

Inside the Core of Corruption from the Health System

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Abstract

The paper presents several definitions of the corruption phenomenon and tries to reveal that the fight against it is a complex challenge. It also presents a review of two articles from Transparency International's Global Corruption Report 2006, namely: "Corruption is bad for your health: findings from Central and Eastern Europe" written by Richard Rose and "Paying for free health care: the conundrum of informal payments in post-communist Europe" signed by Sara Allin, Konstantina Davaki and Elias Mossialos.

Key words: *phenomenon of corruption, health system, fight against corruption*

Theoretical Definitions

Corruption is characterized by the use of power for private goals. These goals may include personal wealth or services for other people. Corruption is by definition an illicit activity. Corruption may be active or passive. Active corruption means that money or services are offered to a person who has some power, in exchange of an advantage. Passive corruption means that money or services are accepted [16]. Corruption is an abusive use of rules and procedures that regulate and frame economic, political, cultural and social behaviors in every individual. It represents an advantage for its actors and a disadvantage for the majority. Thus, corruption is a factor that worsens social inequalities [21].

These definitions are largely accepted by all contemporary analysts, who consider that there are some tones in accordance with their purpose. Thus, Michael Johnston underlines the public aspect of power: "Corruption presupposes some abuse of trust that generally involves public power with the purpose of getting some private benefits... Corruption is an abuse of public functions or resources for private benefit" [8]. Another document that studies the problem of corruption and human development considers that corruption is "a world scourge that affects especially developing countries" [10]. Finally, there are authors who consider that corruption is "a negation", philosophically speaking, thus judging not corruption itself, but "the essence of corruption" [10].

The Assembly of the Council of Europe defines corruption as “some use and abuse of public power for private goals”, while for the Commission of European Community, “corruption is linked to any type of abuse of power or irregularity that is done when decisions are made, in exchange of incitement or any other implicit advantage”. The OECD Convention (Organisation for Economic Cooperation and Development) referring to the corruption of foreign public agents during international commercial transactions defines corruption as “the intention of any person to offer, promise or give, as a favor, some money advantage, directly or using intermediaries, to a foreign public agent, for its own use or for a third party, so that this agent should act or avoid action connected with its official functions, in order to obtain a market or any other advantage in the international trade” [18]. The World Bank prefers, for corruption, the following concise definition: “the use of one’s position as responsible for a public service to his/her own benefit” [19].

Transparency International, a non-profit organization of the global civil society, fights against corruption gathering people all over the world to end the devastating impact of corruption has on men, women and children alike. Its mission is to create a world free of corruption. Transparency International denies the inevitable character of corruption and offers hope to its victims. TI raises awareness and diminishes apathy and tolerance to corruption, taking practical actions against this scourge [11]. Ever since 2001, Transparency International annually has been publishing a series of world reports on corruption, each of them being focused on a special topic. In 2006, the Global Corruption Report was concerned with the health problem.

Research Findings Regarding the Phenomenon of Corruption from the Health System

Fighting corruption in the health sector is a complex challenge. At one end of the scale there are doctors and nurses who charge small formal payments to patients to supplement inadequate incomes. At the other end, there are the corrupt suppliers who offer bribes and the health ministers and hospital administrators who accept bribes, or siphon millions of dollars from health budgets, skewing health policy and depleting funds.

Despite limited research, the health sector appears to be particularly vulnerable to corruption. This is the result of many *processes* with high risks of bribery:

- The health sector is marked by a high degree of imbalances of information and a rigid demand for services [15];
- The high degree of discretion given to providers in choosing services for their patients places them in a vulnerable position. In most countries health professionals have assumed a cultural role as trusted healers who are above suspicion [13];
- Systems with direct public provision are prone to low productivity when insulated from competition or external accountability [13];
- Services are also highly decentralised and individualised making it difficult to standardize and monitor service provision and procurement [13]. Limited regulatory capacity in many developing countries adds to the problem [20].

IRIS Center from the U.S. Agency for International Development (USAID) discovers some processes as having a high inherent risk of corruption: provision of services by medical personnel, human resources management, drug selection and use, procurement of drugs and medical equipment, distribution and storage of drugs, regulatory systems, budgeting and pricing (see figure 1) [17].

Three of the UN’s eight Millennium Development Goals – intended to halve poverty by 2015 – relate directly to health: reducing child mortality, improving maternal health and combating

HIV/AIDS, autism and other diseases. Transparency International's *Global Corruption Report 2006* demonstrates that the fulfillment of these goals by the target date is severely hampered by the pervasiveness of corruption in the health care system.

For this research, we have selected two articles from Transparency International's *Global Corruption Report 2006*, which we consider that are representative, and whose commentary follows. These are: *Corruption is bad for your health: findings from Central and Eastern Europe* and *Paying for free health care: the conundrum of informal payments in post-communist Europe*.

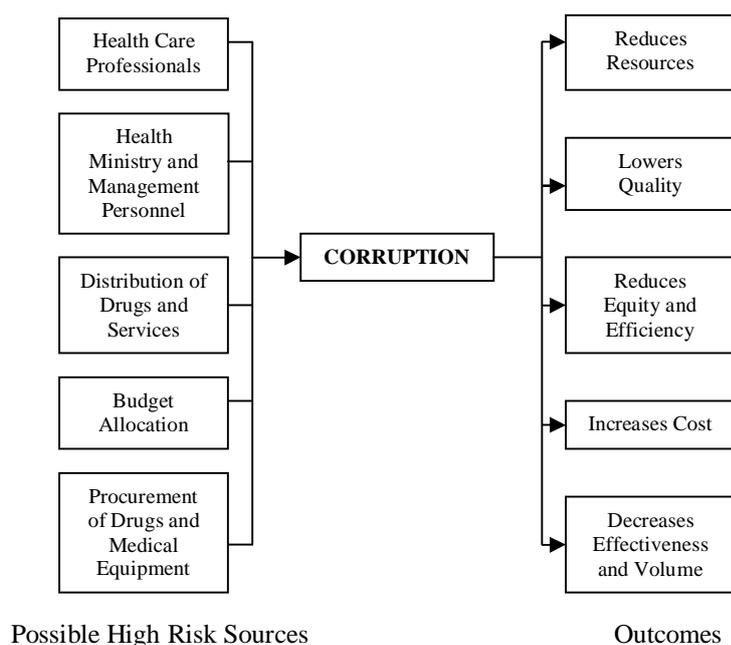


Fig. 1. Corruption in the health sector: risk areas and consequences

Source: www.transparencyinternational.org

Corruption is bad for your health: findings from Central and Eastern Europe¹

In the developing countries, individuals needing health care must sometimes turn to traditional remedies or borrow money to pay for private health care. Where corruption is rife, people have the worst of both worlds: paying twice for treatment, once through taxes and once in a brown envelope.

Communist governments in Central and Eastern Europe once promised health care to everyone in need. However, the result was favoritism and corruption in the allocation of medical and hospital treatment. Those who were in the party *nomenclature* had access to good treatment; those who could pull strings through informal networks (*blat*) also benefited. For the rest of the people if they could offer payments they were more likely to get good treatment than those who could not.

The corruption that was an integral part of the 'shadow' economies of communist countries has left a legacy of corruption throughout the region, particularly in the health sector the imposition

¹ Richard Rose: La corruption nuit à la santé: le cas de l'Europe centrale et de l'Europe de l'Est, in *Rapport Mondial sur la Corruption. Corruption et santé*, Transparency International, Edition ECONOMICA, 2006, ISBN: 2-7178:2-7178-5223-9, pag. 49-54

of a 'corruption tax' for treatment that ought to be free is likely to have negative consequences for the health of citizens. At worst, it may lead to the denial of treatment or even people not seeking treatment because they do not have the money to make payments under the table. Corruption in health inevitably punishes both the elderly and the poor, who are most likely to need health care [12].

The seventh New Europe Barometer (NEB) of the Centre for the Study of Public Policy has tested the extent to which corruption is bad for society's health². Between 1st October 2004 and 23rd January 2005, it organized nationwide random sample surveys of the adult populations in eight new EU member states (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia); two applicant countries (Bulgaria and Romania); plus Belarus and Russia. National research institutes interviewed 13,499 people, asking questions about their perception of corruption, health care and such influences on health as age, education and social class.

The answers to the question «How would you evaluate the current system for health in your country?» are centralized in Table 1.

Table 1. The evaluation of the current system of health for some of the Central and Eastern countries

<i>How would you evaluate the current system for health care in this country?</i>				
	Very good	Fairly good	Not so good	Very bad
Czech Republic	3	51	39	7
Slovenia	4	42	42	11
Belarus	2	49	38	11
Romania	2	14	66	18
Hungary	1	38	46	15
All NEB countries	1	26	49	24
Estonia	1	24	49	26
Lithuania	1	22	56	21
Slovakia	1	21	52	26
Latvia	1	20	47	32
Poland	1	16	48	35
Bulgaria	1	7	55	38
Russia	1	7	53	40

Source: Centre for the Study of Public Policy, New Europe Barometer VII. Total number of respondents: 13,499. Fieldwork conducted between 1 October 2004 and 23 January 2005

Altogether, 24 per cent describe the system as very bad, and almost half characterize it as not so good, as against 27 per cent who consider it fairly good, and 1% very good.

Another question focused upon the number of public officials who are thought to be corrupt: «very few», «less than half», «majority» and «almost all». The results are shown in Table 2.

When asked how many officials are corrupt, 29 per cent say that practically all officials are corrupt and 44 per cent see a majority of officials as corrupt! There are big differences between

² The inquiry for the New European Barometer is financed by British Economic and Social Research Council to analyze divergent orientations after the fall of communism

countries. In Romania, a majority perceive practically all officials as corrupt, and in Russia and Bulgaria only 43 per cent do, while in Estonian and Slovenia only 20% do.

It is important to underline that where corruption appears widespread, people also see major deficiencies in health care. Five out of six people who see nearly all officials as corrupt think their health system is either very bad or not so good; and almost four-fifths who think the majority of officials are corrupt see the health service in negative terms. Among those who think that less than half of the public officials are corrupt, three in five still have a negative view of the health service.

Notwithstanding the widespread perception of inadequate and even corrupt public services, the welfare values of Central and East Europeans continue to support paying taxes for better services. However, the more corrupt a system actually is, the less benefit those individuals will gain from paying higher taxes. In order to improve health in the region, *national governments not only have to spend more money on health care, but they also have to spend that money honestly!*

Table 2. The level of corruption in some of the Central and Eastern European countries

<i>How widespread do you think that bribe-taking and corruption are in this country?</i>				
Very few public officials are corrupt; less than half are corrupt; most public officials are engaged in corruption; almost all public officials are engaged in corruption				
	Almost all	Majority	Less than half	Very few
Romania	51	34	14	1
Bulgaria	43	45	10	2
Russia	43	46	8	3
All NEB countries	29	44	22	5
Lithuania	32	50	15	3
Slovakia	30	50	18	2
Hungary	27	36	35	1
Belarus	26	44	21	8
Latvia	24	49	22	6
Poland	22	52	24	2
Czech Republic	21	49	26	5
Slovenia	17	36	33	14
Estonia	12	39	36	13

Source: Centre for the Study of Public Policy, New Europe Barometer VII. Total number of respondents: 13,499. Fieldwork conducted between 1 October 2004 and 23 January 2005

Paying for ‘free’ health care: the conundrum of informal payments in post-communist Europe³

Informal payments for health care in the countries of Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS – the former Soviet Union excluding the Baltic

³ Sara Allin, Konstantina Davaki, Elias Mossialos - Payer pour des soins “gratuits”: la nébuleuse des dessous-de-table dans l’Europe post-communiste, *Rapport Mondial sur la Corruption. Corruption et santé*, Transparency International, Edition ECONOMICA, 2006, ISBN: 2-7178:2-7178-5223-9, pp.78-88

States) are widespread. Informal, 'under-the-table' or 'envelope' payments are typically defined as direct payments by patients for services they are entitled to for free, usually in a public health system. The range of informal payments has potentially serious implications, because they can undermine official payment systems, distort the priorities of the health system, reduce access to health services and impede health reforms. They can also encourage unprofessional behavior, including rent-seeking behavior by health workers.

Informal payments take place due to several reasons, including economic ones such as a general scarcity of financial resources in the public system; then the lack of trust in government and a culture of tipping.

Informal payments became a common feature of these health systems, since the state could not deliver what it promised. Following the economic and social crisis with the fall of communism and the break-up of the Soviet Union, health care suffered even further in terms of resource availability and service quality. Health system characteristics that may help explain the prevalence of informal payments include an excessive supply of capital and human resources, low salaries, lack of accountability and government oversight and an overall lack of transparency. The scarcity of private services may also drive informal payments, as the public system has minimum personnel and funds.

Recent surveys indicate that informal payments have come to represent a large proportion of total health expenditure in CEE and CIS countries. Informal payments constitute 84 per cent of total health expenditure in Azerbaijan, half of which is estimated to be informal [3], 56 per cent of total health expenditure in the Russian Federation [9], and 30 per cent in Poland. In Tajikistan, household spending on health averages US \$8.58 per person per annum compared to government expenditure of US \$3.75.10 Similarly, the Albanian Living Standards of 2002 estimated out-of-pocket (both formal and informal) expenditures constituted more than 70 per cent of total health expenditure [4].

Informal payments are mainly associated with in-patient care settings, particularly surgery, and several surveys have found that they tend to be more common in large towns and cities. A 1999 World Bank/USAID survey observed that 71 per cent of GP visits and 59 per cent of specialist visits involved payments in Slovakia [14]. In Latvia, the TI Annual Informal payments for health care Report 2000 estimated that approximately 25 per cent of patients made informal payments sometimes, while 5.7 per cent made payments on almost every visit. A regional breakdown showed that Riga had the highest proportion of under-the-table payments, with 46.1 per cent of Riga respondents having made such payments. In Bulgaria, informal payments are more common in Sofia, with 51 per cent of survey respondents reporting paying without a receipt for a doctor or dentist [1]. In Romania, informal payments are widespread and account for 41 per cent of total out-of-pocket expenditure [2].

A recent survey of public perceptions conducted by the Centre for Policies and Health Services revealed that 39 per cent of people with high incomes paid unofficial fees or gifts for medical services in 2001, while 33 per cent of people with below-average income paid unofficial fees or gifts.

These expenses are increasing. Between 1993 and 1998, the number of patients in Slovakia who paid for hospital admissions grew by approximately 10 per cent [14]. In Bulgaria, out-of-pocket payments (including both formal and informal payments) increased from 9 per cent of total expenditure to 21 per cent in 1997 [1]. In Kyrgyzstan, while 11 per cent of patients who visited a physician reported paying informally in 1993, 50 per cent did so in 1996 [7], and in Kazakhstan, while out-of-pocket payments were, at least officially, virtually non-existent prior to 1991, by 1996, 30 per cent of visits were charged either formally or informally [6].

The role of physicians in shaping expectations regarding informal payments is crucial. The status of the profession can also shape physicians' attitudes toward accepting payments directly

from patients. Evidence on private expenditures in Poland reveals that informal payments nearly double physicians' formal salaries, suggesting overall that managing existing resources poses a difficult challenge and also requires finding new resources. There is also a direct benefit for hospital physicians, where informal payments constitute 46 per cent of all patient expenditure in hospitals, thereby leading to an increase in physician salaries by 15 per cent [5].

In conclusion, in order to reduce informal payments, the author considers that serious efforts are needed to rebuild lost trust in health care, raise salaries, ensure good quality of care and improve accountability and transparency. Governments should be explicit and reasonable in defining benefits package of services provided at a sufficiently high standard for everyone within the funding that is available. Efforts should be made to adequately inform the population of the benefits package provided by the state and any services that do incur charges.

Obviously, one possible policy option is to formalize informal payments but it is essential that these payments should be transparent and controlled, in order to effectively replace the informal payments.

Conclusions

Corruption is a phenomenon of the contemporary world that equally preoccupies governments, policy makers, research institutes, mass-media. Governments from the majority of world countries meet with resistance on many fronts when tackling corruption within their health care systems. Even when state authorities possess the will and resources needed to take on the various, and often endemic, types of corruption, they meet a common, major obstacle: the attitudes of the public and of many politicians are as difficult to change as those of health care professionals.

A major challenge to governments wishing to reduce corruption is that what international bodies invariably view as improper conduct is not frowned upon nearly as much by the public at large. The most common form of "unethical" conduct — the acceptance of so-called out-of-pocket payments by patients to doctors and nurses — is still widely tolerated by the public. This is particularly true among older people, who often tend to view such informal charges both as expressions of gratitude and as the safest way to make sure that they receive the best medicines and treatment.

If we stay united and work together, on all plans, with all the states and if we fight with all the available force against illicit activities that are aimed against human freedom and dignity, we will eventually win the battle.

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Incursiune în mijlocul corupției din sistemul sanitar

Rezumat

Lucrarea prezintă câteva definiții ale fenomenului corupției și încearcă să demonstreze provocarea complexă dată de lupta împotriva acestui fenomen. De asemenea, lucrarea cuprinde un comentariu ce se referă la două articole din *Global Corruption Report 2006*, raport anual al organizației *Transparency International*. Acestea sunt următoarele: “*Corruption is bad for your health: findings from Central and Eastern Europe*”, scris de Richard Rose, respectiv “*Paying for free health care: the conundrum of informal payments in post-communist Europe*”, semnat de Sara Allin, Konstantina Davaki și Elias Mossialos.