THE DEVELOPMENT OF ALBERTA HOSPITALS SINCE WORLD WAR II

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The North West Mounted Police built and staff the first hospitals in Alberta, first at the original barracks of Fort Macleod in 1874, and then Fort Walsh in 1875 and in Calgary in 1883. Construction of the Canadian Pacific Railway through Alberta in 1883 brought new communities, where general hospitals appeared in Medicine Hat in 1889 and Calgary in 1890. At St. Albert, a community that had developed earlier out of the fur trade, the Grey Nuns served a hospital built in 1881 very well, even though they were not trained nurses. The physicians of Edmonton brought their patients to this hospital until the Edmonton General Hospital was built fourteen years later. From these origins, as settlement boomed after the turn of the century, Alberta's hospital tradition developed.

Control and Financing

In the early days of Alberta's history, the hospitals were autonomous institutions operated by charitable organizations, local groups and sometimes by local governments. With increased citizen demand and increasing costs, government participation became necessary – first municipal, then provincial and eventually federal. The independence of early hospital boards was based on their ability to levy taxes and elect members directly, but the involvement of senior levels of government eroded local autonomy. It is understandable that governments were reluctant to expend public funds without having some control, but as a result governments at various levels used spending powers to set hospital policy, reducing hospital boards' independence.

The financing of hospital costs in Alberta has varied. Under the Municipal Hospitals Act of 1918, the government had introduced a form of hospital insurance providing basic hospital care for ratepayers at $1 per day user fee. A non-ratepayer could secure coverage by purchasing a $10 "ticket". Beyond a provincial per diem grant, further revenue came from each hospital board's power to requisition funds from the municipalities within the hospital district.

Changes in the Municipal Hospital Act in 1950 permitted municipalities outside a hospital district to contract out their hospital requirements to a hospital in a nearby district. The hospital provided basic care and the municipality assumed all approved basic costs above the $1 per day user fee and the province then reimbursed the municipality for one-half its costs.

The Alberta Hospitalization Benefits Plan of 1957 completely covered hospitalization costs and reduced the need for municipal contribution. The requisition was set at a province wide levy of four mills per annum on a uniform assessment. This money went into the provincial general revenue fund to be redistributed among the municipalities according to need. This four mill levy was abolished by amendments in the Municipal Taxation Act of 1970.

In 1969 Social Credit Government of the day established two Commissions, one for hospitals, and the other for healthcare, to place decisions within the authority of a non-political commission operating at arms length from the government. Here was an attempt to cut back hospital costs, since the commission would have no vested interest in avoiding politically distasteful moves such as hospital closure. The hospitals could, of course, always appeal unfavourable decisions to the Minister of Health and Social Development. Hospital costs did nevertheless increase rapidly during the 1970s. In order to increase its control of decisions made and to effect greater economy, the Alberta government in 1978 replaced the Alberta Hospital Services Commission and the Alberta Health Care Insurance Commission with a single department. Removing the political buffer of the Commissions made elected provincial officials directly responsible for decision making.

Hospital boards therefore possess only a fraction of the power they held in bygone years. Last dollar financing means that the province has extended its control to an unprecedented level with final authority over hospital budgets. If the department cuts back the budget and if a hospital cannot live within the prescribed amount, then the hospital has two choices. It can curtail services and reduce costs, or it can run at a deficit and hope that the province will pick up the debt at the end of the year. The possibility of a return to elected hospital boards with some taxing authority may still develop.

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Hospitals in 1939

The Department of Public Health reported 94 approved hospitals in Alberta in 1939, including four isolation hospitals (located in Calgary, Edmonton, Lethbridge, and Medicine Hat) that were later deemed units of general hospitals in those cities. The hospital at Fort Smith in the Northwest Territories also counted because it served mainly residents of Alberta, as did the Lloydminster Hospital, located in Saskatchewan, because it was owned partially by the adjoining hospital district in Alberta. Ignoring these institutions, there were still 88 approved general hospitals operating within the provincial boundaries.

At that time, each hospital calculated its own bed capacity; the number of rated beds (then referred to as "bed complement") was not governed by provincial standards. The capacities reported in 1939 totalled 4,390 beds for adults and children and 695 bassinets for newborn infants. Based upon an estimated population of 780,000, the ratio of beds in approved general hospitals to population was about 5.6 per thousand.

Religious groups operated 38 hospitals, hospital districts (including Lloydminster) owned 24, and community organizations or local municipalities operated 26. The University Hospital was the only general hospital owned and operated by the Province.

There were 50 private hospitals licensed under the Private Hospitals Act with something in excess of 200 beds. Most private hospitals were very small. Physicians operated some under contracts with mining corporations. Voluntary agencies operated a few larger licensed institutions for the care of the chronically ill. Homes for the aged and the nursing homes of the day were licensed municipally and did not come under the jurisdiction of the Department of Public Health.

Through the Department of Public Health, the provincial government directly operated institutions for the mentally ill in Ponoka, Claresholm, Raymond, Edmonton (Oliver) and Red Deer, which provided accommodation for 2,747 patients at the end of 1939. The 290 beds at the Central Alberta Sanatorium at Calgary were insufficient to meet the requirements for patients suffering from tuberculosis. To overcome the short fall, the province paid for the care of TB patients accommodated in the Edmonton General, Royal Alexandra, University, and a few other hospitals, totalling some 219 beds.

Wartime Changes

Notwithstanding wartime shortages of materials and personnel, six new rural hospitals opened during World War II at Turner Valley (1940), Magrath (1941), Beaverlodge, Brooks, and Taber (1943) and Raymond (1944), although hospitals closed at Nanton (1940) and Marwayne (1943) during the same period. St. Joseph's Hospital, Edmonton, was reclassified (1944) as a chronic rather than a general hospital. As a result of new construction, closures, reclassification, and changes of ownership, by the end of 1945, of 92 approved general hospitals, religious groups operated 39, hospital districts (including Lloydminster) 35, community organizations and local municipalities 17, and the province one.

Although there was only a net gain of four hospitals, the total number of beds available had been increased by additions to a number of others. The rated capacities reported by the hospitals at the end of 1945 totalled 5,050 beds for adults and children and 863 bassinets for newborn infants. Based upon an estimated population of 826,000, the ratio of beds to population had increased approximately 6.1 per thousand. On the other hand, the number of licensed private hospitals had decreased to 35 with accommodation for 270 beds.

There was no change in the number of provincial institutions during the war but the capacity was increased somewhat. The number of patients accommodated in the five psychiatric institutions at he end of 1945 was 3,059. There were 500 beds available for patients suffering from tuberculosis, including 284 in the Central Alberta (later Baker Memorial) Sanatorium at Calgary.

While the government of the province had assumed responsibility for care of the mentally ill and tuberculosis patients as well as a number of programs in the field of public health, provincial funding of general hospitals had been limited to a per diem grant (at that time $.45 per patient day) which totalled in 1945 less than $1 million. The first direct provincial contribution to financing general hospital services came with the introduction of the Maternity Hospitalization Act on April 1, 1944. Under this legislation, women were entitled to up to 12 days standard ward hospitalization for obstetrical services at public expense. The rates at which the province reimbursed hospitals for obstetrical services provided under the Act were negotiated between the Minister and a committee of the hospital association. The stat-

ed objective of the program was to improve Alberta's relatively poor maternal mortality rate, which did improve in subsequent years.

The hospitals of the province had formed the Alberta Hospital Association in 1919. In that same year, the first three district (then called "municipal") hospitals were built and in 1920 the district hospitals formed an association known as the Alberta Municipal Hospital Association. A few hospitals were members of both organizations. The two associations worked cooperatively, struck joint committees on matters of mutual interest, and for a number of years held conjoint conventions. In 1943, they amalgamated, as the Associated Hospitals of Alberta until 1965 and the Alberta Hospital Association thereafter.

The National Health Grants Program

Events in the immediate post-war years gave early indications of the social evolution which would affect dramatically the healthcare scene in Canada in the following two decades. Amidst much talk of health insurance, the introduction of a hospital insurance plan by the government of Canada seemed imminent. Stimulated by the prospect of substantial federal contributions, provincial governments made plans to participate.

Action by the federal government was delayed by political opposition in parliament and by the fear that Canada's hospitals, limited in development by five years of wartime restrictions, would be unable to meet the increased demands of health insurance. Moreover, health was a matter of provincial jurisdiction and the federal government was unable to reach agreement with provinces. Consequently, in the spring of 1947, Prime Minister Mackenzie King announced the National Health Grants Program, a many pronged array of federal financial aids and incentives to the provinces designed to augment rapidly the country's capacity to provide hospital and other health services.

One of the federal grants, known as the Professional Training Grant, provided funds for training healthcare personnel. The Hospital Construction Grant provided $1,000 per bed, to be matched by an equal provincial contribution, towards the construction of new hospital facilities.

Augmenting the Hospital Construction Grant, the federal Department of National Health and Welfare issued a series of construction guidelines recommending minimum building standards for hospital facilities including area requirements for bed accommodation. The final determination of standards was provincial prerogative but Alberta and most other provinces adopted standards patterned closely upon the federal guidelines. The new "square footage per bed" regulations applied to existing hospitals as well as to new construction. Over a period of two or three years, hospital buildings were inspected, measurements taken, and the area standards applied. This exercise resulted in the drastic reduction of the number of "rated beds" in many institutions that had previously calculated ratings without the benefit of any uniform guide. Thereafter, the ratings were established through application of the standards approved by the Department of Public Health.

Notwithstanding that there were eight more hospitals and approximately 400 more hospital beds in use in Alberta in 1949 than in 1945, the official reports indicate a total rated capacity of 5,190 beds and 945 bassinets in 1945, but only 4,684 rated beds and 910 bassinets at the end of 1949. The drop in the ratio of beds (excluding newborn) to population from 6.1 in 1945 to 5.4 in 1949 is misleading because it reflects the change in the method of counting beds rather than a reduction in the accommodation available. This distortion renders invalid any comparison of bed statistics prior to 1948 with those of subsequent years.

Hospital Plans in Alberta

Under a statute enacted initially in 1917, the first district hospitals (then known as "municipal hospitals") came into operation in 1919. Subject to the approval of a plebiscite of the ratepayers (those paying taxes on real property), the Act authorized the creation of quasi-municipal jurisdictions known as hospital districts, with boundaries encompassing all or parts of several municipalities, governed by an elected board. A district board was empowered to levy local property taxes in a manner similar to that available to a municipal council. In part at least, the district hospital scheme was a hospital insurance plan. The user paid a relatively small part of the cost of care, usually $41 per day. The bulk of the operating funds and all of the capital costs came from tax requisitions to which all taxpayers contributed whether or not they utilized the services of the hospital.

Access to tax funds gave a measure of financial security and stability to a district hospital which was attractive to the operators of many voluntary and other types of community hospitals. Primarily for this reason, over the years, many such institutions have been transferred to district status. At the beginning of World War II, there were 24 hospital districts in

Alberta. From 1940 to 1949 the number more than doubled with 14 new institutions and 12 transferred to district ownership from other auspices.

As early as 1929, the Government of Alberta authorized an extensive study of "state medicine". Following reports of the studies made, the legislative assembly enacted a "health insurance act" in 1935. In the election later that year, the Social Credit party defeated the United Farmers of Alberta. The new government did not embrace the legislation and the Act was never proclaimed.

Anticipating a national program with substantial federal funding, the legislature climbed on the health insurance bandwagon again in 1942 and enacted another statue. The objective of this legislation was frustrated in 1947 when the government of Canada opted for the national health grants program instead of a hospital insurance plan; consequently, the Act was not proclaimed and implemented.

By an amendment to the Public Welfare Act in 1947, the Government of Alberta assumed responsibility for the hospitalization of old age pensioners, blind pensioners, etc. To qualify, an individual had to be over 70 years of age and have a very limited income in order to be eligible for an old age pension. The new provincial program benefited the most needy citizens, as pensioners generally were a disadvantaged group.

Administratively, the hospitalization plan for pensioners operated in the same manner as the maternity hospitalization plan which had been initiated three years earlier. Rates were determined by negotiations between the Minister and the hospital association acting on behalf of its members. The billing procedure was simple. Hospitals files a monthly return with the Department of Public Health covering all patients treated in order to claim the per diem grant. Days of service provided for maternity patients and pensioners were identified on this return and hospitals received payment routinely from the government.

A group hospitalization plan, operated by the four general hospitals in Edmonton, had been initiated in 1934 under the determined leadership of Dr. A.F. Anderson. The plan was deemed successful and benefits to both subscribers and the hospitals were significant, notwithstanding that only city residents were eligible to participate and benefits were limited to services in the four sponsoring hospitals. Similar plans which were area-wide in scope were operating successfully in some other jurisdictions in Canada and in many parts of the United States. On the recommendation of its Economic Committee, the Associated Hospitals of Alberta decided in September 1947 to launch a province wide Blue Cross plan for the prepayment of hospital care.

At a special convention in Red Deer in December 1947, Association members approved the content of a proposed statute to incorporate the organization and authorize the terms and conditions of the first Blue Cross subscriber's contract. The Legislative Assembly passed the Associated Hospitals of Alberta Act in March 1948 and the Alberta Blue Cross Plan was launched shortly thereafter. Initially, the Plan provided a full range of hospital services, upon payment of a monthly subscription of $2 per family, for members of employed groups and their dependents.

The Department of Public Health supervised the district hospital plan closely and took responsibility for its growth and development. During the more than 20 years that he held the portfolio, Dr. W.W. Cross became increasingly enamoured of the plan and used every means of persuasion (and coercion when the opportunity presented itself) in promoting its propagation. His almost total preoccupation with municipal ownership and operation of hospitals so coloured his attitudes that he saw a hospitalization plan for the Province of Alberta in no other terms than the district model.

Meanwhile, failure to reach agreement at a federal-provincial conference in April 1946 ended, for the time being, aspirations for a national hospital program. Subsequently Alberta's neighbouring provinces of Saskatchewan (1947) and British Columbia (1949) proceeded with provincially operated hospital insurance programs. The Government of Alberta, however, moved in the direction of public funding at the municipal rather than the provincial level of government.

The Alberta government's ensuing efforts to force all hospitals into the district mold foundered because many municipalities, including the metropolitan sectors, were unwilling to burden property owners with the level of taxation which would have been required to provide all hospital care in the province on the district plan. The government realized finally that participation by cities and many other municipalities would come only if the province contributed substantial financial support. As it happened, the province's ability to contribute was improving with the upswing in the provincial economy following the discovery of oil at Leduc in 1947.

At the hospital convention in November 1949, Dr. Cross unveiled a new government proposal under which the province would reimburse municipalities for one-half of their expenditures if they initiated a program to provide hospital services at the direct cost to their results of $1 per day or less.

The Hospitalization of City Residents Act, which became operative on June 1, 1950, and amendments to the Alberta Hospitals Act and other statutes in 1950 and subsequent years, created the Provincial-Municipal Hospitalization Plan. The plan did not alter or interfere with existing provincial payments to hospitals. The per diem grant of $.70 per patient day continued, as did provincial grants of hospitalization of maternity cases, pensioners, and victims of poliomyelitis. Because the plan emulated the district hospital scheme, district hospitals automatically met all of the conditions for participation and received provincial grants for eligible patients directly.

In the case of an area which was not already part of a hospital district, the municipality could qualify to participate by enacting a bylaw creating a municipal plan under which ratepayers were entitled to hospitalization at $1 per day with the balance of the cost paid by the municipality, and non-ratepayers could become eligible upon payment of a prescribed premium. The province then reimbursed the municipality for fifty percent (50 percent) of the amount which it had paid to hospitals on behalf of its ratepayers and other participating residents.

The enlistment of municipalities grew gradually during the Plan's operation from mid-1950 until March 1957. Most municipalities entered into the program that ensured coverage for ratepayers and their dependents. Because the enrolment of non-ratepayers was voluntary, many did not join. At the highest point of participation, something in the order of the 75 percent of the residents of the province became eligible for hospital care under the plan at a direct cost of $1 per day.

The government of Canada revived its interest in a national hospital plan in the mid-1950's and renewed its discussion with the provinces concerning the form it would take. In common with other provincial administrations, the government of Alberta commenced active planning, creating a hospital insurance planning committee in July 1956 to draft a hospital insurance plan for Alberta. The planning committee consulted widely and held frequent meetings with municipal bodies, the professions and the hospital association. Under the Hospitalization Benefits Act of April 1957, the government divided the Hospital and Medical Services Division of the Department of Public Health into two separate divisions effective July 1, 1957. The Hospitals Division became responsible for administrative as well as planning functions.

The Canadian parliament enacted the Hospital Insurance and diagnostic Services Act in 1957. When the required majority of the provinces with not less than 50 percent of the population agreed to participate, the federal plan became operative. The Alberta Hospitalization Benefits Act was proclaimed, the government of Alberta entered into a cost-sharing agreement with the government of Canada, and The Alberta Hospitalization Benefits Plan came into operation on April 1, 1958.

All residents of the province were entitled to standard ward hospital care under the Plan. Patients paid a statutory daily rate (a portion of the cost not shared by the federal government) and the Province paid the hospital its remaining operating costs. The Province was reimbursed by the federal government for approximately 50 percent of its expenditures under a complicated cost-sharing formula. Municipalities contributed by way of a four-mill property tax levy remitted to the province.

Construction of General Hospitals

Economic conditions inhibited hospital construction in the depression years and materials as well as manpower were diverted elsewhere during the war. Alberta's capacity increased moderately to keep pace with normal population growth but replacements and updating of facilities lagged. Action on deferred projects caused an upswing in construction in the post-war period, with some stimulation also from the federal/provincial hospital construction grants.

The real need for expanding healthcare resources was created by the steadily increasing number of people residing in the province. Industrial development based on petro-chemicals accelerated the growth in population from about 825,000 at the end of World War II to 1,243,000 by 1959 and more than 2,000,000 by the end of 1979.

In 1959, the provincial government assumed the bulk (approximately 90 percent) of the capital cost of hospitals. While this move placed control of hospital construction in the hands of the province, it also opened the door to hospital boards, chambers of commerce, and politicians at all levels to pressure the government for new or improved facilities.

Industrialization was accompanied by urbanization; while the population of rural areas tended to decline, the cities, particularly Calgary and Edmonton, grew at phenomenal rates. Although most of the additional hospital bed capacity was built in the major centres, residents of predominantly rural areas were not to be denied their "share of the pie", with the result that construction proceeded apace throughout the length and breadth of the Province.

Increases in Total Hospital Capacity

The net increase of 30 general hospitals in the period of 1946 to 1979 inclusive tells only a small part of the total story. It does not reflect the many institutions which were totally or almost totally rebuilt: at Medicine Hat and Red Deer, the Calgary General, and the General, Royal Alexandra, Misericordia and University Hospitals in Edmonton. Nor does it reflect numerous extensive renovations or massive additions to existing hospitals.

Based upon a population of 826,000, the 5,040 rated beds for adults and children (excluding newborns) reported at December 31, 1945 gave a ratio of beds to population of 6.1 per thousand, an inflated figure because of the method of calculation. At March 31, 1979, based upon a population of 1,990,800, the 11,560 rated beds gave a ratio of 5.8 per thousand.

Hospitals owned and operated by the government of Canada (Blood Indian, Cardston; Colonel Belcher, Calgary; Charles Camsell, Edmonton; Canadian Forces Base, Cold Lake) are not included in any of the foregoing statistics. Addition of the 804 beds in these institutions would bring the total number of rated beds in general hospitals to 12,364 and increase the ratio to 6.2 per thousand of population.

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For further readings on Hospitals in Alberta, see

1) McGugan, Angus C., The Drama of Hospitals in Alberta, Alberta Medical Bulletin 20(3): 32-35, August 1955.

2) Price, Harry W., A Jubilee Survey of Alberta Hospitals, CACHB 20(3): 62-67, November 1955.

3) Carney, William, The Hospitals Story: The History of the Alberta Hospital Association, unpublished manuscript, AHA, April 1987.

4) MacKinnon, Alice T. and Fulkerth, Margaret B., Hospitals of Alberta – Their Stories 1890 to 2000, 379 pages, AARN, 2006.

TABLE: NEW HOSPITALS, CLOSURE, AND OWNDERSHIP CHANGES 1945-1970

The dramatic swing from voluntary to public auspices during the period is demonstrated with the following ownership abbreviations:

D=District R=Religious M=Municipality C=Community, Industrial or Lay P=Provincial Government

Year	New General Hospitals Built		General Hospitals Closed		Ownership Changes of General Hospitals		
						FROM	TO
1946	Cadomin	C			Berwyn	C	D
	Mayerthorpe	D			Empress	C	D
	Oyen	D			Fort Macleod	C	D
	Ponoka	D			Lacombe	C	D
					Rocky Mountain House	R	D
1947	Elnora	D					
	Tofield	D					
	Two Hills	D					
1948	Hythe	D	Wayne	C			
1949	Blairmore	D	Coleman	C			
	Rimbey	D	Rimbey (St. Paul's)	R			
	Three Hills	D					
1950	Glendon	D			Fairview	C	D
1952			Cadomin	C	Turner Valley	C	D
1953	Coaldale	C					
1954			Nordegg	C	Manning	R	D

Year	New General Hospitals Built		General Hospitals Closed		Ownership Changes of General Hospitals		
						FROM	TO
1955	Lethbridge	D	Lethbridge (Galt)	M	Medicine Hat	M	D
1956	Devon	M			Smokey Lake	R	D
1957	Mercoal	D					
1958	Drayton Valley	D			Canmore	C	D
1959	Bow Island	D	Mercoal	D			
1960	Hinton	D			Wetaskiwin	C	D
	Picture Butte	D			Wetaskiwin	C	D
1962	Leduc	D			Bonnyville (Duclos)	R	C
1963	Bashaw	D					
	Breton	D					
	Milk River	D					
	Stony Plain	D	(Edmonton) Beulah Home	C			
1964	(Edmonton) Glenrose	P					
1966	Boyle	D					
	(Calgary) Rockyview	D					
	Fort McMurray	D					
	Fort Saskatchewan	D					
	Valleyview	D					
	Whitecourt	D					
	(Calgary) Foothills	P					
1968	Slave Lake	D					
	Sundre	D					

Year	New General Hospitals Built		General Hospitals Closed		Ownership Changes of General Hospitals		
						FROM	TO
	(Edmonton) Dr. W.W. Cross	P					
1969					(Calgary) Holy Cross	R	D
					Fort Vermilion	R	D
1970	Grande Cache	D	Ft. McMurray (St. Gabriel's)	R	Cold Lake	R	D
	St. Albert	D			High Prairie	R	D
					McLennan	R	D
					Vilna	R	D
1971					Jasper Park	R	D
					St. Paul	R	D
					Spirit River	R	D
1972					(Calgary) Children's	C	P
					Hardisty	R	D
1973	High Level	D	Radway (reclassed as extended care)	R	Lac La Biche	R	D
	Red Water	D					
1974					Barrhead	R	D
					Daysland	R	D
1975					Pincher Creek	R	D
1979					Galahad	R	D

TABLE: Summary of Hospital Changes: 1945-1979

	District	Religious	Municipality	Community/ Lay	Provincial Government	TOTAL
Totals at December 31, 1945	*35	39	4	13	1	*92
New Hospitals Built	34		1	2	3	40
	*69	39	5	15	4	*132
Closed or Reclassified	(1)	(3)	(1)	(5)	-	(10)
	*68	36	4	10	4	*122
Owndership changes – net	27	(19)	(1)	(8)	1	- -
Totals at December 31, 1979	*95	17	3	2	5	*122

NOTE: Figures do not include auxiliary hospitals, federal hospitals, or provincial institutions providing psychiatric care.

*Includes Lloydminster