

The Ethical Behavior of Healthcare Organizations

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A Tale of Two Healthcare Crimes

Theranos founder Elizabeth Holmes reports to prison for defrauding investors

Holmes failed in multiple requests to delay her incarceration.


By [Max Zahn](#)

May 30, 2023, 11:45 AM



Theranos founder Elizabeth Holmes set to report to prison for defrauding investors Holmes, who was sentenced last fall, has failed in multiple requests to delay her incarceration as she awaits a ruling on an appeal.

Martin Shkreli Sentenced to 7 Years in Prison for Fraud

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 345



Martin Shkreli during his fraud trial last year. Mr. Shkreli is best known for hiking the price of a drug, Daraprim, by 5,000 percent, a move that drew widespread condemnation from the public and politicians. Amr Alfiky/Reuters

By Stephanie Clifford

March 9, 2018



■ What do these stories teach us about U.S. Healthcare?

Lesson 1: Americans expect higher standards from healthcare companies

- Elizabeth Holmes and Martin Shkreli were both excoriated by the public for aggressive pursuit of business goals.
- In just about any other industry, the same actions would have brought praise, not criticism.

Lesson 2: Accountability to patients is very weak

- Holmes and Shkreli were convicted of harming investors, NOT patients.

KFF

The independent source for health policy research, polling, and news.

Americans' Challenges with Health Care Costs

Lunna Lopes, Alex Montero, Marley Presiado, and Liz Hamel

Published: Mar 01, 2024

TIME
Made by History

America's Rural Hospital Crisis Has
Been Looming for Decades

AJMC

News | Article | July 11, 2024

How Can Congress Solve the Medical Debt Crisis in America?

Author(s): [Pearl Steinzor](#)

MEDPAGETODAY

Special Reports > Features

Is Healthcare Consolidation Fueling the Physician Burnout Crisis?

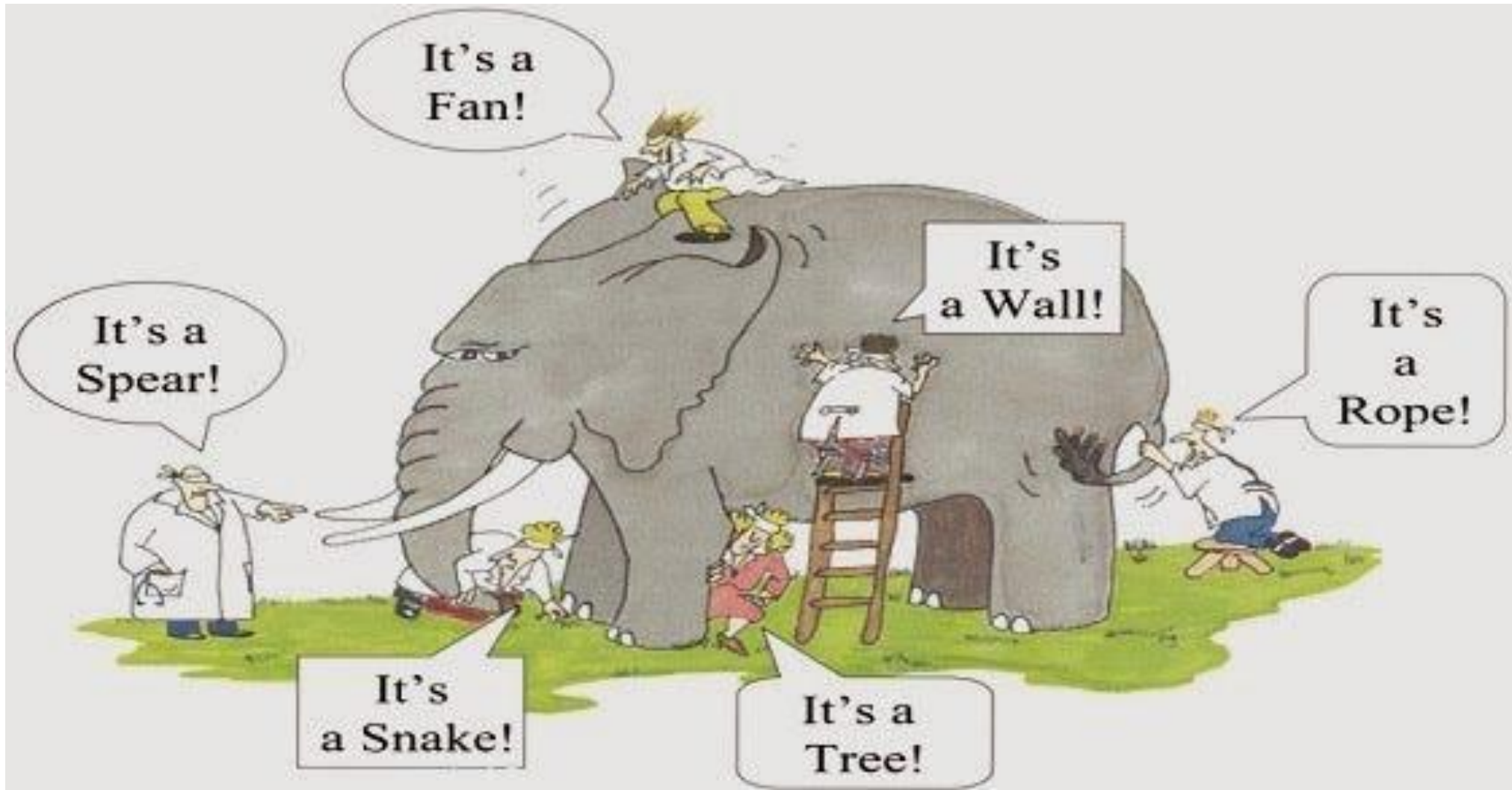
— New report finds pandemic burnout is still lingering

by [Rachael Robertson](#), Enterprise & Investigative Writer, MedPage Today
September 19, 2024

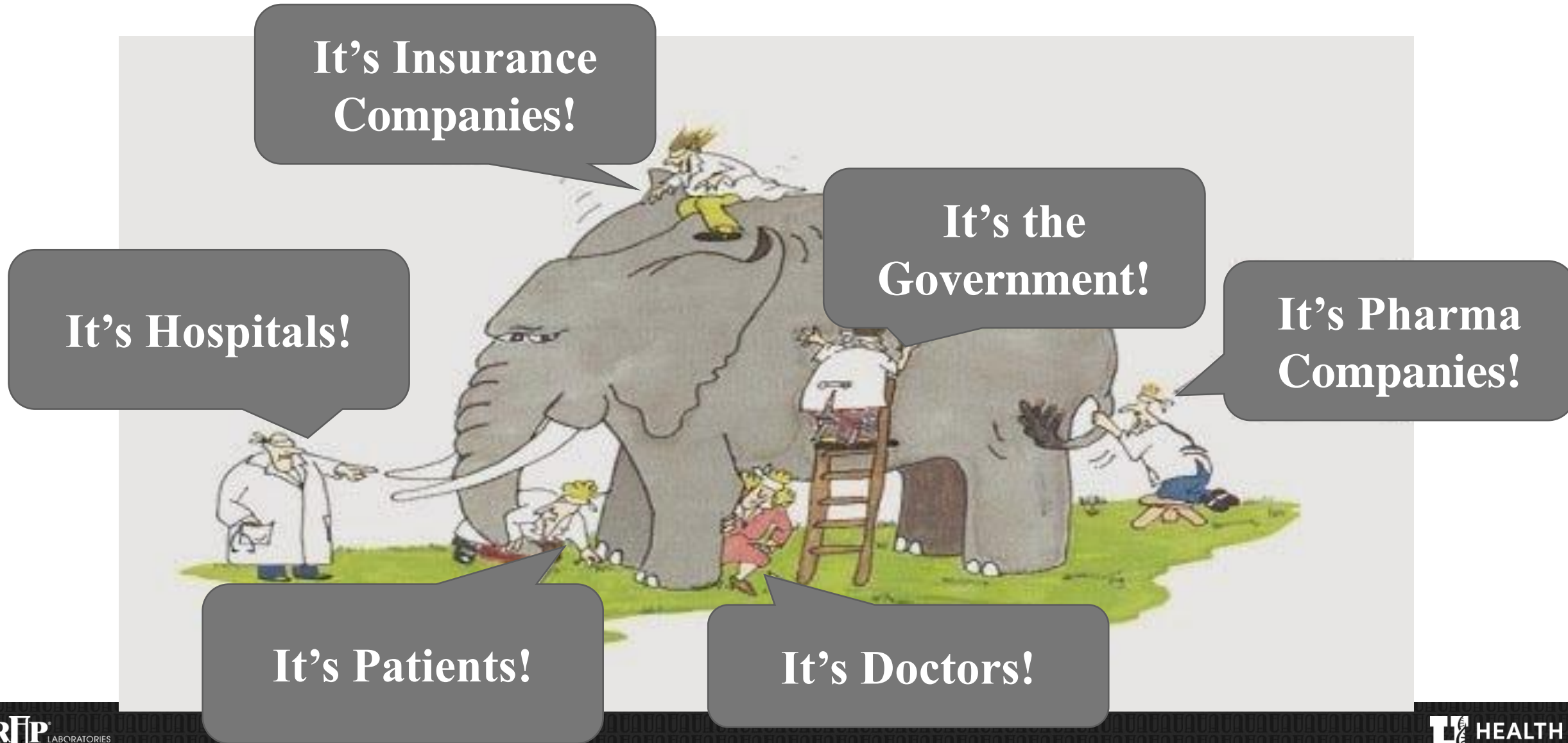


American Hospital
Association™

Hospitals Face Financial Pressures as Costs of Caring Continue to Surge



What's Wrong With U.S. Healthcare?





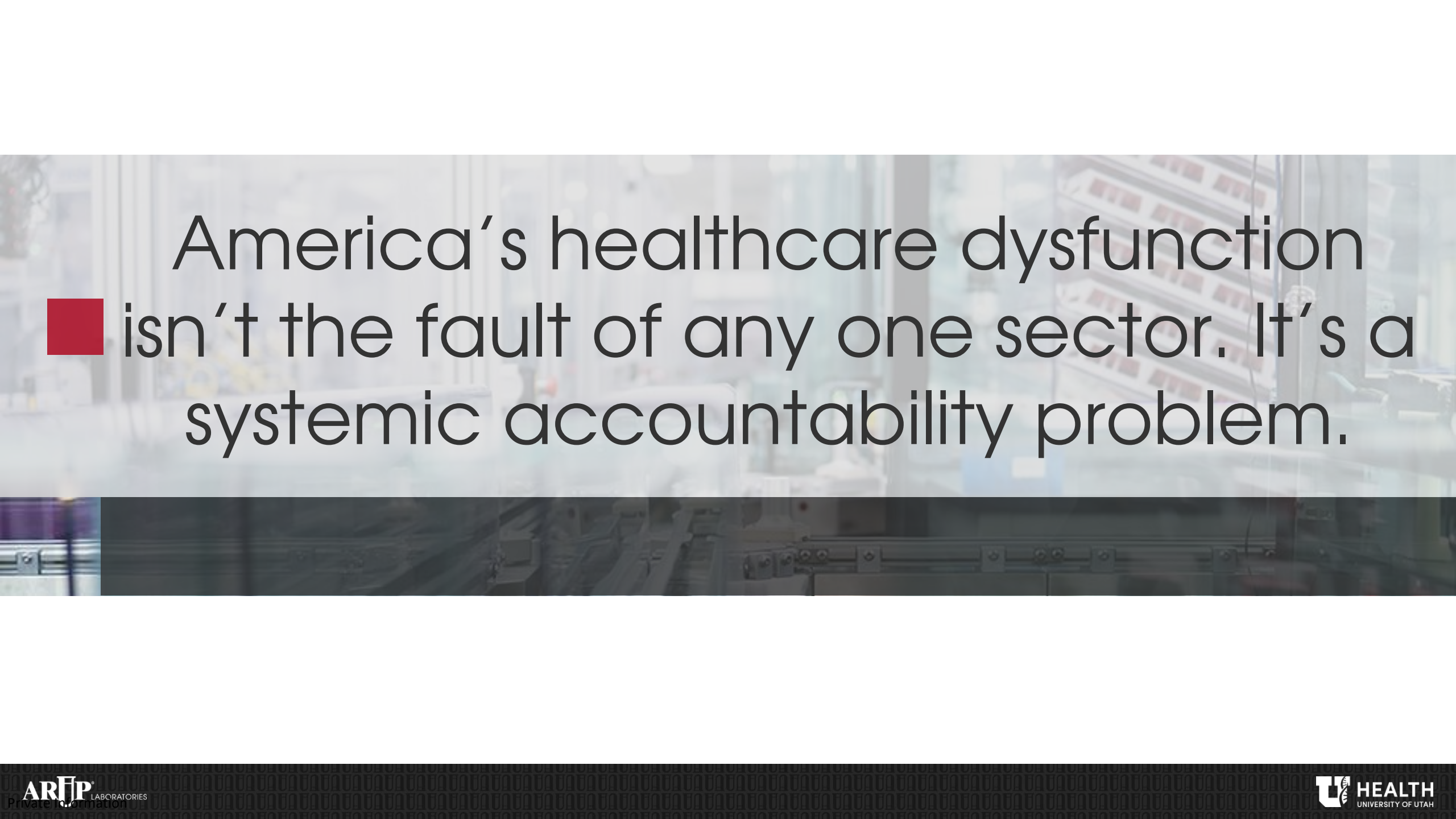
LOW-VALUE CARE

PRESS RELEASE: Shkreli Awards catalog 2024's worst actors in healthcare

BY [Aaron Toleos](#) | January 7, 2025

2024 Lown Institute Shkreli “Awardees”

1. Dr. Ralph de la Torre, CEO, Steward Healthcare
2. United Healthcare
3. Amgen
4. Dr. Thomas Weiner, oncologist
5. Memorial Medical Center of Las Cruces, NM
6. Suppliers of urinary catheters
7. Cigna Insurance
8. Zynex Medical, maker of nerve stimulation devices
9. Pediatricians performing tongue tie releases
10. University of North Texas Health Sciences

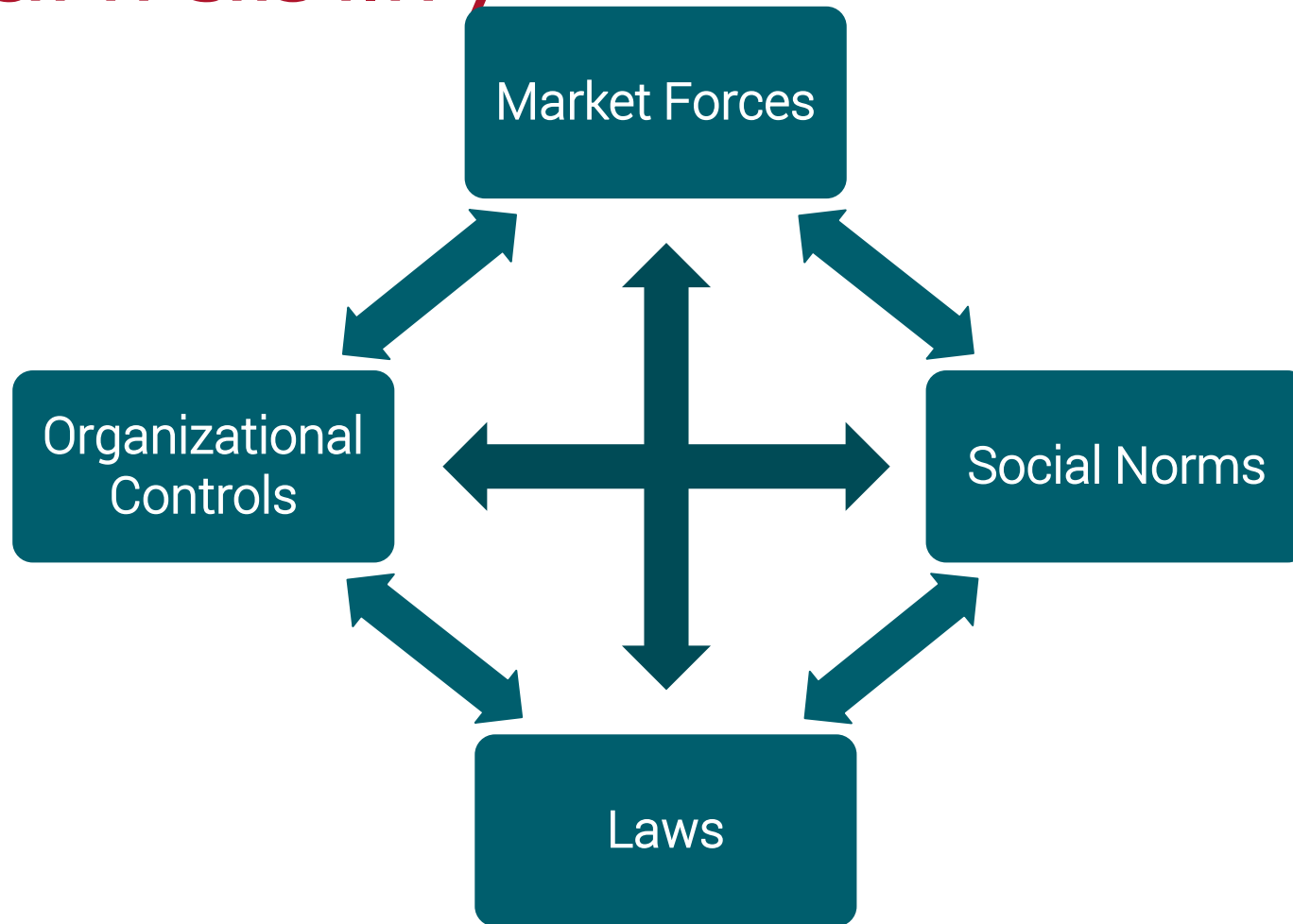


America's healthcare dysfunction
■ isn't the fault of any one sector. It's a
systemic accountability problem.

Main Ideas for Today

- Accountability requires a multilayered approach
- Clinical laboratory professionals can promote accountability
 - » Quality management
 - » Supply chain management
 - » Science
 - » Transparency
 - » Focus on patients

The Four Sources of Accountability



Example: Traffic Safety

- Laws: traffic laws, driver licensing, vehicle standards
- Social norms: respect for other drivers and pedestrians
- Market forces: insurance rates
- Organizational controls: apply to commercial drivers



Market Accountability

Market Accountability

- When market competition works well, it:
 - » Keeps prices under control
 - » Improves quality
 - » Allocates resources to where they have the most benefit
 - » Promotes innovation
- Why isn't this working in the healthcare industry?



Free markets require:

- Level playing fields
- Clear rules
- Strong enforcement





Where are the healthcare referees?

- Ensuring price transparency
- Ensuring the sufficient competition
- Punishing organizations who cheat
- Punishing executives that profit at expense of patients



Hospital company under scrutiny in new mom's death

Like Comment Share

29 · 13 comments · 3.1K views

As Steward hospitals teeter, CEO's \$40 million yacht is docked in the Galapagos Islands

By [Brian McGrory](#) Globe Columnist, Updated February 2, 2024, 5:35 a.m.



415



The yacht owned by Ralph de la Torre. It has since been renamed the "Amaral." RAPHAEL BELLY



Organizational Controls

Once upon a time,
healthcare was
controlled by local
doctors.






Today,
healthcare is
controlled by
huge
corporations.

Organizational Controls

- Require:
 - » Leadership
 - » Communication
 - » Metrics and transparency
 - » Just culture


BMC Health Services Research

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Research | [Open access](#) | Published: 13 August 2022

Fostering a just culture in healthcare organizations: experiences in practice

[Eva van Baarle](#) , [Laura Hartman](#), [Sven Rooijakkers](#), [Iris Wallenburg](#), [Jan-Willem Weenink](#), [Roland Bal](#) & [Guy Widdershoven](#)

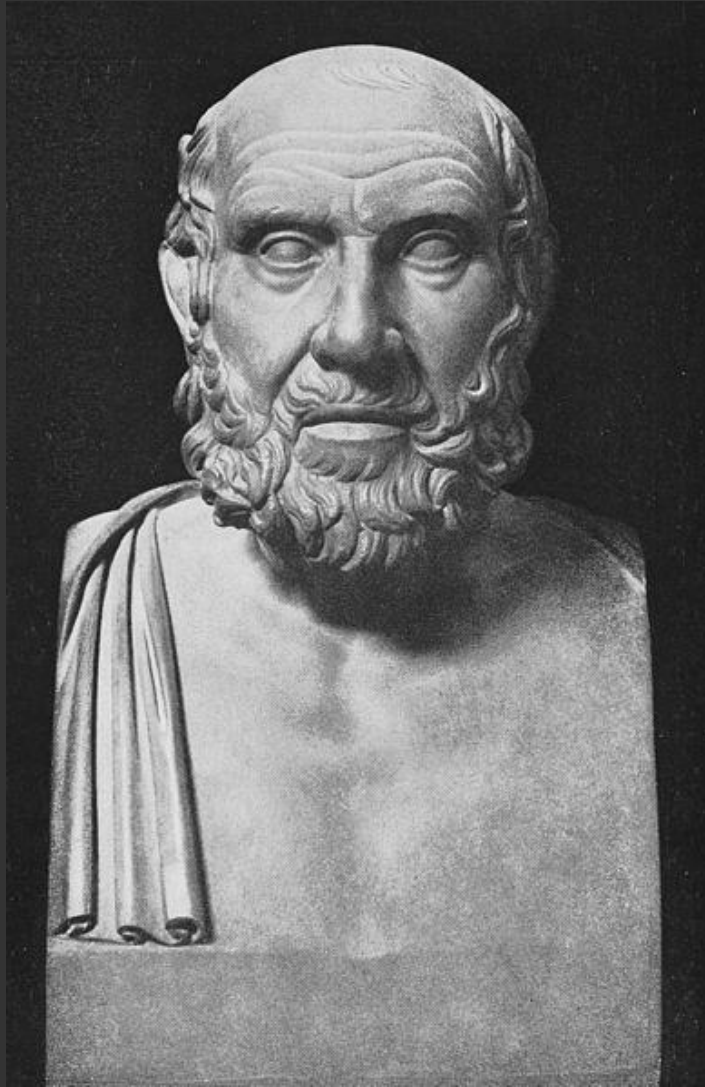
[BMC Health Services Research](#) **22**, Article number: 1035 (2022) | [Cite this article](#)

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Social Norms

- Positive motivators: Reputation, social status, positive regard from peers
- Negative motivators: Shame, bad reputation, stigma

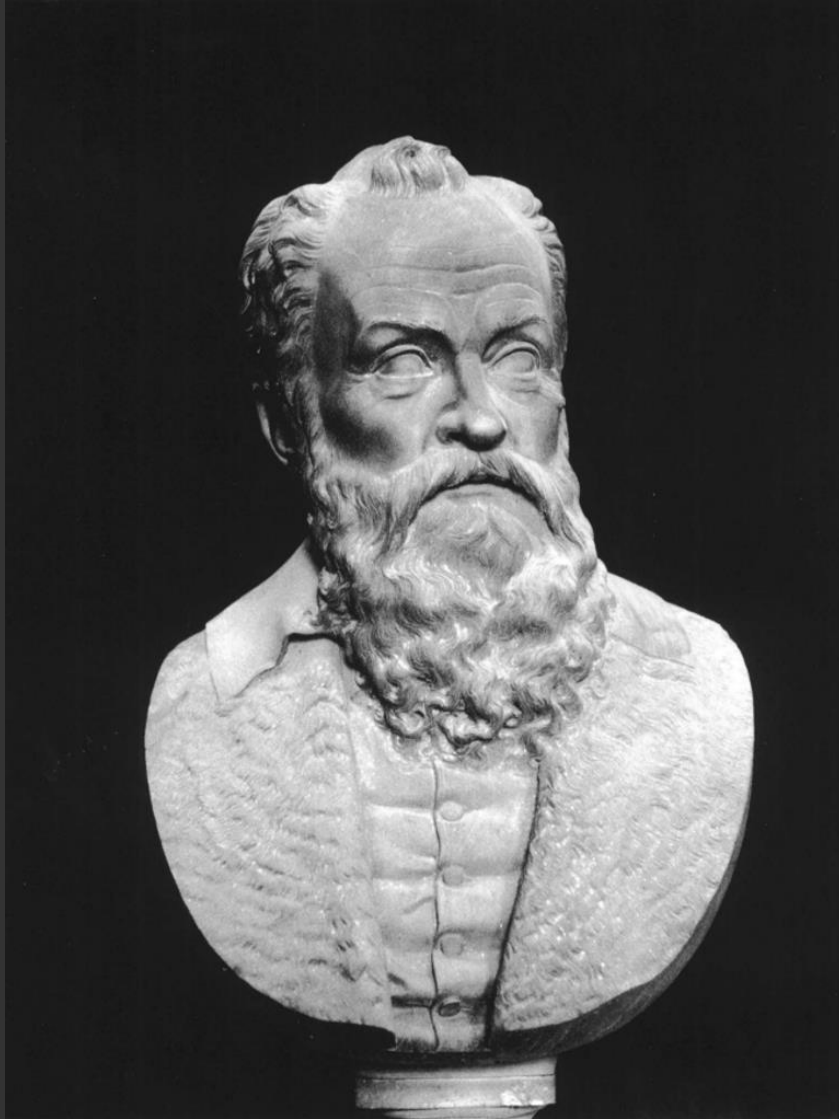




Bust of Hippocrates
Source: commons.wikimedia.org

Medical Ethics

- Respect for Persons
- Beneficence
- Nonmaleficence
- Justice



Galileo Galilei.
Source: commons.wikimedia.org

Scientific Ethics

- Transparency
- Publication
- Integrity

The Role of Government

- Governments have unique power to set rules with “teeth”
- Government enforcement can sometimes be slow and inefficient
 - » But once strong rule are in place, governments don’t always have to play the enforcement role.

How the Netherlands Is Taming Big Tech

Dutch privacy negotiators have spurred major changes at Google, Microsoft and Zoom, using a landmark European data protection law as a lever.



EU General Data
Protection Regulation
(GDPR)

Netherlands Education
Authorities

Google

Zoom

Microsoft



■ How Can Laboratory Professionals Promote Accountability to Patients and Communities?



Office of Public Affairs
U.S. Department of Justice

PRESS RELEASE

Serial Health Care Fraudster Sentenced for \$234M Medicare Fraud Scheme

PRESS RELEASE

Hospital, Laboratory, Referring Physician, and Lab Employees Pay More than \$7.2 Million To Resolve Civil Allegations of Fraudulent Laboratory Testing

PRESS RELEASE

Clinical Laboratory and Its Owner Agree to Pay an Additional \$5.7 Million to Resolve Outstanding Judgement for Billing Medicare for Inflated Mileage- Based Lab Technician Travel Allowance Fees

PRESS RELEASE

Laboratory Owner Pleads Guilty to \$30M Medicare Fraud Scheme

What Can Lab Professionals Do?

- Set/Maintain high expectations for the lab profession.
 - » Hold suppliers to high expectations
 - » Hold our peers to those high expectations
 - » Hold our organizations to those high expectations



The Baseball Player Who Bet \$99—and Cost Himself \$740,000

Michael Kelly was a minor-league pitcher when he wagered less than a hundred bucks on baseball. Now a reliever for the Oakland A's, he has received a year-long suspension and will forfeit his annual salary.





Why was MLB so harsh?

OPINION
GUEST ESSAY

Another Pro Athlete Is Banned for Life for Gambling. He Won't Be the Last.

May 31, 2024

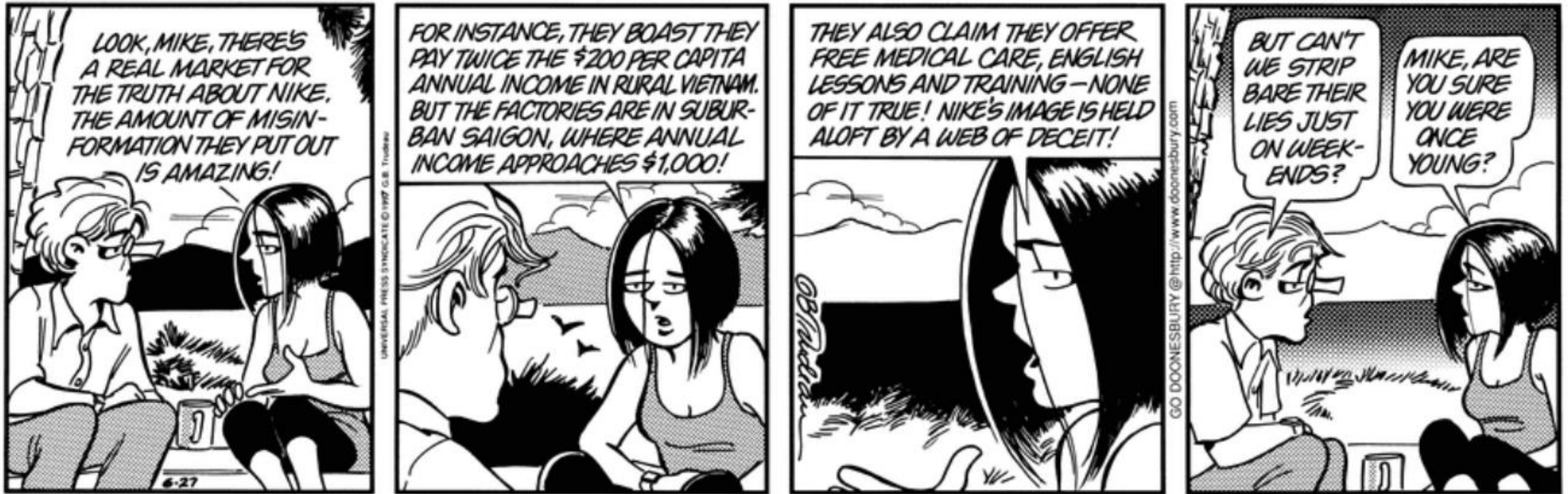




Holding Suppliers Accountable to High Standards







1997 Doonesbury story line:
Vietnamese sweat shops producing Nike shoes.



Michelle Peluso
Co-President, CVS Pharmacy
Member, Nike Board of Directors

- Chair, Corporate Responsibility, Sustainability, and Governance Committee

Uber

lyft

How do Uber and Lyft manage drivers?

- Independent contractors, not employees
- Detailed metrics on every aspect of driver activity
- Lesson: The less formal authority you have over a supplier/partner, the better your metrics need to be.



■ Holding Your Own Organization Accountable to High Standards

What to do if you believe your organization is misbehaving?

- Step 1: Talk with your manager
- Step 2: If the violation is serious, and you're being ignored, you can:
 - » Contact a regulator
 - » Contact an accreditation agency, e.g. CAP
 - » Contact the press

COVER STORY | SEPTEMBER/OCTOBER 2019

Whistleblower helped dismantle biotech juggernaut Theranos in his 'zero-strategy' defense

An interview with Tyler Shultz

By Emily Primeaux, CFE; Photos by Alison Yin / AP Images



The New York Times

Sloan Kettering's Cozy Deal With Start-Up Ignites a New Uproar



Share full article



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Alison Taylor

– Clinical Associate Professor



“Leaking is the new whistleblowing.”

Take-Home Points

The US healthcare industry needs stronger accountability to patients and communities.

We need to hold ourselves, our organizations, our suppliers, and peer organizations accountable for putting patients first.

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ARUP is a nonprofit enterprise of the University of Utah and its Department of Pathology.