BOOK EXCERPT

Amit Sengupta: Global move towards universal health coverage helped institutionalise corruption

The public health activist who died on Wednesday wrote about the pitfalls of neoliberal healthcare policies in a chapter of 'Healers or Predators'.

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Universal Health Coverage is the key reform introduced at the global level by the neoliberal system, to restructure healthcare globalization and corruption in the health sector systems. In its essence, UHC is the reflection of the shift in the role of the state as a facilitator of public enterprise and a "manager" and "regulator" of healthcare services. By the turn of the millennium most low and middle income countries had inherited crumbling healthcare systems as a consequence of fiscal austerity policies advocated in the previous two decades by multilateral agencies. To remedy the situation, there could have been efforts to prioritize the rebuilding and strengthening of the public systems.Instead, the emphasis shifted from how services should be provided to how services should be financed. The World Bank played a key role in consensus-building around reforms that were to become precursors to UHC, much before the World Health Organization formally adopted them as part of its policy plank.

The role of the state (that is, governments) thus becomes that of a "manager" or a "regulator" of services rather than one of a provider of services. In such a system corruption is no more limited to individual instances of corrupt government officials engaged in securing illegitimate gains for private interests. It instead assumes a system-wide dimension where the entire state machinery and a range of policies are directed at securing increased revenue and profits for private enterprises. Corruption takes the form of "institutional corruption" as distinct from petty corruption, such as the payment of bribes for political or other favours. It becomes embodied in the very purpose of the institution, which leads to regulatory agencies being constrained against acting in the public interest; they are instead required to act in the market interest.

Universal Health Coverage was conceived as a system that would progressively move towards: (i) coverage of the entire population by a package of services, (ii) including an increasing range of services, and (iii) a rising share of pooled funds as the main source of funding for healthcare, with a consequent decrease in co-payments by those accessing healthcare services. Such a system required a clear "provider–purchaser" split, the issues of financing and management being entirely divorced from provisioning. A provider–purchaser split puts a price on services, that is, it commodifies them, which is the precondition for their transaction in the marketplace.

Supporters of UHC are happy to emphasize the key role played by governments in strategically "purchasing" care to improve "efficiency", rather than advocating for them to get involved in providing services. For example, an issue of the WHO Bulletin argues: "Countries cannot simply spend their way to universal health coverage. To sustain progress, efficiency and accountability must be ensured. The main health financing instrument for promoting efficiency in the use of funds is purchasing, and more specifically, strategic purchasing".

Regulatory capture

As the role of governments is increasingly restricted to that of a "regulator", there is a major pitfall faced by public regulatory agencies – what has come to be known as "regulatory capture". It is a phenomenon where regulatory agencies that are designed to regulate industries for the public interest are "captured" by the industries they are supposed to regulate. As a consequence regulators end up regulating industries in a way that benefits the regulated industry, rather than the general public.

Regulatory capture takes place in different ways. The regulatory system gets captured by those that are supposed to be regulated because they are the designated "experts" who understand the system. Such 'experts' often have dual loyalties, that is, to also represent the interests of those who are being regulated. Such issues of "conflict of interest" are further augmented by "Revolving Door" practices, where regulatory bodies include people who have had previous and recent stints in bodies that are the subject of regulation.

One of the most glaring instances of the revolving door phenomenon was seen in the course of a landmark patent case between Swiss TNC Novartis and the Indian government involving the anti-cancer drug imatinib mesylate. Gopal Subramaniam, who was the Solicitor General of India when the case began, took over as the lawyer representing Novartis while the case was underway. He replaced Rohinton Nariman, who was appointed as Solicitor General of India to replace Subramaniam. In a similar vein, Naresh Dayal, ex-secretary, Ministry of Health and Family Welfare, retired on 30 September 2009, and soon after joined GlaxoSmithKline Consumer Health-care as a non-official director. Rather than raising red flags over the implications of the revolving door, there are moves towards their institutionalization. Thus, the 2011 National Health Research Policy (NHRP) seeks to develop "mechanisms favouring seamless movement of personnel between teaching, research and industry".

Capture also occurs through the promotion of ideas and in post-1990 India, the virtues of neoliberal reforms, including those of deregulation, are promoted by the Indian state. This has had significant impact on regulatory structures, as regulatory capture is more easily accomplished when the voice of those who benefit from lax regulation is significantly stronger than the general public whose interests are supposed to be safeguarded through regulatory structures and mechanisms. Neoliberal reforms, undertaken in India since the 1990s, have expanded the scope for private activity and reduced regulation and the nexus between the state and big business has strengthened. Regulatory capture has now morphed into what has been described as "... an interlocking dynamic of policymakers, regulatory officials, corporate players and extremely sophisticated industrial lobby groups".

Institutionalized Corruption: Public Policy as Facilitator of Private Profit Extraction

The change in trajectory of the state, which we have described earlier, applies as well to the role of the Indian government in institutionalizing avenues for profit-making by private industry. Ideological shifts accompanied by changes in public policy combine to create conditions for profit extraction at a systemic scale in different arms of the health sector. As we examine later, the power of the government to formulate and implement policy has been systematically used to create larger and more secured profit-making by private enterprises. We trace below several instances in the healthcare and medicines sector where public policy has created opportunities for private enterprises. At the same time these polices have not contributed to advancing public health goals, thus creating the net effect of a transfer of public resources (or foregoing of public revenues) to benefit private players without any clear public health gains.

Excerpted from Healers or Predators: Healthcare Corruption in India edited by Samiran Nundy, Keshav Desiraju and Sanjay Nagral, Oxford University Press.