Perception is everything

An ACPE survey reveals the details of physicians' public fall from grace. Can they regain the credibility and trust they once enjoyed?

Not too long ago, in an era when the avuncular image of "Marcus Welby, M.D." still resonated with the American public, doctors were among the most-respected and admired professionals, revered for their empathy, ethical standards and clinical skills. Last year, they were down to No. 5, a step below grade-school teachers and druggists.

In the wake of that fall from grace in the public's perception, some physicians are critically examining their own medical values and moral principles, questioning whether the pervasive influence of drug companies, medical-device manufacturers and the almighty dollar are coloring the way the healthcare system functions and how doctors care for patients.

The American College of Physician Executives, highlighting those troubling issues in a national survey with far-reaching implications, found that nine out of every 10 respondents were either "very concerned" or "moderately concerned" about what they perceive to be rampant instances of dishonesty, financial conflicts and unethical behavior in the U.S. healthcare system. Those apprehensions ranged from the continued pervasive influence of pharmaceutical companies to doctors who overtreat patients to boost their own income.

"Some of these responses are just startling," said Donald Hofreuter, a physician and chief executive officer of Wheeling (W.Va.) Hospital and the author of Higher Ground, a 1991 book that focused on biomedical ethics and the physician-executive. "We need to take stock. We need to have a very open discourse within healthcare—physicians, the boards, management, the whole team—and take a close look at these issues. It's got to be addressed now."

Most healthcare organizations—from insurance companies to group purchasing organizations to trade groups like the American Medical Association—have adopted codes of conduct or ethics policies to address topics like utilization patterns, the influence of drug companies and conflicts of interest involving board members, among many other areas. And medical schools are required to have an ethics curriculum in order to be accredited.

Yet while more than 70% of the ACPE's survey respondents indicated that their organization had a code of conduct spelling out ethical policies, only about 60% said they actually enforced those rules.

"We are going through a period where we wonder what powerful organizations in our society we can trust," said Laurence McCullogh, professor of medicine and medical ethics and the associate director for education at the Center for Medical Ethics and Health Policy at Baylor College of Medicine in Houston. "Are we entering an era in which there is an emerging crisis in trust in the medical profession? It's something we need to ask ourselves. This survey is one more reminder that the state of professionalism in medicine is not as robust as it should be."

Not a shock

Marvin Kolb, president of the ACPE and chief medical officer of Kern Medical Center in Bakersfield, Calif., said it shouldn't shock anyone that this kind of unethical behavior occurs in healthcare. "What's startling to me," he said, "is the sense of the sheer magnitude of this issue."

Kolb said he thinks the survey will act as a lightning rod for renewed discussions of the political, financial and clinical impact of ethics in healthcare. One prerequisite for improvement, he said, is the need for additional scientific, evidence-based data to help practitioners and payers avoid either overtreatment or undertreatment, one of the principal concerns cited by survey respondents. A close examination of these variations might help prompt changes in the way doctors are paid, experts say.

"We need to develop quantitative, or reliable, measures of clinical behavior that can identify
providers who are overutilizing services," said
William Golden, a physician and chairman of
the ethics and human rights committee for the
American College of Physicians, the nation’s
largest medical-specialty society.

The survey might also lead to an unintended
consequence, said Kenneth Goodman, director
of the University of Miami’s bioethics program.
This type of an explosive reaction from the key
decisionmakers in the medical community
could send a signal to politicians and policy-
makers that the industry cannot—or will
not—police itself.

“It allows (politicians) to say, ‘Good for you.
You’ve identified a problem,’ ” Goodman said.
“But once you’ve identified it, you need to go
through some steps to correct it. You can do it
yourselves—or we can step in.”

Survey participants

The survey included responses from about
1,500 physician-executives, including almost
150 CEOs or the equivalent; about 450 senior
executives; and approximately 270 medical
directors at hospitals or group practices.

Among the key findings: Almost 54% of the
respondents said there was a healthcare organi-
zation in their community that they “believed to
be involved in unethical business practices.”
About eight of 10 respondents said they were
either “very concerned” or “moderately con-
cerned” about physicians refusing to be on call
for patients who don’t have insurance; the in-
fluence of medical device manufacturers and drug
companies; and the overtreatment of patients as
a way of hiking reimbursement. Two-thirds of
the respondents voiced concerns about board
members with conflicts of interest (See charts).

“The results don’t surprise me,” said Art
Levin, director of the Center for Medical Con-
sumers, a no-for-profit advocacy group.
“What surprises me is that they’re actually own-
ing up to it. It’s pretty clear that a lot
of decisions that get made in healthcare are based not on science but on
business considerations.”

The debate over medical ethics is
not new. But in recent years, as
physicians have been bulldozed by
lower reimbursements and higher
operating costs, including skyrocket-
ing malpractice premiums, the bal-
ancing act has become more and
more difficult, the survey suggests.

“Once you start paying doctors for
what they do and they see threats to
their income, there’s more and more pressure
on them to put their own self-interest first,”
McCullough said. “Keeping patients first and
self-interest second is the key.”

The survey, released exclusively to Modern
Healthcare, paints a grim picture of a healthcare

system that is moving toward a culture of corpor-
ate materialism and bottom-line decision-
make. But despite the broad categorizations in
the survey, some longtime industry observers
were not ready to view it as an indication that
personal greed and unethical behavior are more
widespread than in the past.

William Jesse, a physician who is president
and CEO of the Medical Group Management
Association, a group that represents about
240,000 physicians, said he thinks physician-
executives have always been instinctively con-
cerned about these ethical issues. The survey, he said, accurately
depicts the degree of concern but
should not be read as a widespread
acknowledgment that these ethical lapses are rampant.

“These are all central issues,” said
Jesse, who is a member of the
ACPE. “What is hard to determine
and what the survey doesn’t address is
how often these things really hap-
pen. I don’t think we know, and I
don’t think the survey sheds a lot of
light on that.”

Jesse, who called for national studies to try
to determine the extent of the problem, said the
prevailing sentiment expressed in the
ACPE survey might be due at least in part to the
increasingly competitive, cutthroat nature of
the industry at a time when almost everyone
seems to be struggling with finances.

AMA President John Nelson said, “The
AMA believes the vast majority of physicians
put the interests of patients first—so in the rare
instance when medical ethics are breached—it is
reassuring to know that physician leaders
share the AMA’s concern.”

Physicians are duty-bound to follow
the AMA’s code of ethics, which has served for
more than 155 years to guide the profession on
a wide range of issues directly related to the
care of patients. Among the key principles: “A physi-
clist shall, while caring for a patient, regard
responsibility to the patient as paramount.”

In recent years, the AMA has focused atten-
tion on strict guidelines governing gifts from
pharmaceutical industries, a campaign that
helped lead to supposedly tougher enforcement
of those rules by drug companies. The Ameri-
can College of Physicians launched a similar
campaign about two years ago, at about the
same time an outpouring of opposition to these
practices surfaced from groups like the Ameri-
can Medical Student Association. Yet 80% of
respondents to the ACPE survey still consider
this a key problem, suggesting that these efforts
have so far been unsuccessful.

“We’ve underscored the need and the
importance of avoiding even the perception of
bias,” Golden said of the ACPE’s efforts. “The
economic environment of healthcare creates all

Source: American College of Physician Executives

MH/Adam Doi

Percentage of physician leaders either “very concerned”
or “moderately concerned” about these practices:

<table>
<thead>
<tr>
<th>Practice</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Physicians refusing to be on call for patients who don’t have insurance</td>
<td>80%</td>
</tr>
<tr>
<td>Physicians being influenced by medical-device companies to perform</td>
<td>79%</td>
</tr>
<tr>
<td>certain procedures</td>
<td></td>
</tr>
<tr>
<td>Physicians overtreating patients to boost their income</td>
<td>78%</td>
</tr>
<tr>
<td>Physicians being influenced by pharmaceutical companies to prescribe</td>
<td>76%</td>
</tr>
<tr>
<td>certain drugs</td>
<td></td>
</tr>
<tr>
<td>Board members with conflicts of interest</td>
<td>66%</td>
</tr>
<tr>
<td>Nonphysician executive leaders with conflicts of interest</td>
<td>66%</td>
</tr>
<tr>
<td>Physicians (who are not employees of a vendor) being paid to make</td>
<td>63%</td>
</tr>
<tr>
<td>promotional pitches for vendors</td>
<td></td>
</tr>
<tr>
<td>Physicians accepting gifts from vendors</td>
<td>60%</td>
</tr>
<tr>
<td>Board members accepting gifts from vendors</td>
<td>56%</td>
</tr>
<tr>
<td>Nonphysician executive leaders accepting gifts from vendors</td>
<td>56%</td>
</tr>
<tr>
<td>Physicians inappropriately admitting patients to a hospital</td>
<td>54%</td>
</tr>
<tr>
<td>Physicians discharging patients from the hospital too soon to avoid</td>
<td>54%</td>
</tr>
<tr>
<td>length-of-stay outliers</td>
<td></td>
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<tr>
<td>Physicians undertreating patients to keep costs down and protect</td>
<td>51%</td>
</tr>
<tr>
<td>bonuses</td>
<td></td>
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</tbody>
</table>

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sorts of incentives that can distort the mission. And all professionals have to be sensitive and responsive to those arrangements that are not in the best interest of patients."

Despite efforts to discourage doctors from accepting drug industry booty, an official with the Food and Drug Administration charged last week that pharmaceutical firms still routinely lavish costly gifts on doctors as part of a multi-billion-dollar marketing strategy. Those gifts include cruises and free trips to fancy resorts, both of which would be prohibited under the strict interpretations of the AMA's medical ethics code.

Ethics in the Enron era

The intense focus on ethics in all sectors of American business has not let up since Enron Corp. burst upon the national consciousness in 2001, followed by a lengthy lineup of executive villains. Healthcare hasn't escaped this scrutiny. Richard Scrushy, founder and former head of HealthSouth Corp., is now on trial in Birmingham, Ala., for his alleged role as the mastermind of a $2.64 billion accounting fraud.

Last year, the American College of Healthcare Executives, responding to what one top official called the "Enron era," tightened its two-page code of ethics to focus more intently on issues involving fraud, abuses of power and financial conflicts of interest that can compromise patient safety. Explaining the changes at the time, Sam Odle, then the group's chairman-elect, may have foreshadowed the results of the ACPE survey when he said, "You don't have to look far to see that there are a lot of people in healthcare who slip off the path of ethical conduct."

Thomas Dolan, the ACHE's president and CEO, said the organization will supplement that recent effort later this year by launching an "ethics tool kit" to help members make good decisions in an increasingly complex environment where the lines between right and wrong can sometimes shift. He said his organization has expelled several unidentified members in recent years after ethical violations were discovered. As a private organization, the ACHE does not release any information about those actions against former members, Dolan said.

"I don't believe it's going to have a huge impact in government circles," he said of the physician survey. "I think it will make people think. I think the most important use for healthcare executives, physicians, nurses—all of us involved in healthcare—is to make us sit back and ask, 'Does this describe our organization, or my situation or my behavior?' If it does, what do we do to address some of these issues? That would be my hope."

Many observers suggested that the ACPE's survey is an important first step in identifying areas of concern and charting ways to reduce instances of unethical behavior. One key area: Money.

"What we really need to look at is how healthcare is paid for in this country," said Hofreuter. "Our (financial) incentives are not always aligned with what's in the best care and interest of the patient. That's a social issue that we really must address."

Susan Pisano, a spokeswoman for America's Health Insurance Plans, the trade group that represents health insurers, said she expects the survey to produce two results: Increased "transparency" across the board and a renewed commitment by providers to assess the best ways to reduce costs, improve care and categorize the performance of hospitals, doctors and insurers.

AHP's predecessor, the American Association of Health Plans, published a code of conduct that addressed business-ethics issues unique to the managed-care industry in the late 1990s, including areas like patient appeals, Pisano said. That association, which merged last year with the Health Insurance Association of America, now has no "comparable document," she said, because of the far broader range of interests and businesses represented by the 1,300-member trade organization.

If nothing else, the ACPE survey will highlight the notion "that business as usual is not good business," said Goodman, the bioethicist at the University of Miami.

Anthony Spezia, president and CEO of Covenant Health, Knoxville, Tenn., said, "We need to self-regulate ourselves. We need to create discipline to move in the right direction. But I'm not optimistic. So, we're probably going to get regulation to control utilization and to address some of these abuses and problems, and they won't be as well thought out as if knowledgeable professionals in the industry had dealt with it."

Spezia last year became the first hospital chief to be named a fellow of the Health Ethics Trust by the national Council on Ethical Organizations.

While the medical profession has lost a bit of its luster in recent years, the healthcare industry in general has taken an even harder hit in the public's view. The Gallup Organization's annual poll in 2004 of America's perceptions toward 25 separate business sectors left healthcare near the bottom of the pile, one notch above lawyers and tied with the drug industry in terms of a negative image. Gallup found that about half of Americans view the healthcare industry "very or somewhat negatively," with only about one-third viewing it "very or somewhat positively."

Those numbers, combined with the conspicuous negativity in the ACPE survey, should "continue to keep healthcare reform as a high-profile issue" for lawmakers across the nation, said Rick Blizzard, managing research director for the Survey Organization and healthcare editor for the Gallup Poll. The survey results, he suggested, might wind up diminishing healthcare's clout on Capitol Hill.

"Initiatives to increase reimbursement and improve the financial position of healthcare organizations will receive less support," Blizzard predicted.

In an effort to judge the public's perception of the industry, the American Hospital Association conducted about 78 focus groups in 38 communities in 1998 and 1999. With a few exceptions, primarily in rural communities, participants almost never mentioned hospitals or physicians when asked to cite the people or institutions they trusted the most. The AHA's initiative also showed that the public's perception of the healthcare system has eroded in the wake of the mergers and consolidations that swept the industry beginning in the 1980s.

"That created some perception gaps about our priorities," Richard Wade, a spokesman for the AHA, said of the news accounts of mergers, takeovers and the growth of for-profit hospital companies. "The purpose (of the survey) was to remind members that you never want that gap to widen. The court of public opinion never adjourns. A hospital that counts on public support needs to have that gap as narrow as possible."

What do you think?
Write us with your comments. Via e-mail, it's mhletters@crain.com; by fax, 312-280-3183.