Corruption in Global Health:
Scope, Diversity, Case Studies, Tools, and Legal Frameworks

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Summary of Issue
Corruption in Health

- **Impact on Global Health:** Corruption is a serious threat to global health outcomes, leading to financial waste, compromised health security, and adverse health consequences.

- **Scope of Corruption:** Forms of corruption impacting global health are endemic worldwide in public and private sectors, and in developed and resource-poor settings alike.

- **Perceptions:** Allegations of misuse of funds and fraud in global health initiatives also threaten future investment. Current domestic and sectorial-level responses are fragmented and have been criticized as ineffective.
Corruption in Health:
Available Resources

**Background Information**

- TI operates a global Corruption Perception Index that ranks/scores individual countries on perceptions of public sector corruption.


- TI Report highlighted risk factors and consequences for health sector corruption, types of corruption in health, and methods to address.
Corruption in Health:  
Sectors at Risk

Potential Sources of Corruption

- Healthcare Professionals, Administrators/Management:  
  Corruption and fraud can emanate from point of care or within health delivery system.

- Drug Procurement Systems:  
  Corruption, diversion and counterfeiting can emanate from both highly controlled and high risk drug supply and procurement systems.

- Financing:  
  Financing and funding of local, national and global health initiatives may be susceptible to corruption.
Impact of Health Corruption

**Financial Waste**
- Transparency International and others report that health-related corruption losses are estimated in the billions of dollars but exact figures are elusive.

**Impediment to SDGs**
- Systemic corruption is an impediment to SDGs (Goal 16) as it weakens health systems and delivery.

**Threats to Health Security**
- Health systems weakened by corruption can be susceptible to disease outbreaks, poor quality medicines can lead to AMR, and corruption can have significant economic impact on communities.

**Adverse Health Consequences**
- Leads to financial waste of scarce health resources that can impact access to health care.
- Can severely compromise quality and coverage of services.
- Can lead to price inflation for health service unit costs.
- Surveys report that an estimated 80% of individuals in developing countries have experienced health sector corruption.
GOAL 16
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

16.3
Promote the rule of law at the national and international levels and ensure equal access to justice for all.

16.4
By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

16.5
Substantially reduce corruption and bribery in all their forms.
Diversity of Health Corruption

Examples

Figure 1: Examples of health corruption types and scopes

Forms of health corruption are diverse and complex spanning developed and developing countries. Each needs to be addressed with targeted policy and interventions.
Global Scope of the Problem
Impacts all settings. Counterfeits detected throughout global supply chain (hospitals, pharmacies, wholesale markets, global health programs, and unregulated settings)

Global Statistics Limited But Indicate Severe Problem
WHO estimates >10-30% of the drug supply chain counterfeit in LDCs and LMICs. Center for Medicines in Public Interest estimated that global counterfeit medicines trade worth some $75 billion. Accurate information difficult to obtain.

Threat to Global Health Security
Global counterfeit medicines trade is operated by transnational criminal networks with attendant security concerns. Explosive growth according to UNODC, WHO and Interpol.
Case Study: Low-income
Drug Procurement Systems and Counterfeits

Weak Regulatory Structures

- **Weak Governance and Law:** Corruption, organized crime presence, large profits, and weak border control and DRAs fuel illicit medicine trade
- **Community Pharmacies:** Small local outlets: owners/pharmacists may lack knowledge/ability to detect counterfeits (or are complicit)
- **Vulnerable Patient Populations:** Low SES patients may purchase counterfeits due to access and price
- **Difficult to Detect:** Deceptive packaging/markings added to make fakes look more legitimate (and fake drugs/real packaging in legitimate supply; real drugs/fake packaging in illicit e-Market)

Fake artesunate pills in Cambodia detected with a variety of drugs and chemicals

Source: Smithsonian Magazine
Geographic Spread (n=1,510)

- **China:** China comprises 417 of all therapeutic class incidents detected by CIS equating to almost a quarter (28%) of total data subset.

- **Other Countries:** Peru (12%), Uzbekistan (11%), Russia (8%), and Ukraine (7%) are other top 4 countries following China. Top 5 account for 66% of total sample.

- **Low Frequency:** Countries outside of Top 10 comprise only approximately 25% of the total data subset.
Data on Corruption

1. **Transparency International**
   - Corruption Perception Index 2012 scores countries on how corrupt their public sectors are perceived.
   - Data is sourced from polls and information collected from other institutions/organizations.
   - CPI Score: 0-100 where 0 is highly corrupt and 100 is perceived as very clean.
   - CPI Rank: Derived from CPI Score.

2. **World Justice Project**
   - Rule of Law Index 2012 is a quantitative assessment tool to determine which countries adhere to ROL.
   - Our analysis only took into account WJP Factor 6 “Regulatory Enforcement” as other factors were available from World Bank.
   - Data for certain countries not available.
   - 0-1 scale: 1 represents high score, 0 low score.

3. **World Bank Governance Ind.**
   - Worldwide Governance Indicators 2011 are aggregate indicators from expert surveys from 30 individual data sources (institutes, NGOs, think tanks, IOs, private sector).
   - Analysis examined control of corruption; govt’ effectiveness; political stability; rule of law; regulatory quality.
   - -2.5 to 2.5 scale: Estimates on aggregate indicator.
   - Rank: Percentile rank with 0 lowest 100 highest.
Counterfeit Avastin in the U.S. Drug Supply Chain

• **Controlled Supply Chain:** USA pharmaceutical supply chain one of highest controlled and regulated markets.

• **Counterfeit:** Contained cornstarch, acetone and other chemicals but no API

• **Global Trade:** Counterfeit Avastin traveled from Turkey – Switzerland – Denmark – UK - USA

• **Gray Market:** Purchased from little-known drug wholesaler, Montana Healthcare Solution connected to Canadadrugs.com

• **Drug Regulatory Authority:** In 2012, FDA contacted close to a thousand clinics in numerous states in the USA that purchased counterfeit Avastin
**Legal Prosecutions**

**Criminal Prosecutions:** 12 prosecutions by federal prosecutors in multiple jurisdictions mostly in cooperation with OCI in CA, MD, MO, MT, NM, TN, and NY.

**Defendants:** Mix of domestic and int’l suppliers, physicians, a pharmacist, and clinical staff. Longest sentence: 24 months

**Warning Signs:** Shipping to multiple states; aware of improper shipping/storage; some with direct knowledge of adverse events; concealment from staff; profit driven

**Other Cancer Drugs?** Legal prosecutions reveal possibility of other counterfeit cancer drugs: Rituximab, Eloxatin, Zometa, Gemzar, Neulasta, and others
All Avastin Notices Combined Based on Zip Codes from FDA Warning Notices
Where do these variables influence risk for counterfeit receipt?
Case Study: Global Health
The Global Fund

Allegations of Misuse

- Allegations of corruption in Uganda involving GF disbursements of $45.3 million in 2006 uncovered illegal acts by public officials, government ministers and CHWs.

- 2011 AP reports GF’s internal audit uncovers misuse of $34 million in grants in Djibouti, Mali, Mauritania, and Zambia. Leads to negative press with donor countries that threatened to suspend financial support.
US Department of Justice recovered **$2.3 billion** in health care fraud recoveries in FY2014 (5th straight year of more than $2 billion in cases involving false claims against federal health care programs) totaling some **$14.5 billion** from 2009-2014.
Governance for Corruption:
A proposal for enhanced global health governance to address health-related corruption

Goals

- **Advocacy**: Highlight unique risks and impact of multisector – multistakeholder health-related corruption and its impact on health security.

- **Diversity**: Recognize the health corruption comes in many forms, but inherently pose risk to human health.

- **Examine Existing Tools**: Harmonize existing tools/resources with flexibility for local/community needs.

- **New Governance Mechanisms**: Propose new mechanisms to improve governance, surveillance, and enforcement.
Tools for Corruption
Legal Frameworks

**Utilize Existing Frameworks**

- **UNODC**: Employ partnership with WHO and UNODC on developing a global health corruption protocol to existing 2003 U.N. Convention against Corruption (“UNCAC”) by amending treaty to allow protocol development.

- **Anti-Corruption Laws**: Explore use of domestic and regional corruption tools such as the USA Foreign Corrupt Practices Act, UK Anti-Bribery Act and other fraud and abuse statutes (US FCA, Anti-kickback statute, STARK law.)
Tools for Corruption
Laws, Policies and Governance

**LEGAL MAPPING**
Legal mapping/atlas of anti-corruption laws and policies and how they address issues related to domestic and population health

**ANALYSIS**
Legal analysis of how well these laws are implemented, what corruption activities they target and data on recoveries

**TRANSLATION?**
Assessment of whether existing laws can be used as case studies and then be translated to other countries or regions

**CAPACITY BUILDING**
Establishing a soft law mechanism or model code to address health-related corruption that can be adopted to country-specific issues or for funders/NGOs

This process also needs to be accompanied by increased surveillance, M&E, transparency, and data sharing related to health corruption.
Tools for Corruption

Reinforcing Good Governance Principles

- Harmonize and Utilize Existing Tools, Methods, Good Practices, etc.: Including those developed by UN Development Programme.

1. Capacity building for transparency and audit policies;
2. Common framework for corruption monitoring and evaluation of public health programs and funding;
3. Codes of Conduct for public and private sector actors
4. Minimum standards for member state laws to specifically prevent and prosecute health-based corruption;
5. Health financing improvements to curtail the need for an informal health sector;
6. Centralized surveillance and data repository system to report and investigate global health corruption;
7. Multilateral processes to freeze proceeds from corruption and aid in recovery of diverted assets; and
8. Commitment to earmark portions of seized assets to fund and develop these systems among members.
## Final Summary

### Importance of Addressing Global Health Corruption

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<th>Serious Corruption in Health</th>
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<td>1. Corruption in health presents unique security, social and public health risks that need to be addressed uniquely from other forms of corruption.</td>
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<th>Scope and Diversity of Corruption</th>
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<td>2. The scope of corruption is immense and characteristics are uniquely diverse. In order to address, solutions must be tailored to unique risk factors.</td>
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<th>Better Global Health Governance is Necessary</th>
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<td>3. Leveraging existing tools and resources should be explored. In addition, enhanced governance could improve global surveillance, prevention and enforcement.</td>
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Thank you for listening and we welcome any questions/comments