Ethical Decision Making in Healthcare Management

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> Although this may sound odd, the purpose of ethics is not to make people ethical; it is to help people make better decisions.
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> — *Brown 1990, xi-xii*

As we enter a new century, the call for increased accountability in the management of healthcare organizations presents a significant challenge for managers. The moral malaise of many organizations in our society is constantly brought to the forefront through the media. The rapid pace of technological advances and societal change has brought to the horizon issues with profound moral and ethical implications. Closer scrutiny by internal and external constituencies creates an environment in which organizations must assume greater responsibility for what they do. Managers are in the position to "embody the highest standards of society and accept responsibility for their actions; professional accountability includes moral obligation" (Bowman 1984, 25). Managers' decisions may have profound effects on all aspects of the organization. Successful healthcare managers "will build organizations with a vision of their mission and goals that will be given meaning and communicated throughout the institutions" (Buckley 1986, 209). Constant communication and clarification of the vision will help to keep the decision-making process parallel, in the ethical sense, to the vision.

Ethics, the science of morality, is central to the decision-making process. Steadman defines ethics in relation to the healthcare field as "the principles of proper professional conduct concerning the rights and duties of the healthcare professional, his patients, and his colleagues" (Steadman 1987, 259). Traditionally taken for granted, today ethical development has taken a dominant position in the formal education of most professionals. An ethical foundation will encourage strong, ethical decision making, providing the framework by which organizationally sound institutions operate. Decisions large and small concerning resource allocation are common to all health services organizations and increase in accordance with economic constraints (Darr 1996, 6).

ETHICS DEFINED

In the domain of philosophy, ethics is the branch that deals with understanding approaches to morality. It is the disciplined study of the nature and justification of moral principles, decisions, and problems. Ethics provides guidance to human behavior at both the personal and professional levels. Because ethics is rooted in personal beliefs and values, the establishment of ethical principles can lead to conflicting interpretations.

Brown defines ethics as "a process of deciding what should be done" (Brown 1990, 2). He contends that the process allows individuals to assess the advantages and disadvantages of different

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courses of action, which ultimately results in the selection of one of them. Reflection on alternatives provides the opportunity for communication and conceptualization. "Ethics attempts to find good reasons for holding certain values or adopting certain principles or duties as a guide to decision making" (Hiller 1986, 8); in an organization, ethics can be instrumental in "arbitrating disputes, balancing conflicting ethical principles, values, and obligations, and establishing priorities."

Price defines ethics as an explanation of "what ought to be done and why, the study of why we have the particular belief system that we have, and the analysis of how moral codes relate to what we value" (Price 1992, 48).

In decision making, the healthcare manager analyzes the options as they affect various constituencies within and outside the organization. The key factor in the decision-making process is the realization that organizations are systems that are made up of people, all of whom are affected by the decisions that managers make. "Ethics assumes that people have the freedom and power to respond—that is, the freedom and power to consider different options, to analyze the options' strengths and weaknesses, and to choose one option over the others based on its merits" (Ferrell and Gardiner 1991, 16). The evolution of managed care has generated tremendous ethical conflict in the provision of healthcare services in the United States. The potential for conflicts of interest is inherent in managed care because the goals, purposes, and objectives—the interests—of the management and staff of the managed care plan may be at variance with the interests of the patients (members) (Rakich, Longest, and Darr 1992, 115).

Although abstract in nature, ethics can be applied directly to the practice of management. Applied ethics involves the integration of normative ethical principles. It provides a strategy for fostering professional responsibility by focusing on the stimulation of moral imagination, the recognition of ethical issues, the development of analytical skills, the promotion of a sense of moral responsibility, and the tolerance and resolution of disagreement. Healthcare organizations apply ethical principles in decisions affecting resource allocation, medical consent, experimentation, death and dying, and other issues.

THE ETHICAL DILEMMA

In daily practice, ethical dilemmas are inevitable. According to Hiller, two components establish an ethical dilemma: (a) "A real choice must exist between possible courses of action"; (b) "each possible action or its consequences must hold a significantly different value, and the manager must be able to distinguish between ethics and values and to acknowledge that personal values often affect decisions" (Hiller 1986, 38). Darr integrates the decision maker in the ethical dilemma when he contends that an ethical dilemma occurs when decision makers are drawn in two directions by competing courses of action that are based on differing moral frameworks, varying organizational philosophies, or conflicting duties or moral principles, or when decision makers possess an ill-defined sense of right and wrong (Darr 1997, 3). Healthcare managers face ethical dilemmas daily, especially in managed care systems where "there are two allegiances (duties to a third party and to the patient) and one set of duties cannot be met without dereliction of the other" (Rakich, Longest, and Darr 1992, 116).

Ethical dilemmas in management occur at three levels: macro, meso, and micro (Hiller 1986), and overlap from one level to another. The macro level involves societal or community issues that reflect governmental actions or social policies and are typically culturally based. For example, managed care competition has resulted in a healthcare system in which provider choice is restricted. The meso level is of particular importance for managers because it focuses on professional or organizational issues. For example, healthcare organizations often are constrained by restrictive agreements with managed care organizations. Lastly, personal, individual issues occur at the micro level. These issues may involve interpersonal communication or relationships between the manager and another individual. Managed care has reduced the independence of healthcare decision makers (by reason of reimbursement levels) and practitioners (by reason of treatment approvals), resulting in significant dissatisfaction and discouragement of the provider and the patient.

The resolution of ethical dilemmas necessitates close examination of the impact on constituencies. The real dilemma occurs when resolution has conflicting effects on the various constituencies; it is then that the manager must rely most on the ethical foundations for decision making and the organizational philosophy (Price 1992). Mission statements provide one framework upon which decisions can be made. "Mission statements are the applied portions of the vision statement. . . . they operationalize the means by which the vision is to be accomplished" (Darr 1997, 53). Reliance on mission statements to direct organization decisions helps in maintaining focus during challenging times: "The most significant factor preventing and solving ethical problems is that the healthcare organizational philosophy be well defined" (Rakich, Longest, and Darr 1992, 135). Managed care has created a dichotomy for many healthcare organizations that were originally dedicated to providing some level of uncompensated care, but which have been taken over by a for-profit entity. This dichotomy is pronounced when the philosophy no longer reflects the actual practice within the organization.

ETHICS AND THE LAW

Strict regulatory standards govern the practices of healthcare organizations, and legal liability has become a major concern for all healthcare managers. Many healthcare providers find that decision making is increasingly linked to legal versus medical implications in the managed care environment.

The law and ethics are distinct entities. "Whereas law usually mandates minimum standards or criteria and enforces itself through sanctions and penalties, ethics tends to reach for the ideal" (Hiller 1986, 39). What may be legal may not be ethical. Law is standardized, bureaucratic, and impersonal. Ethics is humanistic, personal, and dependent on one's conscience. Ethics helps the manager determine the most favorable outcome based on all of the alternatives considered. The ethical manager is not always concerned with winning, but is concerned with doing what is right. When considered together, the law and a strong ethical foundation should complement each other in the operation of the organization. Interdisciplinary institutional ethics committees, organizational culture and philosophy, and assistance from ethicists and dispute resolution organizations are valuable sources to guide the healthcare manager in decision making.

ETHICAL DECISION MAKING

Daily decisions in healthcare have the potential to affect a great number of people. Some are made by managers based on calculation of the positive and negative consequences likely to result. This decision-making process, called expectancy theory by psychologist Victor Vroom, is the foundation for many decisions made in today's organizations (Ferrell and Gardiner 1991). In some situations, the administrative rewards for unethical decision making and behavior outweigh the punishment for the act, which further perpetuates the problem.

The overall philosophy of the organization can drive the decision-making process. "The philosophy statement provides the context and operative values . . . and recognizes that these values are unique and represent more than delivering a product or rendering a service" (Darr 1997, 50). It essentially determines what is right and what is wrong for the organization. The philosophy should be further developed in the institutional mission; it can have a significant impact in determining the organizational culture. Managers have tremendous influence over the implementation of the mission statement. "Managers are employed to carry out the organization's mission in the context of its philosophy" (Darr 1997, 115).

Besides the organization philosophy, there are other foundations for decision making: the values profile, philosophical basis, and moral philosophies (see table 1). Atchison contends that executives with certain values profiles have unique ways of making decisions (Atchison 1990). Power-oriented managers may create a facade of participatory decision making, when the decision has already been made. Then they try to bring members of the

TABLE 1
Foundations for Ethical Decision Making

Values Profiles	Philosophical Basis	Moral Philosophies
Power-oriented	Utilitarian/teleological	Respect for persons
Recognition-oriented	Deontological	Beneficence
Affiliation-oriented	Integrity-based	Nonmaleficence
Accomplishment-oriented		Justice

organization to "buy into" the decision. Recognition-oriented managers strive to receive full credit for all decisions made on behalf of the organization. They stress the fact that the decision could not have been made had it not been for their exceptional skills in decision making. A third value that often drives decision makers is affiliation. The affiliation-dominated manager seeks to include everyone in the process and hesitates to announce the final decision for fear of offending one of the constituencies. Last, an accomplishment-oriented manager wants the decision to be made right away and activates all resources to facilitate an expedient decision. This type of manager has little tolerance for those who do not fully understand the process or decision and focuses on the urgency of the situation using aggressive decision-making strategies.

Another factor influencing managerial decision making is the philosophical basis used. The philosopher John Stuart Mill, for example, advocated decision making based on the greatest good for the greatest number of people. Decisions based on the consequences of a particular action are considered utilitarian and, therefore, ethical; the "goodness of the act" is judged by the consequences, regardless of the intent (Price 1992, 49). Decisions that focus on duties, obligations, and principles are called deontological decisions. They emphasize fairness, justice, and respect for persons and property. Thinkers such as Immanuel Kant and John Rawls belong to the deontological camp. Kant believed that ethical acts are performed for duty's sake; Rawls believed that it is "our obligation to uphold another's rights" (Price 1992, 49). Decisions may also be based on integrity. Philosophically, the focus in this paradigm is on the character of the person, defined in part by the environment. This type of decision making is referred to as virtue ethics and is typically defined by a professional code of ethics.

The managed care environment is highly political and challenges many of these ethical approaches. Managed care is not concerned with utilitarianism, as healthcare dollars are not spent for the greatest good of all. This is evidenced by the significant number of uninsured and underinsured Americans. Deontological philosophies, in which the categorical imperative and principles of duty are applied, have no place in managed care. Additionally, egalitarianism is moot because the system does not provide all technology and care to all persons. In actuality, practitioners do not even decide which technology to use because the managed care environment allows insurance companies to dictate such decisions. Individualism seems to be the dominant philosophy because in managed care only those who can pay get the best medical services.

Moral philosophies can also play a critical role in decision making. Rakich, Longest, and Darr contend that four moral philosophies guide the delivery of healthcare services: respect for persons, beneficence, nonmaleficence, and justice. Respect for others entails elements such as autonomy, truth telling, confidentiality, and fidelity. Beneficence refers to acting with kindness and charity, and that involves providing benefits and balancing benefits and harms. Nonmaleficence is defined as doing no further harm, and justice refers to fairness. Justice plays a particularly critical role in decisions regarding resource allocation (Rakich, Longest, and Darr 1992, 104–6). Although managed care makes it difficult, healthcare managers can apply these moral philosophies to serve as the foundation for decisions. Ethical dilemmas require serious consideration of many facets of any resolution. Moral philosophies provide guidance when how to resolve a situation becomes unclear.

DECISION-MAKING APPROACHES

Problem solving is a critical component of health services management. "Conditions encountered that initiate the need for problem solving are opportunity, threat, crisis, deviation, and improvement" (Rakich and Krigline 1996, 21). Decision-making approaches facilitate the process of problem solving. Although somewhat similar in theory, approaches to ethical decision making vary depending upon the magnitude of the decision. An effective manager will also consider how the decision will affect all constituents—community, institution, and individual—and must prioritize the decision based on the findings.

Hiller presents two approaches to ethical decision making: qualitative and quantitative (1986). The qualitative approach is not influenced significantly by the personal and professional values of the manager. It has six steps: (1) identifying the problem; (2) analyzing alternatives; (3) weighing competing options; (4) justifying by principle; (5) making a choice; and (6) reassessing the choices. The quantitative approach comprises six steps as well but is based on mathematical analysis. Although thought to sacrifice sensitivity, it is an efficient approach as the number of alternative solutions increases. The steps of the quantitative approach are as follows: (1) identifying alternatives; (2) determining the evaluation criteria; (3) deriving "value statements" from the criteria; (4) rank ordering and calculating weighting factors for value statements; (5) rating the alternatives; and (6) completing the matrix and making the decision. An ethical decision-making framework will provide the manager with the means to document and justify the decisions that he or she makes on behalf of the organization. In an environment where difficult decisions must frequently be made, "being able to justify decisions on solid ethical grounds contributes to an improved sense of both professional and personal competency" (Hiller 1986, 61).

Meslin, Lemieux-Charles, and Wrotley (1997) present another model based on philosophical principles that directs the decision maker to consider the facts of the situation, identify the problems, describe the values at stake, identify the resources available (human and financial), identify the options, propose a solution, and evaluate the decision. The model should be used as "an iterative loop, with the philosophic foundation being considered after each step" (43).

Although ideal by design, federal regulations and managed care organizations limit the range of possible solutions/alternatives available to managers, typically resulting in decisions that create ethical dissonance for them. The managed care dilemma has forced healthcare managers into a position in which decisions are tightly controlled by external constituencies. The decreased latitude has resulted in decisions based on financial solvency rather than the greatest good of the patients. There is now less flexibility in decisions regarding patient care, diagnostics, length of stay, and terminal care.

It is important to recognize the need to process ethical dilemmas carefully so that all of the alternatives and implications of each are considered. Thoroughly addressing all components means that ethical decisions are more likely to result. Using an appropriate decision-making model will help to ensure an effective and efficient process in solving an ethical problem.

FACTORS AFFECTING DECISION-MAKING PROCESSES

In complex organizations, many factors may impinge on the decision-making process (see table 2). External environmental factors such as the legal and political atmosphere, as well as the competitive and economic climate, can greatly affect decisions. Managed care has profound economic and political bases in the provision of healthcare in the United States. Internal environmental factors—objectives, organizational culture, technology, authority, and organizational politics—can also influence the decisions managers make. Mergers, consolidations, and specialization of services have forced healthcare organizations to redesign the ways that they provide services. The urgency and magnitude of problems and the risks associated with their resolution are factors. Decision makers are forced to focus on the financial implications of decisions, which may not always be consistent with the preferred standard of care. The traits and characteristics of the problem solver can also affect the decision; experience, knowledge, and personal bias can alter the course of the decision-making process, as can values and personal philosophy (Rakich, Longest, and Darr 1992). In managed care, a gatekeeper makes decisions that affect the level of care that front line providers give. An effective manager is able to identify these factors and use sound decision-making skills to resolve ethical dilemmas.

"There is an obligation on the part of the organization to define and communicate its position on ethics" (Bills 1986, 114). The ethical position must be carefully explained to all members of the organization and the ethical framework established by the organization must be consistently applied. This includes careful and stringent attention to the ethical framework in the decision-making process. Prescribed organizational practices must not be abandoned to keep pace with the ever-increasing competition.

The healthcare manager works in an environment whose unique characteristics present signifi-

TABLE 2
Factors Affecting Managerial Decisions in Healthcare

External	Emotional nature of decisions
Internal	Power base/contingency groups
Situational	Regulatory influences
Traits and characteristics of problem solver	Institutional philosophy and mission
Values and personal philosophy	Resource allocation

cant stress. Making ethical decisions is difficult and complex, and the emotional nature of many healthcare decisions creates highly charged situations. Additionally, "delicate relationships that exist among the groups forming the power base of healthcare institutions" make it difficult to reach consensus. (Wall 1986, 74). An effective manager must also deal with a governing body; federal, state, and local laws from civil rights to zoning; and payment regulations (Wall 1986). These stressors combined with the increased threat of litigation create a challenging environment in which to make decisions.

Managed care forces the healthcare manager to develop creative ways to pursue the mission of the organization. Although the competitive environment often encourages deviation from prescribed ethical practices, acute awareness of the implications of each decision provides a framework for dealing with the constraints of the system.

SPECIFIC ISSUES IN HEALTHCARE MANAGEMENT

The diverse relationships with various constituencies critical to the operation of a healthcare organization complicate the wide variety of ethical issues that arise for managers. "Managers must achieve a difficult balance between loyalty to the organization and fidelity to their personal ethic and professional integrity" (Darr 1997, 116). Each constituency group, although striving toward the organizational mission, has unique concerns that can create ethical dilemmas. The organization's goals and direction must be clear and must be communicated. Atchison focuses on five areas for delineating organizational direction: social, technological, economic, environmental, and manpower. Social directions may involve such issues as the growth of the elderly population or changing values about work and family. Technological directions focus on information systems, pharmaceutical advances, and medical developments; economic issues involve the regulation of charges, determination of services and sites, and the like. The environmental focus addresses strategies for dealing with such issues as teen pregnancy, AIDS, and the uninsured, and last, the manpower category covers malpractice and retention of trained staff (Atchison 1990).

The scope of influences affecting decision making in the healthcare field is vast. Resource allocation and scarcity of funds have tremendous impact on the moral, political, organizational, economical, social, and professional functioning of healthcare organizations. Managed care necessitates that managers be prepared to deal with the ethical dilemmas that occur in organizations bound by fiscal constraints.

CONCLUSION

With training in ethical decision making, "it is practical and possible to use the knowledge of personal ethical standards, organizational pressures, and opportunity to influence unethical behavior to foster more ethical decisions within the organization" (Ferrell and Gardiner 1991, 127). Increased awareness of the challenges facing healthcare managers will encourage the development of strategies to ensure sound decision-making practices. Kouzes and Posner contend that "you can resolve the conflicts and contradictions of leadership only if you establish for yourself an ethical set of standards on which to base all your actions" (1995, 338). Ethics is the foundation for providing strong leadership in organizations.

Reliance on the ethical framework established for oneself and for the organization has profound effects on overall organizational effectiveness. "Given the complexities of multiple constituencies and multiple value systems, and the necessity today of thinking contextually rather than dualistically, it is no wonder that ethical decision making . . . can be an overwhelming prospect" (Price 1992, 54). The political and economic constraints that dominate the healthcare arena complicate decision making, particularly as the movement toward private sector managed care accelerates and government provider reimbursement for care rendered beneficiaries of Medicare and Medicaid declines.

Leadership requires knowing the mission, vision, and direction of the organization; it requires a strong personal ethical foundation, which can be incorporated into the overall mission of the organization without compromise. The ability to be introspective is also critical. As quoted by Scott Peck, "The capacity for ethical behavior is dependent on the capacity for . . . self-questioning. Virtually all of the evil in this world is committed by people who are absolutely certain they know what they are doing" (Lewis 1990, xi). The ability to discern right from wrong will present new challenges as our healthcare system becomes more technologically advanced. Ethical issues will continue to be at the core of healthcare management decision making.

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