



profile

Medavie Inc.

Updated January 2022

The National Union of Public and General Employees (NUPGE) is a family of 11 Component and 3 affiliate unions. Taken together, we are one of the largest unions in Canada. Most of our 390,000 members work to deliver public services of every kind to the citizens of their home provinces. We also have a large and growing number of members who work for private businesses.

The office of the National Union of Public and General Employees is situated on the traditional unceded territory of the Algonquin Anishinaabeg people and is now home to many diverse First Nations, Inuit, and Métis communities.

We recognize and acknowledge the crimes that have been committed and the harm that has been done.

And, we dedicate ourselves, as a union, to moving forward in partnership with Indigenous Peoples in a spirit of reconciliation and striving for justice.

Larry Brown, President

Bert Blundon, Secretary-Treasurer

Summary

Medavie Blue Cross started as a health insurance provider in Nova Scotia, New Brunswick, and Prince Edward Island. In recent years, the company has emerged as an operator of an increasing number of health care services.

Medavie started with ambulance services and has become the largest private operator of ambulance services in Canada. In the last 6 years, Medavie has started to take over other health care services such as home health services management and telehealth. As of 2022, Medavie Blue Cross operates health care services in Nova Scotia, Prince Edward Island, New Brunswick, Ontario, Saskatchewan, and Alberta.

While it originally took over services provided largely by for-profit or not-for-profit companies, it is starting to take over publicly provided services that are being privatized.

Medavie uses the fact that it is a not-for-profit organization to try to muddy the waters when concerns about privatizing health care services are raised. However, even though Medavie is a not-for-profit corporation, there are still problems with Medavie controlling public services. Its growing role in the privatization of public services means increasing problems with the lack of financial accountability and secrecy around decision-making. Related to both of these issues is the registration of its American subsidiary in a tax haven. Another concern is that very few of Medavie's subsidiaries appear to be not-for-profit. What makes this potentially serious is that Medavie is not subject to freedom of information legislation and very little information about its operations is made public. This includes information about the company's finances.

Corporate Description

Company History

The origins of Medavie can be traced to Maritime Medical Care Inc. and Blue Cross of Atlantic Canada. These 2 companies were established in the 1940s. Both were not-for-profit medical insurance companies operating in the Maritimes.

The 2 companies announced that they were amalgamating in 1999 to form Atlantic Blue Cross. In 2003, the amalgamated company became Medavie Incorporated. Medavie's insurance operations and the parent company adopted the name Medavie Blue Cross in 2005.

Similarly, Medavie's involvement in health care services can be traced to those of Maritime Medical Care Inc. In 1997, Maritime Medical Care Inc. set up EMC Emergency Medical Care Inc. to operate ambulance services in Nova Scotia. In 2006, when Medavie took over ambulance services in PEI, Medavie EMS Group of Companies was set up as an umbrella company for Medavie's health care subsidiaries.

In 2009, Medavie started operating ambulance services in Ontario. In 2012, Medavie took over ambulance services in Alberta and Massachusetts, and in 2013, Medavie took over MD Ambulance in Saskatoon.

In 2016, Medavie's health care operations expanded beyond ambulance services when it took over telehealth services in PEI and Nova Scotia, and began discussions with the New Brunswick government about taking over telehealth and the Extra-Mural Program in that province. That expansion and likely future ambitions were reflected in Medavie EMS being renamed Medavie Health Services in March 2017.

Corporate Structure

As the organization chart shows, Medavie Inc. has 3 distinct brands. Medavie Blue Cross is the name used for Medavie's health insurances business. The Medavie Health Foundation Inc. makes donations to selected causes. Medavie Health Services Inc. controls the subsidiaries delivering health care services.

Medavie Blue Cross is registered as a business name, while the Medavie Health Foundation Inc. and Medavie Health Services Inc. are registered as separate corporations. All 3, as well as Medavie Inc., are registered in Nova Scotia.

Medavie Blue Cross

Medavie Blue Cross runs insurance and benefit programs. These include group life and health plans in Atlantic Canada, Ontario, and Quebec, and individual life, health, and travel insurance in Atlantic Canada. Medavie Blue Cross also administers a number of provincial and federal government programs.

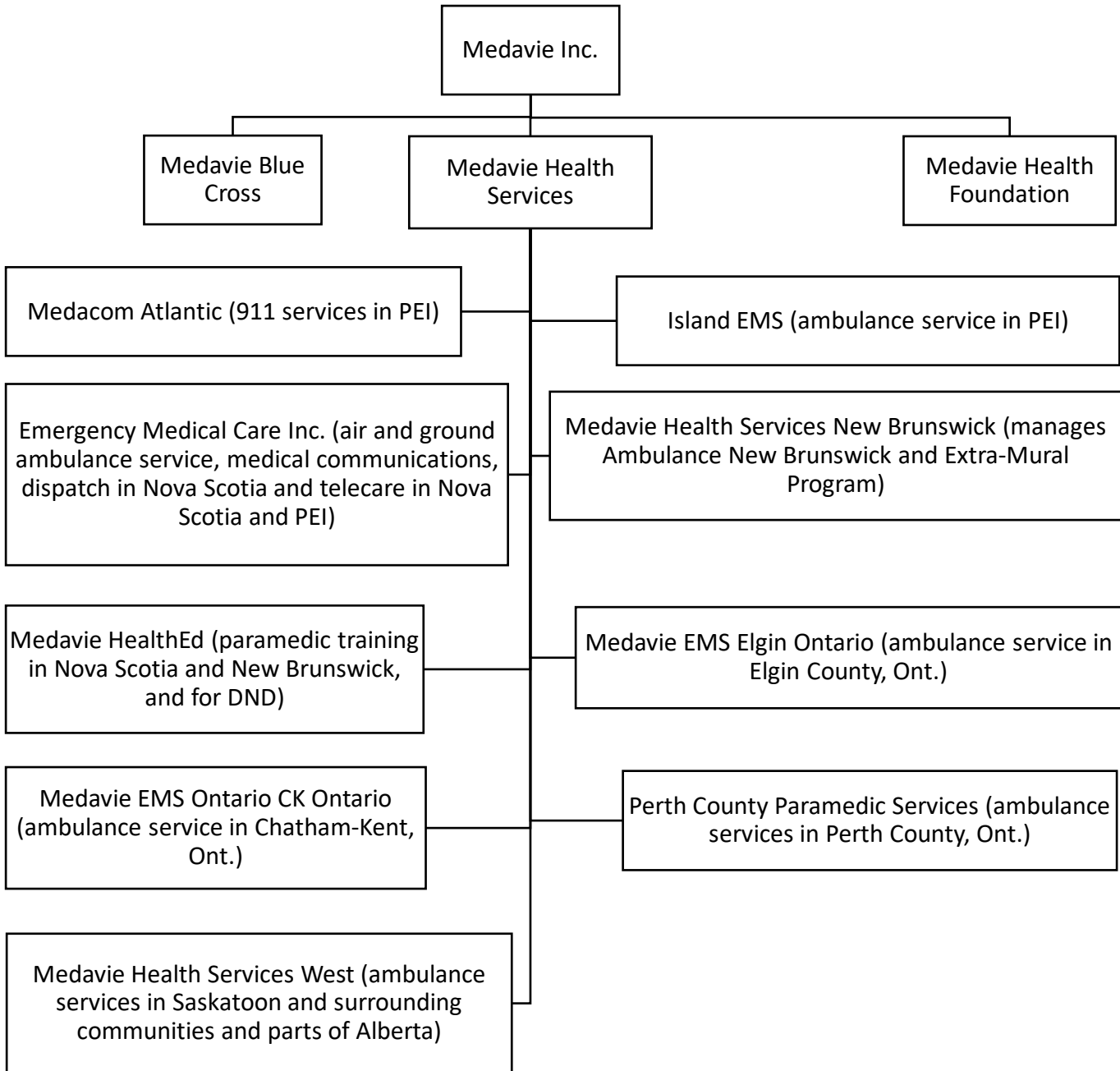
Medavie Health Services

Medavie Health Services controls Medavie's health care operations. Health care services are operated by a number of companies that are controlled by Medavie Health Services. Most subsidiary corporations are registered in Nova Scotia. Other Medavie Health Services subsidiaries are registered in New Brunswick, Ontario, Saskatchewan, Alberta, and federally.

Medavie Health Foundation

The Medavie Health Foundation provides funding to organizations working on child and youth mental health, post-traumatic stress disorder, and type 2 diabetes. Medavie donates a portion of its profits to the Medavie Health Foundation each year.

Medavie Organization Chart



In addition to the companies shown in the organization chart, Medavie Inc. has registered the following subsidiaries:

- Medavie Management Foundation, which is registered as a Limited by Guarantee (usually meaning not-for-profit) company in Nova Scotia
- EMT Emergency Medical Technology Services Inc., registered in Nova Scotia
- Medavie Healthworx Inc., registered federally
- Services de santé Medavie Inc., registered in Quebec

Services Being Operated

Federal and Provincial Benefit Programs

Medavie administers programs for the federal government, the Nova Scotia government, and the New Brunswick government. These programs are ones that would typically be delivered by public employees in many jurisdictions, as opposed to employee benefit programs, such as those that Medavie Blue Cross also provides.

Government drug and benefit programs administered by Medavie Blue Cross include:

- provincial government's Medical Services Insurance Programs (MSI) in Nova Scotia
- provincial government drug plans in New Brunswick and Nova Scotia
- drug prescription monitoring programs in New Brunswick and Nova Scotia
- Veterans Affairs Canada health services and benefits for veterans
- Interim Federal Health Program (IFHP) for resettled refugees and refugee claimants

Ambulance Services

Medavie's ambulance operations can be traced to a subsidiary of one of its predecessor companies, Maritime Medical Care. The latter took over the ambulance service in Nova Scotia in 1997. In 2006, Medavie took over ambulance services in Prince Edward Island.

In both provinces, there were a number of private for-profit companies operating ambulance services before Medavie started operating a province-wide service. From an ownership perspective, the effect of Medavie taking over was to replace private for-profit companies with a private not-for-profit company.

There have been 4 areas of Ontario where Medavie operates or has operated ambulance services—the District Municipality of Muskoka, Elgin County, the Municipality of Chatham-Kent, and Perth County. In the first three, Medavie took over from private contractors, although in Chatham-Kent an internal bid was considered. But in Perth County, a public service was privatized. In 2016, Medavie lost the contract in

the District Municipality of Muskoka after the municipality decided to bring its ambulance services under public control to save money and improve accountability.

In Alberta and Saskatchewan, Medavie has purchased 3 private ambulance companies. Prairie EMS, which operated in the Alberta communities of Fort Saskatchewan, Lamont, Andrew, Two Hills, Saddle Lake, Elk Point, Vermillion, and St. Paul, was purchased in 2011. MD Ambulance, which operated in the Saskatoon area, was purchased in 2014. Guardian Ambulance, which operated in the Alberta communities of Innisfail, Ponoka, and Wetaskiwin, was purchased in 2016.

In 2018, these three operations were merged and rebranded as Medavie Health Services West. Since 2018 Medavie Health Services West has expanded its Saskatchewan operations with a new facility in Martensville. It has also taken over ambulance services in Moose Jaw and the surrounding area.

In Alberta, it took over ambulance services on the Alberta side of Lloydminster. Medavie Health Services West also has contracts with the Saskatchewan Health Authority for a medical communications centre, health buses, and other programs.

For a few years, Medavie had a subsidiary in the United States. In 2014, Medavie purchased Baystate Health Ambulance, which became MedCare Emergency Health Inc. MedCare was sold to a for-profit ambulance operator, American Medical Response, in 2018.

Medavie replaced public as well as private operators in New Brunswick. In 2007, New Brunswick set up Ambulance New Brunswick to replace 39 contractors. Ambulance New Brunswick took over from regional health authorities, municipalities, and First Nations, as well as private for-profit operators. In 2018, with the privatization of the management of New Brunswick's Extra-Mural Program, Ambulance New Brunswick became Extra-Mural/Ambulance New Brunswick Inc. (EM/ANB). While EM/ANB is provincially owned, Medavie has a contract to manage its services through a subsidiary, Medavie Health Services New Brunswick Inc. The management contract was originally for 10 years, but it was extended to January 1, 2028, when Medavie took over the management of the Extra-Mural Program and Tele-Care services.

Paramedic Training

In New Brunswick and Nova Scotia, paramedic training is controlled by Medavie. The Medavie Health Services subsidiary Medavie HealthEd runs training programs for paramedics in both provinces. Medavie HealthEd also has a contract to train primary care paramedics for the Canadian military and provides training programs in Saskatchewan.

Medavie HealthEd has facilities in Moncton, Dartmouth, and Saskatoon as well as satellite facilities in Tracadie and Cape Breton. It has also offered courses in several smaller communities in Nova Scotia and New Brunswick.

Before Medavie HealthEd took over, paramedic training facilities in New Brunswick and Nova Scotia were operated by St. John Ambulance. In most other provinces, paramedic training is provided through public community colleges. Other training available for primary care paramedics in the Maritimes is at Holland College in PEI. In Saskatchewan, the Saskatchewan Polytechnic offers the same program as Medavie HealthEd, advanced care paramedic, as well as other paramedic training programs. In both the Maritimes and Saskatchewan, the courses offered at public institutions provide more hours of training. Because of the high level of training paramedics require, there is reason to be concerned about potential conflicts when one company is responsible for both paramedic training and delivering ambulance services.

Emergency Dispatch

In 2011, Medavie signed a contract with the Prince Edward Island government to take over the operation of 911 services in the province. Previously 911 services had been operated by the RCMP and the police forces in Charlottetown and Summerside. Those three centres were replaced by one province-wide centre operated by Medavie subsidiary Medacom Atlantic.

Telehealth

Provincial government telehealth was the next health care service Medavie expanded into. In 2016 it took over HealthLink 811 and 811 services in PEI. These services were previously provided by a private for-profit company, McKesson Canada. On November 1, 2016, McKesson Canada transferred its contract to the Medavie subsidiary Emergency Medical Care Inc., which also operates ambulance services in Nova Scotia.

In 2018, Medavie subsidiary Medavie Health Services New Brunswick Inc. (MHSNB) took over management of the Tele-Care service in New Brunswick. This was part of the privatization of the Extra-Mural Program in that province.

Home Care

Medavie's expansion into home care started with programs whose paramedics provide home care to palliative care patients in Nova Scotia and Prince Edward Island. These programs began in 2015 with services provided by the Medavie subsidiaries operating ambulance services. In the 2016 budget, the New Brunswick government announced it planned to privatize management of the Extra-Mural Program, which provides home health services and Tele-Care, by having Medavie provide them. In spite of considerable opposition, privatization went ahead and Medavie took over management of these services on January 1, 2018.

While the Progressive Conservatives promised to reverse the privatization of the management of the Extra-Mural Program when they were in opposition, that promise was not kept. Instead, on the basis of what was supposed to be an interim review, in 2019 it was announced that Medavie would be keeping the contract to run the Extra-Mural Program.

Medavie is managing the services through its New Brunswick subsidiary MHSNB. Under the contract, Medavie will receive \$2.6 million a year, plus an additional \$1.8 million a year if it meets the targets in the contract.

The contract to privatize the Extra-Mural Program and Tele-Care also requires Medavie to pay the New Brunswick government an honorarium if it gets a contract outside of Atlantic Canada to set up a program like the Extra-Mural Program. The thinking behind this provision is similar to the thinking behind the ill-fated attempt to privatize air ambulance services in Ontario: that governments can make money selling their expertise in providing services to other governments.

In Ontario, Grosso McCarthy Inc., produced a report suggesting that paramedics be used to provide in-home care in 2019, along the lines of what Medavie is doing in New Brunswick. As Grosso McCarthy Inc. is a registered lobby for Medavie, this looks like an attempt to get Ontario to copy the Extra-Mural Program. An op-ed in the Toronto Sun on November 11, 2020 by Erik Sande, the President of Medavie Health Services, made similar arguments.

In the same year Medavie took over the Extra-Mural Program in New Brunswick, it also was given control over three new home care programs in Prince Edward Island. These are the Rapid Bridging - Integrated Palliative Care Program, the Rapid Bridging - Hospital and Emergency Department Patients, and the Paramedic Check-In Program.

Mental Health

Medavie's most recent target has been mental health services in Prince Edward Island. In March 2021 it was announced that Medavie would be running the mobile mental health units that were being set up by the province. Medavie will also be in charge of the phone line for mental health and addictions services that are being set up in PEI. Both the phone line and the first two mobile units began operating in October 2021.

Vaccination Services

Not surprisingly, Medavie has been going after contracts for vaccination services when they have been outsourced. The company has been awarded at least one contract in Ontario for the GO-VAXX mobile clinic that provides vaccination services in Toronto and Southwestern Ontario. This comes at the same time that Ontario public health units continue to be starved of funding but still managed to deliver the lion's share of vaccinations in Ontario.

Virtual Health Care

In 2019, Medavie Blue Cross launched *Connected Care*, a virtual health care platform. Through this platform, Medavie Blue Cross plan members can access a number of virtual health care services, including Maple, a for-profit corporation operating a virtual walk-in clinic. Because virtual walk-in clinics operated by Maple and other for-profit corporations provide services covered under the Canada Health Act, there are concerns that the fee-for-service model they use will encourage the development of two-tier health care by allowing people to buy their way to the front of the line.

Criticisms of Medavie

Expansion of Health Care Service Operations Will Involve Privatization

Initially, much of Medavie's expansion into operating health care services involved taking over services that were run by private, for-profit corporations. While people may have preferred to see public control of those services, in most cases, Medavie taking over those services just meant replacing one private company with another.

Medavie's takeover of the Extra-Mural and Tele-Care programs in New Brunswick has changed how Medavie's health care operations are viewed. Both programs were publicly controlled and Medavie's taking over the management functions is clearly privatization. Similarly, giving Medavie control over new home care programs in Prince Edward Island, when home care had been publicly provided, is also privatization. It is clear that Medavie's expansion plans include privatizing more public health care services since they privatized the management of the Extra-Mural and Tele-Care programs.

No Transparency and Accountability

New members of the Board of Directors of Medavie's parent company, Medavie Inc., are picked by the existing board. The only people they are accountable to are the other 11 members of the Board of Directors. Medavie claims "our shareholders are the employees, clients, and communities we serve," but that's not reflected in the way the company is run. Employees, clients, and communities where Medavie delivers health care services have no control over Medavie's operations. Instead, power is concentrated in the hands of a 12-member board that is accountable only to itself.

Even though much of Medavie's income comes from managing public services, the public has very little information about Medavie's operations. What is provided is glossy promotional material rather than details of how decisions that affect publicly funded services are being made and the basis for those decisions.

Financial Statements Kept Secret

With all the publicly funded services it operates, Medavie is responsible for over \$1 billion in public funds. Information about Medavie's financial situation however remains a secret. The board refuses to release financial statements. Any information about Medavie's finances publicly available is several years old, dating back to before most of the expansion of Medavie's health care operations took place.

Medavie executives get indignant when it's claimed that they're profiting from privatization. They claim that because a portion of Medavie's net revenues go to the Medavie Health Foundation for grants to fund health programs, it means that the public is receiving any profit they make. However, when financial statements remain secret, there is no way for the public to know exactly how much of Medavie's net revenues are going to the Foundation or for the public to know what is happening to the net revenues that don't go to the Medavie Health Foundation. The public also has no way of knowing whether the publicly funded services Medavie operates are well run.

New Brunswick Auditor General Critical Of Ambulance Service Privatization

The Auditor General of New Brunswick's 2020 report found that there were a number of serious problems with the agreement between the New Brunswick government and Medavie to privatize the management of ambulance services in New Brunswick.

The report states that a paramedic shortage resulted in Medavie receiving \$8 million more in revenue than it would have otherwise. One reason this was possible is that "excessive use" of exemptions to staffing requirements "caused an overstatement of response time performance."¹

Other issues included the fact the CEO of EM/ANB, the New Brunswick government-controlled corporation that contracts out the management of ambulance service, and Medavie Health Services New Brunswick Inc., the Medavie subsidiary holding the contract, is the same person. As the auditor general points out, this "creates a conflict of interest."²

Information On Ambulance Location Kept From Other Emergency Services

In August 2021 Emergency Medical Care Inc., the Medavie subsidiary that operates ambulance services in Nova Scotia, told its employees not to tell fire and police services where its ambulances were being dispatched from.³ This happened after a man spent over three hours lying in his driveway with a broken hip waiting for an ambulance that was coming from 175 km away.⁴ The police ended up taking the man to a hospital that was a five-minute drive from where he lived.

Well Connected

Bernard Lord, a former premier of New Brunswick, and Robert Ghiz, a former premier of PEI, both sit on Medavie's board of directors. Bernard Lord also serves as CEO. The chair of Medavie's board, Michael Decter, is a former deputy minister of health for Ontario and former cabinet secretary in the government of Manitoba. Some former Medavie officials have gone on to occupy positions of power. The former premier of Prince Edward Island, Wade MacLachlan, was a director of Medavie Inc. and chair of the Medavie Foundation before becoming premier. A recent chair of the Nova Scotia Health Authority is a former chair of the Medavie Incorporated board.

There have been concerns about conflicts of interest because of the close connections between Medavie and senior government officials. Wade MacLachlan's time as premier coincided with Medavie receiving contracts for privatized home care services though he said that he "played no part" in Medavie getting the contract.⁵

Most recently there were concerns around the awarding of a contract to run mobile mental health units in P.E.I. to Medavie. The deputy minister of Health in P.E.I. was the brother of the senior operations manager of Medavie's P.E.I. subsidiary, Island EMS. While he recused himself from negotiations, on October 24, 2021 The Guardian reported that the deputy minister "received regular updates on the mobile mental health units between Jan.1 and March 25, 2021, the time period in which decision-makers appear to have selected Medavie to manage the mental health units."⁶

The extent of Medavie's connections means that, even when individuals take steps to avoid conflicts of interest, there are still problems. When corporations are as closely connected to governments as Medavie is in some places, there is a danger that public policymakers will start to see them as a part of the government, even though the interests of private-sector corporations and the public are very different.

In Medavie's case, its connections likely mean that it has been possible for the company to lobby to take over public services in ways that don't get public attention. Also, in areas where Medavie is involved in delivering public services, it is sometimes hard to tell where the government's role ends and Medavie's begins.

Conclusion

What upsets people about privatization is the loss of public control, the loss of transparency and accountability, and public funds being used for private profits. When Medavie takes over a service, it reduces the level of public control, transparency, and accountability. The secrecy around Medavie's finances means there is no way of knowing how lucrative operating publicly funded services is for those involved in the company.

What is safe to assume is that, based on its actions over the last few years, Medavie will continue to attempt to take over the operation of more health care services.

¹ Auditor General of New Brunswick, “Chapter 3 Department of Health & EM/ANB Inc. – Ambulance Services”, Report of the Auditor General – 2020 Volume I, October 20, 2020, 93, <https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2020V1/Chap3e.pdf>.

², “Chapter 3 Department of Health & EM/ANB Inc. – Ambulance Services”, Report of the Auditor General – 2020 Volume I, 93.

³ Gareth Hampshire, “911 dispatchers in N.S. told not to provide ambulance locations, union says”, CBC, August 17, 2021, <https://www.cbc.ca/news/canada/nova-scotia/911-dispatchers-parrsboro-ambulance-1.6142882>.

⁴ Laura Fraser, “Dartmouth man, 86, lay in driveway for 3 hours waiting for ambulance”, CBC, August 10, 2021, <https://www.cbc.ca/news/canada/nova-scotia/ambulance-offload-times-1.6136458>.

⁵ Ryan Ross, “MacLauchlan says he stepped down in 2014 from company that received home care contract”, The Guardian, April 5, 2018, <https://www.saltwire.com/prince-edward-island/news/update-maclauchlan-says-he-stepped-down-in-2014-from-company-that-received-home-care-contract-199406/>.

⁶ Stu Neatby, “P.E.I. health minister says no conflict over deputy regarding Medavie contract”, The Guardian, October 24, 2021, P.E.I. health minister says no conflict over deputy regarding Medavie contract.



NATIONAL UNION OF PUBLIC AND GENERAL EMPLOYEES

- B. C. General Employees' Union (BCGEU)
- Health Sciences Association of British Columbia (HSABC)
- Health Sciences Association of Alberta (HSAA)
- Saskatchewan Government and General Employees' Union (SGEU)
- Manitoba Government and General Employees' Union (MGEU)
- Ontario Public Service Employees Union (OPSEU)
- Canadian Union of Brewery and General Workers (CUBGW)
- New Brunswick Union of Public and Private Employees (NBU)
- Nova Scotia Government and General Employees Union (NSGEU)
- PEI Union of Public Sector Employees (PEI UPSE)
- Newfoundland & Labrador Association of Public and Private Employees (NAPE)

The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of Public Services International.

■ 15 AURIGA DRIVE
NEPEAN, ONTARIO
CANADA / K2E 1B7

■ [613] 228-9800
FAX [613] 228-9801

■ www.nupge.ca

■ national@nupge.ca

