

Alberta Doctors' Digest

Alberta Health Services

The allegations in the lawsuit commenced by the former CEO of Alberta Health Services (AHS) against AHS and the Ministry of Health has shone a spotlight on the inherent governance difficulties AHS has historically encountered, and the inevitable conflicts between a government sponsored and funded corporation, and government itself. It also illuminates the ultimate power that the minister has enjoyed, and exercised, over AHS and its predecessors.

It's safe to say that AHS and the Ministry of Health have always enjoyed a cool relationship, notwithstanding their publicly expressed joint focus on the health care of Albertans. The fragility of that relationship, however, arises in part because of the continual struggle over governance, as well as the age-old problem of "finding the money".

Some history is useful.

In 1994, the Klein government passed the *Regional Health Authorities Act* which, amongst other things, abolished almost 200 existing local and public health boards, and replaced them with 17 regional health authorities. Prior to the passage of this legislation, hospital boards enjoyed relative autonomy despite receiving funding from the Ministry of Health. The members were typically appointed from the local community, and could raise additional funds through hospital foundations.

These new regional health authorities would each be governed by a board of directors appointed by the ministry, and would ultimately be responsible to the Minister of Health who would retain the right to terminate the board and install interim leadership where required. This was the start of the uneasy relationship between regional health authorities and the minister's office.

Following on heels of the 2004 consolidation of regional health authorities from 17 to 9, in May of 2008, then-Minister Ron Liepert announced that as of April 1, 2009, there would be one provincial organization to be known as Alberta Health Services replacing the surviving existing authorities. In addition, the Alberta Mental Health Board, the Alberta Cancer Board and the Alberta Alcohol and Drug Abuse Commission would be dissolved and their services transitioned to the new public corporation.

Like its predecessors, AHS continued to be under the ultimate control of the Minister of Health, who retained the power of final "say" over AHS decisions and to potentially dismiss the board and assume direct control of AHS operations. In addition, the Minister of Health, through the Treasury Board, retained control over the AHS budget.

Critics of the consolidation of regional health authorities rightly expressed concerns about the ability of this new corporation to manage over 850 facilities throughout the province; oversee a budget in excess of \$15 billion; and employ a staff of over 125,000 employees as well as contracting with over 10,000 physicians.

Since 2009, it's been no secret that AHS struggled to meet its targets, stick to its budget, and most importantly, maintain the level of care that Albertans have come to expect from

their public health system. AHS has seen multiple instances where the minister has exercised their right to dismiss the board or has overseen the termination of chief executive officers by the appointed board. From the perspective of the Alberta Medical Association, negotiations with AHS in relation to physician contracts, payment of stipends, terms of service and other such matters have been difficult, at times fractious, and always set against a backdrop of insufficient funding and fiscal restraint.

The concerns regarding the unwieldiness of AHS were addressed in 2011 through the creation of five “zones”, each with its own zone medical director and with independent authority to hire staff and buy equipment. To quote the former leader of the Wildrose Party, “Trying to centrally plan a \$10 billion health system just isn’t possible.” However, the continuing concerns regarding AHS’ inability to operate independently were proven to be well-founded.

Fast forward to 2023 when the UCP government floated out the concept of de-centralizing AHS operations by forming four “silos” administering Primary Care, Acute Care, Mental Health Services, and Continuing Care. As provided for in the recent amendments to the *Regional Health Authorities Act* (now called the “*Provincial Health Agencies Act*”), these silos will become “Provincial Health Agencies”, each governed by its own management structure and each enjoying its own sector minister. The sector minister will enjoy the same powers of oversight over each provincial health agency, including the right to determine the organization structure, the composition of departments, the number and function of management personnel and the budget of each agency. The sector ministers will be accountable to, and report to, the Minister of Health.

One could rightfully question just how this diversification will result in more efficiency and less wasteful spending on administration, but that is a topic for future consideration once all is implemented.

Where does all of this leave poor old AHS, which under the new legislation will continue as one of many regional health authorities which will now administer one of many “health regions”? According to the *Provincial Health Agencies Act*, while a health region appears to be a geographic area, the new “regional health authority” shall consist of “the number of persons determined by the Minister who are appointed or elected in accordance with the regulations.” So no one really knows just what AHS will be, least of all the poor sods still working at AHS.

Coming full circle, the re-organization of AHS will likely result in AHS being responsible for the administration of hospitals. Primary care will be dealt with as a sector, as will acute care and continuing care. In fact, it’s entirely possible, if not likely, that AHS will become the acronym for “Alberta Hospital Services.” Who knows what will happen to existing agreements between physicians and AHS, let alone who physicians will be negotiating new deals with.

However, it’s safe to say that the lattice wall/façade that previous governments tried to maintain between the former AHS and the Ministry of Health has essentially been demolished. The government appears to have finally, and formally, recognized that throughout the troubled history of regional health authorities in Alberta, the Minister of Health has always been the wizard behind the curtain.

Postscript:

As of the date of writing, Health Minister Adriana LaGrange and Premier Smith recently held a formal press conference to address the allegations in the CEO's Statement of Claim where they announced that LaGrange would remain on as health minister and a "legal conflict wall" would be established within AHS and Alberta Health while a third party investigates the allegations, despite calls for a public inquiry. Perhaps a little too late for any walls to go up?

Editor's note:

The views, perspectives and opinions in this article are solely the author's and do not necessarily represent those of the AMA.

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