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Skopje, 31 August, 2006

Report on the Research on Corruption in Health Care

**Deepening of the corruption**

The health care sector in the Republic of Macedonia is seriously endangered by various forms of corruption which take place in two segments: corruption in the supply of medicines, medical materials, and equipment and corruption in the provision of health services. This means that personal profit at the expense of the citizens is occurring in all areas of public health.

The research has shown that the broad area for misuse of the health care sector is mainly due to the lack of clear procedures for the supplies, the exceptionally weak control of the manner in which the money of the public health users is spent, the misuse of the position that health and human life are at stake, as well as the great solidarity among the doctors and concealing the corruption, i.e. viewing it as a recompense for the low salaries as opposed to the high expertise. The deepening of the corruption in this sector can be greatly attributed to the absence of responsibility for the misuses done.

Supplying medicines and medical materials at prices higher than the real ones, adjusting the ranking at tenders so that preference is given to favored suppliers, supplying far greater quantities than necessary in order to gain commission, arranging supplies without tenders, not keeping material records in many health care institutions, artificial creation of a need for emergency supplies in order to avoid tenders, as well as other forms of misuses, enable competent sources from the health care sector to assess a misuse of a substantial amount of the money in the health care sector, where approximately 250 million euros are spent annually.

When providing health care services is concerned, it is an alarming fact that almost everyone confirms the existence of tariffs regarding the amount of the bribe, depending on the type of service and the competence of the doctor. Thus, individual sums range from a hundred to a few thousand euros that citizens pay, who are prepared to do anything, since it concerns human lives in the hands of the doctors. This "imposed" mutual benefit effectively disables the patients from reporting the cases of corruption later, since they too have become part of it.

## **Forms of corruption in the supplies of medicines, medical materials, and equipment**

The report has shown that the main generator of corruption in the public supplies of the medicines, medical materials, and equipment is the possibility that anyone who makes the supplies independently can determine the criteria for choosing the most favorable bidder. Namely, every commission for public supply in separate health care institutions determines by itself which criteria bring the most points, which leaves a space for adjusting the criteria according to the comparative advantage that the favored company has in relation to the other suppliers. This form of corruption is considered as the most frequently used, since the supplies are formally carried out in accordance with the stated procedures for public supplies.

The cases of supplying medicines, materials, and equipment for much higher prices than the real ones on the market are made possible as a result of the postponing of the complete use of the system of reference prices, the misuse of the position of exclusive right on sale that certain suppliers have, and intentional untimely planning of the supplies so that a need for emergency supply by means of direct agreement is created.

The absence of precise material records in certain health care institutions for the used medicines and stocks, as well as the disharmony of the existing records between the Fund and the institutions leaves a wide space for supplying medicines far above the necessary quantities in reality. It is estimated that the motif for the supply of greater quantities is obtaining commission from the suppliers.

In addition to the emergency supplies and the cases when there is one exclusive supplier, the research has also shown the presence of supplies of medicines and materials without a publicly conducted tender, even though it is legally required. Namely, the purchase from a certain supplier is continued although the contract with him has expired both in terms of time and quantities. In certain cases, the health care institutions avoid a supply through a public tender by obtaining the necessary medicines in multiple, smaller quantities at sums less than 3000 euros, for which there is no legal obligation for a public tender.

A space for corruption in the health care sector is also created by the lack of logical explanation as to why certain health care institutions have more money transferred, while others less money from the amounts provided by the budget, as well as the absence of criteria for the order of payment of overdue liabilities to the suppliers of medicines and medical materials.

## **Forms of corruption in the provision of health care services**

The research has shown that it is already a public secret the amount of "gratitude" a certain doctor receives from his/her patients for the preserved health and

the saved life. The more competent the doctor is and the more complex the health intervention, the greater the sum paid in return.

The existing situation, in which there is no sufficient hospital room and medicines as the needs require, creates a space for additional charging of every emergency service. This is the case when various screenings, examinations, and surgeries are done and hospital beds are obtained by jumping the queue, which involves not only doctors but also other medical and administrative staff as well.

Certain doctors abuse this condition by referring the patients from the public health to private surgeries, where they work in the afternoon or in their spare time. Although this is not a direct form of corruption, the entrusted office at the state expense is nevertheless abused for gaining personal profit. In this manner, the public health care institutions are used as a place for recruitment of patients for the private surgeries and clinics.

In certain cases, corruption takes place when the doctors direct the patients to buy a certain medicine or refer them to a particular pharmacy since in this manner they receive a commission from the supplier or the pharmacy.

A connection between the doctors and the suppliers for the purpose of gaining personal profit also exists in cases when certain doctors inform the suppliers on time about which medicines and medical materials are missing and will soon be purchased, so that the suppliers can prepare on time and be more competitive on the tenders.

Abusing the powerlessness of the public institutions when the continuous specialization and training of their staff is concerned, the suppliers sponsor the presence of the doctors on congresses and seminars, whereby they improve their position and increase the favor for their products.

### **Recommendations for decreasing the corruption**

In regard to the high amounts of money spent on the supply of medicines, medical materials, and equipment, it is essential to strengthen the controls and the internal audit in the Health Fund and in the health care institutions, as well as to define mechanisms for increasing the transparency, responsibility, and accountability in the area of public supplies.

The research has shown that a serious room for corruption is opened with the absence of precise material records of the medicines and medical materials. Therefore, it is deemed that the creation of a uniform accounting system will have an impact on the improvement of the control, thus decreasing the possibilities for misuses and corruption.

One other serious instrument for decreasing the corruption can be found in the practical putting into function of the system of reference prices. This would leave the supplies completely in the hands of the health care institutions, while the role of the Health Fund would be to form the reference prices.

A large number of the participants in this research, drawing on the positive experience of Slovenia, point to the need to form a Council of Users within the Health Fund as a means of exerting stronger control and increasing the efficiency in spending the money of the health policy holders.

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In regard to the corruption in the provision of public services, the increase of the role of the Medical Chamber is considered especially significant, which needs to increase the control mechanisms for the benefit and protection of not only the patients, but of the medical profession as well.

It is estimated that the possibility for misuses would be also decreased by introducing protocols for treating the diagnoses which prescribe the generics of medicines whereby the specific illnesses are treated. In this manner order would be instituted in the prescription of medicines and the favoring of the expensive medicines in the interest of the suppliers would be impeded.

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