

## ETHICS OF THE FINANCIAL SERVICES – RELATIONSHIP BETWEEN HEALTH STAKEHOLDERS

**DOINA-MONICA AGHEORGHIESEI**

*Alexandru Ioan Cuza University of Iasi  
Iasi, Romania  
agheorghiesei.doina@feaa.uaic.ro*

**ANA-MARIA BERCU**

*Alexandru Ioan Cuza University of Iasi  
Iasi, Romania  
bercu@uaic.ro*

### **Abstract**

*Ethics of financial services in the field of health compliance with ethical principles in the management of finances and financial services within the health system involve transparency and integrity in billing processes, ensuring equitable access to medical services, and avoiding fraudulent or abusive behaviour. It also involves respecting the confidentiality of patients' financial and medical information, as well as avoiding discriminatory practices regarding access to medical services based on the patient's financial status. Ethical practices in the field of health financial services can contribute to increasing the trust of patients in the medical system, protecting their rights, and ensuring a fair distribution of resources in the health system.*

*Through a comprehensive analysis of ethical considerations, this study aims to shed light on the importance of upholding moral principles in the provision of financial services in the health sector. By thoroughly examining existing research and academic articles, a clearer understanding of the ethical considerations and standards in this specialized sector can be gained. This review not only helps to recognize the current landscape of ethical practices, but also sheds light on potential areas for improvement and further ethical development.*

**Keywords:** *ethics; financial services; health; principles.*

**JEL Classification:** H75, I18.

### **1. INTRODUCTION**

The ethics of financial services in the field of healthcare means the observance of ethical principles in the management of finances and financial services within the healthcare system. This involves transparency and integrity in billing processes, ensuring equitable access to medical services and avoiding fraudulent or abusive behaviour. It also involves respecting the confidentiality of patients' financial and medical information and avoiding discriminatory practices

regarding access to medical services based on the patient's financial status. Ethical practices in the field of health financial services can contribute to increasing the trust of patients in the medical system, protecting their rights and ensuring a fair distribution of resources in the health system.

The purpose of this paper is to recognize and highlight the main ethical practices in health financial services. In healthcare, where financial decisions can have a direct impact on individuals' well-being, adherence to a strict code of ethics is paramount. By defining and scoping these ethical services, professionals involved in the promotion of financial health services can ensure transparency, accountability and integrity in their interactions with patients and stakeholders.

Through a comprehensive analysis of ethical considerations, this study aims to shed light on the importance of upholding moral principles in the provision of financial services in the health sector. By reviewing existing research and scholarly articles, clarification can be obtained regarding ethical standards in this sector. This review not only helps to recognize the current environment of ethical practices, but also sheds light on potential areas for growth and further ethical development.

By exploring and analysing different sources, a complete perspective on the ethical framework governing financial services in the health sector can be established, providing valuable insights to practitioners, policy makers and stakeholders alike, possibly resulting in the proposal of ethical best practices to adapt financial services.

## **2. MAIN ETHICAL IMPLICATIONS OF STAKEHOLDERS**

Stakeholders can collaborate effectively to ensure compliance with ethical standards in the provision and financial services of the medical sector through active participation in decision-making processes, stability and implementation of clear policies and procedures, as well as through constant monitoring and evaluation of practices in the field. Also, open and honest communication between all the insured parties involved plays a special role in an ethical and responsible approach to the management of health care finances.

The main obstacles faced by stakeholders in the process of ensuring compliance with ethical standards in the provision of financial services include the lack of clear regulations and adequate monitoring and reporting mechanisms, fierce competition that can lead to ethical compromises, and the lack of widespread awareness of importance of the ethical aspects in financial decisions. These obstacles can be overcome by greater transparency and accountability from all parties involved, by implementing clear ethical standards and by promoting an organizational culture oriented towards integrity and respect for all involved.

Ethical education of stakeholders regarding health financial services is one of the fundamental aspects in ensuring a sustainable and responsible practice in the medical sector. Through a deep understanding of the concepts of ethics and social responsibility, stakeholders can contribute to the promotion of high standards in the provision and access of financial services in the healthcare field. This approach not only strengthens trust and transparency in the relationships between all parties involved, but also builds a solid foundation for effective collaboration for the mutual benefit of patients and the entire community (Craig *et al.*, 2017).

One of the main obstacles that stakeholders face in ensuring compliance with standards and the provision of financial services in the health field is the confluence of financial and medical interests, which can generate conflicts of interest and inappropriate prioritization. This aspect can be overcome by implementing transparency and accountability mechanisms, which ensure a balanced and ethical management of the financial resources intended for medical services. Also, the lack of effective communication between different stakeholders and different interpretations of ethical standards can constitute an impediment in ensuring effective collaboration in this regard (Kesselheim and Maisel, 2010).

Healthcare professionals and administrators can work together effectively to foster a culture of financial ethics in a healthcare setting by first establishing clear and comprehensive guidelines for financial decision-making. Through the area of open communication and the encouragement of transparency, all members of the promotion team can be actively involved in meeting ethical standards. Regular training sessions and workshops on financial ethics can further raise awareness and foster a shared understanding of the ethical importance of financial management. Additionally, creating mechanisms to report any unethical behaviour or concerns in a confidential and supportive manner can help strengthen accountability and integrity at all levels of the organization.

### **3. LITERATURE REVIEW**

There are numerous published articles and studies addressing the issue of financial ethics in health care. These can be found in academic journals specializing in health or health management.

Also, organizations such as the World Health Organization (WHO) and the Organization for Economic Cooperation and Development (OECD) publish reports and guidelines that include issues related to financial ethics in medical services (European Commission, 2021). It is advisable to consult academic databases such as PubMed or Google Scholar to find relevant studies in this area.

"The key is collaboration" says James Grigg, as financial leader, in an article written in 2019 by Laura Ramos Hegwer based on several interviews (Hegwer, 2019). At University Hospitals of Cleveland, clinical and financial coordinators collaborate and work in high-trust, high-professional teams to reduce disparities in care and eliminate waste in certain healthcare services. Although some investments may have low financial returns, they are the right choice to meet the needs of the community. Grigg also supports the idea that financial leaders are encouraged to collaborate with professionals in efforts to combat waste and abuse (Hegwer, 2019). But some CFOs feel they are pushing their limits as they grapple with strategies that could impact how doctors prescribe drugs, choose implants and order various tests. Szubski, as a participant in the same interviews, believes and specifies in the same article that financial managers have an ethical obligation to help doctors understand the cost structure of the medical services they provide to patients (Hegwer, 2019).

Based on recent articles and studies from reputable sources on the Internet, the topic of financial ethics in healthcare has attracted significant attention. With the rising costs of medical services and an increased focus on transparency and accountability, maintaining ethical standards in financial practices within healthcare institutions has become paramount. A study published in *The Journal of Medical Ethics* by Maharaj and Paul in 2011 highlighted the importance of ensuring that financial incentives do not compromise the quality of patient care or lead to unnecessary medical procedures. Additionally, an article in *The New England Journal of Medicine* (Manriquez Roa and Biller-Andorno, 2022) highlighted the need to implement clear guidelines and regulations to prevent conflicts of interest and promote fairness in financial transactions in the healthcare industry. As organizations strive to navigate the complex environment of health care financing, ethical considerations must remain at the forefront to support patient trust and well-being.

As part of the comprehensive examination of ethical considerations related to financial practices in health care services, a rigorous literature review is imperative. Current research requires careful analysis of current academic perspectives, regulatory frameworks and case studies to uncover diverse views and attitudes (Gheaus and Wild, 2016).

By delving into the relevant academic works of authors such as Sulmasy (2016), Rosenthal and Reich (2014), Anton, Gavrilovici and Oprea (2013), this study aims to synthesize divergent points of view and critically evaluate the implications and financial decision making in the medical field. By examining budget allocation options and the existence of financial procedures, this review aspires to provide a comprehensive overview of the ethical dilemmas inherent in balancing financial viability with medical ethics.

Sulmasy (2016) proposes a series of regulatory measures to support ethical financial practices in the health sector. The study underscores the importance of

implementing strict transparency protocols to monitor financial procedures, ensuring that health institutions prioritize patient welfare over profit maximization (Sulmasy, 2016). Medical institutions can find a balance between financial sustainability and ethical considerations by implementing measures that prioritize patient well-being and fiscal responsibility simultaneously. By adhering to the newly proposed regulatory and policy measures institutions can ensure that financial decisions are taken into account with ethical considerations such as transparency, accountability and avoiding conflicts of interest. These measures promote a culture of integrity and responsible financial management, ultimately contributing to both the institution's long-term financial sustainability and the ethical delivery of health care services (Rosenthal and Reich, 2014).

In addition, Nelson and Acosta (2024), in the article published in March 2024, pleaded for the establishment of the independent supervisory committee composed of multidisciplinary experts, to oversee the financial decision-making processes and mitigate potential conflicts of interest. By promoting a culture of accountability and adherence to ethical guidelines, these regulatory measures are poised to strengthen the integrity of financial practices in medical institutions (Nelson and Acosta, 2024).

Allocating financial resources according to the health needs of the population is a complex task, full of practical and ethical dilemmas. The study carried out by Anton, Gavrilovici and Oprea (2013) aims to evaluate the use of equity criteria for the allocation of resources in public hospitals in Romania, revealing that the current allocation methods contribute to increasing inequalities between those involved. In health services, the focus on ethics and equity is on the distribution of health care among different categories of individuals, including the geographical distribution of resources, the use of services by those with equal needs in different socio-economic groups.

Macro-equity refers to aspects of the distribution of finances rather than to patients and the decisions that lead to the allocation of resources among different groups. At the micro level, according to the authors, it is the physician's duty to use available resources in ways considered optimal for patients, in accordance with requirements and respecting ethical principles (Mitchell, Agle and Wood, 1997). Horizontal equity requires equal treatment for those of equal merit, while vertical equity requires more favourable treatment for those of greater merit (Clements, Coady and Gupta, 2012).

The ethical question that Anton, Gavrilovici and Oprea (2013) is referring to is whether healthcare is one of the goods and services in the reward system or not. Most evidence suggests that most countries have rejected the "reward" approach to healthcare. The problems in the hospital sector in Romania, identified through a situational analysis by the Presidential Commission, can be grouped into three major categories: the lack of a coherent classification of hospital services that leads to high and often unjustified expenses; faulty,

centralized management with minimal involvement of local authorities; the absence of mechanisms to ensure the quality of medical assistance and the continuity of care. The financing of medical services in Romania is affected by severe ethical constraints, a fact acknowledged even by the authorities. In 2010, the Ministry of Health stated that "currently, in Romania, hospital financing is somewhat incorrect, it suffers from a degree of impropriety, hospitals of the same competence but from different fields receiving different funds". The solutions proposed by the authors include the diversification and use of new methods of financing hospital services based on the performance and quality of the services offered to patients; the development of new models of health management but also ethical management, which guarantee continuity of care under therapeutic effectiveness and economic efficiency.

Healthcare institutions can effectively integrate ethical considerations into financial decision-making processes without financial compromises by implementing sound governance structures, promoting a culture of transparency, and leveraging ethical principles in decision-making (Muhlbacher and Kaczynski, 2016; Beauchamp and Childress, 2019). By establishing clear policies and procedures that emphasize ethical standards and accountability, institutions can ensure that financial decisions are aligned with ethical principles, both from their point of view and from their stakeholders' point of view. In addition, promoting open communication and dialogue around financial issues can help identify potential ethical concerns and proactively address them. The use of ethical standards, such as those presented by Paganelli, Rasmussen, and Smith (2018), can provide a structured approach to evaluating financial decisions from an ethical perspective, ensuring that the institution fulfils its ethical responsibilities while maintaining financial sustainability.

Stakeholder ethics in health care involves a meticulous investigation of the many perspectives and theories that address the relationships between various stakeholders in the health care industry. In researching this topic, key options such as stakeholder engagement theory, ethical approaches in health management, and the impact of ethical decisions on the medical environment are often highlighted. Various studies, such as those by Freeman (2010), Freeman and Evan (1990) provide a deep insight into the importance of stakeholder ethics, emphasizing the need for balance between the interests of the various groups involved in health.

The *EU4Health programme 2021-2027 – a vision for a healthier European Union* (European Commission) is an ambitious initiative of the European Union which aims to strengthen health systems in Europe through funding and policies aimed at improving access to quality healthcare. With a budget of more than €5 billion, it is the largest EU-funded health program ever, aiming to address both immediate health crises and long-term challenges. The program addresses ethical issues related to the allocation of resources and financing of public

health, emphasizing the importance of transparency and equity in the distribution of funds. The program provides financial support through grants, procurement and other EU funding. Notable funding assignments include:

- Minimum 20% for health promotion and disease prevention;
- Up to 12.5% on purchases to top up domestic storage;
- Up to 12.5% for global health initiatives;
- Up to 8% for administrative expenses;

Funding opportunities are available to various entities, including EU Member States, Associated Third Countries, Health Organizations and NGOs. The Health and Digital Executive Agency (HaDEA) is responsible for the implementation of the program and the management of the funding calls.

Compliance with ethical norms by all those involved in medical services is an essential task in understanding the ethical impact of decisions and actions undertaken by all those involved in the medical system. Recent studies reveal that the ethical implications in the context of health stakeholders are of overwhelming importance for maintaining the ethical and professional integrity of the medical professions, as ethical dilemmas can affect the quality of medical services provided and the relationships between the various stakeholders.

#### **4. CONCLUSIONS AND PROPOSALS**

The main aspects of stakeholder ethics in the field of health highlighted in the literature include responsibility towards patients, the balance between financial and ethical needs of medical institutions, as well as the involvement of decision-makers in promoting ethical and transparent medical practices. These aspects underline the importance of establishing clear ethical standards and their compliance in medical activity.

By establishing clear policies and procedures that emphasize ethical standards and accountability, institutions can ensure that financial decisions are aligned with ethical principles, both from their point of view and from their stakeholders' point of view. These policies are based on:

##### **1. Implementation of a detailed and specific ethical code**

Institutions should develop and adopt a detailed and finance-specific code of ethics that outlines the organization's values and principles. This code should cover all aspects of the financial activity, including transparency, integrity and accountability. It is critical that employees are educated about this code and encouraged to follow it in all their financial decisions.

##### **2. Establishing procedures for evaluating ethical risks**

Institutions must establish clear procedures for evaluating ethical risks associated with financial decisions. These procedures should include periodic evaluations of financial practices and analysis of their impact on all interested parties (stakeholders). A financial ethics committee may be created to oversee

these assessments and ensure that financial policies are in line with the institution's ethical standards.

### 3. Creating a mechanism for reporting and protecting whistleblowers

It is important that institutions put in place a secure and confidential mechanism for reporting unethical behaviour or financial irregularities. This mechanism should include whistleblowers protections to encourage employees to report any wrongdoing without fear of retaliation. The information collected through this mechanism should be rigorously analysed and used to improve the policies and procedures of the institution.

### 4. Ongoing training and ethical oversight

Institutions should invest in continuous training of employees in the area of financial ethics and responsibility. These training sessions should be mandatory and include case studies, simulations and interactive discussions to help employees understand the importance of integrity in financial decisions. In addition, institutions should implement a system of continuous surveillance to monitor compliance with ethics policies and take prompt corrective action when necessary.

Training programs and educational initiatives play a crucial role in increasing awareness and understanding of financial ethics among healthcare professionals and administrators. These initiatives can include interactive workshops, case studies and simulations that illustrate real-life ethical dilemmas and provide practical guidance for navigating them. Additionally, incorporating ethical principles and scenarios into professional development courses and continuing education sessions can help instill a strong ethical foundation in the health care workforce.

Proposals for good ethical practices in the field of financial services in the medical sector could be:

- a) Providing accurate and transparent information to patients and ensuring that they understand their costs and payment options.
- b) Avoidance of conflicts of interest and fraudulent practices with respect to billing and rates.
- c) Implementation of a system of control and monitoring of financial activities to prevent fraud and abuse.
- d) Collaboration with the competent authorities in the financial field for compliance with the legal regulations and standards in force.
- e) Promoting an organizational culture based on ethics and integrity with regard to financial and accounting aspects.

In healthcare, the formulation of financial services ethics strategies is of paramount importance. Care must be taken to balance the imperative to provide quality patient care with the need to maintain financial viability. To navigate this complex landscape, healthcare facilities must establish robust policies and protocols that support integrity, transparency and accountability in all financial



transactions. By prioritizing ethical standards in the provision of financial services, healthcare organizations can protect their reputation, build trust with stakeholders and ultimately contribute to the goal.

### ACKNOWLEDGEMENTS

*The authors acknowledge the support of the European Commission, European Education and Culture Executive Agency (EACEA), Jean Monnet Chair. EU Public Administration Integration and Resilience Studies -EU-PAIR, project no. ERASMUS-JMO-2021-HAI-TCH-RSCH-101047526, decision no. 1190440/17.02.2022. Views and opinions expressed are however those of the authors only and do not necessarily reflect those of European Union or European Commission (EACEA). Neither the European Union nor the granting authority can be held responsible for them.*

### References

- 1) Anton, S., Gavrilovici, C. and Oprea, L. (2013). Ethical Issues in Financing Health Care in Romania. *Social Research Reports*, 23(1), pp. 19-25.
- 2) Beauchamp, T.L. and Childress, J.F. (2019). Biomedical ethics principles. *Am J Bioeth.* 19(11), pp. 9-12.
- 3) Clements, B., Coady, D. and Gupta, S. (2012). *The Economics of Public Health Care Reform in Advanced and Emerging Economies*. Washington: International Monetary Fund, IMF Publication.
- 4) Craig, B.M., Lancsar, E., Muhlbacher, A.C., Brown, D.S. and Ostermann, J. (2017). Health preference research: an overview. *Patient*, 10(4), pp. 507-510.
- 5) European Commission, (2021). *EU4Health programme 2021-2027 – a vision for a healthier European Union*. [on-line] Available at: [https://health.ec.europa.eu/funding/eu4health-programme-2021-2027-vision-healthier-european-union\\_en](https://health.ec.europa.eu/funding/eu4health-programme-2021-2027-vision-healthier-european-union_en) [Accessed 5.05.2024].
- 6) Freeman, R. (2010). *Strategic Management: A Stakeholder Approach*. [on-line] Available at: <https://www.cambridge.org/core/books/strategic-management/E3CC2E2CE01497062D7603B7A8B9337F>. [Accessed 23.04.2024].
- 7) Freeman, R.E. and Evan, W. (1990). Corporate Governance: A Stakeholder Interpretation. *Journal of Behavioral Economics*, 19, pp. 337-359.
- 8) Gheaus, A. and Wild, V. (2016). Special Issue on the Ethics of Incentives in Healthcare. Universitat Pompeu Fabra. [on-line] Available at: <https://jme.bmj.com/content/43/3/138> [Accessed 16.04.2024].
- 9) Hegwer, L.R. (2019). *Beyond compliance: Healthcare CFOs face many situations in which ethics can guide decision-making*. [on-line] Available at: <https://www.hfma.org/leadership/financial-leadership/beyond-compliance-the-ethical-cfo/> [Accessed 18.04.2024].
- 10) Kesselheim, A.S. and Maisel, W.H. (2010). Managing financial and nonfinancial conflicts of interest in healthcare delivery. *Am J Ther.*, 17(4), pp. 440-3.
- 11) Maharaj, S.R. and Paul, T.J. (2011). Ethical issues in healthcare financing. *West Indian Medical Journal*, 60(4), pp. 498-501.

- 12) Manríquez Roa, T. and Biller-Andorno, N. (2022). Financial incentives for participants in health research: when are they ethical? *Swiss Medical Weekly*, 152(1122), pp. 1-3.
- 13) Mitchell, R.K., Agle, B.R. and Wood, D.J. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *The Academy of Management Review*, 22(4), pp. 853-886.
- 14) Muhlbacher, A.C. and Kaczynski, A. (2016). Making good decisions in healthcare with multi-criteria decision analysis: the use, current research and future development of MCDA. *Applied Health Economics and Health Policy*, 14(1), pp. 29-40.
- 15) Nelson, I. and Acosta, R. (2024). *Ethical Considerations in Financial Decision-Making within the Healthcare Sector*. [on-line] Available at: <https://www.linkedin.com/pulse/ethical-considerations-financial-decision-making-lcdo-nelson-iván-vtase/> [Accessed 26.04.2024].
- 16) Paganelli, M. P., Rasmussen, D. C., and Smith, C. (Eds.). (2018). *Adam Smith and Rousseau: Ethics, politics, economics*. Edinburgh: University Press.
- 17) Rosenthal, M.B. and Reich, M.R. (2014). Transparency and public accountability in health care. *New England Journal of Medicine*, 370(8), pp. 694-696.
- 18) Sulmasy, D.P. (2016). Ethical issues in health care finance. In: D.E. Shapiro and T.E. Hansen, eds. 2016. *Fundamentals of Health Law*. 7th ed. American Health Lawyers Association, pp. 105-116.