Combatting Corruption and Promoting Equity in the Health Sector

Lessons from the Field

Different systems, different risks, complementary strategies

Karen Hussmann
Independent expert and consultant
Member of Transparency International

Agenda of the session

- What is different in the health sector in terms of corruption and what are the main policy options to address the problem?
- What is a systems and actor perspective good for?
- Experience of Colombia in addressing corruption in the health sector
- Some lessons learned

What is different in the health sector ?

Special characteristics of the health sector

- **Market failures**: in particular **information asymmetry → new regulations & new risks**
- **Many actors** with (often) opaque relations and different (legitimate) interests
- **Blurred lines** between abuse, unethical behaviour and mistakes

Corruption manifests differently in different sectors

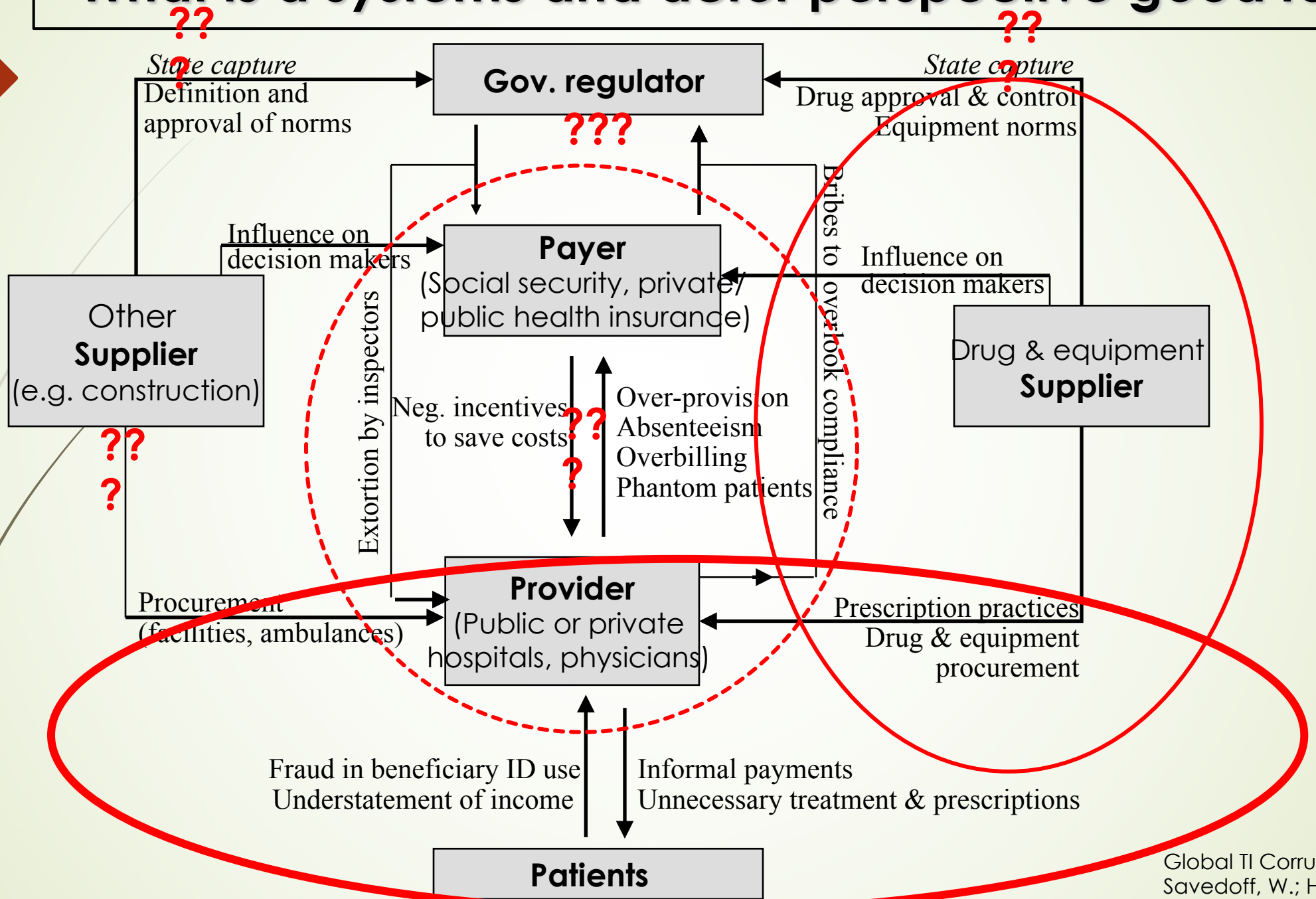
- **Amount of resources**;
  - How they are mobilized, asssigend and spent;
  - Power structures of each sector → political economies and state administration
- **Types of corruption vary**
  - Individual bribes, schemes / pyramids of bribes;
  - Kick-back schemes;
  - Organized versus uncontrolled corruption;
  - Capture or cooptation of illegal actors.

What are policy options for addressing corruption in health?

- **International initiatives** :
  - META – GGM
- **Holistic sector policies / strategies**
  - Strong political will for service delivery vs. „smoke-screens“ (more formal than real)
- **Focus on sub-systems:**
  - E.g. on pharama policy (GGM-WHO)
- **Institutional level initiatives**
  - Hospitals, health centres, health regulators, central drug stores; local heatlh departments
- **„Punctual patches“ or „Opportunistic incremental“:**
  - Remedy specific problems (particular demands or scandals) -- Drug prices at hospitals; user fees; financial administr.
  - Limited political will – focus on legitimizing power
  - Civil society and donor supported iniatives

- Little evidence still on pros and cons of different approaches
- Ideally combine and take into account political feasibility and

What is a systems and actor perspective good for?



Global TI Corruption Report 2006
Savedoff, W.; Hussmann, K.

What can be learned from applying a system perspective?

Case studies on Colombia – Peru

Analysis of health systems directed at the poor (2011)

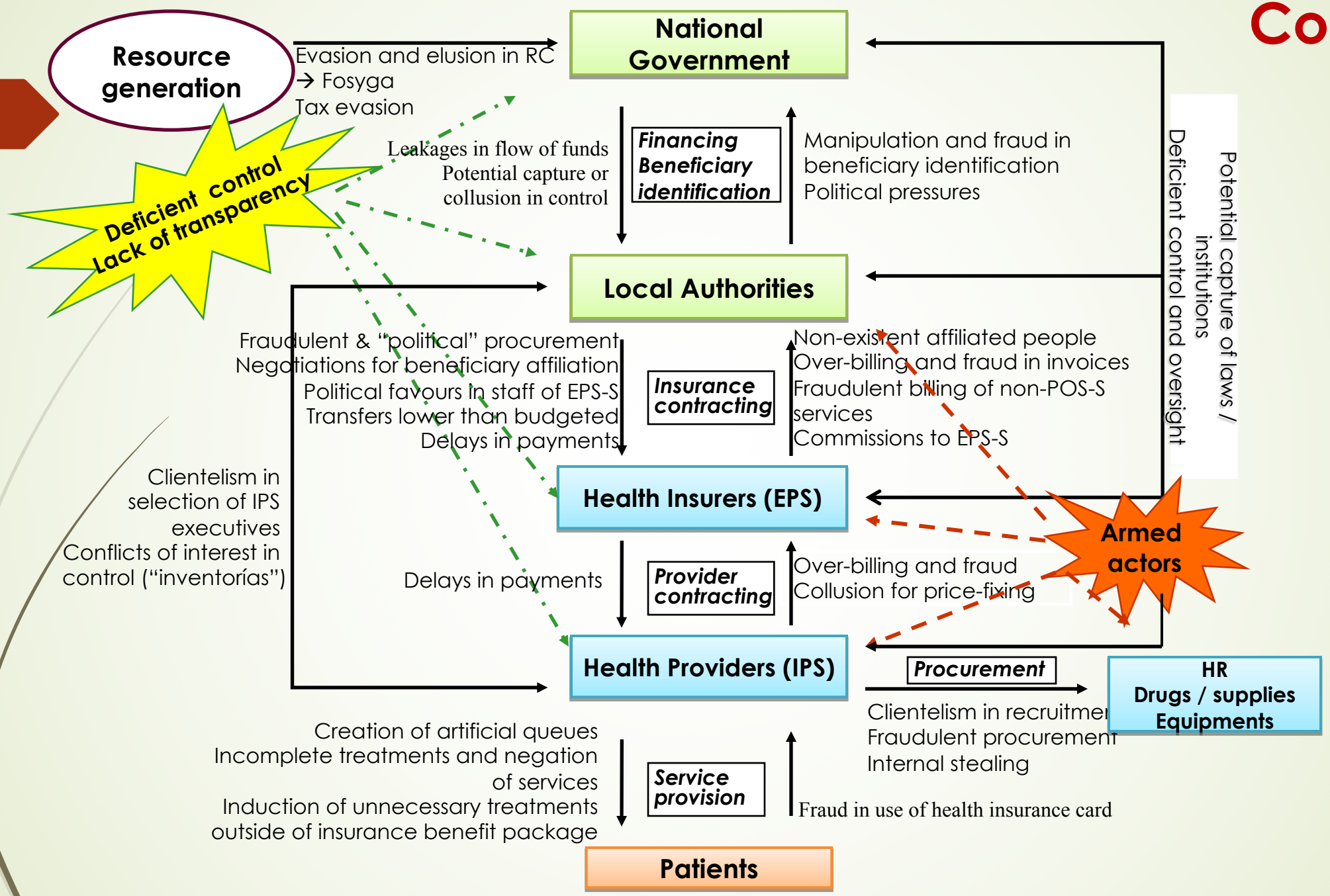
- Colombia: regulated competition (public-private)
- Peru: public provision

Key points

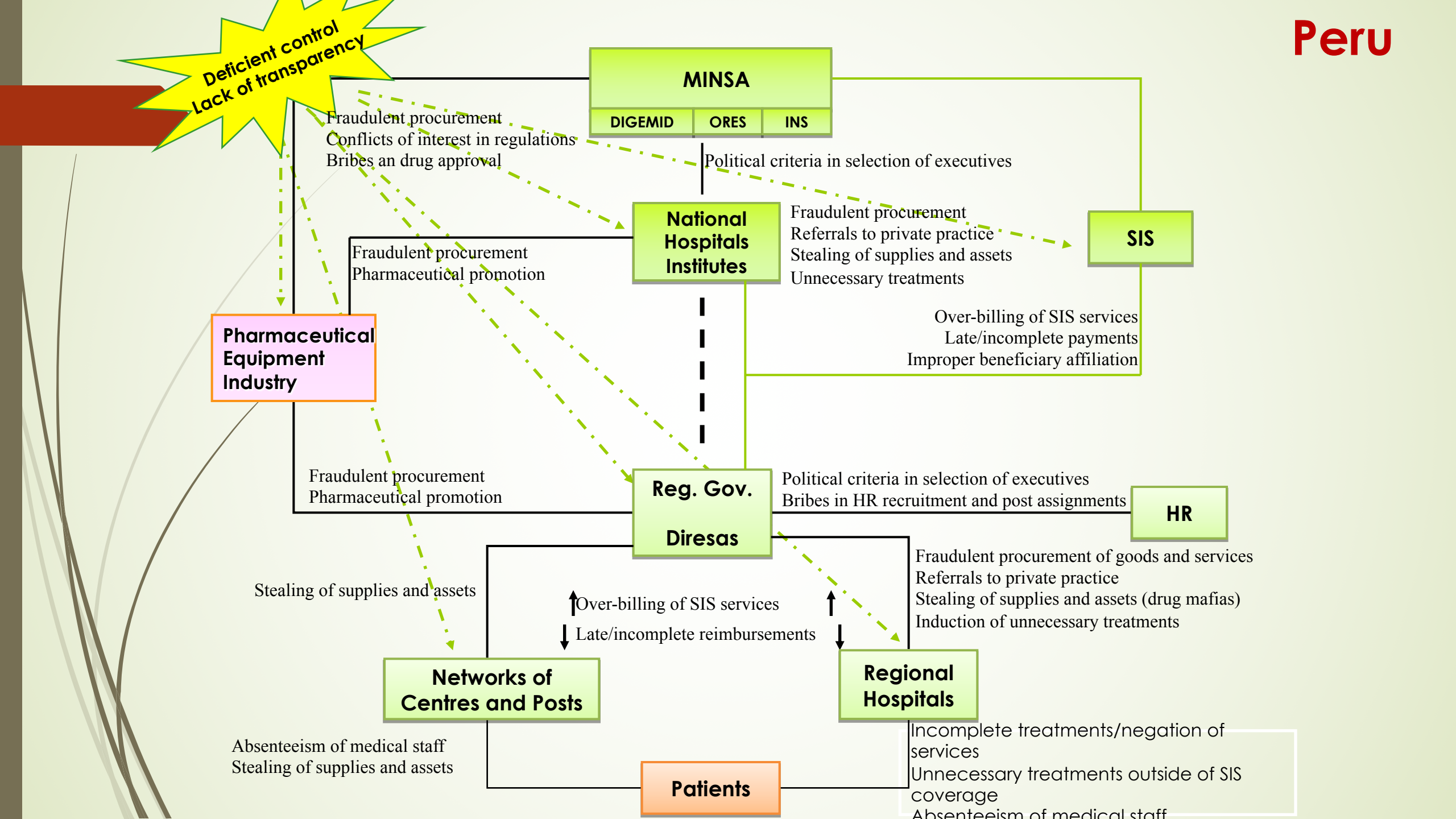
- Different systems – different risks
- Deficient control; lack of transparency and accountability
- Systems reforms can „reform“ the risks of corruption
- Corruption is ideology-free (public, private, left, right, etc.)
- Risks of law, regulatory and institutional capture get little attention

Importance to acknoledge the **responsibilty of all actors → trust and legitimacy**

Colombia


Resource generation
Evasion and elusion in RC
→ Fosyga
Tax evasion
National Government
Deficient control
Lack of transparency
Leakages in flow of funds
Potential capture or collusion in control
Financing
Beneficiary identification
Manipulation and fraud in beneficiary identification
Political pressures
Local Authorities
Potential capture of laws / institutions
Deficient control and oversight
Fraudulent & "political" procurement
Negotiations for beneficiary affiliation
Political favours in staff of EPS-S
Transfers lower than budgeted
Delays in payments
Insurance contracting
Non-existent affiliated people
Over-billing and fraud in invoices
Fraudulent billing of non-POS-S services
Commissions to EPS-S
Clientelism in selection of IPS executives
Conflicts of interest in control ("inventorías")
Health Insurers (EPS)
Armed actors
Delays in payments
Provider contracting
Over-billing and fraud
Collusion for price-fixing
Health Providers (IPS)
Procurement
HR
Drugs / supplies
Equipments
Clientelism in recruitmer
Fraudulent procurement
Internal stealing
Creation of artificial queues
Incomplete treatments and negation of services
Induction of unnecessary treatments outside of insurance benefit package
Service provision
Fraud in use of health insurance card
Patients

Peru


Deficient control
Lack of transparency
MINSA
DIGEMID
ORES
INS
Fraudulent procurement
Conflicts of interest in regulations
Bribes an drug approval
Political criteria in selection of executives
National Hospitals Institutes
Fraudulent procurement
Referrals to private practice
Stealing of supplies and assets
Unnecessary treatments
SIS
Fraudulent procurement
Pharmaceutical promotion
Pharmaceutical Equipment Industry
Over-billing of SIS services
Late/incomplete payments
Improper beneficiary affiliation
Fraudulent procurement
Pharmaceutical promotion
Reg. Gov.
Diresas
Political criteria in selection of executives
Bribes in HR recruitment and post assignments
HR
Fraudulent procurement of goods and services
Referrals to private practice
Stealing of supplies and assets (drug mafias)
Induction of unnecessary treatments
Stealing of supplies and assets
Over-billing of SIS services
Late/incomplete reimbursements
Networks of Centres and Posts
Regional Hospitals
Absenteeism of medical staff
Stealing of supplies and assets
Incomplete treatments/negation of services
Unnecessary treatments outside of SIS coverage
Absenteeism of medical staff
Patients

Colombia experience post 2012

Combatting corruption in the health sector in Colombia

Context:

2011 major scandal hits health system (financial and credibility crisis); systemic failure with responsability of all actors → Recovering trust and legitimacy

Response of the state:

- Political-technical leadership in Ministry of Health and key national entities
- Institutional reforms and new leaderships
  - Superintendency; Invima (food and drug agency); IETS (conflicts of interest)
- Recognises transparency and access to information (fundamental right since 2014) as fundamental principle of State administration
- Funding flows
  - From national to sub-national levels (actors, processes, accountability)
  - Between providers and ensurers
- **Pharma policy with „radical transparency“**
- Supervision and control

Response of the industry:

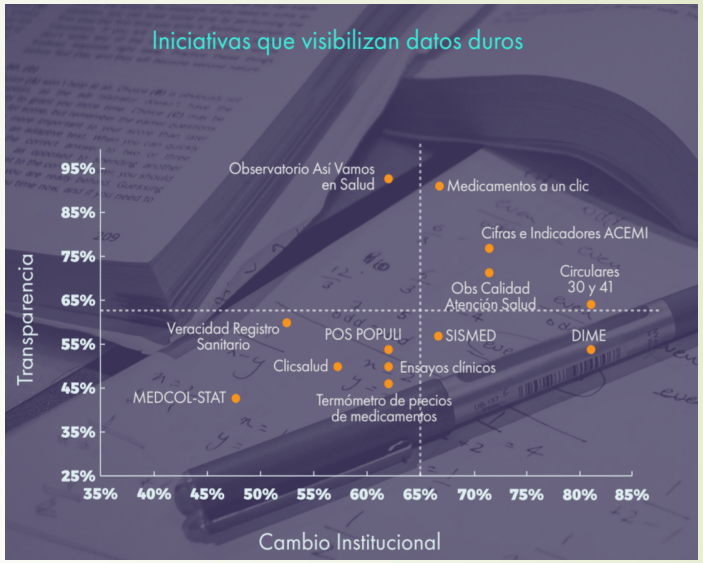
- Initiatives of self-regulation

Colombia: transparency in pharma sub-sector

- Decision making in regulatory processes
- Drug price regulation
- Comparison of drug prices
- Prescription and use of drugs
- „Sunshine Act“ a la Colombiana
- Self-regulation of Industry
- Transparency reform in Invima (FDA of Colombia)
- Médicos sin Marca Colombia

Colombia: studies on transparency and corruption risks in the health sector

- **Study of transparency initiatives in the pharma sector**
  - Led by committed public leaders
  - Experimental, good initial results! Sustainability?
  - Lack of clear objectives: monitoring for results?
  - Intra-institutional coordination and anchoring = weak (no policy)
  - Need to involve stakeholders in design and implementation
  - Strengthen links of transparency, accountability, participation
  - Need for intra-ministerial transparency lead close to Minister



- ***Study on risks and tolerance of corruption and risks of opactiy in key processes of health sector***
  - Independent but coordinated with Ministry and Super-Salud
  - All key actors involved in analysis and remedies
  - Survey on experience, perceptions and tolerance gauging
  - Analysis of macro-processes → priorities to select key processes and analyze them with risk-based methodology

Challenges for Colombia

- How to achieve continuity with a new government from a different political spectrum, with different priorities and political economy to satisfy?
- No clear alliance of societal actors who demand consistently for change (civil society, professional organizations, universities, etc.) – several of the transparency initiatives are in risk of being discontinued.
- Transparency and integrity commitments in the health sector are not integral part of international commitments (e.g. OGP, EITI, or others) and thus lack international "pressure" for reporting.
- End of donor support for transparency and anti-corruption initiatives in general and the health sector in particular coincides with change of government.
- How to build / strengthen bridges between health and governance communities (government, CSO, universities, donors)?
- Current role of universities (drugs; institutional transparency; policy impulse and risk-management; Médicos sin Marcas)

Information on Colombian health sector transparency and anti-corruption intiatives available in Spanish at www.actuecolombia.net

Recap

- Different systems, different risks and system reforms harbour new risks for corruption
- Little documented evidence of how corruption, opacity and tolerance for corruption plays out in different countries and systems → particular lack of knowledge on policy, regulatory and institutional capture
- Little documented evidence of what works, what not, in which context, why.
- Need to translate main principles of good governance (transparency, access to information, accountability, participation, integrity) into coordinated and coherent action.
- Need to link anticorruption work with sector / institutional objectives → tangible, monitorable results with political gains.
- Important opportunities for donors to provide technical assistance in continuous-intermittent way
- Relevance of social pressure / demand (role for donors)

Generation & access to info + accountability + participation
→ cultural change

GRACIAS POR SU INTERES

Karen.hussmann@gmail.com