

Jan Swasthya Abhiyan

(People's Health Movement – India)

Health for All - Now!

Health is a Basic Human Right!

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All India People's Science Network (AIPSN)
All India Drug Action Network (AIDAN)
Asian Community Health Action Network (ACHAN)
All India Democratic Women's Association (AIDWA)
Bharat Gyan Vigyan Samiti (BGVS)
Breast Feeding Promotion Network in India (BPNI)
Catholic Health Association of India (CHAI)
Centre for Community Health and
Social Medicine, JNU
Christian Medical Association of India (CMAI)
SOCHARA
Forum for Creche and Child Care Services (FORCES)
Fed. of Medical Representative
Assns. of India (FMRAI)
Joint Women's Programme (JWP)
Medico Friends Circle (MFC)
National Alliance of People's Movements (NAPM)
National Federation of Indian Women (NFIW)
National Association of Women's Organisations (NAWO)
Prayas, Rajasthan
SAMA – Resource Group on
Women's Health
SATHI – CEHAT
Voluntary Health Association of India (VHAI)

Participating Organisations:

Over 1000 organisations concerned with health care and health policy from both within and outside the above networks.

MEDIA RELEASE

Corruption in the private medical sector

To

Dr. Harsh Vardhan
Hon. Minister for Health and Family Welfare,
Government of India

Subject: Open letter on increasing corruption in
the private medical sector

Dear Dr. Harsh Vardhan,

The Jan Swasthya Abhiyan (JSA) wishes to express its deep concern regarding recent extensive reports in the media, which have highlighted the all-pervading nature of corruption in the health sector.

JSA would like to recall and reiterate the main features of corruption in the private sector in health care and call upon the government to act firmly against this. Such corruption leads to huge increases in the costs of care, causes impoverishment and compromises health outcomes for individuals and for society.

JSA has also highlighted and mobilized against corruption in the public sector and advocated the policy initiatives needed to curb this. But in parallel it has also always noted that corruption in the private sector is equally, if not more prevalent, and has a far greater effect on impoverishment. Private sector corruption is also in danger of becoming the acceptable norm of behavior, to be universalized by policy.

The worst aspect of private sector corruption is the all-pervasive feature of kick-backs and commissions for referrals. That they secure an unfair market advantage is one of the problems. But the much greater problem is that these are in essence bribes paid to secure unnecessary diagnostics and treatments.

Addresses for Correspondence:

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Kick-backs at every level of private practice

This practice started off with kick backs for high cost diagnostics, but today there are kick backs paid at almost every level - kickbacks to village level unqualified providers who act as touts for private hospitals, kick backs paid to qualified doctors for specialist referrals, kick backs paid for referrals between specialists. Kick-backs are also paid by diagnostic laboratories, by radio-diagnostic centers and pharmacies to doctors and specialists who prescribe drugs and diagnostics. There are a number of "successful" business models, for both primary care and for hospital care that are built around such unethical commissions. Some of these are attractive enough for venture capital. Acclaiming such commission based business models, converts the perception of a corrupt practice into a smart and acceptable business practice..

We note with great dismay that despite JSA's suggestions, curbing kick-backs and commissions was not included as one of the main elements in the Clinical Establishments Act. We note that in most developed nations of the world, including US, the leader in privatized care, such kickbacks are illegal. There is a need to legislate against these kick-backs, and to insist in parallel that professional councils outlaw such commission payments. There is also a need to raise public and provider awareness against this practice.

Capitation Fee in Medical Education

The other major area of corruption is the illegal capitation fees charged for professional education. This now ranges from a few lakhs for nursing education to over 2 crores for a postgraduate seat in some specialties. Much of this is paid as 'black money'. Though declared illegal by courts, this practice continues to flourish and has corrupted the professional councils tasked to regulate medical education, such as the Medical Council of India (MCI). The harm done in terms of the cynical attitudes fostered in the student, and its impact on quality of education and therefore skills imparted is tremendous.

Corruption in Insurance Schemes

The third major and expanding area of corruption that JSA wishes to draw attention to is the publicly financed insurance programmes. The very design of most such schemes, like the RSBY for example, promotes corruption. Many providers in these schemes routinely double charge -- both patient and the government, when in most instances the services should be provided free. They convert primary care cases into secondary and tertiary care opportunities and add on prescriptions and other charges so that the sum assured is fully exhausted. They cherry pick cases that have higher profit margins and refuse services for cases that have lower margins. Many studies have shown that insurance companies and private providers collude to inflate treatment costs, with the costs being borne by both the poor patient and the government. The design flaws are expressions of the reality that the political clout and vested interests of sections of the private sector providers shapes these schemes.

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In conclusion we seek your personal intervention to initiate three major measures to eliminate corruption in the private health sector:

- a) Declare all payments of kick-backs and commissions at every level as illegal and monitor compliance to this through citizens committees and tax audits. This would need legal as well as administrative measures. The Clinical Establishments Act must incorporate a ban on kick-backs in its rules. Persuade MCI and other professional bodies also to act against such kick backs as an ethical issue.
- b) Enforce ban on capitation fee for education of health professionals, and take over or close down colleges that refuse to comply.
- c) Re-design all publicly financed health insurance programmes, to eliminate corrupt practices.

Yours Sincerely,

Dr. T.Sunderaraman
Joint Convenor, Jan Swashtya Abhiyan
(mobile: 9971415558)

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