

REMARKS OF DAVID NUSSBAUM
On Launch of the *Global Corruption Report 2006*
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The human cost of corruption in health care

- Welcome to the launch of Transparency International's *Global Corruption Report 2006*. This year's report has a special focus on corruption and health.
- Not only is good health care fundamental to the quality of life for people around the world, but it is essential to the long-term economic development.
- And it is an easy thing to take for granted. But when health care goes wrong - or fails to materialise entirely - because of greed, bribery, extortion and conflicts of interest, people pay the price in suffering and lost opportunities, enduring illness that stolen drugs would have prevented, deprived of proper care, or denied life-saving treatments.
- For every dollar lost to the greed of an individual or a company, someone, somewhere, foots the bill.
- Corruption blocks access to essential care
 - Poor patients have fewer resources and fewer options; they rely on public services whose quality is vulnerable to corruption in many countries.
 - Bribes or informal payments for supposedly free services represent crippling additional costs for those who can least afford them.
 - In fact, the phenomenon of "informal payments" is so prevalent in some countries¹ that some observers say it represents an effective privatisation of public health services.
- Health care calls for a high degree of trust. In such a highly technical field, there are not many individuals who can challenge the medical community or even recognise the pernicious effect of corruption on their own care. This information imbalance between patients and health professionals skews the playing field.
- When it comes to abuse, there is no shortage of shocking case studies.

¹ It is especially prevalent in Eastern Europe, examples in the book and our press release would be Bulgaria and Hungary, another example from a developing country is Morokko.

- In Bangladesh, new parents must pay anything from US \$15 to \$75 in bribes to ensure the safe delivery of their newborn baby (p. 344 GCR).
- In Italy nineteen people after undergoing heart operations died in 2003 because criminals in Brazil manufactured and sold faulty heart valves. But they weren't acting alone. Two head physicians took a 380,000 Euro bribe (US\$343,000) to ensure a hospital purchased the valves. Another professor had received a percentage in exchange for every faulty valve implanted in a patient, each one a death sentence for the unknowing patient.
- Corruption in health care is a matter of life and death.
- From counterfeit drugs that encourage the spread of chronic diseases to potholed public health budgets that threaten the long-term health of whole generations, corruption in the health sector hurts everyone. But it hurts the poor the most.

- By denying people the foundation for a long and productive life, corruption threatens the achievement of the Millennium Development Goals, intended to halve poverty by 2015. Three of them relate directly to health:
 - reducing child mortality,
 - improving maternal health and
 - combating HIV/AIDS, malaria and other diseases.

- In the corporate world, conflicts of interest can undermine the ability of health sector companies to function as honest suppliers of an essential service. Excessive marketing and lobbying budgets for pharmaceutical companies have grown to dwarf research spending, casting doubt on their values.
- The recent whistle-blower case against US medical device manufacturer Medtronic illustrates the cosy relationship between health sector companies and health care providers as well as the dangers of self-regulation.
 - A prominent surgeon in Wisconsin was paid \$400,000 a year by Medtronic for a consulting contract requiring him to work just eight days.

- Every year the world spends more than US \$3 trillion on health services – one out of every ten dollars of gross global outcome². These huge flows of funds, the majority of which is public money, are a prime target for abuse.

² In 2000 = 28 trillion USD, in 2004 = 35 trillion USD (documents on WB homepage)

- In the United States, the estimated cost of fraud and abuse in health care is as high as \$23.2 billion per year (*p.49 GCR*). According to the FBI, drug traffickers are turning to health fraud because it is so lucrative.

In the UK, losses due to patient fraud were \$305 million in 1999; this declined to \$139 million in 2004 (*p.46 GCR*), signaling an effective effort by the National Health Service to counter fraud.

- Corruption in health care is preventable and curable. The special responsibility that this industry bears, means that it cannot afford to shoot for anything short of total integrity.

The cure for corruption in the health care industry starts with transparency.

- Health related projects and policies need to be independently monitored and the findings should be open for public scrutiny.
- When it comes to health aid, donors and governments should grant easy access to information on budgets and policies.
- There need to be strict conflict of interest rules for drug regulation and physician licensing. Interactions between health providers and pharmaceutical and medical supply companies must be strictly controlled
- Rigorous prosecutions will send the message that corruption in health care will not be tolerated. Whistleblower protection for all employees in the sector is the necessary complement.

Transparency International has long believed that, when it comes to corruption, sunlight is the best disinfectant. It is our strong hope that the Global Corruption Report 2006 achieves precisely that, contributing to making fair and equitable access to the best possible health care a reality for all the world's people.