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Kajal Sharma

MBA. Second Year Student,
Mittal School of Business,
Lovely Professional
University, Kapurthala City,
Punjab, India

Ekta

MBA. Second Year Student,
Mittal School of Business,
Lovely Professional
University, Kapurthala City,
Punjab, India

Akshay Oberoi

MBA. Second Year Student,
Mittal School of Business,
Lovely Professional
University, Kapurthala City,
Punjab, India

Amit Sharma

Assistant Professor, Mittal
School of Business, Lovely
Professional University,
Kapurthala City, Punjab,
India

Corresponding Author:

Kajal Sharma

MBA. Second Year Student,
Mittal School of Business,
Lovely Professional
University, Kapurthala City,
Punjab, India

Analysis of emerging frauds in healthcare industry and its impact on sustainability

Kajal Sharma, Ekta, Akshay Oberoi and Amit Sharma

Abstract

This study is to understand the types of frauds and their impact on healthcare industry in India over last 5 years that is 2015-2020. Literature review says poor corporate governance, poor human resource management, lacking in implementation of policies, people and tolerance of fraud are the major reasons behind emerging frauds in this sector. This paper provides the deep insight of frauds related to Medical Negligence, Bio-Medical Waste, Violations of COVID-19 Norms, Inflated Bills and Medical Education scams by Hospitals of India and their impact on sustainability. The data related to all these frauds have been collected through secondary data, relevant data compiled from it which includes type of hospital, state in which it happened, how much fine paid by hospital, how much compensation they paid(if applicable) and how much they gained out of fraud. Furthermore, discuss the efforts to control these frauds and reach on conclusion that there is need of improvement in healthcare laws and ethics.

Keywords: Healthcare laws, frauds, abuses, medical negligence, bio medical waste, Covid-19

1. Introduction

India is one of the second largest most populated country in the world after China. As per H. Plecher., 2020, the entire population of India in 2020 is approximately 1.38 billion people. In addition to it, the percentage of rural and urban population in 2020 is 65% and 35% respectively^[1]. According to Jaffrelot. 2020 India has a total of 25778 public hospitals, on the other hand 43486 private hospitals^[2].

As far as government sector is concerned in related to the development of Indian Healthcare Sector, last year it only spends 1.5% of GDP which is totally not acceptable and if this figure is compared with European countries their investment is 7-8% of their GDP (India's overall spending on health sector 'low', 2020^[3]. It is must to increase the spending for the healthcare industry by the government. But as investment increases for the development of this sector, frauds are also increasing on an alarming rate. As per Arugyam, S. 2019, in India approximately 31.4% of the allopathic doctors were educated only up to secondary level. Apart, from that 57.3% did not have any medical degree, in the field of dentistry these numbers are even more damn that is 46.2% and 27.4% in urban and rural areas have only minimum qualifications for practice their profession^[4].

As per World Health Organisation, more than 138 million of people died because of medical negligence, which is due to wrong treatment given to patient by hospital staff, wrong drug injected to victim and so on (Medical mistakes cause 2.6 million deaths yearly, 2019)^[5]. As per Kulkarni, S.J., 2020 another type of negligence that is done by the hospitals, is improper and illegal dumping of medical waste which causes problem to humans as well as environment because of their hazard properties^[6]. According to the *World Health Organization (WHO)*, in 2000 the improper treatment of medical waste (primarily the use of infected hypodermic needles and syringes) caused many types of infections worldwide like Hepatitis B: 21 million infections; Hepatitis C: 2 million infections and HIV: 260,000 infections^[7].

Amid COVID-19, these frauds cannot stop which poses a question mark on the government of India. Recently, Himachal PPE Scam is one of the scams in which political parties are involved in order to get profit from supply of PPE instead of taking remedy measures the game of blaming and damaging each other's image is going on (Himachal PPE scam, Indian Express 2020)^[8].

Moreover, as per Mathur *et al*, 2012 as far as sustainability factor is concerned in case of hospitals it is not going as per terms and in order to deal with the problem, they do not have

proper solutions for it as well which also poses a great problem for healthcare industry in this new-fangled era⁽⁹⁾.

2. Materials and Methods

2.1 Research problem: This project mainly focuses on the types of scams and frauds that are emerging in healthcare organisations. Descriptive Research have been done in order to know the type of fraud which is majorly happening and what are the reasons behind it.

2.2 Research design: Mainly, research design is of review type, which incorporates literature review and systematic review of previous studies. By collecting the information from various sources like newspaper and fetch relevant data out of it on the following parameters:-

1. Name of Hospital?
2. Type of hospital – Whether hospital is Private, Public or an NGO?
3. In which year fraud take place from past 5 years?
4. In which state it is happened?
5. What type of Fraud or mistake it is whether “Medical Negligence”, “Bio-medical waste”, “Violation of COVID-19 Norms”,
6. How many persons involved in it whether they are from hospital or from outside the hospital?
7. How much fine is charged to hospital?
8. How much money gained by the hospital
9. How much compensation they paid to the patient (if

applicable)?

All this data is collected from renowned newspapers like economic times, Hindustan times and Indian Express.

2.3 Scope of study: The scope of this research is to seek out every thick and thin areas of healthcare and identify the areas of unethical practices from which fraud is going in their respective areas. This study goes to hide the frauds in hospitals in last 5 years and intervention of presidency to cut back the negative affect of the scam.

2.4 Sample design: All Major hospitals in India around 50 hospitals are used to conduct this study which includes all the states of India. Majority of hospitals are private Multi-speciality and super-speciality hospitals.

2.5 Research Method: Data Collection will be combination of both Qualitative and Quantitative methods. As data is having qualitative aspect, in order to make the analysis easy, certain codes numerical code is giving to each qualitative aspect as per data analyst.

3. Results and Discussions

Below charts gives information regarding percentage of frauds done by public, private and Ngo’s in past 6 years from 2015 – 2020.

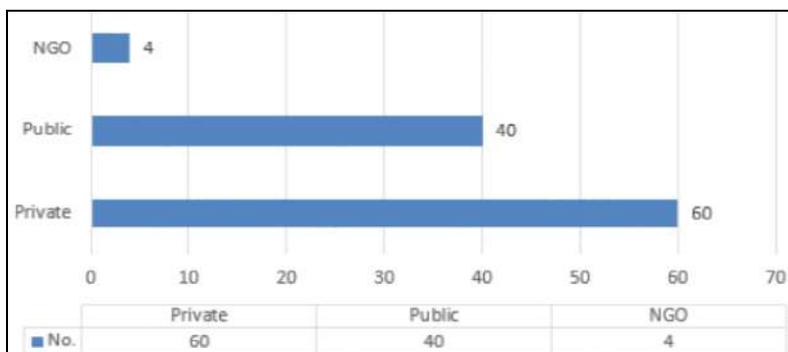


Fig 1: Percentage of fraud done by hospitals

According to Fig. 1, 60% of frauds are committed by private hospitals. Whereas, NGO’s are found committing less than 10%. As far as government sector is concerned, 40% of malpractices are done by government hospitals. Chatterjee, C *et al.*, 2013 cites that Indian healthcare ethics and law are

not enough to sufficiently serve the good and secure health to citizens. According to survey done by him, shows that Majority of Indians choose to go for private hospital for treatment as expense is high as compared to public hospital^[10].

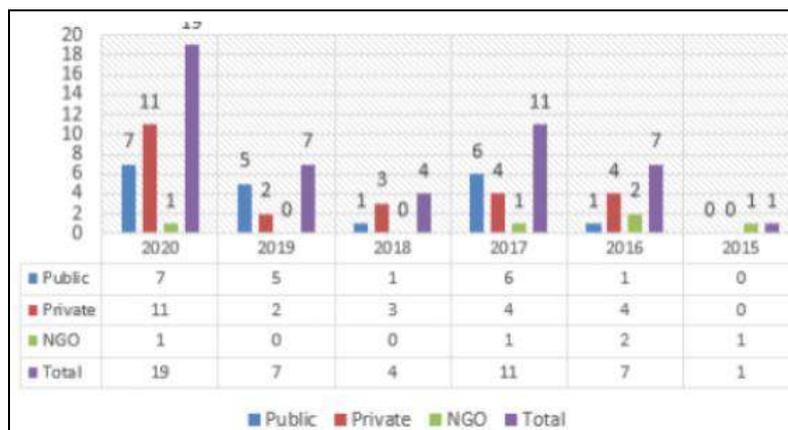


Fig 2: Year-wise Comparison

According to Fig.2, there were upward trending from the year of 2015 to 2017. Total no. of fraud in above years were rapidly increase at the rate of more than 50% year by year. In addition to it, again same trend is followed by the year of 2018-2020. In recent three years trend is went like anything it starts from 4% and went to 18% in 2020. It is clear from the graph that year of 2019-2020 is a year in which healthcare sector is highlighted like anything and in this year only most of the frauds came into light which affects

the human life and also put a question mark on the capability of the healthcare sector. Mohanan, M *et al.*, 2016 describes various challenges that Indian healthcare sector is facing like low quality, high medical errors, adverse events etc. The priority should be proper medical care given to patient is not maintained. According to the survey done by him shows that quality measurement techniques are not properly assessed and maintained which is also a managerial problem for the hospitals^[11].



Fig 3: State-wise frauds

According to fig.3, Delhi, Maharashtra and West Bengal are those states whose fraud history were more than 50% of frauds in last 6 years. Whereas, UP and Assam also stands at 4% and rest of states like Odisha, Punjab, Rajasthan, Tamil Nadu and Uttarakhand is at less than 2%. But the thing is in these states most of time frauds are even not highlighted. Maharashtra is one of those states which is having renowned

hospitals and policies that ensure the smooth functioning of the hospital organisations and in that states most of frauds are committed in spite having such a stringent laws and regulations. According to Bhandari. L *et al.*, 2007, implementation of policy and critical gaps in respect of training and education of medical staff is main reason behind lacking of healthcare industry whether everywhere^[12].



Fig 4: Charges (in Crores)

According to fig. 4, fine that is charged on hospitals by regulatory bodies in order to punish them for committing various kind of sharp-practices is Rs. 240 crores in at 6 years and hospitals gain by committing such practices amounted Rs. 830 crores which is not even more than half of the fine charged to them. As far as compensation factor is concerned, it is given just Rs. 91 lakhs to patients where hospitals is at fault. Furthermore, if fine charged and compensation amount is added still money involved in

frauds is not covered. Chattopadhyay, S. 2013 describes the forms pf corruption like Bribes and kickbacks, Theft and Embezzlement, Intentional damage to public good to get private gain, Absenteeism, Informal payments, use of human subjects to financial gain and Institutionalised potential corruption^[13]. As, it also highlights the NHRM scam in which government funds is looting by private sector in Uttar Pradesh ("Uttar Pradesh NRHM scam", 2021).

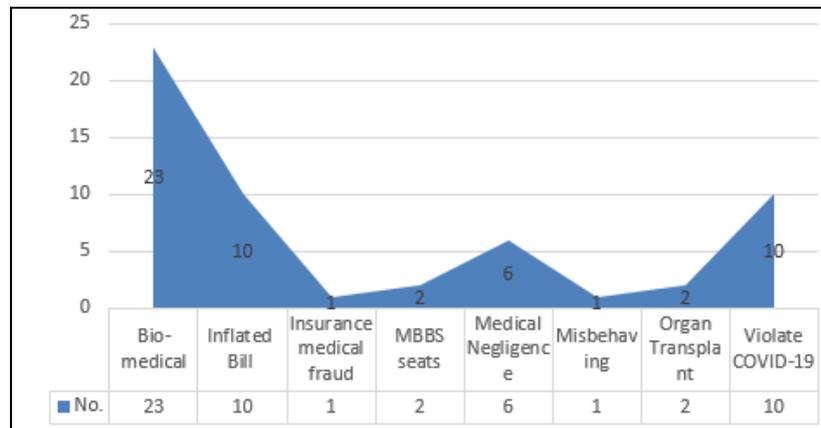


Fig 5: Types of fraud

According to fig.5, more than 20 number of cases is of bio-medical waste. Secondly, inflated bills and violation of COVID-19 cases are approximately 10 and percentage of medical negligence cases are even more than 5. Bio-medical is one of the things which should be taken care properly despite having so many laws and regulations, giving training to the departments of hospitals still their non-maintenance proves that hospitals are lacking somewhere. Saviano, M., *et al.* 2018 advocate the sustainability factor into management control system. According to him, a comprehensive approach named “Viable System Approach” is recommended to add sustainability factor into management control system.

4. Recommendations

There are many acts related to healthcare like Delhi Nursing Council Act 1997, Kerala Co-operative hospital Complex and the academy of medical service act 1997 etc. Instead of having acts that only cover their own states is not which is viable. There is need of some integrated approach type of law that is implemented in all over the world and cover the whole area of India.

There should be proper Affordability, Availability, accessibility, Accommodation and acceptability of services provided to patient. In order to ensure that thing is essential that there should be regulatory body who keeps check on it by doing inspection regularly and randomly and give rewards and recognition to keep hospitals motivated.

Frauds detection methods should be implemented in the hospitals in order to ensure that whenever any doubt or anything happens it will be highlighted on time.

In year of 2020, when COVID is at peak shows that hospitals are lacking in every nation. That was the time when hospitals authorities supposed to handle the situation with innovative approach in supply chain management, telemedicine and digital health. Telemedicine is one of the most effective things to be proved in future. In order to supply the essentials before patient arrives, sensors will be helpful technology in order to check the timely arrival of medicines. RFID technology will be helpful in entire operations of hospitals.

Digital health that is recently introduced will be effectively implemented with stringent rules and regulations only. In this area, block chain will be the most effective tool to be proved.

5. Conclusion

In the end, it is concluded that rules and regulations are

required for smooth functioning of hospitals but it should be one system which is applied to each and everything at any cost because nothing is more important than life of human.

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