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Alberta's United Conservative Party Government Reorganizes to Further Privatize Health Care

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A Commentary

Commentaries are reflection pieces prompted by a HRA or CHRA, and either provide background information or respond in some way to conclusions reached in a HRA or CHRA.

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1 INTRODUCTION

Since the 1990s, Alberta has been a leader in attempting to reform its health care system. These reforms have largely focused on delivery of services and governance. Underpinning these policy changes has been a continuing effort to promote privatization in the health sector, an idea which can be defined as the results of a range of strategic choices: “increasing out-of-pocket payments for care, private ownership, for-profit methods, privatized care work, private responsibility, and private decision-making regarding the organization and delivery of health care” (Bryant and Raphael 2020, 137). While these efforts have been tempered over the years by political leadership and fluctuations in the provincial economy, the renewed push by the current United Conservative Party (UCP) government appears to be the most overt and aggressive effort since the Ralph Klein government of the 1990s. This article provides an update from a recently completed book about Alberta's health care system (Church and Smith 2006; Church and Smith 2022).

Much of the efforts of the current government have focused on creating a legislative and governance framework to facilitate the contracting out of an increasing array of both core and ancillary health care services to private, for-profit providers. A longer-term goal appears to be a realignment of health care institutions away from bureaucratic and professional actors to a political-private alliance, substituting market mechanisms for hierarchical and network forms of health governance and facilitating a weakening of the power of physicians as the dominant interest in health care^{1,2}(Alford 1975; Freidson 1990; Church 2023).

2 POLITICAL CONTEXT

In March 2017, Jason Kenney became leader of the Alberta Progressive Conservatives, then the main opposition party to a New Democratic Party (NDP) government. Subsequently, he orchestrated the merger of the Progressive Conservatives with the Wild Rose Party, the other party of the Right, in July 2017. The newly minted UCP won the 2019 provincial election replacing the one-term NDP based on an agenda of cost cutting and privatization reminiscent of the first Klein government of the 1990s; in fact, Kenney deliberately invoked the memory of Ralph Klein and his political agenda of fiscal austerity during the run up to

¹Freidson (1990) characterizes bureaucratic labour markets as being driven by bureaucratic norms and hierarchy with an emphasis on reliability and quality. Within these markets, consumers can choose only between a limited range of services determined by governing bureaucrats at a predetermined and standardized price. Health providers compete to provide services based on professional credentials and delivery and quality standards. Professional labour markets are determined through occupational monopoly (protected markets) governed by professional collegial standards. Emphasis is placed primarily on public service (and quality) and secondarily on price which is often standardized by the professions. Finally, private labour markets are determined through competitive pricing and require full consumer knowledge of the trade-offs between different services and providers with an emphasis on profit maximization.

²During the 1990s, the government prevented physicians and nurses from sitting on newly created regional health boards as a means of reducing their influence on decision making.

the provincial election (Markusoff 2016). Under the NDP, the government had begun a process of consolidating laboratory services into a single publicly financed and managed service. The NDP had also proposed legislation at the end of its mandate (although never passed) to prevent further private contracting of health care services (Russell 2019; Trynacity 2019).

The new UCP government proposed a course reversal, announcing that it intended to re-privatize laboratory services, reduce the labour force in publicly funded institutions,³ increase the number and scope of contracts with private corporations for the delivery of health services, and contract out ancillary hospital services such as food, laundry, and cleaning. The government promised to increase the percentage of surgeries performed in private clinics from 15 to 30 percent within three years. (Trynacity 2019; Bellefontaine 2020b; Cook 2020; Hardcastle 2020; Parsons 2020; Russell and Rusnell 2020; AHS [Alberta Health Services] 2022).

3 LEGISLATIVE CHANGES

To facilitate the renewed push for a private market approach, the UCP government passed legislation to allow itself to enter directly into contracts with private health care corporations and other health market actors, effectively by-passing AHS. It also provided legislative clarity to the relationship between the government and AHS⁴ to end the 15 years of confusion as to where final authority for health decision making rested: the government and not AHS⁵ (Church and Smith 2022; CBC 2022). Finally, it granted itself legislative authority to unilaterally end the collective agreement with physicians in February 2020 – a warning shot across the bow of organized medicine⁶ (Doherty 2019; Bellefontaine 2020a; French 2020; Health Statutes Amendment Act 2020).

4 SERVICE DELIVERY CHANGES

In the wake of the legislative changes, health sector actors responded with AHS signing an eleven-year contract with K-Bro Linen Systems for all laundry services in health facilities across the province.⁷ AHS also launched the Alberta Surgical Initiative to increase the

³While labour issues during the pandemic curtailed these plans, the current government appears to be poised to moved ahead with labour force reductions through the proposed restructuring.

⁴Since 2008, AHS is the single provincial health authority responsible for the governance and delivery of all health services in the province.

⁵Between 2008 and 2023, a total of four full time CEOs, five temporary CEOs and four temporary administrators were appointed. The Board was replaced several times. In the most recent case, the government replaced the CEO with an administrator directly accountable to the Minister of Health. They also fired the Chief Medical Officer and the AHS Board in the wake of the pandemic.

⁶The Alberta Medical Association responded by launching a lawsuit against the government based on a perceived violation of the charter rights of physicians (Amato 2022).

⁷Previously, K-Bro had provided services mainly in Edmonton and Calgary.

system capacity to provides surgery through contracts with private clinics. At least two new market actors, one private (not-for-profit) and one private (for-profit), have emerged since the announcement. Additional contracts have been awarded to two private corporations to provide ophthalmological surgeries under the auspices of using private clinics to reduce wait times (Rusnell and Russell 2020; AHS 2021).

5 (PROPOSED) FUNDING CHANGES

Prior to being elected leader of the UCP and Premier of the province, Smith publicly stated that she believed that the private sector was best equipped to deliver health care. Included in this is the belief in privatization across all dimensions – that health care should be privatized through contracting out, competition and choice, the introduction of health spending accounts (HSAs), user fees, and delisting of services. If implemented as originally envisioned by the Premier, HSAs will be used to pay for both insured (co-payment) and non-insured services.⁸

Premier Smith has suggested that annual HSAs of CA\$375⁹ per person would provide Albertans with the choice to purchase additional non-insured health services. She has also suggested that the government portion of HSAs might be used to cover the cost of the annual budget for general practitioner (GP) services that are currently covered through public health insurance.¹⁰ Finally, she has suggested that co-payments for public health insurance be introduced based on a sliding income scale (Smith 2021, 12-13; Gibson 2022).

6 GOVERNANCE CHANGES

In November 2023, the Smith government announced a major reorganization of the health care system's governance, including the creation of five new provincial agencies with individual responsibility for: acute care (which is what AHS would be reduced to), primary care, continuing care, mental health and addictions, and procurement.¹¹ Each of these agencies will report to a supervising integration council of politicians and senior bureaucrats that will report to the Minister of Health. The new organizational structure will be introduced gradually over the next two years with the new acute and primary care agencies being introduced in the fall of 2024 (French 2023).

⁸If the services currently provided by GPs are included, this might violate the Canada Health Act, unless all services are de-insured.

⁹With matching contributions from individuals and employers.

¹⁰A previous Progressive Conservative government had suggested this connection when exploring re-introducing health premiums.

¹¹Where public health will fit into all of this is unclear.

7 CONCLUSION

Since the election of the UCP government in 2019, Alberta has moved aggressively to increase the role of private health care providers. Legislative and policy changes have empowered the government to contract directly with third-party, corporate providers – with several such opportunities being taken up – and facilitated major changes to the governance of Alberta's health care system. Taken together, these changes could be a harbinger for a major shift away from the traditional alliance between public and professional markets to a more symbiotic relationship between the political executive and the corporate private sector. Potentially underpinning this is a proposal to partially privatize the financing of health care through HSAs and delisting of services.

The recent changes to the health care system's governance structure will also remove the public market monopoly of AHS and replace it with what might best be characterized as a competitive internal market in which public, not-for-profit organizations and private, for-profit corporations might bid for service delivery contracts along the lines of the experiment attempted by the United Kingdom during and since the Thatcher era. Research suggests that while some efficiencies might be realized, the administrative and regulatory costs of contracting, the failure to resolve the major issue of wait times and diminished quality of care make such an approach questionable (Lister 2012; Lewis 2020; Church, Gerlock, and Smith 2018).

Although the government has walked back many of the proposed changes for physicians, it has also recently announced that it will allow nurse practitioners to practice independently and bill the government directly for the services that they provide, making them the only other group beside physicians to be publicly reimbursed for primary care services. Such a move challenges the market monopoly of family physicians and potentially displaces them from their unique relationship vis-à-vis the government (Lee 2023).

Taken together, these changes promise to weaken the power of both public sector bureaucrats and physicians collectively by setting up a privileged relationship between provincial politicians and third-party private sector actors. Under such a model, an increasing number of physicians and nurses will be employed by third-party corporations to provide a variety of health services. Under such circumstances, the power of professional associations and public sector unions will also be diminished.

If Alberta is successful, it will become the first jurisdiction in Canada to achieve this fundamental shift. If the services remain publicly administered (i.e., publicly funded), even if the basket of fully publicly funded services diminishes, Alberta will not be violating the Canada Health Act. However, the implication of such a shift – if it spreads beyond Alberta's borders – is a potential unravelling of the full scope of universal publicly insured health care in Canada.

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