

Project title: Monitoring transparency in healthcare sector (2012-present)

[About the Project](#)¹

The project's main objective is to tackle corruption in Slovak healthcare sector by increasing transparency, integrity and ethics. We focused on the main topics below.

Starting point: Transparency International was established project in 2012, once sufficient financial support was secured to stabilise and sustain activities all year long. The annual budget is approximately 30 000 Euros, consisting of contributions of several donors such as pharmaceutical companies, healthcare insurance companies, and partner organisations in the TI movement (TI United Kingdom), and domestic partners.

1. [Public procurement](#)

According to the most recent opinion poll² from 2015, corruption remains to be perceived as the third biggest problem that the Slovak society faces. The healthcare sector regularly comes out on top as the sector most affected by corruption. Public procurement has consistently been a hotbed of corruption in the country, despite the fact that the share of single bidders has been reduced by half in the last five years³. Long-term bad reputation of the public procurement indicates entrepreneurs' recent call⁴ for transparency initiated as a response to the controversial selection process of the Chair of the Office for Public Procurement. Our analysis⁵ of hospitals' tenders (2014) showed that if the number of the bids increased by only one in all one-offer tenders, the hospitals would save 19 million Euros per year.

TIS actions:

TIS produces 2 types of outputs around the public procurement in healthcare:

- Analysis of purchases as a whole - tenders of hospitals
- Investigative pieces of particular dubious purchases/ companies taking part in tenders

On the basis of our findings we formulate recommendations for best practise or suggest new measures.

Outputs:

During the first years of our project we brought to light 2 considerable issues in public procurement of hospitals. The first of our analytical studies and investigations of tenders showed

1 <http://transparency.sk/sk/temy/zdravotnictvo/>

2 Focus for TI Slovakia, February 2015, see more <http://transparency.sk/sk/vystupy/prieskumy/> or in English [here](#).

3 See G. Sipos, S. Spac and M. Kollárik, [Not in Force until Published Online: What the Radical Transparency Regime of Public Contracts Achieved in Slovakia](#). Bratislava: TI Slovakia, 2015. (in English)

4 See call [here](#) or in English [here](#).

5 See Z. Dančíková, D. Zachar. [Weak competitions in big hospitals tenders: Analysis of public procurement in Slovak hospitals 2012 -2014](#). (Bratislava: TI Slovakia, 2014) or in English [here](#) or [here](#).

the lack of competitions, rigged contract requirements (e.g. technical details of the product setting for a pre-determined winner), personal ties which all resulted in overpriced purchases. The second one was the participation of shell companies in tenders, especially in those relating to the European Union Funds.

Achievements:

Our contribution led to public pressure resulting in price benchmarking and central purchases of some types of healthcare equipment by Institute of HealthCare Policy (IZP, analytical unit of Ministry of Health). In the case of purchasing of CT scanners the savings brought about by this measure were estimated at 15 -30 % of previous prices. IZP has continued to apply the benchmarking, and currently is developing guidelines for purchases of hospital beds.⁶

There were some steps to enhance uncovering beneficial ownership in connection with problem of shell companies⁷, e.g. to ban or limit bidders with unknown owners from participating in public procurements. Since 2015 Slovakia (after Denmark) is one of the few countries of the European Union which have implemented a public register of beneficial ownership. Earlier in 2017 the register was further extended to incorporate all companies which have contracts with the government with a contract of at least 100 thousand Euros.

Cases:⁸

1) *Public procurement of CT Scanners:* We analysed 27 purchases of CT scanners procured by hospitals in 2007-2010 and we consulted it with experts. We highlighted rigged contract requirements, weak competition, overpricing and suspicious role of intermediaries.

2) *Catering:* We revealed dubious overpriced catering contracts signed by four public hospitals for 10-year period in a sum of 80 million Euros. Each of the four tenders had three bidders, of which two appeared to be coordinating their bids. Besides the fact of participating of shell company, two companies were connected through one of its managers and were newcomers to the catering business. After publishing the findings all four heads of hospitals along with the Health Ministry's head of service office Martin Senčák were dismissed.

3) *Constructions:* Our analysis of hospital's tenders led us to investigation of well-known company Váhostav. Besides extraordinary success in lots of public procurement, the company gained considerable construction tenders in hospitals. Our findings gave the first proof of owner of the company – Juraj Široký, long-rumoured donor to ruling party SMER- SD. We showed company ties with tax heavens through other shell companies. The consequent scandals resulted in passing two new amendments to create a stricter beneficial ownership clause in the public procurement law.

6 Press Release. [Ministry of Health is preparing yet another central public procurement](#). Bratislava: MZ SR, 2017. In English see [here](#)

7 See more in English: J. Labant, G. Šipoš. [The Register of Beneficial Ownership in Slovakia: Revolutionary transparency, questionable implementation, unsure benefits](#). Bratislava: TI Slovakia, 2017.

8 for details about mentioned cases in English see: G. Šipoš. [Open Data to Fight Corruption. Case Study: Slovakia's Health Sector](#). Bratislava: TI Slovakia, 2016.

2. [Interactions of health care professionals with pharmaceuticals industry](#)

Transparency International Slovakia has built a leading position among Slovak stakeholders in the topic of the conflict of interest (CoI) arising from interactions of health care professionals with pharma-industry. In general, misunderstanding of the CoI is persisting in two ways. Firstly, a potential the CoI is perceived as malpractice among stakeholders, especially doctors. Secondly gravity and scope of interactions is often underestimated not only by themselves, but by public as well.

TIS actions:

TIS had a key role in opening discussion about data of transfers of values (ToV) as a result of ties between doctors and pharma. In 2013 we investigated the implementation of the first regulation disclosing the ToV and found out poor openness of the data in Slovakia. In light of international shifts towards greater transparency in pharma-industry, such as the Sunshine Act in the USA and outputs of team of investigative journalists at ProPublica, TIS made recommendations to change in reporting of ToV and was invited to be a part of working group preparing the legislative amendment of the Act about drugs (362/2011 Coll.)⁹.

Outputs:

We evaluated the effectiveness of the previous legislative framework on ToV and published a series of articles about the absence and poor quality of data on ToV. The passing of the amendment in 2015 presented a significant shift to an unprecedented level of transparency in relations with pharma-industry, resulting in accessibility of complete data. This represented an opportunity to analyse and assess the situations leading to CoI based on open data. In interim, before the national data became available, we evaluated the data published within the pharma industry self-regulation (EFPIA Disclosure Code).

Achievements:

The result of this amendment is the publicly available information about ToV of 10 thousand doctors comprising 30 million EURO in total, as compared to the volume of 10 thousand EUROS before the amendment was put in place. It was historically the crucial point when we could see first time the real scope and volume of ties between doctors and pharma-industry. Now we have a strong tool to illustrate weaknesses of CoI policies, especially in case of decision-makers and members of regulatory boards. It means better position during next discussions with stakeholders.

Cases:

1) Transfers of value before amendment to an act (2013).¹⁰ Our search for data on cooperation of doctors with pharma-industry suggested gaps in existing law, weak implementation and sanctions as well. A survey into potential CoI among the board members (see article 3 about reimbursement of drugs) showed considerable weaknesses as well – lack of data, unwilling and

⁹ Ministry of Health. Press Release: [More transparent rules for transfers of values between doctors and pharma-industry](#). Bratislava, 2015. In English see [here](#)

¹⁰ for more details see [here](#), [here](#), [here](#) and [here](#)

misunderstanding the importance of the topic. Specifically, 20 out of 77 advisors mentioned the potential CoI, furthermore only one specified the firm which had cooperated with. Besides our advocacy via articles we prepared website¹¹ centralising the data in user-friendly way.

*2) Transfers of value after EFPIA Disclosure Code (2016).*¹² “Synjardy case” was the analysis of CoI situations in the Ministry of Health decision making board based on the data available from EFPIA act. It was the first time when we had evidence about existing CoI of the board members. The member approved the drug of firm, which he cooperated with intensively.

*3) Transfers of value after amendment to an act (2017).*¹³ We analysed data in two ways. Initially we analysed the whole database of data representing cooperation during the first year of new rules. We showed different type of cooperation among the firms and doctors and identified the gaps. The second analysis focused on ToV of vis-à-vis board members and recommendations for best practices in management of conflict of interests.

3. [Regulatory bodies](#)

The widespread perception of corruption in healthcare sector requires a strong position of impartial, independent regulatory bodies with sufficient capacity to address these issues. Regulatory institutions increase the oversight over both public and private institutions, guarding the interests of citizens as voters and consumers. Our most recent study¹⁴ (2017) suggests that half of the chairpersons of the eight surveyed institutions so far have been nominated based on their party affiliation and social connections rather than expertise and professional reputation. That is the reason why the monitoring of regulatory bodies in healthcare sector is even more crucial.

TIS actions:

Our results of investigations of malpractices e.g. in public procurement, contracting policies etc. naturally resulted in the addressing regulatory bodies in order to take actions when suspicious cases arise. The Healthcare Surveillance Authority (HCSA) performs this regulatory function in the healthcare sector. The HCSA concentrates most of the core competencies in comparison with equivalent institutions in countries with similar healthcare systems¹⁵. Additionally, an insufficient reaction of HCSA was a motive for us to look at its performance as well.

11 See lekari.transparency.sk

12 G. Šípoš, B. Tholtová. [Pharma Companies in Slovakia: Uncovering Conflict of Interest](#). Bratislava: TI Slovakia, 2016. In English see [here](#).

13 N. Gurgoľová, B. Tholtová, K. Kročková: [Now You Can Check the Transparency of Your Doctor](#). 2017. Bratislava: TI Slovakia.

14 R. Hoda, G. Šípoš. [How to Improve Regulatory Bodies in Slovakia. History And Challenges In Building Independent And Accountable State Oversight Institutions](#). Bratislava: TI Slovakia, 2017 (in English)

15 P. Balík. [Analysis of Regulatory Framework of Slovakia's Health System: Suggetions for Reform of Healthcare Surveillance Authority](#). Bratislava: HPI, 2012.

In the latter case we pay attention to reimbursement of drugs process conducted by board of experts on behalf of Ministry of Health. The board regulates prices of drugs and decides whether the drug will be included on the reimbursement list or not. We prepared two analyses of these procedures conducted in 2011 -2012 and the latest surveyed period was 2013-2015.

Outputs, Cases:

We focused on transparency level of mentioned regulatory bodies. We considered following elements of setting and working of the bodies – transparency of selection process, transparency of decision-making process and transparency of outputs.

HSCA:¹⁶ Our study suggests there are considerable shortages in examined areas. The selection process is characterized by the presence of strong political influence and weak institutional barriers to limit such pressure. Its decision-making process is insufficiently transparent with unclear support in the law. The results of oversight are consolidated only briefly in annual reports, considerably eliminating public scrutiny.

Board members:¹⁷ Most recently we analysed 265 proceedings of reimbursement of drugs. In comparison with previous analysis we noticed some improvements in the accountability of the decision-making process (such as quality of drug assessments, experts' statements, and other supporting materials), allowing greater public scrutiny. On the other hand, we have identified persistent weaknesses and recommended ways to improve transparent and professional performance of the advisory bodies. In regards ToV we emphasised the ineffective management of the conflicts of interests of members of advisory board.

Achievements:

HSCA: After publishing study we addressed two letters contained our outputs and suggestions directly to the Chairman of HSCA. The result is the first step to more transparency by means of publishing partial statistic about incidence of cases in hospitals. There is still a lot of work to more transparency in the case of this body¹⁸.

Board members: We were invited to the working group on preparing the amendment The Act of the conditions of reimbursement of drugs (363/2011 CoII.).

4. [Contracting of healthcare providers](#)

16 N. Gurgoľová. [Too much Politic and Too Little Transparency: How to improve working of Healthcare Surveillance Authority](#). Bratislava: TI Slovakia, 2016.

17 1) Z. Dančíková, A. Szalayová. [Analysis of Ethics and Quality of Reimbursement of Drugs Process](#). Bratislava: TI Slovakia, 2013. 2) G. Šípoš, B. Tholtová: [Reimbursement of Drugs Process - Lack of Transparency and Professionalism](#). Bratislava: TI Slovakia, 2016. In English see [here](#).

18 see [here](#) and [here](#)

The health care in Slovakia¹⁹ is ensured by three health care insurance companies. It means it is based on a competitive insurance model and universal coverage paid by third-party. The state-owned health care insurance company has the biggest market share (63.6 %) and contracting the health care providers, the biggest ones are also state-owned. In general, the healthcare expenditures increase continuously, reflecting the economic growth. However, the trend in recent years suggests that despite the increasing revenues in healthcare there are not balanced spending levels, leading to regulate debt settlement. The debts reached 550 million Euros in the case of state-owned hospitals and a debt of 100 million Euros was generated by the state-owned health care insurance company last year.²⁰ Contracting procedure of healthcare providers by the state-owned health care insurance company is unclear in terms of the allocation criteria and the decision making process.

TIS action, outputs

We focused on contracting procedure through the analysing contracts of health care providers operating in one specialisation. We compared contracted range and compensations for performed procedures. Initially we compared health care providers' compensations to one another. The study suggested unreasonably advantageous positions of some healthcare providers of computed tomography (CT) and magnetic resonance (MR) leading to extraordinary profits. We also compare the compensations for CT scan procedures in neighbourhood countries. Our findings suggested unreasonable overpricing as well.

Achievements:

1) Our revelations along with findings of other stakeholders brought about personnel changes, for example, the resignation of the Head of the state-owned health care insurance company. Additionally, in that case we advocated potential conflict of interest of the Chairman of the HSCA because of business ties of her husband with a suspected health care provider. Furthermore, the investigations conducted by the Health Care Surveillance Authority and the Supreme Audit Office confirmed irregularities in decision-making process. The compensations for CT scanning procedure was decreased as well.²¹

2) The state-owned health care insurance company has started to publish the contracts with healthcare providers in a more user-friendly form. This was one of the recommendations issued by experts at the workshop organised by TIS and Representation of the European Commission in Slovakia.²²

19 for more information see e.g.: M. Smatana et al. [Slovakia. Health System Review](#). The European Observatory on Health Systems and Policies, HiTS, Vol. 18 No.6 2016

20 See in English e.g. [here](#) and [here](#)

21 in English see [here](#), [here](#), [here](#) and [here](#)

22 [Ranking for the measures to more transparency and quality in healthcare](#). Output of Seminar organised by TI Slovakia and Representation of European Commission in Slovakia, Bratislava, 2016.

3) Last year Gabriel Šípoš, the director of TIS, was appointed as a member of the new Supervisory Board of VŠZP on behalf of non-profit sector. In the first year (2017) of the appointment we enforced greater openness of the Board's negotiations allow for public scrutiny. Since early 2017, an agenda, selected materials, results of negotiations of the board are published before or shortly after every session. Our aim for the next year is to advocate for more transparent and accountable contracting of healthcare providers.²³

Cases:

1) *CT and MR scanning as lucrative business.*²⁴ The figures in our study suggest that provision the most of CT scanning was transferred to private healthcare providers, in some cases especially those with ties to public officials. The one of the advantaged providers received 54 million Euros from state-owned healthcare insurance company during the term of 2009- 2013, what brought 15 million Euros in profit. It means extra ordinary profit in the case of healthcare.

2) *Benchmarking of the compensation of the CT and MR scanning across adjacent countries.*²⁵ Similarly as stated above, the comparison of the compensations among V4 countries showed unreasonably high costs for the provision of this type of health care in Slovakia. For example compensations for a cranial CT scan in Slovakia was 160 Euros, in Czech republic 124 Euros, in Poland 99 Euros and in Hungary 53 Euros.

5. [Ranking of transparency of hospitals](#)

Patient information (e.g. types of provided services, price lists, accessibility of medical staff) has a key role when choosing a suitable health care provider. Secondly information about financial flows of public hospitals is a tool for effective public scrutiny. In Slovakia we have approximately 60 hospitals owned by state or municipalities. As stated above, there is evidence of poor public procurement in hospitals which leads to lack of the access to proper and on-time health care. Our actions focus on the increasing of the accessibility of the information about healthcare provision and about management and financial decisions of the hospitals.

TIS actions:

On an annual basis we assess the level of information which hospitals publish about themselves in the view of: 1) information for patients about accessibility of healthcare, 2) information about financial and management decisions needed to public scrutiny, 3) openness and communication with public via tools like as mystery shopping or freedom of information act requests. Our Index of transparency is the part of the wider assessment²⁶ conducted by Institute INEKO which consists of e.g. the indicators of quality of healthcare provision, financial health indicators etc.

23 see [here](#) and [here](#), in English see [here](#)

24 Z. Dančíková, V. Foletnová, M. Kern. [An ex-soldier does big business in healthcare in CT and MR – traces lead to Košice](#). Bratislava: TI Slovakia and Denník N, 2015.

25 Z. Dančíková. [CT scanning, lucrative business in Slovakia](#). Bratislava: TI Slovakia, 2015.

26 see website with ranking [here](#) and press conference [here](#)

Outputs and Achievements:

In 2017, we conducted the third transparency ranking of the Slovak hospitals in cooperation with Institute for economic and social reforms - INEKO. We assessed transparency levels of 76 hospitals²⁷. The average score of the Index of Transparency gets better annually. The hospitals have improved their score by 6 percentage points since the last year and at least 4 hospitals followed our recommendations to make their website more transparent²⁸. Last year we also organised the first anti-corruption training²⁹ for 40 local activists and we shared our findings from ranking of the hospitals, and the know-how how to engage in public scrutiny of hospitals.

Bratislava, 19.12.2017

27 see J. Čokyna. [Hospitals not keen of transparency](#). Bratislava: TI Slovakia, 2014. or B. Tholtová. [Transparency of Hospitals: Still lagging behind](#). Bratislava: TI Slovakia, 2016. In English see [here](#) and [here](#).

28 see [here](#)

29 see [here](#)