

## CMS: Romania toughens rules for public procurement by state hospitals

### **In an attempt to prevent misuse of public funds, the Romanian government has issued new rules to increase transparency in public procurement by public hospitals.**

According to the new regulations, the hospital's management board must endorse the hospital's yearly procurement plan and any procurement of goods, services and works exceeding RON 50,000 (EUR 10,000). The board is also able to request an external audit on the hospital's activity.

According to government representatives, the new legal provisions have been introduced to both increase transparency in the use of public funds by public hospitals and reduce corruption in the healthcare system where – according to the National Anticorruption Directorate (DNA) – there has been problems in the past.

The DNA has reported that a significant number of public hospital managers request bribes from contractors of between 5% and 20% of the contract value.

In 2020, the government relaxed public procurement rules in the healthcare sector during the state of emergency and afterwards to enable hospitals and other healthcare units to directly procure medicines and equipment necessary to fight the COVID-19 pandemic outside of the formal public-procurement procedure. Although necessary in the context of the pandemic, this step resulted in the payment of exceedingly high prices for poor quality products. The DNA is currently investigating 105 criminal files for abuse of office related to the pandemic and an estimated EUR 165 million in funding. Five criminal files are already being prosecuted in court with an estimated prejudice of between EUR 2 million and 3 million.

Public procurement in the healthcare sector remains subject to the public procurement regime, either in the form of centralised procurement by special bodies (e.g. the Ministry of Health or the National Office for Centralised Procurement) or procurement by public health units that qualify as contracting authorities.

Direct procurement is allowed for services and products valued up to RON 135,060 (EUR 27,000) and for works valued up to RON 450,200 (EUR 90,000). Contracts exceeding these values are subject to one of the formal public procurement award procedures provided by Romanian law.

With the nation's healthcare system under pressure due to the pandemic, it is hoped these new rules will reduce corruption and prevent public healthcare units from receiving excessively priced and poor quality products, services or works, and ensure the legal and cost-effective use of public funds in Romanian healthcare.

For more information on these new rules and public procurement in Romania, contact your CMS client partner or local CMS experts: **Cristina Popescu** and **Laura Capata**.