Ethical Case Analysis from a Leadership Perspective

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Abstract

The Patient Protection Affordable Care Act (PPACA) was implemented in the United States in 2010. This act was developed to assist Americans in their healthcare by providing affordable insurance to all, control the rising costs of healthcare, improve healthcare by setting regulations regarding hospital readmissions and hospital acquired infections, and providing Americans with a marketplace through which they can purchase insurance policies to fit their needs. Though this act seems to address the issues America is facing in the healthcare field, it brings about more concerns. Rationing of healthcare services is an issue that is brought to the top when the PPACA is discussed. Will rationing of services occur? Will it be fair? How will this rationing be done? Who will do it? How will it affect the economy? Many people are against this action, believing that it is denying patients the care they deserve. When in all reality, rationing of services has been occurring; it isn’t possible to provide unlimited health services to everyone. Healthcare leaders are in a position to encourage and accept the changes that come with the PPACA. They must use a leadership style to help guide them and their staff in the future of healthcare.

Ethical Case Analysis from a Leadership Perspective

In March 2010, the PPACA was passed. The PPACA promises great reform in the healthcare system and its’ passage marked a turning point in healthcare law and policy in the United States (Gable, 2011). The act is meant to expand insurance coverage, control costs, and target prevention especially in adults 19-64 years old (Sorrell, 2012). The PPACA has the potential to bring about great change, but with change comes ethical issues. One ethical issue that must be considered is rationing. Rationing can be defined as “the controlled distribution of scarce resources” (Kruse, 2011, p. 1). The use of the word rationing has historically been used in a negative way. Warnings that health reform would cause individuals to start rationing supplies and services has resulted in feelings of fear and uncertainty. Hicks (2011) argues that health care services have always been rationed. Resources are not unlimited, so choices have to be made about how limited or scarce resources are used. This brings up the issue of who will make these choices. In order for Americans to embrace the changes that lie ahead, many questions must be answered.

**Summary and Synthesis of the Case**

The PPACA was passed by the House of Congress and signed by President Barack Obama on March 23, 2010 (Gable, 2011). The PPACA promises great changes in the healthcare system. One major goal of the act is to provide health insurance to the approximately fifty million uninsured Americans (Cheng, 2012). The PPACA hopes to prevent insurers from denying coverage due to pre-existing conditions, expand Medicaid eligibility, decrease insurance premiums, and provide incentives to employers who provide health benefit packages (Sorrell, 2012).

 In order for the health care system to meet the goals set forth by the PPACA, the primary care system must be revitalized. The rapidly aging baby boomer generation is creating two problems. First, if the general population is aging, then so is the professional population responsible for caring for them. Many primary care physicians are reaching the age of retirement and fewer medical students are entering the field. Only thirty-five percent of practicing physicians work in the area of primary care and it is estimated that only twenty percent of current medical students are enrolled in the primary care field (Cheng, 2012). The second problem created by the aging baby boomer generation is their increased need for healthcare access. As this generation ages they face more and more health issues. This equals an increased demand for services without an accompanying supply of providers.

## Ethical Issues

One of many ethical issues related to the PPACA is rationing. Rationing is any means of limiting healthcare services. Rationing can be either implicit or explicit. Implicit rationing is the limitation of services where neither the decisions nor reasons are clearly expressed. Explicit rationing is the limitation of services based on policies. In explicit rationing the reasons for actions are clearly defined (Kapiriri, Randall, & Martin, 2009).

In order for the PPACA to succeed, rationing will need to be part of the future of healthcare. Many Americans believe there should not be restrictions on access to health care services or technology. On the other hand, some accept the idea of rationing until it becomes a reality in their own care or the care of their loved ones (Gruenewald, 2012). Based on attitudes related to historical attempts to control health care costs through rationing, it will be important for policymakers to explore both the pros and cons of rationing.

Rationing is not a new technique being used due to health care reform. It has always been used to some degree. Insurance companies, Medicare, and Medicaid use rationing to control costs and increase profits. Since no society can afford to supply individuals with every health care service they need or want, health care services must be limited (Hicks, 2011). It is important to note that without rationing, unlimited health care would have to be available to everyone. The pros of health care rationing allows citizens to share the resources that are available. Reform of the health care system and improvements in methods of rationing could ultimately enhance effectiveness, efficiency, equity, and justice (Kruse, 2011).

While there are arguable pros to rationing, many cons exist as well. For example, who will be the gatekeepers who determine exactly how resources are allocated? Wynia and Goold (2011) point out that citizens deserve a descent minimum of health benefits. Who will be responsible for defining a descent minimum? Many elderly Americans are faced with the reality that end-of-life care will become limited. There has been a great deal of controversy over death panels being assigned to determine who will receive on-going care benefits after a certain age or degree of illness (Sorrell, 2012). Many of the cons to health care rationing exist due to lack of information. Government officials and policymakers can eliminate much of the apprehension felt due to the PPACA by answering society’s question.

**Summary and Synthesis of the Implications from a Leadership Perspective**

The changes occurring in healthcare not only apply to patients and the care they receive, but also to the leaders in healthcare. Effective clinical leadership is vital when dealing with the complexity, cost, and accountability of health care (Oates, 2012). The existing leadership theories include quantum, transactional, transformational, shared, servant, and emotional. They provide different methods of leadership, but not every style may be appropriate for use when rationing of healthcare services occurs, when access to healthcare is limited, or when the PPACA is in full swing.

Leaders in healthcare must adjust their methods of structure and delivery in order to comply with the new rules and regulations of the PPACA. Rationing is an issue that the PPACA brings into the healthcare world that leaders must incorporate into their styles. Staff will have different opinions to the changes they will soon face. It is up to the leaders to set positive examples for staff by staying informed regarding the changes, keeping staff informed and motivated about the changes their organization may be making to comply with new rules and regulations, and encouraging and striving to continue to deliver cost-efficient, quality healthcare.

**Leadership Theories**

 Quantum leadership is one that involves all members of an organization, allowing all resources to be used and goals achieved. This leader is able to convey the need for change and inspire others to participate in the change (Porter-O’Grady & Malloch, 2011). Transactional leadership consists of the leader and his or her staff. This type of leadership uses a reward system for completing tasks. According to Taylor (2009), staff is held fully responsible for completing their assigned task, regardless of whether supplies are available or the staff member has adequate and competent skills to complete the task. Transformational leadership encourages change and improvement, be it on a unit by improving current practices or by supporting staff in furthering their education. This leader creates an open environment, supportive of all staff input in order to make things run smoothly. Shared leadership consists of active listening, which is essential in problem solving and decision making (Porter-O’Grady & Malloch, 2011). This type of leader listens to all involved in order to look at the issue in different ways to develop the best possible solution. Servant leadership involves leaders putting the needs of their employees first. This type of leader views himself as being on the same level as staff.

**Transformational Leadership and Ethical Issues**

 With the future changes coming to healthcare with the PPACA, the leadership style most appropriate to use is transformational leadership. Though quantum leadership is similar to transformational and could possibly work to assist staff through the changes, the fact that it lacks structure is unfavorable in assisting leaders in implementing the impending changes that may be viewed by staff as unfair. Without structure in an organization, staff members may not feel obligated to follow their leader or the decisions they make. This could eventually lead to turmoil in the organization and possibly failure. Transformational leadership is the ideal style because it involves staff to a certain extent, allowing them to voice their concerns while maintaining the structure needed to lead an organization (Satusky, 2012).

 Through transformational leadership, healthcare leaders possess traits that aid in guiding staff in necessary changes to improve patient care, such as trustworthiness, enthusiasm, and optimism (Satusky, 2012). To address the issues of rationing and access to medical services brought about by the PPACA, transformational leaders have the ability to incorporate these changes in their organization by involving staff, making their contribution needed and wanted. Rationing, the balancing and prioritizing between the differing needs of patients, is an idea that many nurses and leaders have various opinions about (Papstavrou, 2012). Transformational leadership is supportive of change. Though rationing is not new to healthcare, the idea is becoming more real and is beginning to cause fear among the healthcare world. Rationing may not be accepted by all staff members, but through transformational leadership, imposing the changes that will come with rationing and providing staff with adequate education on this issue can help ease its introduction into patient care. By allowing staff to voice their concerns and current knowledge of rationing, leaders can discover areas lacking knowledge regarding this issue.

**Economic Analysis**

 Of all the industrialized countries, the United States spends the most on healthcare, only to rank in the thirty-seventh spot in health outcomes (O’Connor, et al., 2013). If we as a nation spend so much on healthcare, then why are we so low in our ranking as opposed to countries that don’t spend as much? Are we using our resources wisely? The PPACA was developed to assist in how Americans access healthcare and how money is spent on healthcare. This act will affect the economy at the macro and micro levels, as well as impact patients and the care they receive. The PPACA was developed to focus on prevention, wellness, and public health (Majette, 2011). It offers affordable health insurance for the uninsured regardless of existing health problems, control the costs of healthcare, improve healthcare, and provide a marketplace for Americans to shop for insurance (Mulvany, 2010).

 At the micro system level, involving state and regional areas, hospitals will be affected by the PPACA through financial cuts to Medicare. According to Mulvany (2010), the Centers for Medicare and Medicaid Services (CMS) have developed a value-based reimbursement system and will decrease Medicare payments to hospitals that have high rates of readmissions and hospital acquired infections. Hospitals have implemented changes to improve readmission rates, such as adhering to the core measures indicated by CMS. At the macro system level, or global level, by insuring all Americans, the cost of treating the uninsured will be reduced (Mulvany, 2010). The law of requiring all Americans to purchase health insurance will prove beneficial at the macro and micro system levels because those who would normally not have insurance will finally have it when they go to the emergency room or visit their doctor for a check-up. The money that hospitals lose in treating those without insurance will decrease, leaving them more financially able to hire staff and purchase newer technologies, both leading to improved patient care and outcomes.

 The economic impact on patients can be viewed as a possible positive one. For example, Americans will soon be able to go online and purchase insurance through a marketplace, providing them with a policy that suits their needs (Mulvany, 2010). In addition, insurance will be more affordable to those with low income through tax credits (Mulvany, 2010). By providing Americans with affordable insurance, those in the low income range will be able to participate in the PPACA and not feel like they are being forced to make a decision between complying with the law and putting food on the table.

# Application to Macro and Micro Systems

Rationing is sure to be an integral part of the future due to the PPACA. The effects will be seen at both the macro and micro system levels. The macro system refers to the more global level while the micro system refers to the state or regional level. The state is responsible for creating an exchange to assist in adapting policies to local conditions and values and allows for experimentation. Federal responsibility is to provide funding and legal frameworks to allow for structure and financial stability. Giving the federal government more financial responsibility will help to stabilize health finance and allow states to focus on designing and delivering effective health care (Greer, 2011). State health insurance exchanges must fulfill their responsibility as a nonprofit entity. If they are unable, unwilling, or fail to meet the deadline the federal government will step in and take over (Kaplan, 2012).

Until the PPACA was passed in 2010, health care was a privilege rather than a right. Health insurance has historically been expensive and poorly coordinated which leaves 19 percent of the population uninsured. At the macro level, medical care accounts for 97 percent of the health budget and $750 billion is spent annually on unnecessary services, administrative waste, inefficiently delivered services, high prices, fraud, and missed prevention opportunities (Teutsch & Rechel, 2012). The micro level will be able to place more emphasis on public-health care by implementing more preventative care measures. The idea is for this to result in effective care and more responsible spending in order to protect the longevity of the healthcare system as a whole.

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