"Integrating Ethics with Compliance"

By Jeffrey C. Oak, PhD

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Integrating Ethics with Compliance

By Jeffrey C. Oak, PhD, Senior Vice President of The Council of Ethical Organizations and Health Ethics Trust℠. From **The Strategy Book for Health Care Compliance Officers** *(AIS: 1999).*

Introduction

Within the arena of health care compliance, there is little dispute about the central role played by the 1991 Federal Sentencing Guidelines. Controversy certainly surrounds the comparative scope of authority of the Department of Justice and the Department of Health and Human Services' Office of the Inspector General, as it relates to enforcement issues. Moreover, it is widely acknowledged that the application of the Guidelines in cases of corporate misconduct appears to be more a matter of legal negotiation than textual interpretation. In other words, despite the detailed algorithms and formulae pertaining to the assessment of culpability and the determination of fines, specific cases suggest that the amount of the fine levied by the federal government is more a function of what it thinks an organization can afford to pay, than anything else. Nevertheless, the Sentencing Guidelines are important, and corporations do well to heed the counsel and advice that they offer.

In the general remarks at the beginning of the Guidelines, the Commentary underscores the point that an organization's compliance program must be "effective" if that organization hopes the government will look favorably upon it. The "hallmark" of effectiveness is the likelihood that the program will have the capacity to prevent and detect violations of the law, as well as to report such violations to the applicable authorities or agencies when they occur. The Guidelines then spell out the much discussed "Seven Elements." These seven elements represent the minimum definition attached to the notion of "due diligence" by the Sentencing Commission. Thus, it is actually "due diligence" which really stands at the heart of compliance effectiveness, not the seven elements per se.

Although the concept of "due diligence" enjoys a central place

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within the domains of legal and regulatory affairs, it can be understood best by examining its place within the domain of ethics. In this respect, ethics ought to serve as the framework for an effective compliance program. When this framework is not clearly understood or solidly built, the edifice of an impressive looking corporate compliance program is in danger of collapsing of its own weight. Picture the framing of a house, where the main trusses and support beams are made of balsa wood: it may hold for a short time, but when any real pressure is applied it is too weak to stand. So it goes with a compliance program that lacks the strong bracing of ethics: it cannot bear the weight of real organizational pressure without collapsing.

It is the broader and less tangible dimensions of "due diligence"—not the more readily definable seven elements used to explicate it—which will be the focus of this article. In particular, it will examine the ethical dimensions which underlie and support due diligence. Just as it is possible to have an elaborate and attractively appointed house, the trusses for which may be as weak as balsa wood, so also it is possible to have an elaborate corporate compliance program with apparent evidence of all seven elements, but absent an enduring ethical framework. Through this examination of ethics and its relationship to corporate compliance, this article examines three questions for those charged with overseeing a healthcare corporate compliance program: (1.) Is there a difference between ethics and compliance? (2.) Does compliance, as it is customarily understood, address the full range of issues with which an organization needs to concern itself? And finally, (3.) What does an ethics mindset provide that a compliance mindset does not? Taken together, these questions drive toward the practical conclusion that a compliance program cannot realistically achieve even minimal legal compliance without an ethics or values-based aspect.

The principal aim of this article is to underscore that compliance without ethics is ineffective because ethics provides an enduring framework. But it should also be noted that the opposite holds true as well: a stand-alone ethics program without legal compliance is equally ineffective, because an organization needs

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to understand the legal and technical details related to compliance risk. To return to the metaphor of a house, whereas ethics provides the strong internal framework necessary to support the programmatic structure, compliance provides the blueprint for assembling the various other systems necessary to make the building complete. The truth is that an organization needs both organizational ethics and legal compliance to build an effective corporate integrity program.

Is there a difference between compliance and ethics?

There are important differences between compliance and ethics. These differences are apparent in the goals, assumptions and organizational by-products that tend to characterize each respective approach.

Goals

The primary goal of corporate compliance can be pulled directly from the Sentencing Guidelines themselves: to prevent and detect unlawful or improper conduct within an organization. In turn, avoiding improper conduct is the surest way to avoid costly litigation, embarrassing investigations, and overwhelming fines. To help avoid unlawfulness and its ominous consequences in the corporate arena, the decision-makers within an organization must learn how to justify their decisions to government agencies, payors, the press, and other key external stakeholders in the public arena. Corporate managers must ask themselves, How would I explain what I am about to do to a regulator, an investigator, and a reporter? It follows from this focus on avoiding unlawfulness that the primary objective is to follow the "letter of the law" as it relates to legal and regulatory requirements. This is not to suggest that a good regulator or lawyer wouldn't give attention to more than the mere letter of the law. But it does underscore that the leading edge of a compliance mindset is focused on avoiding violations of the law, as it is

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presently written in black and white.

By way of contrast, the goal of corporate ethics is not merely to avoid unlawfulness but rather to encourage responsibility and inspire excellence among employees. Doing so creates value and serves as a catalyst for ongoing quality improvement within an organization, whether healthcare related or not. The aim is a corporate culture that fosters a broad-based sense of individual responsibility, and encourages employees always to set their sights higher on the horizon. Within such an outlook, decision-making is conducted with an eye to justifying one's actions not only to external stakeholders in the public arena, but also to internal stakeholders. When faced with a major decision, managers do well to ask themselves not just the legal questions likely to be asked by public stakeholders such as those mentioned above. Managers should also ask questions of an ethical sort, such as what might be asked in relation to "private" stakeholders: Would I be able to justify this decision to my spouse, my children, and most importantly, to myself? With this orientation, the primary objective is to follow the "spirit of the law" as it relates to legal and regulatory requirements, and not just the "letter."

In addition, an ethics mindset aims to address issues which are not directly related to law, whether its letter or spirit. In other words, there are patterns of conduct which are perfectly legal, but which violate widely shared assumptions of what is ethical and proper. For example, there is a broad range of behavior in the workplace which is disrespectful and unfair, but which does not rise to the level of legal harassment or bias. Such behavior does not violate the letter of a law, and it may not even violate the spirit of a law. But it is still wrong, ethically speaking. An ethics approach encompasses not only the spirit of the law, but also misconduct that is beyond the reach of the law. Moreover, it addresses not just the avoidance of negative or unethical conduct, but also the promotion of positive or exemplary conduct. In sum, whereas the goal of compliance is to avoid unlawfulness, the goal of ethics is to encourage a broad-based sense of responsibility. In comparison to other industries where compliance has come to play a major role (e.g. defense and financial services), this point is

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particularly germane in health care, which is animated by its own robust, pre-existing ethic of care. A healthcare compliance program will be much more effective if it places substantial emphasis on this ethic of care in its training and code of conduct.

Assumptions

The principal goals of corporate compliance reveal a number of key assumptions. With an emphasis on preventing unlawfulness, avoiding litigation, justifying decisions to government agencies, and following the letter of the law, it is clear that compliance assumes a rule-based orientation. More to the point, it assumes that the "what" and the "how" of a given rule are most essential: what does the rule say, and how does it work in practice. Laws, rules and regulations are presumed to be black and white: they are straightforward in their interpretation. Thus, compliance with these rules is primarily a matter of dotting one's "I"s and crossing one's "T"s as it relates to formulating policy and procedure. Another key assumption of compliance relates to its overarching view of human motivation. In this regard, the compliance mindset subscribes to what might be called a "deterrence theory"[2] of motivation, which employs mandates, procedural controls, and threats of punishment to manage and motivate people. Such mandates and threats deter those forms of conduct viewed as potentially harmful to the organization. Management through fear and submission is its familiar cousin. Once the outlines of deterrence theory are set within a compliance approach, it also becomes clear that its organizational posture is adversarial: it assumes one must work against the grain of an employee's sloth, ignorance and disobedience to get him or her to act in desired ways.

The key assumptions of an ethics approach stand in sharp contrast to a compliance approach. Whereas compliance assumes a basis in the rules, ethics is values-based. This is not to suggest that rules have no place. Rules and regulations certainly can and do play a significant role in an ethics approach. But whereas compliance focuses on the "what" and the "how" of a given rule, ethics focuses on the "why": Why does a rule exist? What

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purpose or aim is it meant to serve? What values and principles does it aim to protect? These questions should be incorporated into both the general training for employees, as well as the more technical training focused on specific regulations. These are not questions that always lend themselves to straightforward, or black and white answers; they are questions that are directed at the root or foundation of a rule, and they are important to ask for precisely this reason. If they are not asked and discussed in training, employees will never be able to function in the gray areas.

In addition, ethics examines issues that lie beyond the sometimes limited scope of the rules. For example, it addresses the slippery and less tangible issues related to corporate culture such as employee perceptions of fairness, consistent enforcement of policy and procedure, and the degree to which upper management listens and cares about employee concerns. These less tangible issues pertaining to corporate culture should be included in any comprehensive organizational risk assessment. Such assessments should be conducted not only in conversation with upper level management, but also in conversation with rank and file employees who, if given the opportunity, will describe what the organization is really like on the front lines. Addressing questions pertaining to the rationale behind the rules, to issues that lie beyond the scope of the rules, or to matters of corporate culture is not simply a matter of dotting "I"s or crossing "T"s. Whereas writing a policy and procedure is a relatively unambiguous expository activity, interpreting and implementing one in the context of a particular corporate culture is a management activity filled with various shades of gray. In other words, a focus on values brings one into the realm of ethical decision-making in the management setting, which is more art than science.

An ethics approach can also be differentiated from a compliance approach in the assumptions it makes about human motivation. In addition to the limited and strategic use of punishment and procedural controls as in "deterrence theory," ethics also makes use of what we might call "aspiration theory," which appeals to an individual's sense of values, commitment and desire for

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excellence in order to motivate. On this point, ethics makes use of a collaborative approach to problem solving, in addition to the adversarial approach that tends to characterize compliance. This does not mean that ethics looks through rose-colored glasses, and views all persons as honorable, good and true. But an ethics mindset does reach beyond the perspective that organizations must work unrelentingly against the grain of an employee's inescapable tendency to be non-compliant. Ethics assumes that individuals can be—and often are—motivated to follow a course of action simply because it is the honorable and good thing to do. Once again, this is especially fitting in the healthcare context, where the motivation of caregivers to do good, to render help and to serve those in need figures so prominently. Appropriate and judicious appeals to this sense of vocation among caregivers can help transform compliance training from mandatory drudgery into a powerful opportunity to strengthen morale and a sense of vision among employees within the organization.

Organizational By-Products

Another difference between compliance and ethics is in the organizational by-products each tends to yield. These by-products may not be intentional, and they are certainly not inescapable. But because of the goals and assumptions that animate these respective approaches, there is a central tendency in each which is important to note, and which shapes the culture of an organization whose approach and mindset can be characterized in one of these two ways. If there is too much of a focus on rules and regulations, and in particular on the "what" and the "how" of these regulations, one by-product of the compliance approach is that it can unwittingly encourage "gaming" of the rules. That is, gray areas in the landscape that the rule is meant to cover are sought out and used to one's advantage, even if the spirit of the rule is compromised or violated in the process. This gaming tendency breeds within the corporate culture cynicism, skepticism and a mentality focused on protecting one's own interests, even if this results in infringing on the interests of others. Moreover, compliance can deaden the

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moral sensibilities of employees when it sends the message that if there is no rule to cover this situation, you do not have to worry about it. Needless to say, no policy, no rule, no regulation—no matter how numerous they are nor how broadly written—can possibly cover every situation or circumstance. This is the biggest limitation of a strict, rule-based approach such as that which can characterize the compliance mindset.

In contrast to the gaming of the very rules that take center stage in a compliance approach, an ethics approach focuses on values and thus encourages "good faith" efforts. When one's first concern is with the rationale for a rule, as is the case with ethics, it follows that one's efforts are aimed at protecting or advancing the fundamental ethical principle that is at stake. Just because there is no explicit rule in a given situation, does not mean you do not have anything to worry about: a particular value or principle could still be in danger of being compromised. In other words, for ethics the spirit of the law IS the law.[3] Here we can see that one key organizational by-product of an ethics approach is that it enlivens moral sensibilities among employees. When moral sensibilities are enlivened, a sense of individual responsibility is encouraged. And when people take responsibility for themselves and their labor, the need for monitoring them decreases. This makes good business sense.[4]

Employees are extremely perceptive when it comes to discerning the true motives of management. If management is saying all the right things when it comes to rules and regulations, yet fails to give credence to the fundamental purpose of these guidelines when it comes to actual decisions, employees pick up on this. By way of contrast, if management's actions are consistent with its words, employees perceive this as well. The only sure way for management to gain a reputation in the eyes of its employees that it acts in good faith is, in truth, to act in good faith. This management orientation promotes high morale and productivity, cultivates individual responsibility, and contributes to a corporate culture of creativity.[5]

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Does a compliance mindset address the full range of issues which an organization needs to be concerned about?

The preceding discussion describes several specific ways in which mindsets focused on compliance and ethics are different. The next question relates to whether the compliance mindset is adequate to address the full range of issues with which an organization needs to concern itself.

Issues of Concern to an Organization

There are a whole host of issues which an organization may have to address if it hopes to be responsive to the ethical dimensions of due diligence. The full range of organizational issues can be broken into three broad categories.[6] First, *material injury* refers to direct and tangible harm to an organization or its principal stakeholders. Within the context of health care compliance, examples of material injury include: a qui tam lawsuit; litigation and federal fines resulting from a government investigation; a sentinel event causing harm to a patient (and the resulting public relations implications); and employee injuries or environmental exposures resulting from accidents or recklessness. In each case, the damage to the organization is immediate, and has a direct and negative material impact, whether through the payment of fines, the loss of public trust, the degradation of the corporation's reputation in the community, or physical injury to a patient or employee.

The second category of organizational concern pertains to the *violation of basic rights*. Examples from health care include: compromising patient confidentiality; the absence of due process in employee discipline; or violating human dignity by not respecting a patient's right to self-determination in end of life decision-making. Each of these situations can ultimately lead to material injury: betrayals of confidentiality and violations of the Patient Self-Determination Act (PSDA) can lead to citations or fines, and a costly labor hearing can result from the absence of due process. But even if these forms of misconduct are not discovered

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and punished—and thus do not result in direct material injury to an individual or the corporation—the harm to the organization and its stakeholders is real. The beachhead of an organization's reputation can be destroyed as readily through the slow and steady erosion of public trust, as through a single tidal wave of misfortune. But more to the point, the violation of a basic right is wrong in itself, even when no material injury to an individual or the corporation comes to light. It is wrong in itself because harm to an individual, even if nonmaterial, is still harm.

The final category of issues to which an organization should pay attention is *indifference to moral values*. This refers to situations where there is neither material injury to the corporation, nor the violation of a basic individual right. It refers to situations in which there is a failure to contribute positively to a culture of responsibility, excellence and ethical resourcefulness. Examples of indifference to moral values include: breaking promises to colleagues, subordinates or patients; failing to make adjustments in the workplace in order to achieve fairness; acting in bad faith by merely heeding the letter of the law and not its true spirit; being disloyal toward those to whom one has made a commitment (whether explicit or implied); and "ethical passivity," which is being passive in the face of an opportunity to demonstrate leadership and moral excellence. This third category is more ambiguous than the previous two, because the situations it encompasses are not ones of immediate injury or harm. They are failures of corporate character more than of corporate conduct.[7] Such failures of character have a negative effect on the culture of an organization. And when such negative forces shape the culture of an organization, material injury and violations of basic rights are more likely to occur.

To build an effective corporate integrity program, the code of conduct, training and monitoring procedures should be responsive to all forms of organizational risk. Moreover, in selecting who should serve as the compliance officer within an organization, CEO's should look for someone who has a keen eye and a responsive ear not only for the obvious and immediate risks, but also for the more subtle and longer-term forms of risk.

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The Dynamics of Law

In order to address the full range of issues with which a corporate compliance program needs to be concerned, it is also important to note that the law is dynamic. In short, the law changes. The law is flexible enough to reach misconduct that one does not think to be illegal now.

This dynamism can take several forms. One form derives from changes in societal values. Values themselves are dynamic, and when they change the law often follows. If we take a broad view of history, countless examples present themselves. There was a time in European history when charging interest for money borrowed was considered to be morally offensive. It was called usury, and there were laws against it. In our own nation's history, slavery at one time was condoned. When societal values changed, and after the nation was torn asunder by a civil war centering on these moral and political values, the laws changed accordingly. Within health care there was a time, not so long ago, when there were no laws or regulations requiring informed consent for medical procedures or research. As practitioners, patients and health care leaders came to terms with the ethical issues at stake in this, the gap was filled and regulations were written. Sometimes societal values change, leading to changes in the law.

The dynamism between law and ethics can take another form as well. In addition to the examples cited above, where values change and subsequently the law changes to reflect this, there are examples of how changes in legal compliance and enforcement help drive changes in society's values-based commitments. For example, in the areas of sexual harassment and the environment in the United States, changes in enforcement patterns have strengthened, and arguably even helped to create, new ethical commitments in these areas.

Acknowledging these two forms of dynamism in the healthcare context—where values change causing a shift in the law, and where laws change causing a shift in values—need not lead to a council of despair as it relates to compliance. It may be tempting for some compliance officers to throw up their hands and say, "If

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laws and regulations can change, why even bother with a compliance program?" A more constructive response would be to recognize the inevitability of change, and to structure your compliance program accordingly. One way to do this is the following two step process in structuring the compliance program. First, make sure the compliance officer has access to competent and knowledgeable legal counsel in order to clarify the most current and technical dimensions of specific risks. In other words, compliance officers need to be able to access an informed legal opinion. And second, make sure he or she is not totally controlled by, or subsumed under legal counsel. The compliance officer must have the authority and the resources to function independently from counsel, in order to be able to offer a countervailing ethical opinion, most notably in those cases where the conduct at issue is technically legal, but doesn't smell right ethically. The interpretation of the law cannot, and should not, substitute for the exercise of one's conscience and judgment.[8] Thus, the program should be structured in such a way as to allow a sensitive conscience to function freely and without constraint.

Taking into account the broad range of concerns which pose various types of risk to an organization, the focus returns once again to the relation between compliance and ethics. Legal compliance customarily focuses on material injury and the most serious violations of basic rights. It addresses those issues which can be readily mandated through law, regulation or procedure. Because of its rule-based character, compliance is ill equipped to address an indifference to moral values and other intangibles which cannot be readily mandated, but which nevertheless can harm an organization over the long-term. Moreover, legal compliance offers an enumeration of legal risks, but it may not offer an ethical assessment of how to proceed based on the presence of those risks.

In contrast, a values-based ethic raises the bar by focusing on those concerns that are not readily mandated or enforced by law or procedure. Ethics focuses on corporate culture by addressing values-related issues within an organization. With such issues, there may not be any immediate danger or damage, but serious

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long-term consequences loom on the horizon. Some organizational concerns relate to the avoidance of harm and immediate injury. Other concerns relate to promoting benefit and aspiring to higher values. Moreover, an ethics mindset provides a perspective on the moral dimensions of day to day management decision-making. Thus, a strong ethics component working in tandem with a strong compliance component is the best way to serve the long-term interests of a health care corporation and its broad range of stakeholders.

What does an ethics mindset provide that a compliance mindset does not?

Already it is clear that an ethics mindset addresses some key organizational concerns that a compliance approach typically does not. In addition to its sensitivity to values-related issues embedded in the culture, organizational ethics provides a helpful perspective on two additional matters: corporate inertia and human motivation.

Corporate Inertia

The literature in business management is chock full of books on change. This reflects the common sense recognition that organizations do not take well to change. Anyone who has been closely engaged in quality improvement initiatives in a health care organization, for example, can attest to how slow, how torturous and how incremental positive change usually is.

Corporate compliance is, in part, an exercise in organization-wide quality improvement, to the extent that it aims to improve organizational performance as it relates to regulatory requirements. It is important to note that the forces of inertia and resistance in organizations are so strong, so powerful, that even if the organization only wants to meet the bare minimum (e.g. to avoid a qui tam and federal fines), it must aim much higher. In other words, *the gravitational pull within most corporations will* drag down efforts at improvement. If you aim at the bare minimum, you will end up well below the minimum. If you want

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to end up at the minimum, you must aim well above it.

Returning to the discussion of the types of issues with which an organization must be concerned, even if it seeks merely to avoid the most damaging forms of material injury, an organization must raise its sights and also give attention to issues of basic rights and indifference to moral values. These are far less tangible issues. But they are no less important.

Human Motivation

Consideration of the contrasting assumptions that lie behind compliance and ethics respectively, ties in directly with the issue of human motivation. With its emphasis on procedural rules, preventing misconduct, and obeying the law, a compliance approach takes an adversarial posture toward employees. At the root of this adversarial stance is a theory of human motivation that centers on deterrence: the best way to channel and suppress undesirable conduct is through the application of externally imposed standards. Examples include mandates, procedural controls and most importantly, the threat of punishment. Deterrence theory holds a darker view of human nature. Deterrence through the threat of punishment is effective and perhaps even necessary in certain situations e.g. when an employee shows persistent defiance, or when the potential misconduct is egregious. But when used persistently over time, management through fear and intimidation wears very thin indeed, to the extent that it ensures that employees will never raise their sights.

Management through fear has another major flaw: a near-term fear usually trumps a longer-term fear. For example, employees can be driven into ethical or legal misconduct by their immediate fear of displeasing an angry or disapproving supervisor. In addition, people become desensitized to their own fear, and to those realities which trigger a fearful response, such as the prospect of a qui tam suit or a government investigation. As a *practical matter, whenever possible compliance training should* avoid the use of fear to motivate and instruct – though admittedly

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fear can be very effective at getting people's attention. Fear may be used to get employee's attention, but something else is needed to sustain it e.g. the need to do the right thing, simply because it's the right thing.

This is where the use of aspiration theory in an ethics approach becomes relevant. With its emphasis on well-grounded values, the encouragement of responsibility, and following the spirit of the law, ethics assumes a collaborative posture with employees. Aspiration theory appeals not to mandates and fear, but to an individual's sense of values, commitment, and desire for excellence in order to motivate and inspire. These are powerful internal standards, which organizations can either kindle or extinguish. An effective organizational assessment will shed light on whether such internal standards are cultivated or suppressed by cultural practices within the organization. To the degree that they guide behavior, values are self-imposed by the individual. But organizational norms shape how readily they are permitted to come into play. In contrast to the darker view of human nature which characterizes deterrence theory in the compliance mindset, an ethics mindset makes use of the aspiration theory of human motivation, which appeals to the better angels of our nature.

Conclusion

Due diligence stands at the heart of effectiveness in healthcare compliance, and the less tangible ethical dimensions of due diligence should not be lost in the shuffle of putting together a program. There are important differences between compliance and ethics that should be recognized in this process. There are a variety of issues that can arise within an organization, and while some of these issues can be addressed best by a focus on compliance, others require a focus on ethics.

This chapter has highlighted the differences that exist between compliance and ethics. But these differences underscore the need to bring the two approaches together. Each approach has its strengths and its limitations. On one hand, by focusing on rules, procedures and other external controls, compliance provides an

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essential blueprint for assembling the various systems necessary to achieve corporate effectiveness. This training manuel is a testament to the difficulty and the importance of putting this structure together in the health care sector, which is multifaceted and extremely complex from both the regulatory and reimbursement standpoints. Make no mistake, the letter of the law in all its technical detail must be clearly understood. On the other hand, by focusing on values and the rationale behind the rules, ethics provides strong motivation in support of proper conduct, as well as the essential internal framework, without which the complex structure of compliance cannot stand.

In short, compliance and ethics should be integrated in order to create a more comprehensive and effective corporate integrity program. When a clear understanding of the legal rules is woven together with a genuine commitment to ethical values, the result is an enduring sense of corporate responsibility. This integration will not only help protect healthcare organizations from the harm of a qui tam lawsuit or federal fines. It will also empower them to fulfill their mission to contribute to the health of their communities.

Notes

1. I am indebted to Mike Rion and Geralyn Kidera for their insightful suggestions on earlier drafts.

2. Lynn Sharpe Paine also uses the term "deterrence theory" in the context of organizational ethics, but with a slightly different emphasis on viewing people as "rational maximizers of self-interest." See her "Managing for Organizational Integrity," *Harvard Business Review* March-April 1994, p. 110.

3. A caveat to this which needs to be stated is that not all laws can be traced back to ethical foundations. For example, certain laws and regulations have their genesis not in ethics, but in the need to preserve social order or to lubricate the wheels of governmental or institutional machinery. To put it differently, sometimes the letter of the law is all there is; there is no animating spirit.

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4. Jeffrey Pfeffer develops the business case for high commitment work and management practices which are consistent with sound corporate values. He states that the biggest effect on organizational performance "comes from eliminating positions the primary responsibility of which is to watch people who watch people who watch people who watch people who do the work." *The Human Equation: Building Profits By Putting People First* (Boston: Harvard Business School Press, 1998), p. 61.

5. In their celebrated book, *Built To Last: Successful Habits of Visionary Companies* (New York: Harper-Collins, 1994), James Collins and Jerry Porras provide compelling empirical evidence to suggest that one characteristic which truly visionary companies share in common is a set of enduring "core values." See Chapter 11, "Building the Vision."

6. See Michael Rion, *The Responsible Manager: Practical Strategies for Ethical Decision-Making* (Amherst: Human Resource Development Press, 1996), p. 60.

7. The "character" of a corporation is shaped by a number of factors: institutional processes and structures, accepted patterns of behavior and the character of its key leaders. For an excellent analysis of the last factor, which is highly relevant for compliance officers and CEO's, see William May's discussion of the relevant virtues for moral leadership in the business arena: the traditional virtues of industry, honesty and integrity; public-spiritedness; the art of acting in concert with others; discernment; and courage. "The Virtues of the Business Leader" in *On Moral Business: Classical and Contemporary Resources for Ethics in Economic Life*, ed. By Max L. Stackhouse, Dennis P. McCann and Shirley J. Roels with Preston N. Williams. (Grand Rapids, MI: William B. Eerdmans, 1995), pp. 692-700.

8. In his analysis of a recent conviction of two hospital administrators and two physicians in Kansas City, Mark Pastin offers an interpretation of the dynamic between law and ethics which is instructive for compliance officers. "The goal in seeking legal advice is to learn what the risks are. You still have to assess the risks..... Even if a certain practice or arrangement is judged to be on the legal side of the line by counsel, the compliance officer may feel that it is practically and ethically wise for the organization to keep a greater distance from the line. *How close to ride the line is not a legal decision.* It is an ethical one." "A Conviction in Kansas City: It's Time to Get Serious About Compliance," *The Pastin Report on Health Care Compliance*, Vol. 2 No. 4, April 1999, p. 2.

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