**Case 2-10**

**Gateway Hospital**

Troy just returned from a business trip for health care administrators in Orlando. Kristen, a relatively new employee who reports to him, also attended the conference. Troy works for Gateway Hospital, a for-profit hospital in the St. Louis area. The Orlando conference included training in the newest regulations over health care, networking with other hospital administrators, and reports on upcoming legislation in health care. The conference was in early March and coincided with Troy’s kids’ school spring break so the entire family traveled to Orlando.

The hospital’s expense reimbursement policy is very clear on the need for receipts for all reimbursements. Meals, for those not included in the conference, are covered within a pre-set range. Troy has never had a problem following those guidelines. However, the trip to Orlando was more expensive than Troy expected. He did not attend all sessions of the conference to enjoy time with the family. Upon return to St. Louis Troy’s wife suggested that Troy submit three meals and one extra night at the hotel as business expenses when they are personal expenses. Her rationale was that the hospital policies would not totally cover the business costs of the trip. Troy often has to travel and misses family time that cannot be recovered or replaced. Troy also knows his boss has a reputation of signing forms without reading or careful examination.

Kristen is approached by the head of the accounting department about Troy’s expenses that seem high and not quite right. Kirsten is asked about the extra night because she did not ask for reimbursement for that time. Kristen knows it can be easily explained by saying Troy had to stay an extra day for additional meetings, a common occurrence for administrators, although that was not the case. She also knows that the hospital has poor controls, a culture of “not rocking the boat,” and other employees have routinely inflated expense reports in the past. Assume you are in Kristen’s position. How would you respond to the inquiry of the head of the accounting department? In considering your response, evaluate the following issues.

**Questions**

1. **What is at stake for the key parties? What is at stake for you (Kristen)?**

The key parties in the case are Troy, his wife, Kristen and the hospital. Troy has performance reviews and status as a supervisor at stake. He and his wife also have at stake the reimbursement of expenses (in the short-term the expenses may seem high, but in the long-term the amount is material). Kristen as a new employee is in a position of having to lie about the expenses or act as a whistle-blower on Troy. If Kristen chooses to lie for Troy, it may be the start of the slippery slope and she may be expected to lie more in the future or about larger amounts. If Kristen chooses to act as a whistle-blower she may have trouble fitting in at work and finding work friends. Kristen may wish to a neutral option of maybe giving the conference schedule to the accounting head so Troy would have to explain instead of her.

1. **What are the main arguments that you [Kristen] are trying to counter assuming you know Troy’s position on the matter and what are the reasons and rationalizations you need to address?**

Troy may want to argue that it is only one night, he has been a long time employee, the amount is not material, everyone else does the same, and that he will cover for Kristen in the future. Kristen will need to be prepared to counter each of those rationalizations. She may also want to explain why she does not want to go against her values of honesty, integrity, responsibility, and trustworthiness. She also explain in fairness to other employees, the firm can pay personal expenses for one employee but not for others.

1. **What should Kristen do and what ethical considerations should influence her decision?**

Kristen should articulate her values that are important to her, such as the honesty, integrity, responsibility, and trustworthiness. She should look for enablers in the company to support her position. She should also consider whether she wants to work for a supervisor or a firm that puts her in a position of lying about proper expense reimbursement policies and procedures.