 

# Неформални плащания – определения и концепции

## Informal payments – definitions and concepts

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***Резюме:*** *Неформалните плащания се превърнаха в интересно и много широко разпространено явление, свързано с реформите в здравеопазването, което се наблюдава в много страни в преход от Централна и Източна Европа, Азия и Африка. Направени са проучвания за ясно определяне на неформалните плащания, за да се преодолее този сложен проблем с много „лица“. Явлението може да се назове с много термини като парични подаръци, плащания за благодарност, плащания под масата, неофициални плащания и други.*
*Концепциите, заложени в настоящата статия, като незаконност, неформалност и корупция, оказват отрицателно въздействие върху разбирането за неформалното плащане. Обобщени са основните стратегии от световната литература за справяне с този феномен.*

***Ключови думи:*** *неформални плащания, неофициални плащания, незаконност, неформалност, корупция*

***Abstract:*** *Informal payments became an interesting issue in the context of healthcare reforms and a very widespread phenomenon in the healthcare sector that has been observed in many transition countries of Central and Eastern Europe, Asia and Africa. Some studies have been conducted to clearly identify informal payments to overcome this complex problem with many „faces“. The latter includes a variety of names to denote the phenomenon: gratuities, gratitude payments, under-the-counter payments, unofficial payments and etc..*
*The concepts mentioned in the current article such as illegality, informality, and corruption have a negative impact in the understanding of the informal payment. The main strategies of the world literature to deal with this phenomenon are summarized.*

***Keywords:*** *informal payments, unofficial payments, illegality, informality, corruption*

## Introduction

Providing health care is a very important aim of the society. It ensures stability in people lives and their everyday activities, and at the same time, it makes the future more secure for everyone. The duty of every country is to create the right health care strategy.
In transition countries, the system does not function properly. Weak government and economic problems lead often to one form of corruption, known as well as informal payment (IP).

Informal payments (IPs) became an interesting issue in the context of healthcare reforms in the transition countries in Central and Eastern Europe (CEE) (Balabanova, 2002), Asia and Africa. Some accurate and cross-country comparisons and a clear definition of IPs are done to overcome this complex problem with many “faces “. The latter includes a variety of names to denote the phenomenon: gratuities, gratitude payments (Ádám, 1984), under-the-counter payments (Balabanova, 2002), unofficial payments (Ensor and

 

Savelyeva, 1998). The forms of IPs include many different kinds of sweets and flowers to enormous sums (Gaal, 2006). This phenomenon is one of the most common forms of corruption in Albanian health care system. Lewis and Vian define informal payments, as one of many individuals coping strategies adopted by medical staff and patients in countries where health systems are under-funded, overstaffed, and burdened with broad mandates for free access to care (Vian, et 2005). People pay for services which are supposed to be free of charge.

## *2. Understanding informal payments*

Informal payment is a very widespread phenomenon in the healthcare sector that has been observed in many transition countries of CEE, Asia and Africa. The scientific interest in these payments proves that there is no universal definition of informal payments (IPs) in empirical research published over the years. (Атанасова, 2018). The investigations in these countries show that a great part of the expenditures is out of pocket payments paid under the table or openly to health staff for health services that should be free, usually in a publicly financed system (Gaal, 2004). The causes for this kind of payments vary between countries.

The causes for IPs and observed effects in Albanian health care include cultural, economic and governance determinants. The cultural model conciders IPs to be a particular type of behavior of care seekers who express their gratitude in the form of gifts. Many countries use this model, including CEE and Former Soviet Union countries (FSU). The culture of gifts can be seen as voluntary behavior of patients. The value of gifts depends on the wealth of the patients, but the amount of money paid is expected to be relatively low compared to the total amount paid as out-of- pocket. Payments are supposed to improve the motivation and quality of health services provided to patients, ensure a personal relation and make physicians feel appreciated. The economic model links IPs to the increased demand for health care, inadequate budget, as well as ineffective investment policies. The communist system established in CEE and FSU countries after the Second World War propagated a free access to health care policy under the legacy of the “Semashko“ health care system, which led to unlimited demand that resulted to supply shortage. After the fall of the communist regimes, governments in these countries were not financially capable to maintain an inefficient and universal health care system. It resulted to large health system with under- and unpaid staff. Albania`s limited public spending on health care sector has resulted in an increased reliance on out-of-pocket payments (Gaal, McKee, 2005; Tomini, 2011). Despite near universal coverage of the population by public health insurance, IPs are widespread and a major source of inequity and inefficiency in the Greek health care system (Liaropoulous, 2008).

A recent study of Habibov and Cheung (2017) of informal payments (IPs) in 29 transitional countries shows that living in the countries of the FSU is associated with highest scale of IPs, followed by Southern Europe and living in the countries of the Eastern Europe is associated with the lowest likelihood of IPs. The lowest and the highest IPs were estimated in Slovenia (2.7%) and Azerbaijan (73.9%). The investigators found that being from a wealthier household, experiencing low quality of health care in the form of long waiting times, lack of medicines, absence of personnel and having relatives to help when needed, are associated with high odds ratio of IPs.

In almost all African countries, IPs are frequently made when accessing health care. Some literature suggests that the IP system could lead to quasi-redistribution among patients, with physicians playing a ‘Robin Hood’ role, subsidizing the poor at the expense of the rich. Nevertheless, the socioeconomic gradient in IPs is in favor of the rich in almost all countries, indicating a rather regressive system; this is mainly due to the socioeconomic disadvantage itself, to poor/rich differences in supply side factors, as well as regional disparities. (Kankeu, 2016)

The common reasons for such payments include the lack of effective policies for health care financing and human resource management and scarcity of financial resources in the healthcare sector. Understanding IPs can be very useful in the changing process of the health care system. Firstly, they may be a large component of private health expenditure and the better measurement would clarify the extent of private expenditure. The second reason

 

is connected to the person who pays and when will provide information on economic barriers to care. Thirdly, IPs are one of the reasons for reducing the motivation of reform in health care. Fourthly, they contribute to the informal economy which enhances the government to increase finances (Balabanova, 2002). But the greatest problem that IPs concern is that they become a barrier to access to care for the low-income people and the law efficiency of service provision to the poor (Gaal, 2004).

### *2.1. Definitions of informal payment in health care*

IPs can be seen in the literature under different names for instance; gratuity, medical gratitude, payments in cash or in-kind, brick payment, tip, etc. Although they are based on the same concept. It is not possible to find one precise and comprehensive definition. Taking into account the variety of types in and within different cultures and/or countries, there are different definitions. The table 1 below collects some of the main definitions available in the literature, according to Gaal et.al., 2006:

***Table 1.*** *Proposed Definition of Informal Payments*

| Source Country | Definition | Distinctive Characteristic |
|---|---|---|
| ádám (1989) Hungary | A gratuity can be defined as a financial or other the material benefit, given to a doctor by a patient or his or her relatives after treatment have been terminated. | Voluntary, after the treatment |
| Balázs (1996) Hungary | Medical gratitude payment is an informal money the transaction between a doctor and a patient, in the course of which the patient purchases a health service from the publicly employed doctor. | Informal purchase; public |
| Chawla (2000) Poland | Payments, in cash or in kind, made by patients, or others on behalf of the patients, to an individual or institutional public healthcare provider directly or to any person arranging for the provision of health care from such public healthcare providers, for health services, received or expected to be received that the recipients of these payments are not authorized to receive under existing laws of the land, including the Constitution of Poland, 1997, and the Health Insurance Act, 1997, or under the rules of the business of the health facility. | Illegal; public |
| Thompson & Witter (2000) | Informal payments can be described as payments made by individuals to state health workers or institutions but that is not sanctioned by the authorities. | Not sanctioned by the authorities; public (state) |
| Lewis (2000) | Informal payments can be defined as (1) payments to individual and institutional providers, in kind or in cash, that are made outside official payments channels and (2) purchases that are meant to be covered by the health care system….<br>In effect, informal payments are a form of corruption. | Unofficial; corruption |

Source: Gaal, P., Belli, C.P., McKee, M., Szocska, M. Informal Payments for Health Care: Definitions, Distinctions and Dilemmas. Journal of Health Politics, Policy, and Law.

In general, the idea about informal payments in the health care system is that of paying under the table money to medical staff for treatment that is considered to be free of charge (see also Lewis 2000, Gaal 2004, and Vian 2006). What is noticeable in these definitions is that some of them are based on the interpretation of the author and others concentrate partially on the phenomenon of IPs. The definitions are related to the concepts found in the informal economy, such as voluntary or compulsory, formal or informal, legal or illegal, and official or unofficial. These terms are not defined precisely and consequently, their usage is a source of confusion (Gaal et al., 2006).

Another interpretation of IPs is given from World Health Organization. The WHO defines IP as part

 

of a process starting in the *World Health Report 2000* that:“ A widespread example is the condoning of public employees charging illicit fees from patients and pocketing the proceeds, a practice known euphemistically as “informal charging “. Such corruption deters poor people from using services they need, making health financing even more unfair, and distorts overall health priorities“ (World Health Organization, 2001).

Other definitions of IPs iclude “red packages“ that include cash payments and can vary according to the income of the local population, the degree of sophistication of the health facility, the seniority of the doctor and the field of specialization (Bloom et al. 2001), “bribes“ (Thampi, 2002), “informal patient payments“ (Strepurko et al., 2010), “direct cash“ and “in-kind unofficial payments“ (Tomini et al., 2012), and “informal exit“ according to which “consumers have neither the means of formal exit or of voice“ (Richardson et al., 2012, Cherecheşa, 2013).

Accordingly, the proposed deffinitions of IPs of Gaal et al., (2006) is defined as comprehensive, neutral and includes all forms of informal payments, mentioned in previous studies. Nevertheless, the deffinitions do not show the origin of IPs. The motivation of both patients and physicians of IPs can vary and can lead to different kinds of payments (Атанасова, 2018). Pavlova et al (2009a) claims that the latest studies provide a wider definition of informal patient payments. Concidering the definitions of IPs and systematic and critical analysis of Stepurko et al. (2010) research methods and tools offer several key features of IPs in the public health sector that provide the basis for a broad definition (Table 2).

***Table 2.*** *Characteristics of informal payments in the public health sector based on empirical studies.*

| | |
|---|---|
| Who initiates the informal payment? | Patients (gratitude)<br>Provider (requested payment) |
| What is the type of the informal payment? | Out-of-pocket, gratitudes, services payment |
| When is the informal payment done? | Before/during the treatment (in cash); After the treatment (mainly gifts) |
| What is the purpose of the informal payment? | Gratitude; service payment; commodity charge; access fee; fast access fee; better quality fee; fee for better psychological comfort |
| What is the amount of the informal payment? | The monetary value is compared with the wealth of the families |
| How the informal payment is perceived? | Tradition/ gratitude<br>Illegal behavior<br>Corruption |
| What is the attitude to the informal payment? | Negative (requested payment);<br>Positive (gratitude) |

This leads to development of the new theory called “inxit “. The theory is applicable in different situations and allows identification of conscious patients and physicians and analyzing their opinion concerning the deteoriation of the health care system as well as the key dilemmas in the healthcare system that seek to improve justice and efficiency. Other theories in the field of psychology and sociology are considered to be appropriate in clarifying informal payments as a phenomenon (Vian, 2006).

### *2.2. Concepts that affect the definition of informal payment*

The concepts mentioned below affect the understanding of the IP. The studies showed that illegality, informality, and corruption are the negative criterions that define this phenomenon.

From the definitions, we can make a distinction between two main types of IPs: gratuities or gratitude payments and under the counter (unofficial and under the table payments, unregulated payments, envelope payments). The most important

 

feature of gratuities is that they are received after the end of the treatment and are motivated by patient`s appreciation for being cured rather than for receiving more qualitative care (P. Gaal, 2004). Because they are given voluntarily from the patients, gratuities call for responsiveness of healthcare practitioners and provide incentives for physicians and for specialties where payment gratitude is substantial (Gaal, 2004). Under the counter, payments are made in an informal way to the medical personnel directly from the patient or his/her relatives before or during the treatment that actually should be provided for free, which is seen as corruption. It is proved that patients with lower income are more likely to pay a considerable amout of money for IPs comparing to patients with high income, which affects justice (Szende, 2006).

*Corruption* is described as an abuse of public power for benefits for someone in the form of bribery. It distorts the basics of competition by slowing economic development and misallocating resources. These types of payments can be in-kind or cash payments and are requested by healthcare staff. There are different kinds of payments – the so-called red envelopes in Taiwan, imply the transfer of money or valuables from patients to doctors in return for better and adequate quality of care (Yu-Chan Chiu, 2006). Other forms of these payments are envelope payments, which are only cash payments, where a "fee for the medical agreement" is defined as a pre-agreement between patients and doctors (T. Vian, 2004).

*Informality* is another criterion and it should not be misunderstood with the definition. This term refers to the unreported or unaudited of this type of payment. In some countries, like Hungary and Poland this informality does not exist because the IP is declared and registered in the tax return system. The private practitioners report these payments as part of their income to the tax authorities. Also, certain in-kind contributions, such as food or pharmaceuticals, are considered formal if purchased from relatives or by the patients.

*Illegality*, as cited in Shahriari et al. 2001, is inappropriate to capture IPs. The concept can be different in between countries and also changes in relation to the current law in that country. There are two types of situations – de jury and de facto used to define the illegality of informal payment (adopted from Thompson and Witter, 2000). In case of de jury, this is considered illegality from the authorities and it is sanctioned. In case of de facto, what it is considered informal in one country is not considered as such in another one. They are illegal but are tolerated by the policy makers and are known as the quasi-formal payment (Gaal et al. 2006).

Also, there are concepts such as the voluntary or enforcement, before or after (when is informal payment given) and public or private sector, which is irrelevant or of a little importance in forming a definition.

## Conclusions and recommendations

Informal payments are initiated as the biggest problems of the health care system in many transitional countries. Also known as under the counter payments, they are recognized as a threat to the countries which strive to abolish the corruption in the healthcare sector.

After all, said about in-kind payments one of the questions that arise is "Do we need to understand the informal payments as a simple form of corruption, and if not, why?" We can notice that the corruption is one of the factors that cause this phenomenon, but there are also other variables that should be taken into consideration as cultural and socio-economic individual characteristics, health status, lack of strong health insurance regulations and lack of coordination and collaboration between the stakeholders to undertake the reform.

Finally, we can draw a conclusion that all kinds of informal payments are seen from providers and patients both as a mechanism of good mutual relationship and as a harmful behavior that destroys trust, efficiency, and health (Vian, 2006). Informal payments are harmful not only to the individuals but for the whole society and the health care system itself. In the international literature (Stepurko et al., 2009) many strategies for coping with informal payments could be summarized as follows:

- Introducing official fees;
- Increasing the income of doctors and medical staff;
- Sanctions for those who receive / require informal payments;
- Private sector development initiatives;
- Cost containment measures.

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