News

New report on corruption in health

The world's health systems are vulnerable to corruption in every country and at every level from central government to patients themselves, according to an encyclopaedic report into corruption released by Transparency International.

The *Global corruption report 2006* documents corruption on a vast scale in both rich and poor countries, and its enormous cost to public health. Each year hundreds of billions of dollars are siphoned from the world's US$ 3.1 trillion annual health spending into private pockets, according to the report published on 1 February.

The *Global corruption report*, now in its sixth edition, draws attention each year to corruption in a particular industry or sector as well as providing a broader overview of corruption across the world.

> "In many systems, health workers are so poorly paid that this is the only way they can make a living."
>
> *Diana Rodríguez, Transparency International.*

This year's report which focuses on the health sector "will be the reference book for corruption and health for the next coming years," according to Dr Hans Hogerzeil, WHO's Director of the Department of Medicines Policy and Standards.

The report "clearly demonstrates by its examples that corruption is a worldwide problem, existing in both high- and low-income countries," he added. "Thus no country should feel offended and restrained to talk about it; most countries have reason to look critically at their current situation and should decide how they can promote good governance."

But Transparency International, a Berlin-based nongovernmental organization, was unable to arrive at an estimate of the amount lost globally to corruption, conceded Diana Rodríguez, one of the report's editors.

"Quantifying corruption in medicine is especially difficult because so many possible cases, like billing for unnecessary procedures, could also be put down to clinical error, or a simple mistake. There are also grey areas, such as the hospitality and funding many doctors receive from the pharmaceutical industry that may or may not be considered corruption," Rodríguez said.

In country after country, however, the evidence suggests that losses of public funds are significant. In the United States, both Medicaid and Medicare — government-run health insurance organizations — estimate that 5–10% of their budget is lost to overpayment.

In Cambodia, researchers, health workers and administrators interviewed in July 2005 said it was widely assumed that between 5% and 10% of the health budget disappears before it is even paid by the Ministry of Finance to the Ministry of Health.

At the other end of the system, patients are frequently driven to supplement formal health budgets with their own under-the-counter payments. Informal payments account for 56% of total health expenditure in the Russian Federation, a proportion by no means abnormal in former communist countries. The phenomenon is also widespread in Asia, Africa, and South America.

"These payments should not necessarily be condemned out of hand," said Rodríguez. "In many systems, health workers are so poorly paid that this is the only way they can make a living." Evidence of physicians' private expenditure in Poland suggests that informal payments nearly double the average doctor's reported income.

Yet in Bulgaria, Slovakia and the Czech Republic, doctors with the highest salaries received informal payments more frequently than those with lower status. And in Greece, major salary increases for doctors in the early 1980s brought no reduction in the frequency of informal payments.

Few countries devote more than 0.1% of health budgets to auditing and investigating corrupt practices. Yet when such policies are actively pursued, results can be dramatic.

The Counter Fraud Service, created in 1998 to protect the National Health Service in the United Kingdom, has halved losses to patient and physician

WHO/M. Kokic

An unlicensed pharmacy in the Democratic Republic of the Congo, where the quality and validity of the drugs on sale can not be guaranteed.

fraud in its seven-year existence, and sued pharmaceutical companies suspected of forming price cartels. The estimated savings amount to 13 times the agency's budget. (In 2003, it was reformed as the Counter Fraud Service and Security Management.)

An even more remarkable success story is the battle against counterfeit drugs in Nigeria. Counterfeit and substandard drugs have flooded the African market in recent decades, particularly since the arrival of HIV/AIDS, costing thousands of lives and encouraging drug-resistant pathogens.

Nigeria's National Agency for Food and Drug Administration and Control (NAFDAC) was formed in 1994 to address the problem. NAFDAC was ineffective in its first years. By 2001, when Dr Dora Akunyili was appointed to head the agency, neighbouring countries banned Nigeria's pharmaceutical products, drugs were being hawked on city buses in Nigeria, and a NAFDAC survey found that 68% of the drugs in the country were unregistered and therefore probably counterfeit or substandard.

Yet by 2004, a repeat of that survey found that the quantity of unregistered drugs had fallen by 80%. Dr Akunyili describes NAFDAC's success in an article in the *Global corruption report*. The agency first had to root out corrupt inspectors in its own ranks. A huge increase in seizures of counterfeit drugs followed. A public education campaign helped consumers identify useless and dangerous products. Meanwhile the central government closed the entire border to pharmaceutical imports, bar a few carefully watched access points.

WHO/M. Kokic

Unlicensed medicines on sale in the Democratic Republic of the Congo

Dr Akunyili's work earned her Transparency International's Integrity Award, numerous death threats, and one assassination attempt in 2003.

But criminals such as drug counterfeiters and crooked customs agents may prove easier to pin down than the creeping network of shady financial ties that pervades modern medicine in the West. Dr Jerome Kassirer, a former editor of the *New England Journal of Medicine (NEJM),* contributed an article to the report documenting his own experiences with the long financial tentacles of the pharmaceutical industry.

> "… the doctors receiving all these gifts are unanimous in insisting it has no effect on their practices."
>
> *Dr Jerome Kassirer, professor at Tufts University School of Medicine.*

"Throughout my time at *NEJM,* we saw a steadily increasing number of submitted articles that couldn't be published because of authors' conflicts of interest," he told the *Bulletin*.

In the United States, 90 000 pharmaceutical representatives ply doctors with gifts and junkets. The US$ 2 billion spent annually just on free meals and other hospitality events would dwarf many health budgets in African countries.

"Yet the doctors receiving all these gifts are unanimous in insisting it has no effect on their practice," said Kassirer, a professor at Tufts University School of Medicine in the United States.

The available research suggests otherwise, he argues in his contribution to the report. In one study, doctors who requested additions to their hospital's drug formularies were found to be 9–21 times more likely than their colleagues to have accepted hospitality or funding from the drugs' manufacturers.

Kassirer also points to a famous decision by the US Food and Drug Administration (FDA) to keep the drugs Vioxx and Bextra on the market after concerns were raised over cardiovascular risks. Most of the panellists on the FDA committee, it later emerged, had financial ties to the manufacturers. If these panellists had declared a conflict of interest and refrained from voting, the decisions would have gone the other way.

The web of payments can entrap whole governments, Kassirer said, for example by enlisting them to fight in support of the industry's corner against generic manufacturers.

But while every actor in the health system has opportunities for corruption, it is the behaviour of doctors that concerns Kassirer the most. "They disappoint me," he said. "There may be a perception that they are more ethical than [representatives of] other professions, but I see little evidence for it". ■

Owen Dyer, *London*

WHO promoting good governance

Dr Guitelle Baghdadi, Technical Officer in WHO's Medicines, Policies and Standards Department, is coordinating a project launched in 2004 to promote good governance in medicines regulatory authorities and procurement systems in WHO's 192 Member States, to make these systems less vulnerable to corruption.

The project is funded by the Government of Australia. So far the three-step process has been implemented in eight Asian countries.

The first step is to assess transparency and vulnerability to corruption in a given country's public pharmaceutical sector; the second is to develop and implement national ethical frameworks promoting good governance; the final stage is to train national officials in the principles of good governance.

Commenting on the *Global corruption report 2006,* Baghdadi said: "This report provides additional evidence in an area where research, though growing in the last few years, is still limited. This is particularly true of the pharmaceutical sector".

"These findings are important for policy-makers worldwide to adjust their policies and promote anti-corruption strategies," Baghdadi said.