

Misdiagnosis

Privatization and Disruption in Alberta's
Medical Laboratory Services



Rebecca Graff-McRae

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| | |
|---|-----------|
| Acknowledgements | iii |
| About the Author | iii |
| About Parkland Institute | iv |
| | |
| Executive Summary | 1 |
| 1. Introduction: Alberta's Political Tug-of-War Over Laboratory Services | 6 |
| 2. Examining the RFP: What Is at Stake? | 9 |
| Transparency | 11 |
| Competing Plans for the Future of Laboratory Services | 14 |
| 3. Who Benefits From Privatization? | 17 |
| Political Benefits | 17 |
| Financial Benefits | 19 |
| 4. Who Stands to Lose? | 25 |
| Lab Workers | 25 |
| Patients | 30 |
| <i>Quality and Oversight</i> | 31 |
| <i>Turnaround Time</i> | 32 |
| <i>Rural Access (any Community Outside of Edmonton and Calgary)</i> | 33 |
| Laboratory System | 35 |
| <i>Calgary Laboratories</i> | 35 |
| <i>Lack of Infrastructure</i> | 37 |
| <i>Lack of Equipment</i> | 38 |
| <i>Attraction and Retention of Lab Professionals</i> | 39 |
| <i>Instability</i> | 41 |

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| | |
|---|-----------|
| 5. Conclusions and Recommendations: The Future of Laboratory Services in Alberta | 44 |
|---|-----------|

| | |
|-----------------|-----------|
| Endnotes | 46 |
|-----------------|-----------|

Tables & Figures

| | |
|---|---|
| Figure 1. Timeline of Lab Services Delivery in Alberta | 6 |
|---|---|

| | |
|--|----|
| Figure 2. Respondents to Request for Expressions of Interest, Laboratory Services | 11 |
|--|----|

| | |
|--|----|
| Figure 3. DynaLIFE's Political Networks | 18 |
|--|----|

| | |
|---|----|
| Figure 4. DynaLIFE's Ownership and Investment Networks | 21 |
|---|----|

| | |
|--|----|
| Table 1. Comparison of Salary Ranges, Alberta Precision Laboratories and DynaLIFE, 2021 | 29 |
|--|----|

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About the Author

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Executive Summary

Laboratory workers are an integral part of the health-care system. The testing they do provides physicians with information necessary to complete diagnoses and choose treatment options for patients. Their role is critical to patient care but because the patient rarely sees them, they are often a forgotten element of the health-care team.

As the first wave of COVID-19 hit the province in March and April 2020, Alberta's medical laboratory professionals were finally heralded — deservedly — alongside other health-care workers as the heroes of the province's pandemic response. The newfound attention appeared to affirm the necessity of a well-resourced and adequately staffed laboratory service during this public health crisis and to reinforce the important role of medical laboratories in patient care. This, however, wasn't a lesson the provincial government was willing to learn. The professed respect for laboratory services and lab workers was superficial and short-lived.

WHAT CHANGED?

Alberta's laboratory services have been subjected to multiple experiments in privatization and fragmentation for the last three decades. Lessons from Alberta's past and the experiences of other provinces demonstrate that the systemic neglect of public laboratories — under-staffing, under-resourcing, and lack of equipment upgrades — has been a tactic deployed to reduce the quality of service provided and to shore up the justification for privatization. Laboratory professionals have faced multiple rounds of destabilization and budgetary uncertainty, as well as seven consecutive years of wage freezes. The prospect of a unified, coordinated, and centralized public lab system — with the Edmonton Hub Lab at its centre — as negotiated by the Notley government in 2017 and the creation of Alberta Public Laboratories the following year promised a much-needed degree of stability for the sector.

But in September 2019, under direction from the United Conservative Party (UCP) government, Alberta Health Services (AHS) announced that it would be shifting direction: the majority of Alberta's lab services which had been consolidated under Alberta Public Laboratories would now be contracted to a single for-profit corporation. Such a move goes against historical and comparative evidence and will result in minimal savings, yet the UCP government is committed to going ahead. In June 2021, AHS quietly announced that DynaLIFE was given the contract.

WHAT IS AT STAKE?

While the UCP government has put forward several claims to support its intended transformation of the laboratory system, those claims must be evaluated through a public interest lens. Who benefits from yet another seismic shift in laboratory services delivery? What lessons can Alberta's past experience, and the experience of other jurisdictions with privatized laboratory services, offer to this debate? And crucially, what can Albertans expect to gain from these plans, and what do we stand to lose?

To answer these questions, this report examines the privatization of Alberta's medical laboratory system and the political dynamics and fiscal considerations underlying these policy decisions. A mixed methods study, this research uses data obtained through a Freedom of Information and Protection of Privacy (FOIP) request, a qualitative questionnaire of public and private sector laboratory professionals, financial data from AHS and DynaLIFE, and a political network analysis of DynaLIFE and its lobbyists. The report evaluates whether the current privatization proposal can provide the basis for a stable, sustainable laboratory service as defined by the workers who know the system best.

WHO BENEFITS FROM LAB PRIVATIZATION?

The most obvious "winner" in this deal, politically and financially, is DynaLIFE. But it is also important to ask why and how that benefits the Kenney government. The political and financial webs of influence surrounding the lab services contract follow a clear path to conservative political organizations. Lobbyists with ties to conservative politicians played a prominent role in the route to contracting out laboratory services. DynaLIFE's active membership in the Alberta Enterprise Group and the Business Council of Alberta — purportedly "non-partisan" groups that engage in lobbying and agenda-setting through links to conservative political networks — point to the political and financial interests that are underwriting lab privatization.

While the financial terms of the contract have not been disclosed, there is a clear monetary incentive for DynaLIFE: considerable profits are up for grabs to be passed onto shareholders in its parent corporations, LifeLabs and Labcorp. For Albertans, however, the financial benefits are not as clear, and it appears that the cost savings for the Province are far less than claimed by the UCP.

The claim of hundreds of millions of dollars in cost-savings made in the Ernst & Young (EY) AHS performance review and brandished by the UCP government is directly contradicted by AHS's own internal calculations. Questions remain about the methodology used to obtain

these numbers, and even Alberta Precision Labs (APL) executives appeared confused by the numbers presented, with several top executives requesting clarification from EY staff and AHS finance staff. The difference between the EY and AHS valuations: \$102 million versus \$18 million annually. These inconsistencies significantly undermine the premise of the UCP privatization plan.

As Alberta Health has declined to make their business case public, these claims are not supported by the evidence available. Even the purported “savings,” rounded down to a possible \$18–36 million per year, come at a steep price: any per test cost differential between public (APL) and private (DynaLIFE) sectors comes down to less generous wages and benefits for lab workers, reduced accessibility for patients, and increased automation.

Moreover, while the UCP claims that the cancellation of the Hub Lab — which was already under construction — “saved” \$590 million, following the cancellation of the project the Province incurred \$23 million in sunk costs, undisclosed cancellation penalties, and a further \$12 million to remediate the site. The future cost in deferred maintenance and a prolonged infrastructure deficit for the Edmonton and Northern health zones will be even more detrimental.

“Lab professionals, patients, and all Albertans stand to lose from this deal.”

WHO LOSES FROM LAB PRIVATIZATION?

While the Kenney government has hyped the potential (inflated) cost-savings of privatized lab services as a win for taxpayers, lab professionals, patients, and all Albertans stand to lose from this deal.

IMPACTS ON STAFF

Of over 6,000 lab professionals represented by the Health Sciences Association of Alberta (HSAA), up to 1,400 will be impacted by the proposed contracting out. The most immediate result of the deal has been a wave of uncertainty and anxiety among lab workers — about the future of their jobs, their ability to meet patient needs under corporate management, and the medium-to-long-term direction of the laboratory system itself. Internal APL documents obtained via FOIP reveal that staff across the organization were caught completely flat-footed, and many expressed shock and confusion. The lack of transparency and consultation with workers about the proposals also exacerbated their unease.

REDUCED QUALITY OF SERVICE FOR ALBERTANS

The proposals outlined in the UCP's request for proposals (RFP) differentiate between large (urban) testing sites and those handling small volumes — primarily rural communities outside of Edmonton and Calgary.

This division will perpetuate the fragmentation within the lab system that the wholly public Notley government plan was intended to resolve. The lab professionals who participated in our questionnaire expressed deep concerns over impacts to quality and turnaround time for testing results. Several questioned whether a private provider would employ the level of skilled staff required to maintain quality standards and testing accuracy, citing trends in deskilling and automation that have occurred during previous privatizations in Alberta's lab system. Many respondents felt strongly that the ethos of the private sector functions to shift priorities towards speed, volume, and cost-cutting, and away from accuracy and quality.

STABILITY

Each time the lab is renamed, reorganized, sold, or transferred, considerable sums of public dollars are unnecessarily spent on non-patient endeavours. Despite the rhetoric of the UCP government, the proposed changes do not prioritize a patient-centric service. While some workers expressed a hope that this contracting out might be the last disruptive change for the labs sector, for many the reversal of efforts that had gone into preparing for an integrated, public lab system was not only destabilizing and demoralizing, but also incredibly wasteful. Even as the Kenney government vowed that the purported savings from the Hub Lab cancellation would be redirected to "direct patient care," lab workers were pouring thousands of hours of work and resources into changes that would be scrapped. Those resources could — and should — have been used to provide quality care to patients.

“The UCP’s disruptive transformation of laboratory services in Alberta rewards a large corporation and its shareholders over the current and long-term interests of Albertans.”

Albertans are net losers in this deal. Instead of a modern, sustainable lab system designed for Albertans, the DynaLIFE deal offers false economies, minimal savings, a smaller and demoralized workforce, a massive infrastructure deficit, and a fragmented system with little accountability. The UCP's disruptive transformation of laboratory services in Alberta rewards a large corporation and its shareholders over the current and long-term interests of Albertans.

CONCLUSIONS & RECOMMENDATIONS

Regardless of the organizational and delivery model, laboratory services in Alberta need:

- i. Transparency. The UCP government has provided no evidence to support its claim that this contract will provide long-term value for Alberta's health-care system. We call for the minister of health to release the full business case used to justify the decision, alongside a cost-benefit comparison to the wholly public plan.
- ii. Respect for, and understanding of, the centrality of lab services to front-line medical care.
- iii. A lab system where lab experts are at the heart of decision-making.
- iv. Predictable funding, adequate capital investment, modern equipment, and stable organization.
- v. Patient care, workers' well-being, and system stability that are prioritized ahead of political point-scoring.

The current trajectory prioritizes the exact opposite. Further privatization does nothing to resolve the challenges facing the laboratory sector. In fact, it creates new problems and exacerbates the existing ones. For lab professionals, the most demoralizing part of this process is that their voices continue to be unheard and public funds that should be directed to quality patient care are instead being siphoned into corporate coffers.

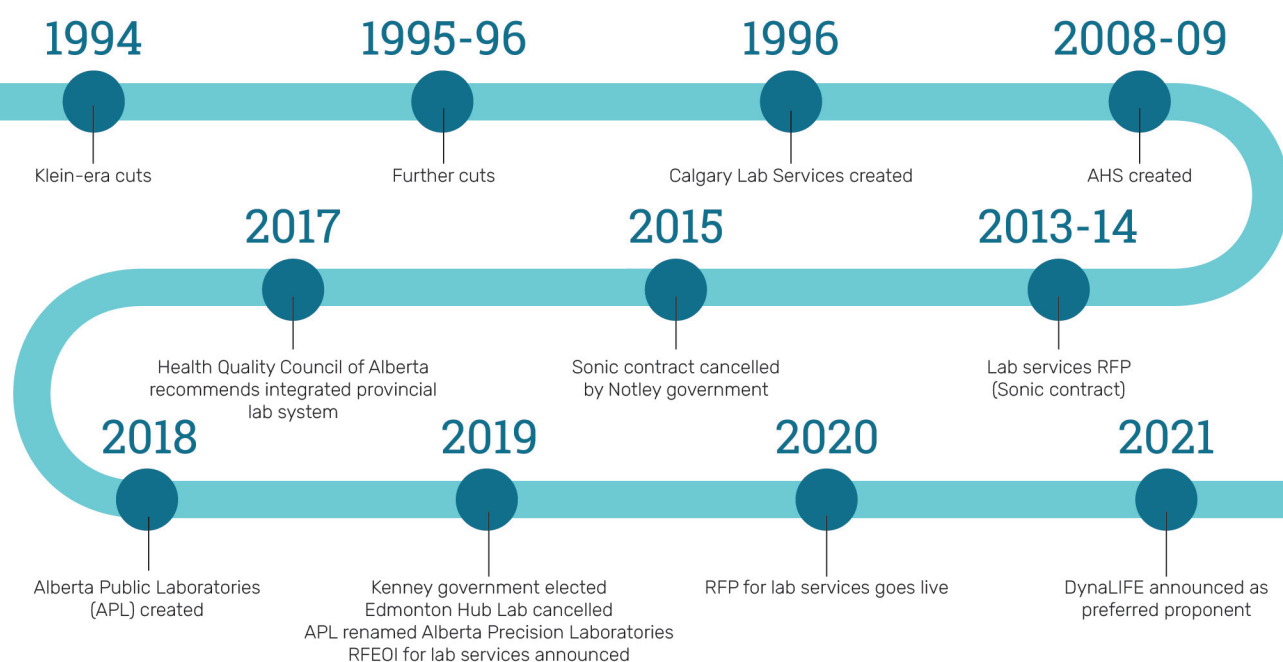
1 Introduction: Alberta's Political Tug-of-War Over Laboratory Services

For nearly three decades, Alberta's medical diagnostic laboratory services have been on a rollercoaster of reorganization, with 180-degree turns between public and private delivery. In that time, lab services have endured drastic budget cuts, the loss of nearly a quarter of its workforce¹, and chronic under-resourcing amid outgrown spaces and antiquated equipment.

Despite a sustained period of growth in the global health budget under the Stelmach and Redford governments, funding for labs has not caught up to fully account for the impacts of the Klein-era cuts, and a severe infrastructure deficit persists.

Beginning in 2018, the fragmentation of services between Edmonton, Calgary, and the North, South, and Central Zones started to be replaced by an integrated lab services organization — initially named Alberta Public Laboratories — as a wholly public subsidiary under Alberta Health Services (AHS).

Figure 1. Timeline of Lab Services Delivery in Alberta.



“Lab history is exhausting and lessons SHOULD have been learned but, in this province, conservative governments continue to destroy lab [services] by failed experiments of privatization.” (Lab technologist, DynaLIFE, Edmonton Zone)

More than 78 million medical laboratory tests are performed in Alberta each year.² Under the current delivery model, every non-hospital test, some in-patient testing in the Edmonton Zone, and a proportion of those in the Northern Zone are collected and processed by DynaLIFE under a contract worth approximately \$160 million annually. Annual growth in testing demand has been estimated by AHS at six per cent; annual growth in DynaLIFE's fees was capped at three per cent under its previous contract.

While the New Democratic Party (NDP) plan would have attempted to bend the cost curve and eliminate fragmentation through an integrated, wholly public lab service, the United Conservative Party (UCP) plan claims to solve the problem of financial sustainability by rolling back the clock and cementing two systems of service delivery.

By early 2019, the wholly public (Alberta Public Laboratories) plan was already in the midst of implementation. Ground was broken and construction underway on the Hub Lab in Edmonton, lab workers had been consolidated under one union (Health Sciences Association of Alberta), and DynaLIFE had agreed in principle to the buy-out and transition plan. Nothing had changed in the laboratory services system — nor in the economic status of the province³ — to prompt such a drastic departure from a plan that had widespread buy-in and considerable sunk costs. All that had changed was the party in government.

So how did the newly-elected UCP government justify their about-face on laboratory services?

The Kenney government insisted, as it had during the 2019 election campaign, that the plan was a waste of public dollars, the buy-out of DynaLIFE was ideologically driven, and the Hub Lab was a “boondoggle.” Yet no evidence was produced to support these claims, even as stakeholders demanded an explanation and, if things were to change, a viable alternative.

When representatives of the Canadian Society of Medical Laboratory Science (CSMLS, the national certifying and professional body for medical laboratory workers) expressed their despair over the cancellation of the Hub Lab, Health Minister Tyler Shandro assured Albertans that the reversal was in their best interests, and that any objections were simply political opposition:

“Lab testing is an essential part of our health system and I have great respect for our lab techs, pathologists, and others who work in the labs. There certainly needs to be investment in labs in Edmonton and I’m working to identify priorities ...

But I want to be clear: to claim our labs are ‘crumbling’ is politically motivated, and to claim that patients are at risk is irresponsible.”⁴

Such rhetoric has now become part of the UCP playbook for undermining and deflecting the concerns of public sector workers; physicians, nurses, and educators have since heard similar lines.

For lab workers, this change in direction by the UCP government has been perceived as motivated by a political agenda, not the best interests of the lab system or Albertans.

“The last 10 years have been unstable, with constant changes and uncertainty. I don’t understand why the government keeps targeting the lab system. We are always viewed as behind the scenes, but we are the most important when it comes to diagnosing patients’ conditions. We probably spend the least amount of money in the whole entire health-care system. Take this pandemic as an example: without our testing, the government will have no way to track the status of the entire progress.” (Lab technologist, APL, Edmonton Zone)

“We have long ago been cut to the bone and are sacrificing quality and the safety of our staff to save a buck. People are burning out, leaving gaps.” (Lab technologist, APL, Central Zone)

“We could save a lot of money if we were one organization and actually had a hub-and-spoke model. Central Alberta gets caught in that tug-of-war game between Edmonton and Calgary. One version has them sending everything to Edmonton. The next reorganization occurs and now everything goes to Calgary. We are constantly re-inventing the wheel rather than trying to fix the broken parts.” (Lab technologist, APL, Edmonton Zone)

“The demand for new lab tests and numbers just increases each year. Lab professionals work more and more each year with fewer resources, so I do not believe there is “room” [for more savings]. I also believe that is why DynaLIFE was the chosen provider, because they are willing to compensate their employees with less money [compared to AHS salary scales] and still satisfy their shareholders.” (Lab technologist, DynaLIFE, Edmonton Zone)

This perception, shared by several of the laboratory professionals who responded to our questionnaire in the spring of 2021, indicates that the government’s preferred framing of the decision as centred on cost savings does not add up.

If we scrutinize the claims made by the Kenney government, is this contract truly justified? The next section of the report breaks down the UCP plan for lab services through an analysis of the RFEOI and RFP issued in November 2019 and January 2020, respectively.

2

Examining the RFP: What Is at stake?

In late November 2019, AHS opened a RFEOI to “seek to gauge market interest from private third parties for the provision of community lab services in Alberta.”⁵ This is a precursor to an RFP or bid process, which ultimately awards the final contract.

The RFEOI was announced out of the blue, mid-morning on a Friday, amid the high-stakes roll-out of ConnectCare, a new province-wide information sharing system. Internal APL documents obtained via a FOIP request reveal that staff across the organization were caught completely off guard, and many expressed shock and confusion. AHS files show that President and CEO Verna Yiu signed off on the proposed messaging and the advice to the minister of health on October 31, 2019, but the announcement came four weeks later with no preparation for staff (2020-D-063, 10-11). APL leadership issued an organization-wide message and held a townhall-style meeting for staff the same day to outline the process and address concerns. The slides from the meeting provide five bullet points on “Staffing Impact”; however, no detail was given regarding how many positions might be lost, in which areas, or when (2020-D-063, 6).

The original RFEOI allowed for up to 60% of lab testing in the province (over 80 million tests annually) to be outsourced, including the services currently provided by DynaLIFE. Bidders were permitted to opt for service delivery in Northern Alberta, Southern Alberta, or both, as the RFEOI stated that respondents “may propose a service delivery method that includes all or a portion of the current physical infrastructure footprint” (2020-G-044, 36). How this fragmentation might impact the number and location of labs and collection sites was entirely unknown and not specified within the RFEOI or the RFP.

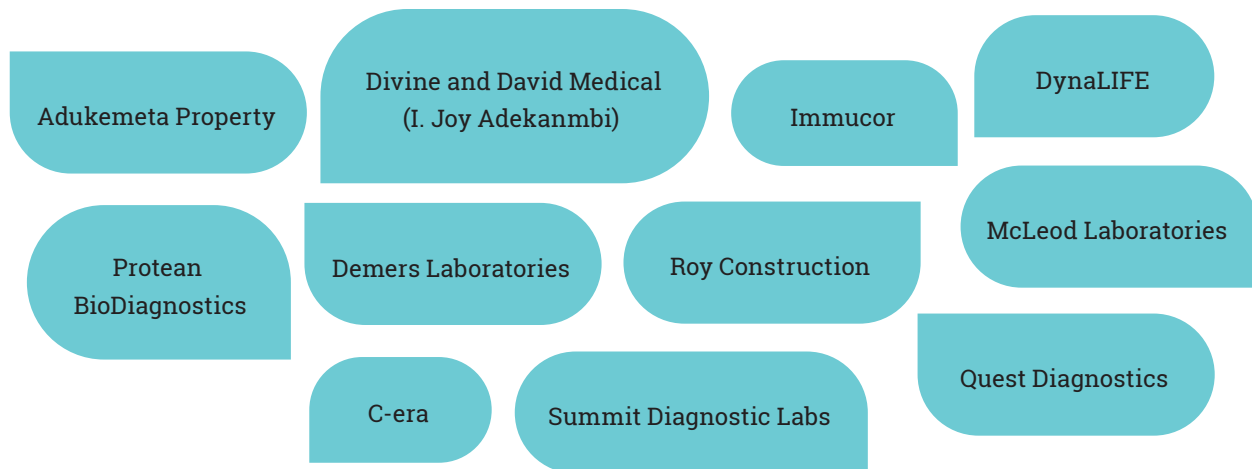
The contract would include patient services operations (collecting samples), information management (including patient records), logistics management (transportation of samples from the collection site to the appropriate laboratory facility), analytical testing (conducting various tests and interpreting the results), some in-hospital testing (though the scope of this was not made clear), and the delivery of centralized and consolidated services. The chosen provider would also be expected to contribute to academic teaching and training programs. Currently, the medical laboratory assistant and medical technologist certification programs at the Northern Alberta Institute of Technology (NAIT) have participation and oversight from both APL and DynaLIFE.

The preferred proponent would also be obligated to engage in research (in collaboration with the University of Alberta and the University of Calgary research labs) and would assume responsibility for capital investment, as ownership of assets would also be transferred. The contracted services would not include acute care (hospital laboratories), with some exceptions; public health laboratories; or esoteric or specialized testing such as genetics and genomics (2020-D-063, 108).

As outlined in the RFEOI package made available to interested companies, the contract for service delivery would also include all testing (from collection to analysis to results and interpretation) “necessary for the medical treatment of all types of patients.” This would encompass testing ordered in primary care and community; long term care and correctional facilities; and acute hospitals referrals “as appropriate” (2020-G-044, 33-34). The successful proponent would also be expected to provide all equipment necessary to deliver the services (2020-G-044, 37).

The exact testing volumes included in the contract are unclear. AHS labs performed 52 million tests in 2018, a number that is anticipated to increase to 72 million by 2025. As per the bid package, “Providers should expect to be able to handle these volumes,” but neither the RFEOI nor the RFP specify a definitive range of volumes to be included in the contract. There was no indication within either document that Alberta Health was seeking a hard cap on the volume of testing (in contrast to Ontario and parts of Australia, for example).

Eleven companies had responded with submissions when the RFEOI closed in January 2020 (see figure 2 on the next page). Only a fraction of these 11 companies submitted official bids; how many and which ones remain unanswered questions. Several of the vendors failed to address the scope of the RFEOI, while others submitted multiple responses from different companies with the same ownership and similar proposals (2020-G-044, 68). Some of these companies were interested in providing support services for the main proponent. Summit Diagnostic was formed specifically to respond to the RFEOI, by two physicians with links to Calgary Lab Services. Quest Diagnostics, an American-based corporation with operations in the United States, Mexico, India, and Ireland, is one of the main global competitors to Sonic Healthcare, LifeLabs, and Labcorp. Sonic informally expressed an interest in bidding, with the understanding that its 2014 offer remained on the table; however, the company did not submit a bid through any official channels.⁶ No information regarding which companies might have made a shortlist, or the criteria for their selection or rejection, has been made available.

Figure 2. Respondents to Request for Expressions of Interest, Laboratory Services

Source: Advice to Honourable Tyler Shandro, Minister of Health Update on Request For Expression of Interest for Community Laboratory Services, 2 March 2020. Obtained via FOIP (files 2020-D-063, 63-4; 2020-G-044, 602).

TRANSPARENCY

The United Conservative government's approach to transparency regarding the labs RFP might have been gleaned from the very first day: when APL announced the upcoming RFEI to its staff on November 29, 2019, the messaging was intended for an internal audience only. Later that day, an anonymous account posted the memo on Reddit, outlining their concerns about impending privatization and yet another upheaval to be borne by lab workers.⁷

The post was picked up by *Calgary Herald* journalist Sammy Hudes, who contacted AHS to ask about the intended plans — implying that the announcement had not been made public, nor was it accompanied by a press release (email from Sammy Hudes to AHS Communications Officer James Woods, 29 November, 2019. 2020-G-044, 214). APL and AHS executives appeared, in their response, to have been caught flat-footed. After responding to Hudes with basic information for his story, AHS Director of Strategic Operations Megan Griffith emailed the APL executive and several AHS staff to warn, “Heads up: We will be sending out the Media Statement to the Herald right away. This is the first formal request on this. Expect others may start to trickle in once the Herald publishes” (2020-G-044, 214). This indicates that there was no intention of providing an open media statement on the decision, or even posting details on social media.

An hour after the *Calgary Herald* article appeared, Griffith also notified APL and AHS leadership that, “Since the Media Statement is now in the public domain,” they might as well post the announcement on the AHS Twitter account. It appears the UCP’s plans for Alberta’s labs were meant to stay behind closed doors until it was politically expedient to reveal them. This follows the previous (Progressive Conservative) government’s lack of transparency regarding the 2014 Sonic contract, with even lab staff being unaware of the deal until Sonic released the information themselves.

The messaging introducing the RFEOI process to APL senior leadership echoed UCP rhetoric: “APL takes its responsibility as fiscal stewards of taxpayer dollars extremely seriously,” and argues that “We have to consider doing things differently” (2020-D-063, 5). The joint statement prepared by AHS and APL announcing the RFEOI on November 29, 2019, emphasized “sustainable, efficient, and fiscally responsible” laboratory services and equated “new service delivery models and ... partners” with “innovation” (2020-D-063, 4).

Yet, as the RFEOI documents clearly indicate, none of the major actors in the process — AHS, APL, or the Ministry of Health — had any idea of what that “innovative” new model would look like. The only given was that it would involve contracting out.

“As decisions are finalized, we will provide our workforce with a full rationale for needed change.” (2020-D-063, 5)

The RFP process also provoked concerns and questions from local labs regarding how smaller companies, APL employees, or former CLS staff could participate in submitting a bid, and whether these bids would be fairly considered (2020-G-044, 192-194).

Members of the Alberta Medical Association (AMA) section of lab physicians submitted a number of concerns about the process to APL Chief Medical Laboratory Officer Carolyn O’Hara during a province-wide teleconference on February 20, 2020. The lab physicians wanted to know whether doctors were represented on the Expression of Interest review committee, what criteria were being used to assess the potential vendors, and who had the ultimate decision-making authority regarding the award of the contract: the APL executive, AHS, or the health minister? Lab physicians also asked that Dr. O’Hara address the perceived conflict of interest due to her previous employment at DynaLIFE (2020-D-063, 206). These questions echoed concerns that were raised by the AMA Lab Physicians Chair Dr. Balachandra in December 2019 and dismissed by the APL executive (2020-D-063, 103-105).

The lack of communication and concrete information led many staff to create accounts to the online submissions portal as “interested parties” in order to access the details of the RFEOI — the majority of logged views on the website were from APL employees (email to Blayne Iskiw from Scott Alexander, 05 December 2019, 2020-D-063, 111). Rather than release the full RFEOI across APL, Contract Procurement staff debated via email over how to appear to provide information to APL employees while limiting their ability to access the Bonfire submissions portal (email from Blayne Iskiw to Jitendra Prasad, 2020-D-063, 121).

A Case Study in Transparency

Through a number of FOIP requests to AHS and the Ministry of Health, it became apparent that the full cost-benefit analysis used to justify the RFP process would not be released. However, it is certain that this information exists. According to an article in the *Medicine Hat News* on the latest changes to the Medicine Hat Diagnostic Laboratory (MHDL, a private-sector lab that was integrated into AHS in 2017 following plans initiated by the former Progressive Conservative government), local constituents were concerned that, having recently been folded into the public system, the services provided by MHDL were now to be contracted out as part of the 2020-21 RFP.

These concerns were also relayed to APL leadership via an email from the constituency office of MLA Drew Barnes. The news article quotes Barnes requesting access to the cost-benefit analysis for contracting out Medicine Hat diagnostic services and asking the UCP government to demonstrate how the multiple, contradictory changes would actually save money – citing the need for transparency.

I contacted Mr. Barnes' office to discuss his position on the back-and-forth experience of MHDL. While his constituency assistant did confirm that Mr. Barnes had received the information, he declined to share it or discuss its contents for this report.

Meanwhile, financial backers of laboratory projects were hesitant about donating or fundraising for planned upgrades ahead of the impending privatization. A December 2019 email from APL Chief Operating Officer Tammy Hofer to the APL leadership team identified an “emerging issue” in response to the lab services RFEOI:

“The Wetaskiwin Health Foundation is considering withdrawing their support of the development of a new community collection lab at the Wetaskiwin Hospital which is a gift of [approximately] \$900,000” (2020-D-063, 209).

Clearly, no one within AHS or the Ministry of Health considered that the decision to reverse the NDP's wholly public labs plan would have other financial consequences.

COMPETING PLANS FOR THE FUTURE OF LABORATORY SERVICES

How does the 2020-21 RFP differ from the ill-fated 2014 RFP? The short answer is that, for the most part, it does not. The 2020-21 RFP process appears to be a slightly updated replay of the 2014 RFP; as noted, Sonic Healthcare literally offered the same proposal through AHS back channels.

The 2014 RFP proposed a 15-year contract for all routine laboratory services in the Edmonton Zone (including in-patient collections within hospitals), covering approximately 27 million tests annually. The cost was \$200 million per year. It is worth bearing in mind that Sonic Healthcare's profit margin at this time was about 10%: "The company's latest annual report, to June 30 [2014], said Sonic posted a record net profit of \$385 million on revenues of \$3.9 billion."⁸

When compared to DynaLIFE's current contract (extended by the NDP government in 2015 and 2016) for lab services delivery in Edmonton and part of the North Zone — at \$160 million annually — there is very little "savings" to be found, as neither DynaLIFE's contract nor the terms of the 2020-21 RFP include hospital collections.

There are, however, two significant differences between the 2014 RFP and the 2020-21 RFP. The first is that, under the 2014 plan, Sonic would have been obligated to build a central laboratory facility in Edmonton. There is no indication in the 2020-21 RFP that a new or expanded lab facility will be built when DynaLIFE acquires its new contract in April 2022. The second difference concerns the scope of the contract: while the 2014 proposal was limited to the Edmonton and North zones currently covered by DynaLIFE, the 2020-21 RFP allows for the proponent to bid for either Edmonton and North, or Calgary, Central, and South, or *service delivery for the entire province*.

How then does the 2020-21 RFP deviate from the NDP plan and the Health Quality Council of Alberta (HQCA) recommendations on which it was based? Where the New Democrat government had sought third-party expertise to consider the long-term evolution of laboratory services, the UCP plan did not appear to address the issues identified by the HQCA.

The HQCA report on laboratory transformation recommended the creation of an integrated, wholly public subsidiary organization within AHS dedicated to laboratory services delivery. That organization was

to be structured as a refined hub-and-spoke model focused on reducing duplication, with the Edmonton Hub Lab at its centre. Alongside the development of a single province-wide laboratory information system (ConnectCare), the report recommended increased investment in innovation and technology, including a committed budget for updated equipment, standardization of equipment across the lab system, and an asset management program. The report further recommended a strategy to improve connection and communication between rural labs and between regional and central labs with a dedicated Rural Program, and called for a process to streamline and update the diagnostic testing menu to ensure the most relevant tests were included while reducing redundancy.⁹

The recommendations from the HQCA report were crucial components for a future-oriented lab system, and were based on a scan of best practice in other provinces and comparable health systems internationally. Yet, many aspects of the report are entirely missing in the 2020-21 RFP, not least the economies of scale that would have been achieved by a single lab services provider. Moreover, as discussed below, these unaddressed issues are frequently raised by lab technologists and physicians as posing significant obstacles to improved quality and patient care.

The RFEOI sought to explore the “potential for capital investment” in community laboratory services provision from private partners. In a draft briefing note (dated October 31, 2019) sent from APL leadership and AHS CEO Dr. Verna Yiu to Minister of Health Tyler Shandro, the capital aspect of the contract is broadly (and vaguely) outlined:

“Capital Investment AHS is looking to gauge private sector interest in terms of what investment is available to support community laboratory services across the province including the potential for development of a laboratory facility/space to support specialty esoteric testing delivered by Alberta Precisions Laboratories in Edmonton and Calgary. AHS reserves the right to negotiate termination or transfer of ownership language of relevant equipment and any facility at the conclusion of any agreement” (2020-D-063, 10).

This brief also set out some of the anticipated risks and gains of different pricing structures and capital/delivery mixes. That information, however, was redacted in the files received by Parkland Institute (2020-G-044, 11), as were the project risks presented to the minister of health in the final RFEOI summary document (2020-D-063, 321).

Later, in a revised version of the briefing documents and the RFEOI package, this reference to infrastructure investment is removed (2020-D-063, 60-61). In an email to an assistant deputy minister dated November 22, 2019, APL executive Mauro Chies refers to a meeting between Yiu and

the deputy minister (presumably within the Ministry of Health), following which the brief was edited.

“Attached are the revised documents after Verna discussion with the DM today. All removal of infrastructure” (2020-G-063, 19).

After the Hub Lab was cancelled, Budget 2020 earmarked \$9 million in 2020-21 and a further \$6 million in 2021-22 for laboratory equipment upgrades in some northern and rural communities.¹⁰ However, it is unclear whether this amount is adequate to address the infrastructure and equipment needs of the lab system. The question of how laboratory spaces and equipment were to be upgraded following the cancellation of the Hub Lab model remains unanswered and has become a significant concern for lab workers (see section 4 below).

The projected cost for lab services in 2020 was \$768 million. The UCP claims that the cancellation of the Hub Lab “saved” \$590 million — but the provincial government incurred \$23 million in sunk costs, undisclosed cancellation penalties, and a further \$12 million to remediate the site. The total costs of the Hub Lab cancellation also include the costs for deferred lab maintenance and a prolonged infrastructure deficit, though the exact size of these two categories of expenses is unknown.

3

Who Benefits From Privatization?

History can often serve an instructive function for the present. In the late 1990s, MDS, one of the component companies to both DKML and Calgary Lab Services, was a major investor in the Health Resources Group.¹¹ The shift by the Klein, Stelmach, and Redford governments of orthopedic surgeries out of public hospitals and into the private for-profit sector meant MDS — and its descendants DKML and DynaLIFE — greatly benefitted from health-care privatization predicated on fiscal economy.¹²

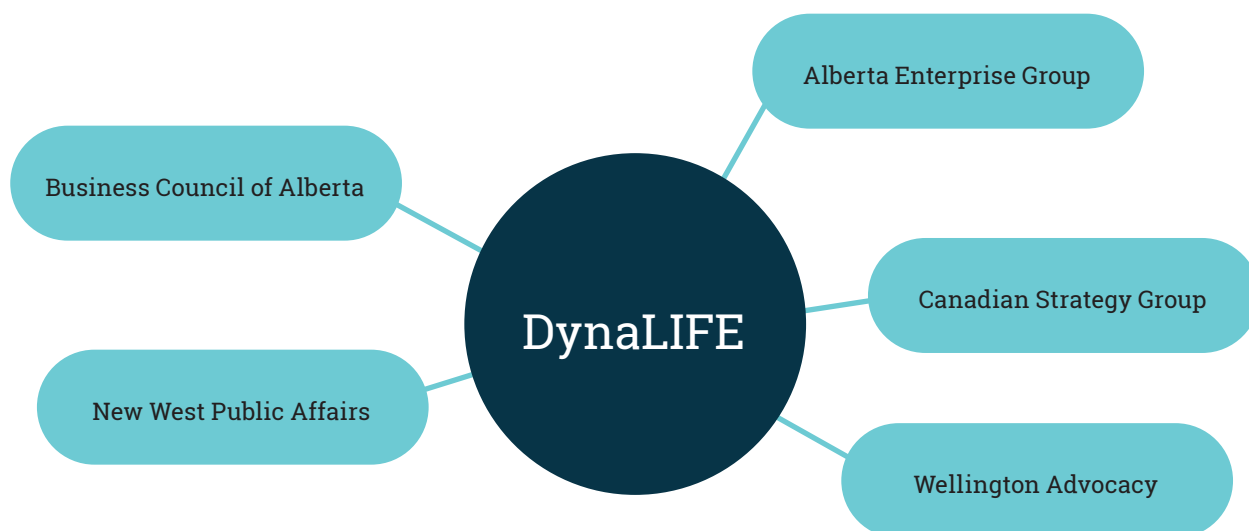
The most obvious “winner” in the current deal, politically and financially, is DynaLIFE. But it is also important to ask why and how that benefits the Kenney government. As explored below, the political and financial webs of influence surrounding the lab services contract are complex, but follow a clear path to conservative political organizations.

“The most obvious ‘winner’ in the current deal, politically and financially, is DynaLIFE. But it is also important to ask why and how that benefits the Kenney government.”

POLITICAL BENEFITS

For the United Conservatives, the political benefits of ensuring the continued privatization of lab services by killing the New Democrat’s wholly public plan — and cancelling its flagship building — were part of its “summer of repeal.” The scorched-earth approach taken by the UCP soon after it won the 2019 election was an exercise in nose-thumbing directed at outgoing Premier Notley. It was also a declaration of power and intention: the UCP would undo the purported “damage” wrought by the New Democrats and lay the foundation for their own vision of Alberta, one that has, in the years since, privileged private profit over public services.

The RFP process generated a lot of work for lobbyists. Those with ties to conservative politicians, including Premier Jason Kenney and former Prime Minister Stephen Harper, played a particularly prominent role in the process of contracting out laboratory services. The Alberta Lobbyist Registry records that lobbyists representing DynaLIFE directly, as well as the Alberta Enterprise Group (a fiscal conservative, pro-business advocacy group of which DynaLIFE is a member), engaged in a number of meetings with the Ministry of Health in the months leading up to the announcement of the RFP. These lobbyist firms — Canadian Strategy Group, New West Public Affairs, and Wellington Advocacy — employ several lobbyists who are either former conservative staffers or big-ticket conservative donors, according to an analysis conducted by independent researcher Kim Siever.¹³ Several of these lobbyists were also involved in right-wing political action committees or third-party political advertisers.

Figure 3. DynaLIFE's Political Networks*Sources:*

<https://www.albertalobbyistregistry.ca/>

<https://albertaenterprisegroup.com/home/about/our-members/> <https://www.businesscouncilab.com/about/members/>

<https://kimsiever.ca/2021/06/12/ahs-awards-private-lab-testing-contract-after-months-of-lobbying-by-ucp-donors/>

These linkages not only paint a picture of political patronage and cronyism but, more worryingly, highlight the agenda that is underwriting lab privatization. DynaLIFE is a member of the Alberta Enterprise Group (AEG), which was founded in 2006 to intervene financially in the Progressive Conservative leadership race (which was won on the second ballot by Ed Stelmach). AEG has been a vocal opponent of public spending in Alberta and has called for fiscal restraint and lower corporate taxes.¹⁴ As of April 2021, AEG is headed by former Wildrose Party leader Danielle Smith.

In 2021, the Business Council of Alberta (another political action committee of which DynaLIFE is a member) launched its Define the Decade “taskforce” featuring ATCO’s Nancy Southern and Coril Holdings’ Ron Mannix on the Board of Directors. Southern has featured prominently on several panels struck by the Kenney government, including the Premier’s “Economic Recovery Council.”¹⁵ The Mannix family has been a substantial donor to conservative parties in Alberta for decades, and has often played a key role in bankrolling Progressive Conservative and United Conservative leadership campaigns. While the Business Council of Alberta and Alberta Enterprise Group both claim to be “non-partisan,” the donation records of their most prominent members suggest that is not an accurate description of their objectives and activities.

The appointment of APL Chief Medical Laboratory Officer Carolyn O'Hara and Susan Nahirnak, former DynaLIFE employees, to the RFEOI evaluation committee provoked the perception of a conflict of interest, so much so that the chair of the committee offered to "scrub" their Conflict-of-Interest Declaration for the sake of optics (email from Robert Warnock, director, Special Sourcing CPSM to Jitendra Prasad and Blayne Iskiw, 12 February 2021. 2020-G-044, 179-180, 2020-D-063, 266, 292, 590). Ultimately, both chose to recuse themselves from the committee prior to the closing date for submissions.

These political and financial transactions also take place within webs of ownership and investment, and would appear to further the United Conservative government's objective to corporatize health-care delivery in Alberta.¹⁶

FINANCIAL BENEFITS

DynaLIFE is a unique brand identity among the subsidiary lab companies owned by LifeLabs and Labcorp. It currently operates 36 labs in Alberta, mainly in Edmonton and the North Zone, and employs approximately 1,300 staff. A chirpy video voiceover on its website's "Meet DynaLIFE" page boasts that, "From Red Deer to Edmonton, to northern Alberta and beyond, we touch the lives of countless Albertans. For over 50 years, we've been a proud partner in Alberta's health system..."¹⁷ For all it likes to emphasize its Albertan roots, however, DynaLIFE makes sure that most of the public money it receives — with the lone exception of that used to pay employees' salaries — leaves Alberta to pay shareholders in Ontario and the United States.

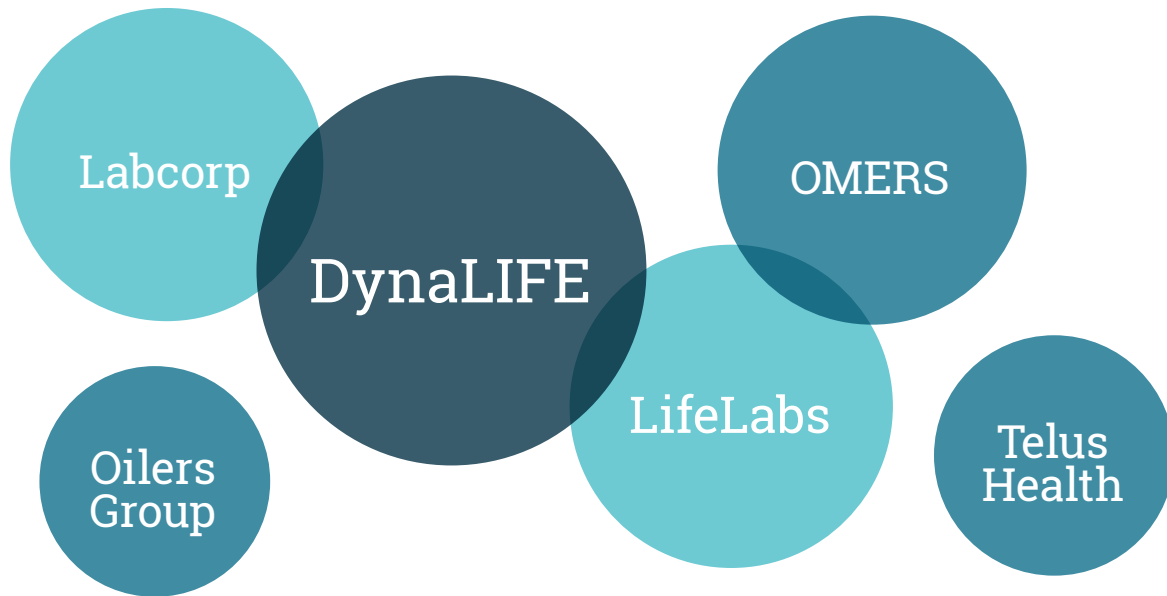
Under the same corporate umbrella, Gamma Dynacare provides laboratory services in Manitoba through 23 locations¹⁸, and it is the second-largest lab services provider in Ontario (its parent corporation, LifeLabs, is the largest). LifeLabs also operates in British Columbia and Saskatchewan. Across these provinces, it performs 112 million tests annually, generates revenues between \$750 million to \$1 billion annually, and employs 5,700 staff.¹⁹

LifeLabs frequently makes large political donations in provinces where this is permitted (for example, British Columbia and Ontario). In 2020, the corporation was hit by a data hack that impacted more than 15 million Canadians' health information. In Toronto and Oshawa, LifeLabs couriers, clerks, mailroom staff, and dispatchers fought to join their technologist co-workers as members of the Ontario Public Service Employees' Union

(OPSEU), despite facing heavy-handed “union-busting” tactics on the part of the corporation.²⁰ During the height of the Covid-19 pandemic, LifeLabs repeatedly denied requests by the BC Government Employees’ Union to recognize lab technologists with a pandemic premium or a pay top-up in honour of the additional work and risks they had assumed.²¹ After six months of requests, the corporation announced a one-time “recognition payment” for lab staff.²² However, many employee categories were excluded from the payment, and there were reports that employees in Ontario had their payments delayed.²³ The union representing LifeLabs staff in Ontario, OPSEU, estimates up to 10% of workers in Simcoe County have quit since the start of the pandemic due to poor management and lack of support from the corporate leadership, leading to severe staffing shortages and increasing wait times for patients.²⁴ In spite of this chequered history, LifeLabs was named to Forbes’ “Canada’s Best Employers” list in 2021. LifeLabs has also recently announced a partnership with Telus Health (whose Babylon app was found by Alberta’s privacy commissioner to have violated health information confidentiality laws)²⁵ to provide a virtual mental health platform for Ontario users.

The other major investor in DynaLIFE is Laboratory Corporation of America Holdings (Labcorp), headquartered in Burlington, North Carolina. Labcorp acquired a 43% stake in DynaLIFE in 2002. Labcorp processes approximately 130 million tests annually; in 2020, it generated over \$14 billion in revenue, \$3.15 billion of which attributed to the diagnostics holdings. The corporation ended 2020 with net earnings of \$1.56 billion.²⁶

As the sole owner of LifeLabs, the largest investor in DynaLIFE is the Ontario Municipal Employees’ Retirement System (OMERS), a public sector pension fund that primarily represents transit and utility workers, municipal administrators, school board employees, and emergency services workers. LifeLabs uses this connection to proclaim itself “a Canadian-owned company that has been serving the health-care needs of Canadians for more than 50 years.”²⁷ However, as became apparent with long-term care chain Revera, whose sole owner is the federal Public Service Pension Plan, many public investment funds are heavily embedded in for-profit health-care corporations that in practice work to undermine the very public services Canadians rely on, and the workers whose pensions are implicated in them.

Figure 4. DynaLIFE's Ownership and Investment Networks

Sources:

<https://en.wikipedia.org/wiki/DynaLife>

<https://www.omersinfrastructure.com/portfolios/lifelabs>

<https://www.lifelabs.com/lifelabs-announces-collaboration-with-telus-health-to-support-better-access-to-healthcare-services-for-customers-in-ontario/>

<https://oilernation.com/2020/07/24/nhl-releases-further-hub-city-details/>

Even as DynaLIFE took on approximately half of Alberta's public health Covid-19 testing during the second and third waves of the pandemic²⁸, it was also engaged in partnerships with WestJet, various film production companies, and the Oilers hockey group to provide exclusive Covid-19 testing services:

"Pincock [Jason Pincock, DynaLIFE's CEO] said his company was looking for ways to help and jumped at Alberta's bid to have an NHL bubble in the province without taking away from public health support. 'My team took that challenge ... We thought it was really important for Alberta, and quite frankly Alberta needed to stay on the world stage,' he said."²⁹

Incredibly, in order to keep Alberta "on the world stage" via a pandemic hockey tournament without "taking away from public health support," DynaLIFE had Oilers Group merchandisers retrained to conduct Covid-19 swabs:

"They went from selling a T-shirt to doing a throat swab on an NHL player. And we did that alongside AHS — we had competency

programs, we worked actually with NAIT and a number of other partner organizations, we created a workforce.”³⁰

In this article, Pincock recounts that, as the third wave approached in fall 2020, he was directly engaged by AHS to move DynaLIFE into the “frontline” pandemic response.

“After all this success, Pincock said he received a call from public health. AHS was seeing what was on the horizon for the fall with regards to the pandemic. They told Pincock they needed him on the public health frontline.

‘The challenge was, they couldn’t give us resources. We couldn’t interfere with their supply chain. We couldn’t do anything. We put our science team back to work,’ he said, adding the province was asking them to have capacity to test a third of the population for the second wave. ... ‘And of course, we said yes. [We] couldn’t say no — there was no *no* option’.”³¹

While the efforts of DynaLIFE as a corporation — and especially of its lab professionals — was laudable and no doubt pivotal to Alberta’s Covid-19 response, the way Pincock has framed the situation in the above interview implies, if not a *quid pro quo*, at least a sense of moral indebtedness: how could AHS not award them the community lab service contract after such a request?

Meanwhile, in September 2021 the UCP government proposed to halt publicly-funded Covid tests (which was later reversed during the disastrous fourth wave). DynaLIFE and other private testing companies anticipated an increasing market share of Covid testing in the province.³²

When we compare the terms of DynaLIFE’s current deal with AHS to the proposed Sonic deal from 2014-15, where are the cost savings? How is the current deal more cost-effective than the APL-led plan? As neither AHS nor the Ministry of Health will release those business cases, claims of substantial long-term savings cannot be confirmed. Instead, it appears that the real financial benefits will be accrued by DynaLIFE and its partners, not Albertans.

Ahead of the RFEOI, a briefing compiled as advice to the minister of health emphasized a preference for “aggressive pricing models” and “a broader view of the notion of ‘value’ — over and above just affordability and cost” (2020-D-063, 10-11). Yet, despite a FOIP request submitted to AHS and the Office of the Health Minister for details of the cost-benefit analysis used to determine the potential financial benefits of this proposal for Albertans, any reference to such was redacted in the files received by Parkland Institute.

The promise of substantial cost savings from the proposal was largely predicated on a review of AHS conducted by Ernst & Young (EY) for the newly-inaugurated UCP government. However, there were significant discrepancies regarding the potential for cost savings between the Ernst & Young review and AHS's own internal analysis.³³ The Ernst & Young review claimed potential savings of \$102 million per year. This was based on figures of 210 labs, 3,800 full-time equivalent jobs (FTEs), and an \$800 million annual budget.³⁴ An analysis by AHS revised that number downwards substantially, suggesting savings of \$18-36 million at most (2020-G-218, 143). For perspective, that sum wouldn't even cover the costs of partially building, cancelling, and bulldozing the Edmonton Hub Lab.

The Ernst & Young report also claimed a significant per test cost differential between APL and DynaLIFE, although the calculation used to support this claim appeared to befuddle even members of the APL's executive. In a series of emails between APL executives Mauro Chies (board chair) and Tammy Hofer (chief operating officer) and Ernst & Young staff, both the per test valuation and the overall cost savings claims were questioned (2020-G-218, 1 and 122-14). Regarding these discrepancies — one infers between the cost savings stated in the AHS performance review and AHS's own internal numbers, though the exact context is redacted in the file — a member of the EY team assured Chies:

“We are more than happy to talk through this in more detail with you and your team to ensure there is an understanding of this calculation error and revised valuation.”³⁵

To further cloud the numbers, the RFEOI suggested 1,100 workers or 862 FTEs would potentially be impacted by the outsourcing, with financial implications of \$73.8 million (2020-D-063, 14). This implies an average salary of over \$86,000 annually for each full-time equivalent, calculated as though every employee was at the top of the highest pay scale (see section 4 below). Further, as Alison McIntosh notes in her analysis of the Ernst & Young report, the potential for cost savings relies heavily on shifting the staffing mix significantly towards lower-paid and less skilled lab workers:

“The Ernst & Young AHS review recommends reducing staffing costs by having higher proportions of laboratory assistants relative to laboratory [technologists] — a higher-paid position with a larger scope of practice.”³⁶

Lab technologists have more education compared to laboratory assistants, are regulated, and are the ones who analyze (test) and report results. Much like the downgrading of nursing hours from registered nurses (RNs) to licensed practical nurses (LPNs) experienced in hospitals and seniors' care, where more work is pushed to cheaper hands to save costs, the result is

“Previously avoidable errors become a natural consequence when health-care workers are pushed to do more with the same or fewer resources.”

often a loss of quality and increased responsibility downloaded onto staff with less experience and training. Previously avoidable errors become a natural consequence when health-care workers are pushed to do more with the same or fewer resources.

The reduction of highly skilled and specialized staff has been shown by Church et al to risk increasing diagnostic errors, compromising the quality and reliability of testing.³⁷ Instrumentation may reduce the time and staff required to conduct testing, but it is not always more accurate, and often requires knowledgeable human eyes to double-check for error and malfunctions. When staff are reduced or deskilled because new automated equipment is “more efficient,” the benefit is primarily to the bottom-line of private corporations, not the lab workers who are laid off, or the patients whose tests are potentially compromised.

The purported financial savings are not sufficient justification for further upheaval in the lab system -- much of which came at significant financial cost and the loss of work already completed. One APL staff member, reacting to the announcement of a name change and of reconfiguration being imposed on the organization, pointed out that

“One of the biggest arguments for the creation of APL was to allow us to be nimble and agile in terms of budget distribution and to possibly become less of a burden on taxpayers in terms of revenues being kept to support infrastructure in our own organization” (2020-G-220, 25).

Far from prioritizing sustainability, the changes imposed on APL reduced its potential to become self-sustaining, and much like the cancellation of the Hub Lab, generated additional costs along with wasted time and work.

While the political gains are clear, the financial benefits of the deal for Alberta are less so. It appears that DynaLIFE, their parent corporations, shareholders, and lobbyists are the real winners. The cost savings for the public purse are likely to be far less than claimed by the UCP government. Moreover, any cost savings will come at the expense of lab workers and patients, as shown in the following section.

4

Who Stands to Lose?

The organizations representing laboratory professionals have been clear in their position that the United Conservative government's plans for lab services have not taken heed of laboratory workers' concerns and do not prioritize their ability to deliver quality testing services to Albertans.

The Canadian Society for Medical Laboratory Sciences (CSMLS) — the professional association for laboratory workers — strongly objected to the cancellation of the “superlab” (Hub Lab), fearing that the loss of the planned facility would only expand existing gaps in Alberta's health care.³⁸

“Our job will be to find elements of it that are the most critical and advocate piece by piece on what that needs to look like and really try to pull together the integration that was expected to come with the Hub Lab.”³⁹

This has not come to fruition. In fact, lab representatives have been largely excluded from the RFP process and few aspects of the original 2017 plan for integration have been realized.

LAB WORKERS

Many laboratory workers feel that there is neither respect for the work they do, nor understanding of the conditions under which they work. Of over 6,000 lab professionals represented by the Health Sciences Association of Alberta (HSAA), up to 1,400 will be impacted by the proposed contracting out. To inform this report, we created a 10-question, long-form questionnaire about the RFP process. Laboratory workers who responded (through self-selection and snowball sampling) were invited to share their thoughts, experiences, possible advantages, and potential concerns about the proposals.⁴⁰ These responses centred on the impacts of the contracting out on lab workers, patients, and the future of the laboratory system.

The most immediate impact of the proposal has been a wave of uncertainty and anxiety among lab workers: about the future of their own jobs, their ability to meet patient needs under corporate management, and the medium- to long-term direction of the laboratory system itself. The announcement of the RFEOI came mere weeks after AHS, on direction of the minister of health, dropped the word “public” from the laboratory services name, literally overnight. Alberta Public Laboratories became Alberta Precision Laboratories with no consultation with or preparation for staff, and with significant as yet undisclosed costs for everything from stationery and signage to email addresses and the work hours to implement

the changes. These costs have not been reconciled with the purported “savings” of lab privatization.

One employee posted to a staff message board in the minutes following the announcement:

“Staff are in shock. ... and the rumours are already starting that this is Step 1 of privatization.” (2020-G-220, 10)

Chief Medical Laboratory Officer Carolyn O’Hara responded to the atmosphere of anxiety in an email conversation:

“I know — have already received emails. Please try to reassure your staff that this is not the case. ... I know it is hard when we don’t know the way forward, but we really need to take things one day at a time.” (2020-G-220, 10)

Along with the logistics of the name change came another round of organizational reconfiguration, dismissals from the board of directors, new leadership appointments, and the transition of administrative staff between APL and AHS.

This was a concern for many lab workers who responded to our questionnaire.

“Since I have been working in Alberta for the last 20 years, the constant threat of layoffs has been looming overhead. It became worse with the conservative governments’ move to privatization of lab services. This leaves many of us on edge and makes it hard to make financial plans for the family.” (Lab technologist, DynaLIFE, Edmonton Zone)

“I have been a lab technologist for 42 years and lab has always been messed around with by the government. Privatize, re-integrate, privatize, combine services to APL, privatize again. This has affected morale, relationships, opportunities, personal financial security and in some cases emotional and mental distress (burn out, depression, anxiety).” (Lab technologist, DynaLIFE, Edmonton Zone)

The November 29, 2019, memo announcing the plans for outsourcing, therefore, dropped onto a workforce that was already on edge, dealing with change after change, and who feared that the short-lived stability that had been achieved could be jeopardized without warning.

“If there is an RFP for a partner [to deliver lab services] there doesn’t seem to be stabilization on the horizon.” (APL staff member, submitted to FAQ during “Big Meeting” townhall event. 2020-G-220, 24)

The lack of transparency and consultation with workers about the proposals also exacerbated their unease. A month after the RFEOI was announced, Alberta Medical Association (AMA) labs chair and Alberta Society of Laboratory Physicians president Dr. Brinda Balachandra wrote to APL leadership to express concerns over the RFP process and request more thorough engagement of the lab membership in considering the future direction of Alberta's lab services, but was rebuffed (2020-D-063, 103).

A further email dated February 20, 2020, from Dr. Balachandra to APL executive Dr. Carolyn O'Hara details the degree of uncertainty and anxiety felt by laboratory professionals across Alberta. Referring to a province-wide teleconference held by the AMA labs section, the email notes that

"There is a great deal of anxiety and uncertainty and anger amongst lab physicians. ... Numerous questions were raised and your answers would be helpful."

In her email, Dr. Balachandra noted that many lab physicians, in particular, felt disregarded and excluded from decision-making.

In general, lab physicians feel that there is not much transparency involved in APL medical affairs as it stands. The front-line physicians do not feel involved..." (2020-D-063, 206)

In a further email in the exchange (February 22, 2020), Dr. Balachandra observes that there is a

"general lack of transparency about what is happening in lab and to lab and its impact on lab physicians — as a workforce that will be directly affected by large and small changes — its [sic] important we be informed and consulted and impact decisions that affect patients." (2020-D-063, 206)

Lab workers expressed concerns over the potential loss of career mobility and opportunity during the transition of positions from APL to DynaLIFE. APL workers will transition to *available* positions within DynaLIFE, not necessarily the same role or hours they had been working previously. The location of open positions would not be guaranteed either, meaning transitioned APL staff might have to consider moving from their home communities or face much longer commutes.

"You either take the job you are offered or you don't have a job ..."
(Lab technologist, APL, Central Zone)

This scenario was also the case during the Klein-era cuts: initially lab professionals were told everyone would keep their jobs; then they were told there were only so many jobs or your job was relocated to a different lab or

municipality altogether. The result was that many lab staff were forced to quit their “guaranteed” position due to their inability to relocate.

Among our survey respondents, some workers are already trying to shift into positions that will not be affected by the transition, or are choosing to retire earlier than they anticipated. Lab workers also expressed concerns that APL positions will be eroded over time if more testing is shifted to DynaLIFE, particularly as DynaLIFE invests heavily in automation processes.

Instead of being provided with clear information about the future, lab workers frequently point to the unlearned lessons of past privatization schemes. When cervical and non-gynecological smear tests in the Edmonton, Central, and North Zones were contracted out to DynaLIFE in 2010, a number of AHS staff faced lay-offs or reduced scope in their roles. As one lab technologist recalled,

“[In 2010] DynaLIFE did not take any of the affected workers from my lab. They ended up laid off and only 2 out of the 4 found work in another city and not at the same number of hours.” (Lab technologist, APL, Central Zone)

Many also anticipated significant changes to lines of reporting and the need to learn unfamiliar standard operating procedures. As courier services would also be privatized (or private couriers used by DynaLIFE given expanded contracts), lab workers also worried about establishing new relationships with these courier services — including determining new timeframes and processes.

“[It will be] very disruptive — teams will be split, expertise divided rather than optimally concentrated.” (Medical laboratory assistant, APL, Edmonton Zone)

Lab workers transitioning to DynaLIFE should also expect to take a financial hit. Private sector positions are already paid less than their APL counterparts, and there is a possibility that the company will choose to fill roles with lower-credentialed workers (laboratory assistants versus laboratory technologists, for example).

Independent researcher Kim Siever has compared APL and DynaLIFE pay scales and the terms of their respective collective agreements (see Table 1).⁴¹

Table 1. Comparison of Salary Ranges, Alberta Precision Laboratories and DynaLIFE, 2021

| Position | APL | DynaLIFE |
|--|---------------|---------------|
| Laboratory technologist I | \$33.98–44.75 | \$34.03–43.29 |
| Laboratory technologist II | \$36.81–47.30 | \$38.46–46.84 |
| Laboratory assistant I | \$22.73–28.34 | \$20.64–26.27 |
| Laboratory assistant II | \$23.99–30.99 | \$22.04–28.05 |
| Combined laboratory & X-ray technologist | \$33.98–44.75 | \$33.82–43.03 |

*Source: Kim Siever, 14 July 2021.

Siever notes that, while DynaLIFE's starting salaries are slightly higher for two positions, APL's top salaries are higher for all positions. The two agreements diverge on definitions of "early evening" and "weekend" shifts, which leaves DynaLIFE employees short on shift differential pay compared to their APL counterparts. Benefits also differ substantially: APL employees can access a flexible health spending account of \$2,750 annually, while at DynaLIFE the benefit is currently less than half that amount. Vacation accrual, bereavement leave, and sick days were also much less generous under DynaLIFE's agreement, including a difference of 35 days in maximum sick leave — particularly significant during the Covid-19 pandemic.

"Savings will come off the backs of employees." (Laboratory physician, retired, Edmonton Zone)

While the RFP states that the selected proponent will be expected to assume APL staff under the same *or similar* conditions as contained in their current collective agreement, there is a lot of room for interpretation within that requirement.⁴² There may be implications for the Health Sciences Association of Alberta's upcoming collective bargaining. Both agreements are up for bargaining in 2021-22; DynaLIFE's expires in March 2022, and APL's expired in September 2021.

APL leadership was unable to confirm whether accrued seniority, sick time, or vacation time would be honoured for transitioning workers.

[The changes are] upsetting and confusing due to lack of support and communication. There has been no discussion of wages or benefits or workload changes." (Medical laboratory assistant, APL, Central Zone)

During the 1996-97 transition resulting from the Klein government cuts, public sector laboratory employees lost their accrued sick time and seniority. This institutional memory lingers, and amplifies the uncertainty felt by lab professionals.

Loss of access to the Alberta Local Authorities Pension Plan (LAPP) was also a major concern for many lab workers. When APL was created, Calgary Lab Services staff were given the opportunity to opt in to the LAPP or to retain their current pension plan. In 2022, when DynaLIFE was due to be bought out by AHS under the NDP plan, DynaLIFE's staff would have had the same option as they integrated into APL. This would not be the case for APL staff transitioning to DynaLIFE under the UCP's 2021 proposals. Given the UCP government's interference with public sector pensions, some felt the removal of the LAPP to be part of a larger agenda. Others were concerned that DynaLIFE's current retirement contributions system (not a pension but an RRSP contribution matching program) did not measure up to the LAPP.

“It creates a two-tier system where a small portion of the workforce gets a pension and the majority does not. So it's like winning the lottery if you get on with APL. There is no portability between the two contracts. DynaLIFE won't give recommendations and APL requires two current supervisor recommendations to hire you. So basically you are trapped in DynaLIFE and can't move to APL. Ever.” (Lab technologist, DynaLIFE, Edmonton Zone)

These significant uncertainties about what their day-to-day lives will look like in the near future contributed to a severe decline in morale amongst lab workers, according to several of our survey respondents. In a communications brief dated October 29, 2020, AHS noted that

“We appreciate that this RFP process creates uncertainty for our workforce.” (2020-G-218, 453).

And yet, of the many hundreds of pages of files obtained via FOIP for this report, this is the only such acknowledgement, and there is no indication that there were any concerted efforts to mitigate that uncertainty for lab workers.

PATIENTS

Lab workers' opinions differed on potential impacts on patients due to the change in provider. Some felt that DynaLIFE's past experience in lab service delivery in the Edmonton Zone indicated a strong record and that their quality assurance processes were similar to APL's. This is how DynaLIFE has framed its communications.⁴³ For these respondents,

patients in Edmonton could theoretically expect their experience to remain mostly unchanged. Given the RFP's potential for the proponent to assume delivery of community lab services across the province, however, some respondents expressed concern over DynaLIFE's ability to seamlessly scale up their operations. Lab professionals who had endured the previous transformations in Alberta's lab system also referred to gaps and deficiencies that impacted patient care following each iteration of privatization and re-structuring.

"Currently the proponent doesn't have the capacity for the proposed work at their base lab. So not sure if [or] how this will impact patients." (Lab technologist, APL, Edmonton Zone)

Quality and Oversight

Concerns about the quality impacts of privatization were frequently expressed by lab workers. While many acknowledged the dedication of DynaLIFE staff and believed they would work hard to ensure high quality and accurate testing services regardless of provider, an equal number of respondents referred to differences in quality standards between APL and DynaLIFE in practice.

"[I am] majorly concerned with quality. [We] already see these differences with DynaLIFE focused on quantity over quality. They are supposed to be part of the APL system in terms of quality processes but concerns are mostly ignored. (Lab technologist, APL, Edmonton Zone)

"Quality may suffer if throughput is given priority over accurate diagnosis. There are many anecdotal examples of this in the past. DynaLIFE has historically been opaque about its internal procedures and quality metrics." (Laboratory physician, retired, Edmonton Zone)

Lab professionals noted that, in the past, as private laboratories have cut back on the services offered, there has often been a concurrent reduction in internal checks and balances to ensure testing quality. When bringing in higher volumes of specimens from more and more small labs, instead of hiring more staff, a workplace culture emerged of normalizing shortcuts and eliminating processes of double-checking for errors prior to posting results. This was justified as reducing "red tape" and "redundancy."

Other respondents felt strongly that the ethos of the private sector functions to shift priorities towards speed, volume, and cost-cutting, and away from accuracy, quality, and attention to detail.

"In the private sector, they are only looking at how to make the most profit out of the system. It will become a quantity measure vs.

quality assessment to the entire lab system.” (Lab technologist, APL, Edmonton Zone)

“At the beginning, it may not affect the routine stuff. But privatization will try to make money wherever it can. It will cut costs ruthlessly. Complex low volume testing will be affected and those doing that work will be marginalized. [The] private provider will marginalize those parts of lab that don’t make money. Quality if it has a profit component will be highly touted but not if it does not have profit. The problems with long-term care that we are seeing will come to private lab services.” (Lab technologist, APL, Edmonton Zone)

While DynaLIFE currently works to meet AHS quality standards for contracted testing (and would be obligated to continue to do so under the 2020-21 RFP), several lab workers noted that these quality standards are not accessible or transparent.

“APL and AHS don’t have access to quality data or patient feedback about their services. We should have a reporting structure in place for this information.” (Medical laboratory assistant, APL, Edmonton Zone)

As we have seen repeatedly in trying to obtain information about how contracting-out decisions are made, “third-party business interests” are privileged and excluded from Freedom of Information and Protection of Privacy requests. In other words, when public services are privately delivered, important information on quality and costs are not accessible for public information and scrutiny.

Turnaround Time

When asked about the potential impacts of further contracting out to patients, lab workers expressed concerns about increased turnaround time (TAT) — the time for a sample to be collected, tested and analyzed, and results returned to the health-care provider. Under the hub-and-spoke model that was planned with the new Edmonton Hub Lab at its centre, samples from communities outside of Edmonton and Calgary would be sent to larger reference laboratories, using one system and one courier company. While the process would be similar under the proposed contract (if DynaLIFE opts for all community-based testing across the province), samples may not be sent to the nearest or most appropriate lab, may be “batched” and held over until a profitable volume is reached to send out, and may rely on multiple courier services with differing schedules. Samples that remain under APL jurisdiction would need to be sorted and sent separately to other locations, via the APL courier. Lab workers noted that

this redundancy not only creates additional work and increases the risk of mix-up, but is likely to increase the turnaround time for many routine tests.

“Some tests will take longer because they will be sent out and batched because they are low volume. Some will get done faster. It’s going to be a mixed bag.” (Lab technologist, DynaLIFE, Edmonton Zone)

“There will be a delay in results. Testing collected within the community could be tested at the local site with little delay [but] instead the samples will be held for transport to a referral location and the TAT will be impacted by courier schedules.” (Laboratory physician, retired, Edmonton Zone)

As one lab worker from Central Zone explained, the changes are not being made to improve the process of sorting and transporting samples (as was the case under the hub model), but simply to accommodate a split between the public and private providers.

“Changes will be confusing and cause disarray as the changes are not being implemented for process improvement of sample workup but for a change in company policy. Results will likely be slower due to increased transportation time, time required for sorting which samples go to which company and location.” (Lab technologist, APL, Central Zone)

“The changes proposed under the RFP will considerably impact communities outside of Edmonton and Calgary – and rural and remote communities most of all.”

Rural Access (any Community Outside of Edmonton and Calgary)

The RFP states that “In order to ensure that small rural and remote communities continue to receive the service they need, hospital sites that currently handle less than 25,000 community blood test collections per year will continue to do so by APL. Larger communities will expect to be serviced by the private provider(s) through community collection sites.”

This division of service delivery is supposed to ensure that access to services in rural and remote areas is maintained; at the same time, it perpetuates the fragmentation of service delivery that the integrated (APL) model was designed to resolve. Rural and smaller urban communities will have to rely on good courier services to maintain the recommended turnaround times (delivery of sample to central lab, processing, and notification of results). As explained in the previous section regarding turnaround time, the changes proposed under the RFP will considerably impact communities outside of Edmonton and Calgary — and rural and remote communities most of all.

“I think patient care will greatly be decreased. In Red Deer already we have one collection site for 100,000+ people. Trying to get an appointment is almost impossible and walk-ins are hours of

waiting. I fear the quality of care in small city and rural areas will be diminished. Transport times will be increased, specimen processing time could be impacted as now these samples are going from a place where maybe 50-200 samples are received to 1,000's. There are too many unknowns to fully understand the impact this will have in patients." (Lab technologist, APL, Central Zone)

"[I am] concerned that people will have to wait longer for their diagnosis and the potential to take away some services in cities that are not Edmonton or Calgary will mean patients will have to travel further and be on a longer wait list." (Medical laboratory assistant, APL, Central Zone)

"[This split] has caused delay in service [in the past] because the sample is not guaranteed to be processed in the closest testing facility but is sent to which company has the contract to process." (Lab technologist, APL, Central Zone)

"Low follow-up testing protocols to save money will result in longer time to final diagnosis & less early diagnosis of some conditions. Physicians will falsely assume we [have an] extended testing problem or query result specimens when we are not. Higher rejected or untested specimens due to tight policies on specific diagnosis for proceeding with testing. Lower frequency of batch runs for esoteric testing. Increased pressure on patients to private pay for unnecessary extended diagnostic testing." (Lab technologist, APL, Edmonton Zone)

While the current level of access may be maintained, the broader question of equity under this division is more complex:

"It is very arbitrary. It creates different standards for patients based solely on their location." (Lab technologist, APL, Central Zone)

The division between smaller rural sites and the large urban centres also has a financial motivation:

"Of course, the for-profit providers want only to handle the high volume, easy tasks that they can get the most profit from the easiest! In a large system you have to have the 'easier' tests to allow an organization to have the time/money/resources to continue to provide the more difficult or less frequent tests to the public. The for-profit contractor only wants the easy stuff. This leaves the investment, money, and time to drain the public system. Absolutely despicable." (Lab technologist, APL, Edmonton Zone)

"The private sector will benefit the greater areas and leave the highly costly rural areas for the government to deal with. Again it is cost and

profit for the private sector, not considering patients' care." (Medical laboratory assistant APL, Edmonton Zone)

"[This] 25k test threshold is arbitrary and allows a private provider to swoop in and provide high-volume, low-cost testing and leave the expensive complexity to the public (APL)." (Lab technologist, APL, Central Zone)

"Carving off" the higher volume and low complexity testing from the medium-sized urban centres also raises concerns about the potential erosion of services provided as it increases the costs for those hospitals.

"Patient samples in Red Deer, Lethbridge, Medicine Hat will now be sent out of the city for testing when the hospital shave staff, equipment, and capacity to do the work. Hospitals will still need to maintain their equipment to test the more complex in-patient populations, however without the high volume they will lose the economy and scale for negotiating contract pricing for reagent and equipment, driving up the cost of testing for these sites. Budgets will then have to focus on cost saving and with a majority of budgets being dedicated to staffing there will be additional need to reduce workforces at these sites." (Laboratory physician, retired, Edmonton Zone)

As one of the perceived strengths of the wholly public hub model was the creation of an integrated and unified system, lab workers were asked whether this division of services could undermine the unity or coherence of lab services and the lab workforce.

"...It very much limits where lab professionals can work without losing seniority. What you will end up with is rural staff and some hospitals retaining a good pension and the balance of the workers receiving an inferior plan. This affects the lab assistants to a greater degree and they are already the lower paid staff." (Lab technologist, APL, Central Zone)

"The division will take lab service delivery models back 20 years when all of Alberta had individual hospitals and more private delivery of lab services instead of advancing coherence. APL was to model CLS who had great success in cohesive lab delivery. Internally we call this 'the divorce' because there will be fights over what stays APL and what gets privatized." (Lab technologist, APL, Calgary Zone)

LABORATORY SYSTEM

Calgary Laboratories

Despite the emphasis on proposed transformation for Edmonton in both the UCP and NDP lab plans, in many ways Calgary faces the most

significant changes. When the semi-autonomous Calgary Lab Services (CLS) was asked to take a back seat by amalgamating into Alberta Public Labs, the previous power dynamic in the province shifted. For many years, there was a perception of a tug-of-war over resources between Edmonton and Calgary, and a lack of inclusion of Calgary-based perspectives within AHS. With the creation of Alberta Public Labs, many lessons from the CLS experience were disregarded. Likewise, these lessons and the advantages of the model have not been considered in the UCP's privatized services plan.

As James Wright⁴⁴ outlines in his detailed history and analysis of the Calgary model, CLS emerged from the austerity agenda of the Klein government and the drastic cuts — and very abrupt changes, including regionalization — that catalyzed a transformation in lab service delivery across Alberta.

“In Calgary, in the face of these abrupt changes in the laboratory environment, private laboratories, publicly funded hospital laboratories and the medical school department precipitously and reluctantly merged in 1996. The origin of Calgary Laboratory Services was likened to an ‘unhappy shotgun marriage’ by all parties.”⁴⁵

Wright further notes that, “Although such a structure could save money by eliminating duplicated services and excess capacity and could provide excellent city-wide clinical service by increasing standardization,” tensions were inherent between the public and private aspects of the organization, between CLS's dual roles as a clinical hub and as support for the academic medical school at the University of Calgary.⁴⁶

The tensions among the major stakeholders in CLS eventually hit a dead end, leading Calgary Regional Health Authority to buy out the private sector partners in 2006. That resulted in CLS becoming a wholly owned subsidiary, first of Calgary Regional Health Authority and subsequently of AHS. Through trial, error, and necessity, CLS developed both a highly-efficient, patient-centred delivery model and a world-class academic one. CLS has been the basis for several similar models developed across Canada and elsewhere, including for the proposed model for Edmonton and North Zone lab services under the cancelled Sonic deal.

Under the APL/Hub Lab model initiated by the NDP, Calgary was subsumed as an arguably lesser partner. All the focus was on Edmonton, in particular the extensive resources needed to construct the new hub lab facility. In 2019, when lab services were asked to pivot again and prepare for continued outsourcing of community-based lab services, Calgary was once more left in uncertain waters: the terms of the RFP left open the possibility that lab services for Alberta South could be contracted out on a similar

basis to Edmonton and the North. Lab physicians in Calgary formed their own corporation to bid for the contract and reinstate a CLS-like model.

However, with the announcement of DynaLIFE as the preferred proponent, there has been no resolution to the question of scope: will the company be content to stick with a similar contract to their current arrangement? Or have they bid to provide delivery for the entire province? What might that mean for the Calgary-Edmonton dynamic in the future?

Lack of Infrastructure

In its 2017 report *Provincial Plan for Integrated Laboratory Services*, the Health Quality Council of Alberta (HQCA) identified the extent of the infrastructure and equipment needs in Alberta's laboratory system: over 70% of AHS and CLS equipment had passed its useful life; among AHS (non-Calgary) labs, the figure was even higher, at 76%.⁴⁷ The report further noted that "Edmonton laboratory facilities have fallen behind in terms of facility investments."⁴⁸

An assessment conducted by Capital Health in 2007 found that lab spaces at the University of Alberta Hospital, Royal Alexandra, and Provincial Lab were "oversubscribed and poorly designed," and recommended extensive renovation, expansion, and/or relocation.⁴⁹ The design and space challenges in the Royal Alexandra Hospital were a direct result of the partial closure of the lab in 1995 and 1996: the new laboratory space had been designed for optimal work flow, but as services were privatized, spaces were closed off.

The cumulative, downstream impacts of short-sighted decisions in the past have been identified again and again, often via publicly-funded consultancy. The 2007 Capital Health assessment singled out the Genetics Laboratory in Edmonton and the Provincial Laboratory in Calgary as priorities due to "capacity and safety issues."⁵⁰ The Genetics Laboratory (located at the University of Alberta) remains in the same, unrenovated location nearly 15 years after this recommendation was issued. The Provincial Laboratory at the Calgary Foothills site remains on AHS's list for "Potential Future Major Capital Projects."⁵¹

After the cancellation of the Hub Lab, how might APL expect to fund new lab space, infrastructure, and equipment? The RFP indicates that the third-party proponent (viz. DynaLIFE) will assume assets for community lab services and be responsible for equipment and capital costs. But there is no indication in the provincial budget that any additional funding would be provided to APL for new equipment or infrastructure, nor any long-term program established for essential upgrades, renovations, or maintenance. Lab workers and their professional associations — Canadian Society of

Medical Laboratory Science (CSMLS) and the Alberta Medical Association Labs Section — have been raising the alarm on the infrastructure crisis in labs (particularly but not solely in Edmonton) since the UCP government announced its intention to cancel the project mid-construction.⁵² According to CSMLS Alberta director Joël Rivero,

“Restrictions on physical space for our staff and equipment restricts Alberta’s labs from running at their full potential. Investment is absolutely critical moving forward, as ultimately patients are left with the consequences of this decision.”⁵³

Through conversations with the researcher and our questionnaire, lab staff revealed that certain labs have been repeatedly cited for inadequate space in their accreditation processes. One respondent described the challenges of short-term, patchwork fixes to the problem:

“We have band-aid solutions that don’t work. ... Many hospital labs are housed in hospitals that are old with older pipes, ventilation, water etc. The modern equipment cannot be retrofitted easily into these aging places.” (Lab technologist, APL, Edmonton Zone)

“From the perspective of the lab professionals who work in them every day, labs are indeed in danger of ‘crumbling.’”

This description of laboratory spaces, which was echoed in various ways by many of the respondents to our questionnaire, directly contradicts Health Minister Shandro’s assertion cited at the beginning of this report: from the perspective of the lab professionals who work in them every day, labs are indeed in danger of “crumbling.”

Lack of Equipment

Outdated or offline equipment also impacts turnaround times and may increase the likelihood of a missed diagnosis.

“We’ve been under-spaced & under-equipped for decades. Some of our equipment is 40 years old & held together by duct tape & lab love. There is no space or equipment coming. We’re screwed.” (Lab technologist, APL, Edmonton Zone)

“Space and equipment, especially instrumentation, are in very poor condition and with no extra money, that could lead to problems with providing services that need to meet the same quality of results.” (Lab technologist, DynaLIFE, Edmonton Zone)

“There has been a lot of waste in time and money planning and preparing for the Hub Lab but one decision of the government to stop the process, all of it is wasted. Our labs are getting crowded and the technology is running behind when poor decisions are made. This will put helping patients at potentially early stages behind in treatment and therapy. In turn, prolonging this can cost more

money to treat the patient in the long run.” (Lab technologist, APL, Edmonton Zone)

“Daily we are working with broken equipment, poor infrastructure that now needs renovation (as we had deferred major projects) because we had concrete plans to move to Hub Lab. A lab they had already broken ground on when the UCP decided to cancel it. Now every day our equipment breaks and delays/threatens our ability to provide fast results for Albertans.” (Medical laboratory assistant, APL, Edmonton Zone)

With conflicting messaging around infrastructure and capital assets in various versions of the RFEOI and RFP, important questions remain to be answered. What arrangement will be put in place for the selected proponent (DynaLIFE) to build new labs space? Will the Province retain any ownership of that space? How much will we pay (directly or indirectly) for its use? These details remain to be negotiated.

“When the third-party builds a new lab, you can be assured that it will be factored into the per lab test cost that the government will be paying, so what will happen is Albertans will indirectly buy the third-party its new building, lab costs will be pretty much the same as what they are now, except lab workers will be compensated less and fewer job opportunities, we will buy a building for them, all while ensuring profit for their executives and shareholders.” (Lab technologist, APL, Edmonton Zone)

“We [DynaLIFE] are out-growing base lab. So DynaLIFE will have to build the Hub Lab. I expect that in the contract with the government it becomes DynaLIFE's responsibility to build the Hub Lab. DynaLIFE had plans to build such a lab prior to the RFP that was sprung on everyone that was awarded to the Australian company. In fact, in that RFP you had to show a plan for a Hub Lab. So I expect DynaLIFE will be building the Hub Lab. We still need it. As space is at a premium at base lab downtown.” (Lab technologist, DynaLIFE, Edmonton Zone)

Attraction and Retention of Lab Professionals

One of the challenges for the future sustainability of Alberta's lab system identified in the 2017 HQCA report concerned the impending demographic shift in the sector. As a large proportion of lab professionals approach retirement, Alberta (like Canada at large) needs a strategy to bring new workers into the profession and provide the incentives for them to stay over the long term. The Edmonton Hub Lab and the transformation of lab services into a wholly public, wholly integrated system was intended, in

large part, to entice skilled lab workers to Alberta with a modern, world-leading facility, state-of-the-art equipment, and the benefits and stability attached to public sector employment. Without those incentives, the current plan places all hopes for attraction and retention on DynaLIFE and the assumption that their workforce strategy will be appealing to new graduates.

In 2018, CSMLS issued a number of calls to action around the impending shifts in the laboratory workforce, notably advocating for public and private labs to consider the long-term implications of fiscal restraint and prioritize permanent full-time positions, concerted training models, mentorship from experienced lab technologists, and support for the mental health challenges that have become prevalent in laboratory workplaces due to precarious working conditions and unsustainable workload expectations.⁵⁴

When asked about what these challenges would be, laboratory workers highlighted:

“Experienced staff leaving the profession and no one to mentor new staff as everyone left is spread too thin to have the time to do the mentoring...” (Lab technologist, APL, Calgary Zone)

“Lack of recruitment and retention of the best people, at the tech and pathologist level.” (Laboratory physician, retired, Edmonton Zone)

“The lack of training spaces for new technologists — 30% of the field is set to retire in the next 5-10 years, yet we are not training fast enough to replace because we do not have enough clinical spots to do so. [The] Hub lab would have addressed this.” (Lab technologist, DynaLIFE, Edmonton Zone)

“The lab needs a dedicated permanent space. It needs stable funding. It needs more techs. It needs a pension plan so that good quality people are attracted to lab and will stay.” (Lab technologist, DynaLIFE, Edmonton Zone)

These concerns echo the difficulties in staffing faced by Alberta’s laboratory sector after the Klein-era cuts of the 1990s:

“These government-dictated cuts precipitated a crisis in laboratory staffing until pathologists negotiated a new compensation framework in 1998. In order to bring pathologists back to Alberta after the brain drain and to overcome the province’s poor reputation, the new compensation framework made pathologists in Alberta the highest paid in Canada.” (McIntosh 2020, 11)⁵⁵

The resulting higher wages relative to the rest of Canada are now the subject of attacks by the United Conservative government, failing to acknowledge

the role that austerity measures and lack of planning played in producing that scenario.

Lab workers also linked the lack of incoming talent to the absence of predictable funding and the unstable, politicized environment for Alberta's labs.

"Loss of staff and inability to recruit because we have a provincial government which is openly hostile to health-care workers and the public sector. [A] provincial government which has slashed university budgets and will affect our ability to train new lab professionals and lose out on innovative research work." (Medical laboratory assistant, APL, Edmonton Zone)

“Each time the lab is renamed, reorganized, sold, or transferred, considerable sums of public dollars are unnecessarily spent on non-patient endeavours.”

Instability

The continued destabilization of the laboratory system has been the most common concern expressed by lab professionals. This sense of destabilization is directly linked to the perceived politicization of laboratory services and the ideological tug-of-war that has been waged.

Each time the lab is renamed, reorganized, sold, or transferred, considerable sums of public dollars are unnecessarily spent on non-patient endeavours. Despite the rhetoric of the UCP government, the proposed changes do not prioritize a patient-centric service.

"Lab has been in a ping-pong tournament with the government for over 20 years. No stability at all! I've worked for Capital Health, converted to AHS, converted to Alberta Public Labs, and converted to Alberta Precision Labs. So there's always a transition and redoing of policies etc. It's hard to gain any steps forward. We had a real chance to improve and be best of the best with the Hub Lab in Edmonton to best serve Albertans." (Lab technologist, APL, Edmonton Zone)

While some workers expressed hope that this contracting out might be the last disruptive change for the labs sector, even this DynaLIFE employee felt that the proposed transformation would not benefit lab workers or the long-term success of the profession:

"There has been nothing but stress about employment for the last 10 years. This contract solves it but in a way that does nothing for the profession overall nor the individual technologist." (Lab technologist, DynaLIFE, Edmonton Zone)

For many lab workers, the reversal of efforts that had gone into preparing for anticipated changes was not only destabilizing and demoralizing, but also incredibly wasteful.

“Disruption constantly. It has been an unstable disaster. The multiple changes in direction have undone thousands of hours of work and planning with untold mental and financial cost. Such instability hurts our ability to recruit and retain good staff.” (Medical laboratory assistant, APL, Central Zone)

Even as the Kenney government vowed that the purported savings from the Hub Lab cancellation would be redirected to “direct patient care,” lab workers were pouring thousands of hours of work and resources into changes that would be scrapped. As this respondent notes, those resources could — and should — have been used to provide quality care to patients:

“We are constantly moving one step forward and two steps backwards. All the energy and effort should be [focused] on patients rather than pushing towards giving us up to privatization.” (Lab technologist, APL, Edmonton Zone)

What we heard from lab workers was that this repeat of the 2013-14 contracting debacle was even more frustrating and demoralizing because it was entirely unnecessary. The lab sector was working on a planned transformation that had extensive buy-in from lab professionals, was based on national and international best practice, and had already considered solutions for the problems of infrastructure and staffing.

“We *had* a long-range plan for safety, security, and cutting-edge future of *public* lab services in Alberta. This was gutted by the UCP’s cancellation of the Hub Lab, other strategies, and increasing for-profit lab services.” (Medical laboratory assistant, APL, Edmonton Zone)

Many of the lab workers who responded to our questionnaire believed that the wholly public Hub Lab plan, while not a panacea, was an opportunity for a stable, sustainable lab system. The overwhelming perception was that the reversal of the plan was purely political.

“The most frustrating thing is that we *had* a plan, the scientific/medical/lab experts came together to create a plan to help Albertans today, tomorrow, with a plan for the future. This was for clinical lab services, research, *and* a bridge between the two to help us stay at the top of the lab services we can provide for decades to come. The

cancellation of Hub Lab allowed for petty men, in petty politics, to jeopardize the health of *all* Albertans for decades.” (Lab technologist, APL, Edmonton Zone)

Ultimately, Albertans are also net losers in this deal. Instead of a modern, sustainable lab system designed for Albertans, the DynaLIFE deal offers false economies, minimal savings, a smaller and demoralized workforce, a massive infrastructure deficit, and a fragmented system with little accountability. The UCP's disruptive transformation of laboratory services in Alberta rewards a large corporation and its shareholders over the current and long-term future interests of Albertans and our public lab system.

5

Conclusions and Recommendations: The Future of Laboratory Services in Alberta

When announcing the APL name change and reorganization, APL and the Ministry of Health referred to it as a “course correction.” In a staff forum, one APL staff member posed a critical question that is relevant to the larger process of laboratory services transformation in Alberta:

“‘Course correction’ — what does that mean [for us], and what wrong turns does the government want us to ‘correct’?” (2020-G-220, 29)

Answering this question reveals much about the priorities of the UCP government and what they consider to be a successful laboratory system. For lab workers — those who work every day to collect and prepare samples, who calm jittery patients and make “rabbit ears” out of cotton balls for the youngest, and who quietly conduct testing and analysis to assist physicians in diagnoses and treatment — the ideal laboratory system is a stable one where their expertise is acknowledged and respected.

The UCP’s “deal” with DynaLIFE does not succeed on its own terms — cost savings and “sustainability” — nor on the criteria that matter to Albertans: preserving good jobs with equitable working conditions, putting patient care and testing quality ahead of profit, maintaining and improving equitable access to services in rural and remote areas, and fostering a future-oriented lab system that is adequately funded and resourced.

The UCP proposal for contracting out community laboratory services will not generate substantial savings, will not encourage long-term stability, will not safeguard quality testing standards, goes against the lessons learned from Alberta’s past experience, and ignores the voices and concerns of those who know the laboratory system best — lab workers and lab physicians.

RECOMMENDATIONS

Regardless of organizational and delivery model, laboratory services need:

- i. Transparency. The UCP government has provided no evidence to support its claim that this contract will provide long-term value for Alberta's health-care system. We call for the minister of health to release the full business case used to justify the decision, alongside a cost-benefit comparison to the wholly public plan.
- ii. Respect for, and understanding of, the centrality of lab services to front-line medical care.
- iii. A lab system where lab experts are at the heart of decision-making.
- iv. Predictable funding, adequate capital investment, modern equipment, and stable organization.
- v. Patient care, workers' well-being, and system stability that are prioritized ahead of political point-scoring.

The current trajectory prioritizes the exact opposite. Further privatization does nothing to resolve the challenges facing the laboratory sector — in fact, it creates new problems and exacerbates the existing ones. The most demoralizing part of this process for lab professionals is that their voices continue to be unheard and public funds that should be directed to quality patient care are instead being siphoned into corporate coffers.

“There is no more to be trimmed from the system; trimming now equals sacrificing patients' health and, in some cases, their lives.”

Lab professionals have continued to provide the best quality of work they can under challenging conditions that have been deteriorating for decades. It is time to acknowledge the key role the lab plays and elevate its voice in patient care rather than once again use it as a political pawn. There is no more to be trimmed from the system; trimming now equals sacrificing patients' health and, in some cases, their lives.

Endnotes

- 1 The *Edmonton Journal* reported on January 27, 1996, that the number of medical laboratory technologists in Alberta had dropped 19% between 1990 and 1994. In May 1996, the president of the Alberta Society for Laboratory Physicians stated on *CBC Radio* that 32 of Alberta's 135 laboratory physicians had lost their positions or retired early. As these archives are difficult to access, these statistics are referenced in Pat Lentendre. "History of 1990s Laboratory Restructuring in Alberta," 1994-1996. <https://sites.ualberta.ca/~pletendr/orighealthcare.html>
- 2 Alberta Health Services. *AHS Annual Report 2018-2019*. 2019, 13-22. <https://www.albertahealthservices.ca/assets/about/publications/2018-19-annual-report-web-version.pdf>
- 3 Despite the narrative framing of the issue by the UCP as one of "fiscal sustainability," the official messaging around the RFEOI explicitly acknowledged that "The healthcare budget has remained stable" (2020-D-063, 123. Letter to APL staff from Board Chair Mauro Chies, 29 November 2019). The anticipated growth in testing demand and aging population curve were unchanged from the projections used by the HQCA in their development of the wholly integrated laboratories plan.
- 4 Emily Mertz. "Medical lab group pushing Alberta government to address gaps after cancelling superlab." *Global News*, 24 June 2019. <https://globalnews.ca/news/5677728/medical-lab-group-alberta-ucp-cancel-superlab-dynalife/>
- 5 Alberta Health Services. Media Statement: Alberta Health Services and Alberta Precision Laboratories (APL): Request for Expression of Interest (RFEOI) for Community Lab Services. 3 December 2019. <https://www.albertahealthservices.ca/news/releases/2019/Page15337.aspx>
- 6 "Based on the RFEOI and direct related communication from Sonic Healthcare, it is likely that proposals would be received from all the proponents which submitted proposals to the 2013-14 Laboratory Services RFP AHS-2013-1962." FOIP files, 2020-G-044, 69.
- 7 Post by User u/DasOosty. "UCP Selling off Alberta Public Labs." Reddit, 29 November 2019. https://www.reddit.com/r/alberta/comments/e3jics/ucp_selling_off_alberta_public_labs/

- 8 Andrea Sands. "Australian company wins \$3-billion contract to run lab services in Edmonton." *Edmonton Journal*, 17 October 2014. <https://edmontonjournal.com/news/local-news/australian-company-wins-3-billion-contract-to-run-lab-services-in-edmonton>
- 9 Health Quality Council of Alberta. *Provincial Plan for Integrated Laboratory Services in Alberta*. 2017, 82-84. https://www.hqca.ca/wp-content/uploads/2018/05/Provincial_Plan_for_Integrated_Laboratory_Services_in_Alberta_FINAL_.pdf
- 10 This money is part of the Northern Laboratory Equipment Upgrade Program. The 2020 provincial budget notes that the laboratory at the Peter Lougheed Centre in Calgary will also be upgraded as part of a larger renovation in 2020-23. See Alison McIntosh. *Privatization Pressures in Alberta Health Care: Laboratory Services, Home Care, and Telehealth Under Austerity*. Parkland Institute. 2020, 13. https://www.parklandinstitute.ca/privatization_pressures_in_alberta_health_care
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- 38 Mertz, "Medical lab group pushing Alberta government."
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- 40 Note that some responses have been edited for spelling and clarity. Affiliations, job titles, and health zone locations may also have been modified for some respondents to ensure anonymity while maintaining the representativeness of the sample.

- 41 Kim Siever. “Could privatization of Alberta lab services lead to fewer worker benefits?” 14 July 2021. <https://kimsiever.ca/2021/07/14/could-privatization-of-alberta-lab-services-lead-to-fewer-worker-benefits/>
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- 55 For a thorough discussion of the history and implications of this process for the laboratory system in Alberta, see Wright, "Calgary Laboratory Services," *op cit*.



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