

Ethical  
Decision  
Making in  
Healthcare  
Leadership

***BYU Healthcare Industry  
Network Conference***

Utah Valley Convention Center, Cascade D  
November 15, 2019

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# Presentation Outline

- Introduction & Background: Speaker and Participants
- Ethical Decision Making in HC Leadership: Context
- Case Studies: Group Participation
- Wrap-up and Adjourn

# Introduction & Background

- My Background
- Audience Background: *Who's Here?*
- Ethical Decision Making in Leadership: Overview
- Desired Outcomes?



Sutter Health  
Bay Area:  
Alta Bates  
Summit  
Medical  
Center

# East Bay Beauty



# Oakland & Berkeley Challenges

- Homeless population
- Poverty
- Housing costs
- Crime
- Recruitment and retention

# Sutter Health

## Alta Bates Summit Medical Center (ABSMC)

- ABSMC is the East Bay's largest private, not-for-profit medical center with three campuses and multiple outpatient sites located in Oakland and Berkeley; e.g. East Bay AIDS Center, Benioff CHO
- Non-profit health system with 4,500 employees, 1,100 physicians, and operating revenue of \$1.2 billion.
- About one in six of all residents lives below 100% of the federal poverty level and nearly one in five children lives below the poverty level.
- With continually rising housing costs, the number of individuals experiencing housing instability and homelessness is increasing.

# Sutter Health

## Alta Bates Summit Medical Center

- CMS 5-star rating at both acute care campuses (900 beds) in Oakland and Berkeley (7% of all U.S. hospitals)
- U.S. News & World Report Recognition in four clinical service lines
- One of the top four cardiothoracic surgery programs in California (Source: Society of Thoracic Surgery)



# BYU Marriott School of Business

*Student Accomplishments (commercial :)*

- **#1 Worldwide** for who best trains their graduates – *Bloomberg Businessweek*
- **1<sup>st</sup> Place: National Case Competition in Ethical Leadership** – *Held at Baylor University*
- **#1 Education That Inspires Grads to Pursue an Ethical Career**  
–*Bloomberg Businessweek*
- **#1 Most Family Friendly MBA** –*The Princeton Review*

# Ethical Decision Making

*“Live a life of values. Accept the responsibility of leadership. Rank is not about privilege, it’s about responsibility. Leadership is also about integrity and honesty. Build a culture of trust and habitual excellence.”*

- Paul O’Neil, Former Secretary of Treasury and Former Chair/CEO of Alcoa

*(Recipient of the International Executive of the Year Award, BYU Marriott School, September 2015)*

# Ethical Decision Making

## High Performing CEOs

- **Decide with speed and conviction:** *You can't always wait for perfect information. Know when to and when not to decide. Decide and don't waiver.*
- **Engaging for impact:** *Secure buy-in from employees and key stakeholders. Align them around the goal of value creation, then execute disciplined communications. Timing, mood, and body language matter.*
- **Adapting proactively:** *Deal effectively with situations that aren't in the playbook. Spend half your time thinking about long term sustainability and competitiveness.*
- **Delivering reliably:** *Boards love a steady hand and employees love predictable leaders who follow through on commitments.*

*Source: CEO Genome Project – 14 researchers; 2,000 CEOs interviewed and 15,000 other executives in a variety of industries; 87% U.S. based. (Published: HBR, June 2017)*

# Context: Healthcare Industry Economics

- U.S. healthcare costs are the highest as a percentage of GDP compared to all other countries; 17.9% of GDP in 2017 and projected to grow to 20% of GDP by 2025—a \$3.5 trillion/year industry).
- Unnecessary health care (overutilization, overuse, or overtreatment) is the predominant factor, accounting for about a third of healthcare spending.
- Factors that drive overuse: FFS, defensive medicine to protect against litigation, insulation from price sensitivity (instances where the consumer is not the payer), other?
- Payers focus is on medical necessity as a condition for payment.

# Case Study: McAllen, Texas (2009)

*New Yorker article*

- A South Texas community of roughly 150k people; average age of 33; poverty rate of 25%; median household income of \$45k.
- Atul Gawande investigated Medicare FFS reimbursement in McAllen for a 2009 article in the *New Yorker*.
- In 2006, McAllen was the second-most expensive Medicare market, behind Miami. Costs per beneficiary were twice the national average.
- In 1992, however, McAllen had been almost exactly in line with the Medicare spending average.
- Key questions: What happened? Unwarranted variation (not based on clinical rationale)? In other words, overutilization?
- Gawande concluded that a business culture\* had been established...



Mind the Gap

# *Appropriate utilization, underutilization, or overutilization*

- “The minute you attack overutilization, you will be called (bad names) before the day is out.” – Uwe Reinhardt, HC economist at Princeton
- To protect themselves from legal prosecution, some physicians have an incentive to order clinically unnecessary tests or tests of little potential value. While defensive medicine is a favored explanation for high medical costs by physicians, Gawande estimated in 2010 that roughly 2.5% of the total U.S. healthcare spend was defensive med.
- Ethical and cultural drivers of overuse – *group participation*
- Some Patient Safety committees, which are charged with reviewing the quality of care, can view overutilization as an adverse event.

# In the News

- *Google Amasses Personal Medical Records (WSJ 11/12/19)*
- *Google's Health Deal Spurs Inquiry Into Privacy of Data (WSJ 11/13/19)*
- Ex-California hospital CEO will admit new charges related to \$950 million fraud scheme
- HHS delivers long-awaited Stark Law regulatory overhaul
- Physicians, medical group CEO pay \$6.7 million to settle billing fraud case in California.
- CMS to focus on stopping repeat fraud offenders.



# Leadership Culture Drives Organizational Culture

*“Our commitment to patient safety, quality, and compliance is non-negotiable and the highest priorities of Intermountain Healthcare.”*

*- Charles Sorenson, M.D., Former President & CEO,  
Intermountain Healthcare (2012)*

# Ethical Decision Making: Basic Framework

for understanding ethical decision making

- Is it legal?
- Is it fair?
- How does it make me feel?

# Ethical Decision Making:

Ethical principles that nurses must adhere to...

- Justice
- Beneficence
- Nonmaleficence
- Accountability
- Fidelity
- Autonomy
- Veracity

# Ethical Decision Making Model: 6-Step Process

- Establish the facts in a situation
- Decide whether the situation involves legal or ethical issues
- Identify your options and possible consequences
- Evaluate your options
- Choose the best option
- Implement your decision

# N. Eldon Tanner

Integrity: Inspirational Quotes

“Always remember that you can go much further on respect than on popularity.”

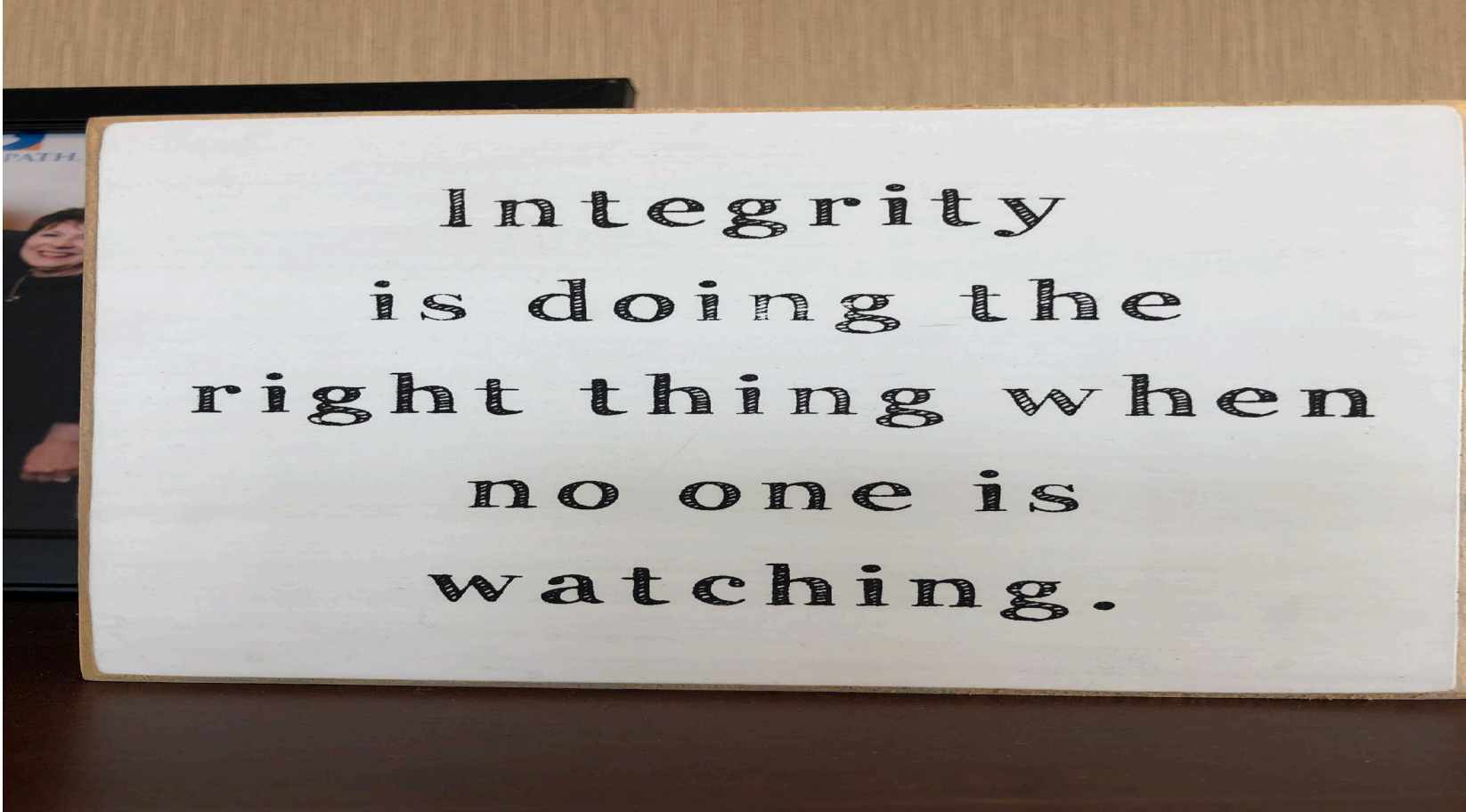
*(Key takeaways: Don't compromise your integrity! Be true to God, yourself, your family, your team, and your organization. Tell the truth: both good news & bad news as opposed to trying to impress or please.)*

# Integrity & Ethical Decision Making: Scriptural Context for Healthcare Leaders...

The integrity of the upright shall guide them...

*Proverbs 11:3*

# Integrity Defined

A photograph of a white card with a typewriter-style definition of integrity. The card is placed on a dark surface, and a person's face is partially visible in the background on the left. The text on the card is centered and reads: Integrity is doing the right thing when no one is watching.

Integrity  
is doing the  
right thing when  
no one is  
watching.

# Overview and Context: Ethical Decision Making

- What are the Top 5 Challenges impacting healthcare leaders in the future? (Source: Becker's Hospital Review, 2/13/18)
  1. Rising Healthcare Costs
  2. Healthcare Regulatory Challenges
  3. Medicinal and Technological Advancement Challenges
  4. Training and Education Challenges
  - 5. *Ethical Challenges***



# Rising Healthcare Costs

- Lunch with a State Senator & Small Business Owner
- Three main challenges?
  1. Healthcare costs
  2. Healthcare costs
  3. Healthcare costs
- HC Costs: What percentage of the GDP?
- What percentage of HC costs are wasted?
- Ethical implications of reducing costs?

# Healthcare Regulatory Challenges

- California: unfunded mandated – care for the homeless who present in the Emergency Department (effective 1/1/19)
  1. Medical examination
  2. Meal
  3. Weather-appropriate clothing
  4. Transportation within 30-mile radius of hospital
- Who pays?
- Ethical implications of compliance? Non-compliance? *Group discussion*

# Medicinal and Technological Challenges

- WSJ Headline (11/12/19): **Google Amasses Personal Medical Records**  
– *Company teams up with one of the U.S.’s largest health systems in “Project Nightingale” (Note: Ascension Health)*
- Becker’s Hospital Review (11/13/19): **Ascension Leader Shares 8 reactions to reports on work with Google:** 1. Anything but secret; 2. Not a “secret” code name; 3. About the data...; 4. It’s secure; 5. One Media Outlet; 6. How we get there; 7. The promise of A.I.
- Ethical implications? *Group discussion*

# Training and Education Challenges

- Focus on Recruitment and Retention
- What do employees want?
- Tools to be successful ...
- Turnover costs ...
  
- Ethical implications of inadequate training & education? *Group discussion*

# Ethical Challenges

- Case study: Last weekend
  - CA State 5150 patients: stuck in the ED
  - Employee death: PBX operator
  - Epic upgrade: downtime protocols
  - Timecard fraud/employee absenteeism
- A typical weekend in a large & competitive metropolitan area
- Any ethical concerns?

# Commitment to Ethical Decision Making in Healthcare

- ACHE Commitment to Ethics:

- **ACHE Code of Ethics:** *Healthcare executives have an obligation to act in ways that will merit the trust, confidence and respect of healthcare professionals and the general public. Therefore, healthcare executives should lead lives that embody an exemplary system of values and ethics.*

- **Ethics Self-Assessment:** *I use an ethical approach to conflict resolution (almost never, occasionally, usually, always); I advocate ethical decision making by the board, management team and medical staff; my statements and actions are honest even when circumstances would allow me to confuse the issues, etc.*

# Ethical Decision Making: Opportunities in all Segments of Healthcare Industry

- Healthcare Industry Segments
  - Physician Groups
  - Hospitals and Health Systems
  - Health Insurance Companies
  - Ambulatory Surgery Centers
  - Nursing Homes
  - Home Health
  - Skilled Nursing

# Ethical Decision Making: Opportunities in all Segments of Healthcare Industry

- Healthcare Industry Segments
  - Behavioral Health Facilities
  - Rehabilitation Facilities
  - Healthcare Manufacturers and Supplies
  - Assisted Living
  - Hospice
  - Palliative Care
  - Cancer Centers
  - Other



# Ethical Decision Making: Multiple Functional Areas of HC Leadership

- Functional Areas of Ethical Decision Making
  - Governance
  - Senior Leadership Team
  - Medical Executive Committee
  - Ethics Committees
  - Management Team
  - Patient Caregivers
  - Support Services
  - Other

# Ethical Challenges: Clinical Care

- Ethical problems are often exacerbated by time constraints, lack of detailed information, and a high incidence of impaired cognitive abilities in the patients.
- Highly complex and invasive interventions are often executed without obtaining informed consent from the patient or the surrogate.
- Example: The expectations of services in the ED is to treat patients as well as inform them of their medical conditions. Overall, the goals of the ED staff are to quickly treat acute illnesses and injuries, minimize suffering and loss of functioning, and protect life. Objective: Beneficence – improve the outcome for the patient.

# Ethical Challenges: Healthcare Management

- Healthcare in the 21<sup>st</sup> century is governed by a confusing array of rules, regulations, laws and ethical standards.
- Issues that involve confidentiality, informed consent and patient relationships can appear out of nowhere, even when healthcare workers have the best of intentions.
- What's legal today might not be considered ethical, and there is the ever-present threat of being sued for negligence and malpractice.
- Top 5 ethical issues of HC leaders: patient confidentiality, patient relationships, malpractice and negligence, informed consent, and issues related to physician assisted suicide (PAD)

# Ethical Decision Making: Case Study #1

## Case Study #1: Stabilize a Struggling Rural Community Hospital

### SBAR

- Situation: Over 75 years old, worn-out physical plant, financially challenged (89% debt ratio, 6 days cash on hand, operating losses & no EE raises for 5 years), economically depressed region serving 15,000 people
- Background: High physician and employee T.O. and three consecutive years of hospital operating losses
- Assessment: Diversification of service lines and operational improvements were determined essential to eliminate losses and stabilize operations.
- Recommendations: Recruit, stabilize, and develop new services
- Potential Ethical Issues: *Discussion*

# Ethical Decision Making: Case Study #2

Case Study #2: Consolidate a Management Team and Workforce

## SBAR

- Situation: Two of four regional hospitals located within four miles of each other; consolidated op margin of -0.8% for the four hospitals.
- Background: Hospital division sustained -3.0% for five consecutive yrs
- Assessment: Board directive- Hospitals to at least B/E on operations
- Recommendations: Consolidation of management and staff positions
- Potential Ethical Issues: *Discussion*

# Ethical Decision Making: Case Study #3

Case Study #3: Recruit a general surgeon to a medically underserved area (MUA)

## SBAR

- Situation: A solo, prolific surgeon retired with short notice
- Background: ED and OR without coverage months
- Assessment: Nearest tertiary hospital 50 mi away
- Recommendations: General Surgeon recruitment strategy
- Potential Ethical Issues: *Discussion*

# Group Participation

- Other examples of Ethical Decision-Making in Healthcare?
  - Credentialing a new physician with marginal outcomes
  - EE clocked in, left, came back, and then clocked out
  - Universal protocol not consistently followed in O.R.
  - Reappointing a disruptive M.D. with behavioral problems
- Brief Summary followed by Lessons Learned

*(Group participation- no names of individuals or companies unless it's already in the public domain)*

# Wrap-Up and Adjourn

- Key Takeaways
- Challenge

Thank you!

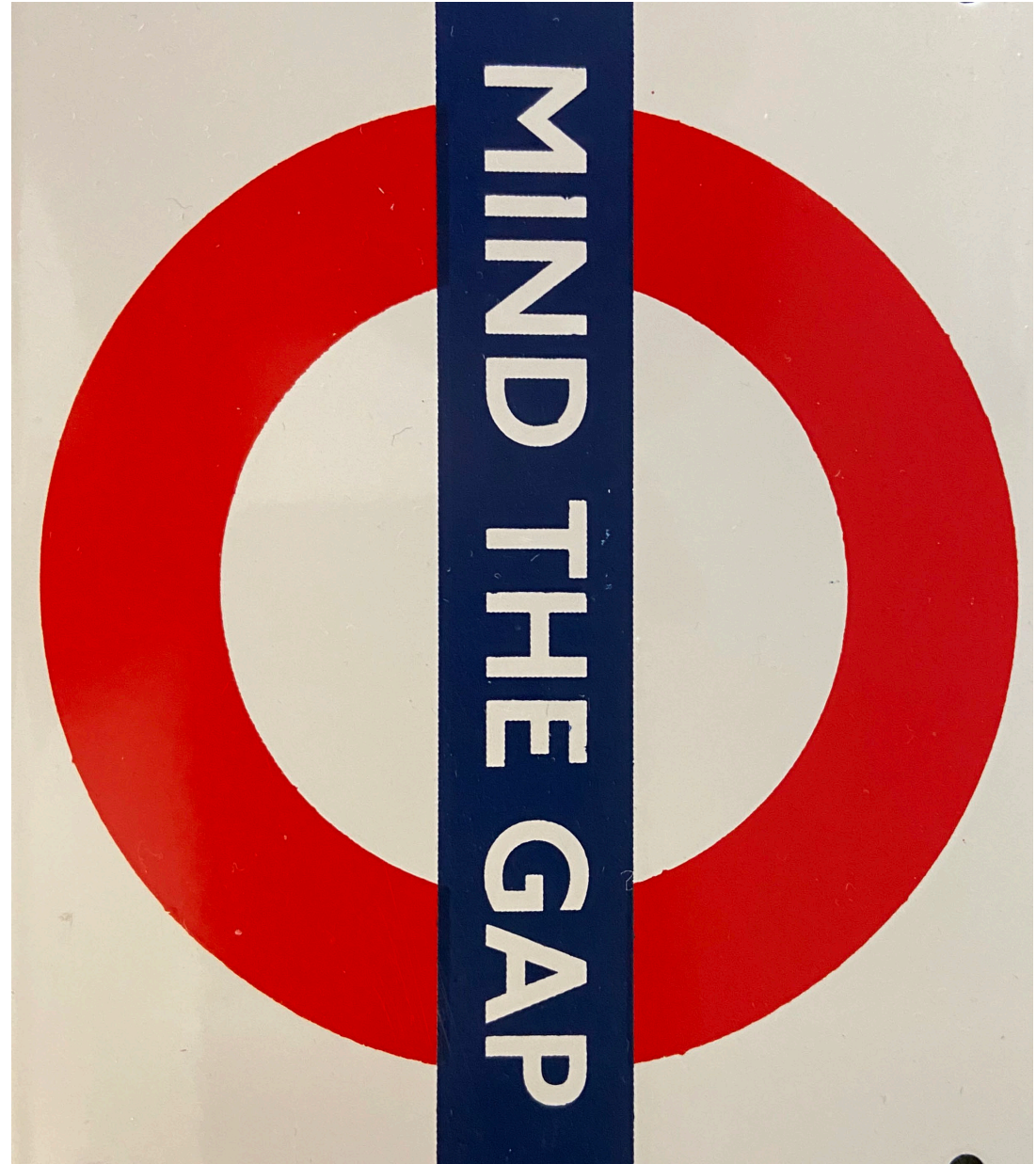


# In Conclusion: *Free Advice!*



Mind the Gap

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*Spend more time with those you love!*  
*(Advice to self 😊)*

