

World's health-care systems breeding grounds for fraud and corruption

Criminals deprive patients of essential medical care, says Transparency International

by Tamar Khan

Health-care systems around the world are easy targets for thieves and frauds, who deprive millions of patients of essential medical care, says a new report by advocacy group **Transparency International (TI)**.

If not stamped out, corruption could inhibit international donor funding to developing countries and undermine progress towards the United Nations health-related Millennium Development Goals: reducing child mortality, improving maternal health, and combating diseases such as HIV/AIDS and malaria.

The report does not quantify the scale of corruption in health-care systems, but says the complexity of health-related industries and the vast sums of public money invested in medical care make the sector an attractive target for fraudsters. The world spends more than \$3,1-trillion on health services each year, almost a third of it in the US.

Many of the cases highlighted by **Transparency International** resonate with examples from SA's health-care systems.

A series of scathing reports on provincial health departments last year highlighted massive problems in public hospitals ranging from unpaid patient bills to poor staff management and sloppy stock control - in some cases stock-taking had not been conducted for several years.

Last November, auditor-general Shauket Fakie censured the national health department for a second year running over the way it had managed billions of rand paid to the provinces in conditional grants.

Fakie found the department had transferred hospital revitalisation grants to provinces without first approving project implementation plans, as required by the Division of Revenue Act, and HIV/AIDS grants had been paid to two provinces before their business plans were approved.

The Public Service Accountability Monitor, a research organisation based in Eastern Cape, says that the provincial health department is vulnerable to fraud and corruption because of a lack of proper management systems.

Two of the provincial pharmaceutical depots have failed to submit proper records for the past nine years, making it easy for drugs to be "misallocated", says the monitor's advocacy head, Adrienne Carlisle. "Neither the provincial health department nor depot managers can account for transactions involving purchase of medicines in the province for the (past nine years)." The provincial health department has acknowledged its weaknesses and privatised management of pharmaceutical depots, but the department's inability to monitor the scheme means it remains open to corruption, warns Carlisle.

Medscheme, one of SA's largest medical scheme administrators, hesitates to put a figure to the cost of corruption in the private health market, but says fraud is a constant headache.

In the past 12 months alone Medscheme has caught 62 vendors who admitted submitting fraudulent claims worth R12m, and the company has levelled criminal charges against another five firms, says Medscheme chief information officer Kevin Right.

Unlike other industries, health-care professionals tend to be given tremendous latitude to police themselves, and are assumed to be acting in the best interests of patients.

In their annual report, **Transparency International** catalogues transgressions ranging from the relatively mild case of Bulgarian doctors who accept gifts for their services to the more dubious case in Cambodia, where nearly 20% of a \$40m loan for health equipment found its way into private hands.

"Corruption in health care costs more than money," says **Transparency International** chairwoman Huguette Labelle. "When an infant dies during an operation because an adrenalin injection to restart her heart was actually water - how do you put a price on that?"

SA has so far been spared widespread problems with counterfeit medicines but the Medicines Control Council needs to take a more aggressive approach to keep the country free of fake drugs, warns Prof Dora Akunyili, head of Nigeria's state-run drug control agency.

She has spearheaded Nigeria's drive to stamp out counterfeit medicines despite tremendous pressure to quit her crusade, including threats, harassment and an attempt on her life.

She warns that counterfeit medicines are the trade of international criminal syndicates that can quickly shift operations to softer targets once countries like Nigeria make them unwelcome.

"Somebody has to face these criminals. If no one does, they will continue killing people, as they did my (diabetic) sister, who died from fake insulin."

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