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"Center for Regional Development and Research" NGO

*“Corruption Risks in Different Levels of Medicine Circulation in
Hospitals”*

*Gavar
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/Summary Analysis/

“Center for Regional Development and Research” NGO implemented “Intra-Hospital Medicine Circulation in Hospitals” project with funds of small sub-grants provided in the framework of “Multi-Faceted Anti-Corruption Promotion” project implemented by the “Armenian Young Lawyers Association” NGO and the partner “Freedom of Information Center” NGO. Project budget is 2,154,700 AMD, of which 1,219,000 AMD was provided by the “Armenian Young Lawyers Association” Non Governmental Organization. Project duration: May 1 – September 30, 2015.

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Analysis and Summary of the Results of the Monitoring

“Center for Regional Development and Research” NGO implemented participatory monitoring and evaluation of the corruption risks in five medical establishments of Gegharkunik Region within the framework of the project “Intra-Hospital Medicine Circulation.” The accumulated database and the results of the surveys made it possible to draw reasonable conclusions and to present specific proposals to reduce the available risks.

The analysis has been carried out by means of the constituent sections of the tools separately, as well as in combination with the data.

Conclusion and recommendations have been made on the basis of the patterns reached as a result of comparison and analysis.

Results/conclusions on the summary analysis of the monitoring charts and information references.

1. According to Clause One of Order 1391-A of 28.12.2005 of the RA Ministry of Healthcare “Procedure of acquisition, receipt, storage, registration and distribution of drugs and other medical products in the medical establishments (hospitals)” when acquiring medicine preference is to be given to the drugs that are involved in the standard treatment schemes approved by the RA Ministry of Healthcare, have lower market price at that moment and are of native origin in case of equal medical efficiency. But very often it is not possible to acquire the necessary products and efficient medicine for the medical establishments simply because the mentioned types of drugs are not included in the list of essential medicine confirmed by Order 17 of 14.05.2013 of the RA Ministry of Healthcare or are not registered by “Scientific Centre of Drug and Medical Technology Expertise” CJSC. Another mechanism of restricting the acquisition of the necessary variety is the fact of considering the procurement based on the competitive principle only from the perspective of cost-effectiveness without considering the qualitative features and the origin of drugs and seizing the extremely important fact of marking the specific names of the firms on the competitive bids.”

Pursuant to the current legislation, all the medicines and the medical products necessary for the treatment of a patient are to be provided at the expense of the funds of the medical establishment. The fact that it is almost impossible to obtain the effective medicine of the necessary quality and variety through the competitive procedure leads to the corruption risks, such as:

- a.* A significant portion of the medicine is obtained by the patients;
 - b.* It leads to the inefficient use of public funds and abuses, as well as to not targeted purchase and inappropriate write-offs of the medicines;
 - c.* The drug marketing is not properly implemented at hospitals in order to acquire efficient, safe and high quality drugs at the possible lowest price.
2. The optimal schemes of the treatment of diseases with medicine are not still established by the health care sector, which would enable to obtain high quality medicine required for the

treatment with its whole variety. Currently the appropriate amount and quality of the medicine is only determined by the available financial scales.

3. The frequency of the review of the list of essential medicines is not regulated and is implemented on a discretionary basis. As a result the availability of the drugs that adequately meet the requirements of modern medical science and pharmacology is not guaranteed in the mentioned list.
4. Often as a result of the imperfect mechanisms of the intra-hospital medicine circulation and negligent performance of duty by nurses of the departments, the patient does not receive the drug prescribed by a doctor or receives not with its appropriate amount or timing which leads to the disturbance of the treatment technology and the treatment becomes ineffective.

The procedure of acquisition, receipt, storage, registration and distribution of drugs and other medical products does not provide the adequate level of transparency of medicine circulation and makes it impossible to fully monitor the circulation. The provisions that prescribe the legitimacy of delivering the medicine to the patients are not clear.

5. The study of the phenomenon of rejection of the claims presented to pharmacy heads by the head nurses of the departments of medical establishment showed that almost in all cases the medicine presented in the claims are not rejected, which is based on the fact that only those drugs are assigned to the medical report of the disease and are presented in the claims that are currently available in the hospital pharmacy. In other words in the case of such a mechanism for the distribution of drugs patients are often prescribed only one or two types of drugs as only the two ones were available in the pharmacy. Thus the technology and the quality of the treatment are disturbed. As for the patient's treatment, the latter receives the full amount of the necessary medicine some of which is not assigned in the medical report of the disease but is presented to the patient written on a paper and is purchased at the expense of his/her own assets.

The State Health Agency of the RA Ministry of Healthcare has set financial sanctions with specific conditions in case of failing to provide the full amount of prescribed medicine. This fact makes the medical staff conceal the accurate information on the variety and the amount of the medicine obtained by patients.

6. According to the law the procedure of providing the medicine prescribed by a doctor to a patient is carried out by the head nurse and the nurses of medical stations of a department. Getting acquainted with the prescriptions of the day from the medical report of the disease or from the prescription papers head nurses make appropriate notes in the drug registry. The medical stations' nurses sign in front of the mentioned notes to prove the fact of usage of the medicine (the register of quantity of medicines and other medical products Form N3, which foresees the binding signature of the medical station's nurse). The medical station nurses deliver the medicine to the patients. However, in almost all medical establishments that have been monitored, the head nurses of the departments have signed as a recipient, or the signatures were missing. The mentioned phenomenon contains corruption risks and the

legitimacy of delivering the written off medicine (mentioned in the registry of the head nurses) to the patients is questioned.

The monitoring recorded the fact of the founder's week control over the intra-hospital medicine circulation in the subordinate medical establishments and especially over the procedures of delivery of the medicines to the patients.

As for the financial revenue structure of the medical establishments the primary financial revenues are formed from the state budget (98.4%). The amount of the payments for paid services is significantly low (1.6%). This means that **the actual burden of compensation of the factual costs made by the mentioned medical establishments, lies on the state funds.** A greater share (72.4% average) of the cost structure of the medical establishments subjected to monitoring are the wage payment resources (WPR).

The high amount of percentage of the wage payment resources and the communal and housing costs cause lack of the proper acquisition of medicine and other medical products in the medical establishments. The latter have only the average share of 8.6% in the cost structure of all the medical establishments, whereas the housing and other costs together totaled to 19%.

The share of medicine obtained through the humanitarian assistance makes a very low percentage and has a tendency to decrease.

Therefore the main burden of costs for the acquisition of medicine lies on the state funding.

It is necessary to strengthen the control over the maintenance of expense priorities and to prevent the inappropriate use of state funds.

Summary of the Activities of Focus Groups

During the focus group activities, as a result of simple and sincere conversation in the atmosphere of mutual trust, the monitoring group clarified the opinion and the level of awareness of the target groups in the medical establishments, as well as the situation that exists in intra-hospital medicine circulation and the possible improvement in the sector.

Focus group activities have been carried out among the doctors and the paramedical personnel.

During the focus group activities carried out among the doctors and the paramedical personnel specific issues were discussed, summarized and compiled in the form of main comments and suggestions.

On the assumption of the fact that the questions prepared for the doctors and the nurses were repeated, we will present below the unified and summarized version of the focus group activities.

An interview with the doctors and the paramedical staff of the focus group

(5-10 medical employees at each medical establishment)

- ***What are sources of acquisition of medicine at the medical establishments?***

Answer: During the discussion it was found out that currently the amount of the medicine obtained through the humanitarian assistance is very low and only very small percentage of the needs of medical establishments are met.

Mostly the needs of the necessary medicine are met at the expense of the medical establishments through the purchase of drugs on competitive basis several times a year.

- *To what extent is the demand for medicines met satisfied at the medical institutions?*

Answer: According to the answers provided by the vast majority of the doctors, the medicine available at the medical institutions is mainly enough to carry out the treatments of the patients properly. However in some cases the necessary types of drugs are missing. In cases when the required medicine is not available in the hospital, the patient obtains it at his/her own expense. There are two main causes of such situations: in case of large scale procurement the acquisition of more effective drugs of the new generation can be considered not cost-effective and insufficient in terms of cost-effectiveness, and the insufficient financial resources, which results in insufficient quantity and variety of drug supply.

- *In what cases do patients acquire the necessary medicine themselves?*

Answer: During the sincere conversation it was revealed that the medicine the patients obtain medicines themselves in the following cases:

1. When the prescribed medicine is not available at hospitals.
2. When the patient has the necessary medicine and he himself offers it.
3. If a more effective medicine which is not included in the “list of the main drugs” is necessary, and it is not possible to acquire it through purchase. Though according to Point One of “In medical establishments (hospitals) the procedure of acquisition, receipt, storage, registration and distribution of drugs and other medical products” when acquiring medicine preference is to be given to the drugs that are included in the standard treatment schemes approved by the RA Ministry of Healthcare, have lower market price at that moment and are of native origin **in case of equal medical efficiency.**

- *What is the opinion of SHA (State Healthcare Agency) on the phenomenon of the medicine acquisition by the patients?*

Answer: Almost all the interviewed medical workers stated that that SHA has a strict approach towards this: financial sanctions with specific conditions have been set in case of failure to provide the full amount of prescribed medicine. This fact makes the medical staff conceal the accurate information on the variety and the amount of the medicine obtained by patients. And how is it done? Simply after receiving information from the head nurse and the pharmacy head the doctor prescribes only the medicine that is currently available at the medical establishment. In case of the application of such mechanisms it is of course possible to avoid the financial

sanctions for hiding the direct participation of the patients in the medicine expenses, however according to primary documents, the technologies, optimal drug schemes and the quality of treatment are disturbed. As for the patient's treatment; he receives the full amount of the necessary medicine some of which is not assigned in the medical report but is presented to him written on a paper and is purchased at the expense of his/her own assets.

- *What do you think about the relation between the volumes of state financing and the formation of medicine supplies at the medical establishments*

Answer: Everyone agreed that there is a direct relation between the state financing and the formation of medical supplies. Year by year, together with the increase of financial scale, more money should be allocated for the purchase of medicine, though the purchase volumes are not growing in the same proportion as the budget volumes, which would have resulted in the decrease of the of patient's participation share.

- *What are your suggestions on the elimination of corruption risks in separate circles of intra-hospital medicine circulation?*

Answer: The answers to this question were grouped according to their reference and three main suggestions were formed:

1. Increase of funds for the purchase of medicine.
2. The possibility of including effective drugs in drug purchase list (with the possibility of presenting information on the origin of the mentioned drug in the competition).
3. The elimination of the financial sanctions imposed by SHA.

Interview with the discharged patients

(An average number of 8-10 discharged patients have been interviewed at each medical institution).

Question: *Were you aware of your right to receive free hospital treatment?*

Answer: The vast majority of the discharged patients answered that they were aware of their right to receive free hospital treatment and they knew that the medicine prescribed during the treatment should be provided free of charge as well.

Question: *What range and variety of medicine was prescribed to you during the treatment?*

Answer: It can be concluded from the answers that they mainly didn't remember the quantity and the variety of the medicines prescribed by the doctors, despite the fact that according to the established order they had to sign for the quantity and the variety of the medicine provided to them by the medical establishment.

Question: *What part of medicine taken by you was provided by the medical institution?*

Answer: The vast majority of the patients claimed that most of the medicine prescribed by the doctor was provided by the medical establishment. However in some cases different replies were provided as well.

Question: *What medicine did you purchase yourself and whether these medicines were affordable for you?*

Answer: The generalized answer is as follows: the prescribed medicine might not be available at hospital during the treatment and they acquire it at their own expense. Almost all the discharged patients that were interviewed stayed at the hospital for the period of 1-3 days. During this period they received first aid medicine and with which the medical establishments are mainly supplied. Notably the medicine of the initial treatment are prescribed to the patient on the day of discharge, and this is a heavy cost burden for the patients who receive state funded treatment and represent the socially vulnerable layers of the population. Moreover, if the same prescriptions were made on the excerpt from the medical report (the prescriptions were written on a blank sheet or on the corresponding form of the medical establishment), according to Decision N1717 of the RA Government the people who belong to the socially vulnerable layers of the population have the right to receive the prescribed medicines from the polyclinic of their district for free or for reduced prices (30%-50% discount).

Question: *Was the prescribed medicine effective in your case?*

Answer: The answers were not definite; however the following generalization can be drawn: No one was completely recovered and they had doubts about the effectiveness of the prescribed medicines.

Question: *What are your suggestions and observations on the prescribed medicines?*

Answer: All the answers to this question were the same: to prescribe medicine effective for the treatment.

Suggestions

1. To review the procedure of acquisition, receipt, storage, registration and distribution of medicines and other medical products, to provide complete control of the medicine circulation at the medical institutions, to clarify the provisions that provide the legitimacy of delivering the medicines to the patients.
2. It is necessary to strengthen the founder's control over the maintenance of cost priorities and not to allow the inappropriate use of the state funds.
3. In order to provide accurate information on the variety and the amount of medicine obtained by the patients to review the financial sanctions imposed by the State Healthcare Agency in case of failure to provide the prescribed medicine in its full amount.
4. To establish professional medical supervision over the use of the optimal schemes of the medical treatment at the medical establishments.
5. In case of a significant amount of procurement make amendments in the current procedure and to include the quality and the origin of the drugs in the medicine list presented during the competition in order to provide the acquisition of more effective medicine of the new generation.
6. To establish the frequency of the review of "The List of Essential Medicines" approved by Order 17 of the RA Ministry of Healthcare of 14.05.2013 constantly replenishing it with more effective medicines of the new generation.

Conclusion

In general, the corruption risks available in the sector of intra-hospital medicine circulation are based on objective reasons. They are systemic problems that are mainly procedural in nature and are based on the financial resources. It is possible to minimize or eliminate the risky situation by means of their continuous and consistent elimination.

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