Serious challenges are endemic in complex healthcare organizations. To address them effectively, regardless of the situation, we first must be conscious of the ethical dimensions and implications of our decisions as well as our behavior.

Continuing financial constraints indicate the need to devote special attention to specific factors that increase the ethical challenges that accompany resource allocation decisions. The provision of optimal patient care will increasingly depend on our ability to face these challenges successfully.

Illustrative Case
The chief of radiology reports that an impressive new technology is now available that will significantly improve diagnostic accuracy in assessing malignant tumors. Although it is expensive, oncologists are insisting its acquisition is essential to properly evaluate patients and to remain competitive with other hospitals that have placed orders for this equipment. But you have already received equally compelling requests from other key clinical leaders in cardiac surgery and obstetrics. In addition, you are painfully aware that, to accommodate comparable needs in the past, you have delayed replacing the hospital’s roof and upgrading one of the intensive care units for the last three years. And, of course, expanding the new electronic medical record system is running substantially above budget.

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Predictably, the hospital does not have sufficient funds to meet all these demands. Complicating the situation, the chief of radiology’s father is on the hospital’s board of directors, and he has made it clear that you are expected to approve the diagnostic equipment request. And the chief of cardiac surgery has been describing how new robotic surgery equipment might be funded by one of his wealthy friends. The obstetrical chief has said the area designated for expansion of the OB unit must be completed now to accommodate the higher number of deliveries. Unfortunately, you believe the cost and revenue estimates for some of these projects are questionable, but you lack sufficient time to obtain a more complete cost/benefit analysis.

This case illustrates the seven most common issues encountered in making difficult resource allocation decisions, each with a distinct ethical component:

1. Inadequate funds to support equally compelling requests
2. Strong opinions expressed by influential and politically powerful people
3. Severe time constraints, making it difficult to conduct comprehensive and objective analyses of multiple variables
4. Significant conflicts of interest
5. Uncertainty about potential outcomes and unintentional consequences
6. Competing professional and personal values
7. The possibility that the decision could have a negative impact on job security

Everyone agrees that the number of requests for capital projects will continue to exceed available resources in the foreseeable future. Undeniably, one or more of the above issues will consciously or unconsciously affect the decision-making process. So the ethical challenge is to determine how these conflicts and dilemmas can be properly addressed.
Ethical Guidelines

The guidelines for making sound resource allocation decisions from an ethical perspective are similar to those that should be followed for most executive decisions. The key points include transparency, honesty, integrity, promise-keeping, stewardship, fairness and alignment with the organization’s vision, mission and values.

The ability to address many of these points depends on:

- accepting accountability
- maintaining credibility
- fulfilling past commitments
- demonstrating objectivity
- showing respect for legitimate differences of opinion
- distinguishing between rhetoric and reality
- acquiring reliable and comprehensive information
- recognizing the inability to satisfy all proponents despite the validity of their requests
- developing a defensible rationale for the decision
- obtaining support from key stakeholders
- communicating effectively

The illustrative case provides an opportunity to test the utility and practicality of applying both personal and professional ethical guidelines. As suggested in a previous column (“Allocating Limited Capital Resources,” Healthcare Executive, March/April 2000), the ethical principles of beneficence, nonmaleficence, fidelity and justice should also be considered in making a sound decision. When presented with an ethical dilemma, five questions can help frame the evaluation process:

1. What are the relevant ethical facts?
2. What additional information is needed?
3. What are the specific ethical questions or value conflicts?
4. How would you respond to them?
5. What is the ethical basis for your thinking?

The answers to these questions will not automatically produce the ideal solution, but in combination with the points emphasized above, they will increase the probability of a defensible decision, particularly when answered in consultation with others.

Making tough choices intelligently and ethically must be every executive's highest priority. Competent subordinates are expected to make the easier decisions. Eventually, with consistent mentoring and by learning from their mistakes, they, too, will be better prepared to weigh competing values and to choose wisely among them, helping to ensure continuity in ethical decision making throughout the organization and into the future. Although there is no comprehensive ethical cookbook with unambiguous recipes for every potential dilemma, progressive leaders anticipate avoidable ethical dilemmas and think creatively about how to approach them.

Genuine ethical dilemmas do not always have a “right” answer. Reasonable people can argue passionately for different positions without compromising an organization’s formally adopted ethical criteria. Competent management relies extensively on relationships based on authority, power, trust and integrity. To a large degree, ethical behavior is about each of these and the obligation of executives not to abuse or corrupt them.


Editor’s note: For additional guidance on ethical decision making, view the Healthcare Executive article “An Organizational Ethics Decision-Making Process,” part of the Ethics Toolkit, on ache.org. From the homepage, click “Ethics Resources/Policy” on the left-hand side.
Managing the revenue cycle is more challenging than ever. Every day providers must focus more on minimizing costs, improving operational efficiencies and providing transparency of cost of care. In addition, providers must manage the increased self-pay and underinsured patient population, handle the complexity of claim payment reconciliation, eliminate denied claims, identify and collect Government Managed Care and Commercial payer underpayments, overcome the burden of mounting bad debt and so much more.

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