
- Third party payers – insurers
- External organization – Inspector General Office /




## Interventions to combat health care corruption: Responding to identified corruption

- Administrative and legal actions based on the detection of corruption, to:
  - Redress the lost money
  - Fine the corrupters
  - Sanction legal punishments to prevent future corruption
  - Change and improvement in law enforcement initiatives
- Corruption cases evolve and become complicated

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In order to be effective, reforms to combat  
corruption must be  
*informed by theory,*  
*guided by evidence*  
*and adapted to context*  
(Vian 2008)

# Effectiveness and cost-effectiveness of interventions

- Evidence-informed policy making
- Interventions may be too expensive and burdensome
- Rational decision making may be required

# Stages of a policy making processes

- It essentially has four stages
- Problem formation / agenda setting
- Policy formulation
- Policy implementation
- Policy evaluation

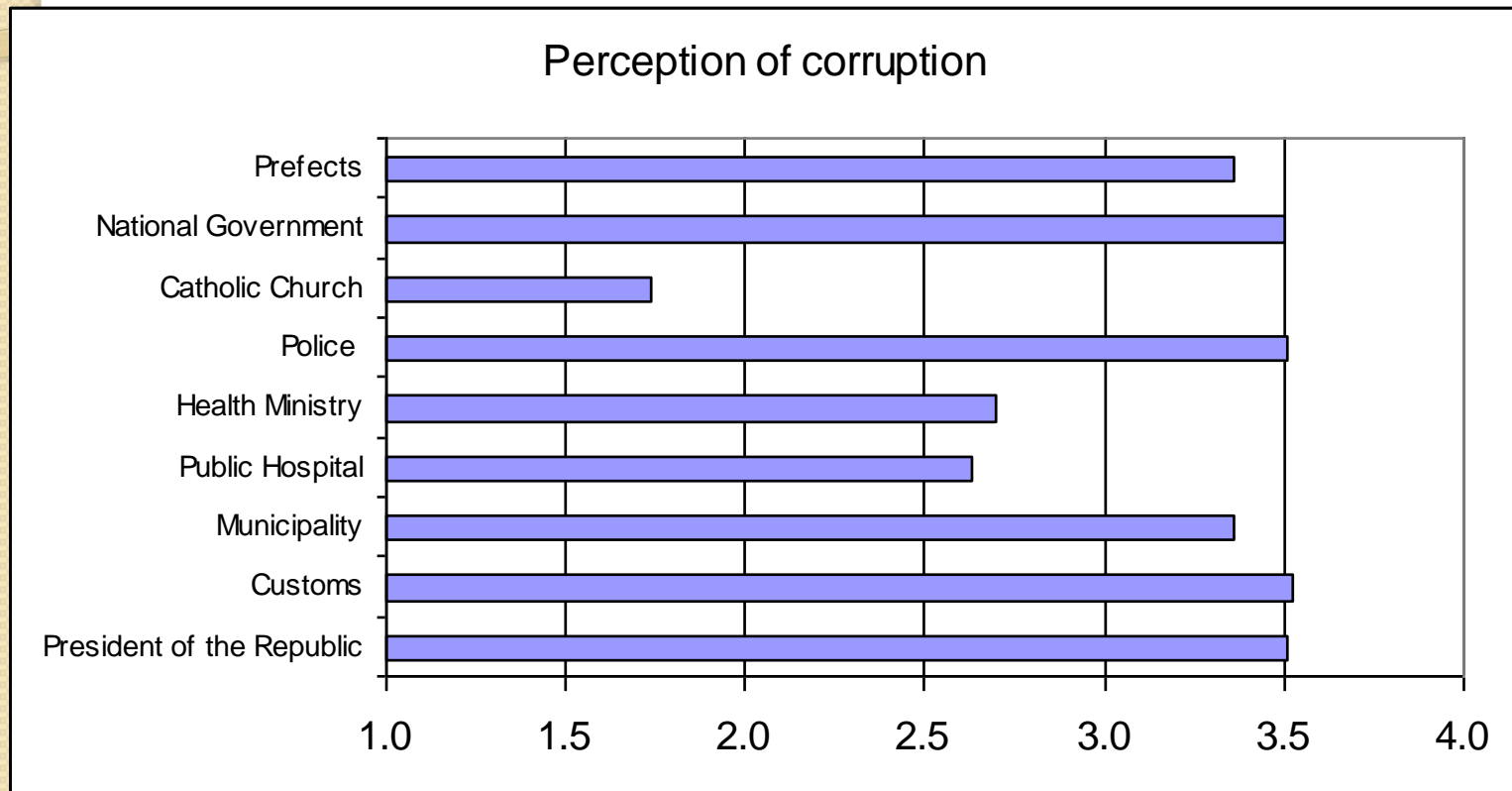
# The first stage is ...

- To understand, what exactly is the problem?
- Produce a shared understanding among stakeholders
- A good picture of the problem is necessary
- Situational analysis
  - To identify the main causes of corruption in the sector (the most frequent / and the most costly)

# Situation analysis may involve

- Assessing laws and regulations
  - In Iran we identified that five sets of laws and regulations dealt with physician fraud
- Corruption perception surveys
  - How people feel about the health sector
- Household expenditure surveys
  - Are people paying for health care services supposed to be free?
  - Free services in Afghanistan and the economies in transition

# The *perceptions* of corruption by health care users in Bolivia (Gatti et al 2004)




# Situation analysis may involve

- Qualitative studies / focus group discussions
- Complaints and claims reviews
  - E.g. complaints about under-the-table payments
- Price and market reviews
  - Medicines prices in Cambodia and Vietnam where much higher than international prices – WHY?

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