



Principle Based Decision Making: The Ethics of Allocation of Scarce Resources

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Objective

- “To provide a principle based decision making framework which the board can apply to its decision making (as per accreditation standards)”



Outline

- Provide a principle based framework for making ethical decisions
- Describe the major ethical principles at play in resource allocation discussion (Justice and Beneficence/Non-Maleficence)
- Apply the principle based framework to resource allocation discussions
- Suggest using the procedural values embedded in “Accountability for Reasonableness” (A4R) and “Programme Budgeting and Marginal Analysis” (PBMA) as part of the “Alternative” component of the principle based framework

Principle Based Framework for Making Ethical Decisions



- Identify the Problem
- Acknowledge Feelings
- Gather the Facts
 - **Facts in Bioethical Issues**
 - Diagnosis/Prognosis
 - Quality of Life Issues
 - Patient /SDM Wishes
 - Contextual Features –eg.
 - Religion
 - Culture
 - Psycho-social issues
 - Relationships



Principle Based Framework for Making Ethical Decisions

➤ **Facts in Business/Organizational Ethics Issues**

- Governance
- Partnerships
- Conscientious Objection
- Employer/Employee Relationships
- Conflict of Interest
- Alternative Sources of Revenue
- Abuse of Care Providers
- Whistle blowing
- Allocation/Rationing of Scarce Resources



Principle Based Framework for Making Ethical Decisions

- Consider Alternatives
- Examine Values
- Examine Alternatives
- Articulate the Decision
- Implement the Plan
- Examine/Acknowledge Feelings

Historical Context for Resource Allocation Issues



- 2002/3 Hospital Operating Requirements
 - Operate a cost-efficient organization
 - Increase quality of patient care
 - Avoid service gaps
 - Operate within a balanced budget, for example: submit balanced or surplus financial estimates



Resource Allocation and Ethics: The Principle of Justice

- The constitutive principle of decision-making regarding setting priorities and allocating resources
- Three ways to ration:
 - **Deny services if unable to pay**
 - **Additional services for those who can pay more**
 - **Social policy limits and denying access to further treatment even if the patient can afford to pay**



Principle of Justice, cont'd

- This third way operates within the Canadian context
- However, questions arise at the macro, meso and micro levels
- Macro- government funding
- Meso – choice of programs
- Micro – which patient gets which treatment



Principle of Justice, cont'd

- Macro – there are problems with utilitarian reasoning
- Micro – inadequacy of social criteria, psychological criteria, and economic criteria
- Ethical consensus around micro allocation focuses on medical-benefit criteria



Resource Allocation and Ethics: The Principle of Beneficence/Non Maleficence

- First “Do no harm”
- Corrollary “Do Good”
- What constitutes harm
- Who decides
- Who determines what the “Good” is
- Tension between Justice and Beneficence in some resource allocation issues



Where to Begin: Identify the Problem?

- How to adhere to the vision, mission and core values of the institution as well as being financially accountable
- How to bring together economics and ethics



Vision

- To be the best at what we do



Mission

- To provide the best healthcare experience for our patients and their families



Core Values

- Accountable for our resources, our services and our behaviours.
- Responsive, respectful and caring to our patients, colleagues and community.
- Value the diversity of our organization and community
- Honest and trustworthy
- Strive for innovation and high performance and committed to continuous learning



What are the Facts: The Old Approach

- Resource allocation carried out solely on the basis of historical/political patterns
- Focus on needs of catchment area
- Demographic analysis



Limits of Old Approach

- Still require demographic understanding of catchment area
- However, the LHINS have made this a necessary but insufficient condition for priority setting
- Need to take a systems approach and look beyond our catchment area



Role of Governing Board and Accreditation Standards

- When making resource allocation decisions the Board should consider ethics, values, social costs and benefits and the impact on quality and safety (Accreditation Standard 10.5)
- Need to develop an action plan here
- Suggest a new approach
- One action plan to consider is adopting the PBMA process (Programme budgeting and marginal analysis) to guide decision making



How to Marry Economics and Ethics? Consider Alternatives

- Require an approach which is systematic, explicit and evidence based
- Use the Accountability for Reasonableness Framework together with PBMA

Examine Values: Economic Principles

Underlying Priority Setting in Health Care

(Mitton and Donaldson)

- Opportunity Cost
 - When we invest in one place, we lose the opportunity to invest in another
 - Need to weigh the costs and benefits of doing this as opposed to that
- Margin
 - Shifting or changing resource mix
 - If budget increases – where should resources be spent
 - If budget decreases – take resources from areas producing least benefit
 - If budget is static – re-allocate resources to improve benefit to population
 - In other words highlight trade offs which help us to weigh proposals for change based on marginal costs and benefits

Examine Values: Economic Principles

Underlying Priority Setting in Health Care

(Mitton and Donaldson)

- Unless we adhere to these economic principles we will fail at managing resources in a way that is sustainable
- This is the criticism of setting priorities on the sole basis of historical and political allocation processes – i.e., needs assessments and core services

Examine Alternatives: PBMA

Process (Mitten and Donaldson)

- Pragmatic approach to setting priorities
- Stages
 - Define scope of exercise
 - Compile map of current activity and expenditure
 - Form marginal analysis advisory panel
 - Panel will determine locally relevant decision making criteria
 - Advisory panel will identify options for growth, resource release through producing same level of output with less resources or will suggest resource release through scaling back or service reduction (deficit elimination and restructuring)
 - Advisory Panel will make recommendations in terms of funding growth areas with new resources, or decide to move resources from one area to another
 - Should be validity checks with additional stakeholders to provide further input

Examine Alternatives: PBMA

Process and Setting Criteria (Mitten and

Donaldson)

- Back to mission and values of organization
- May include societal determinants of health (demographics etc)
- These result in criteria such as: health gain, access, innovation, sustainability, retention/recruitment, system integration etc
- Crucial to weight criteria



Articulate Decisions: How to Marry Economics and Ethics?

- PBMA and Accountability for Reasonableness (A4R)
- Combining A4R with PBMA will bring together ethics and economics
- Result is comprehensive, sustainable and ethical manner of priority setting

Implement the Plan: Model for Priority Setting

Accountability for Reasonableness

- Only this framework can keep you consistent with your vision, mission and values
- Goals are legitimacy and fairness

Accountability for Reasonableness



- **Legitimacy:** Under what conditions should authority over priority setting be placed in the hands of a particular organization, group or person?
- **Fairness:** When does a person have sufficient reason to accept as fair particular priority setting decisions?
 - Daniels and Sabin. PPA, 1997

Information/tools *and* Process are important

- While there is difficulty in reaching agreement on *what* decisions should be made
- It is possible to reach agreement on *how* decisions should be made



Accountability for Reasonableness, cont'd

- **Relevance:** priority setting decisions based on *reasons* upon which *fair minded people* can agree in the *circumstances*
- **Publicity:** reasons should be publicly accessible
- **Appeals:** mechanism for challenge and dispute resolution
- **Enforcement:** voluntary or public regulation to ensure 3 conditions met
 - Daniels and Sabin PPA, 1997

Stepping Up to the Challenge



- Issues of trust crucial
- Physician engagement
- Right people on advisory panels (knowledge of economics, and/or allocation experience)
- Avoiding/minimizing the political agendas
- Allowing appropriate time and not added on to staff's workload
- Senior level champions
- Culture of change
- Incentives perhaps



Examine/Acknowledge Feelings: The Bottom Line

- No one has described how to do priority setting well
- Requires courage and a commitment to make tough choices consistent with the principle of justice