

## Seven significant allegations contained in fired AHS executive's wrongful dismissal lawsuit

*Athana Mentzelopoulos says she was wrongly dismissed as CEO of Alberta Health Services after experiencing continual interference from government officials over some contracts*

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*Athana Mentzelopoulos has filed a lawsuit alleging wrongful dismissal over her removal as CEO of Alberta Health Services on Jan. 8. - Greg Southam/Postmedia file*

Ousted Alberta Health Services CEO Athana Mentzelopoulos filed a [lawsuit against the health authority](#) and the provincial government on Wednesday alleging wrongful dismissal over her surprise removal via a Zoom call on Jan. 8.

Mentzelopoulos claims her firing was linked to an investigation into [inflated contracts for third-party services](#), some of which were related to private surgical facilities.

“She carried out her duties loyally and faithfully, operated at all times with a view to the best interests of AHS, and in accordance with best management practices and operational standards,” her lawsuit says.

Here are some of the most significant allegations found in Mentzelopoulos’s 17-page statement of claim used to support her position.

None of the allegations have been tested in court. A statement of defence has not been filed.

Some of the individuals named in the lawsuit have released statements to Postmedia denying the allegations.

## **Alberta Health Services' authority usurped**

Mentzelopoulos alleges the health authority's power to negotiate contracts with vendors, including Alberta Surgical Group (ASG), was taken away.

"In July 2024, Mentzelopoulos unexpectedly received a draft agreement from Alberta Health that would have given Alberta Health the right to approve procurement contracts — including contracts for private surgical facilities such as ASG — on behalf of AHS," the suit states, adding that she refused to sign.

A directive issued in October 2024 ordered AHS to relinquish its authority to negotiate chartered surgical facility (CSF) contracts.

"All CSF contract negotiations, including the renewal contract for ASG, for AHS would now be done under Alberta Health leadership," according to the statement of claim.

The directive set rates "in excess of the most recently negotiated AHS rates" that "would lead to significantly increased costs to AHS — and potentially hundreds of millions in profits for the CSFs owners," the lawsuit alleges.

## **Contract inconsistencies**

After meeting with Alberta Surgical Group officials in August 2024 about payments for surgeries above and beyond the volume specified in its contract, Mentzelopoulos reviewed the agreement and "noted significant differences in the ASG contract compared to other AHS procurement contracts," the lawsuit states.

"Among other issues, she noted that the ASG rates were higher than other comparable private service providers and that AHS was potentially paying ASG for services that were not being used."

The differences also included a "provision to pay for two overnight stays per procedure, something that would not have been supported by clinical advice and which we know has not been required," according to Mentzelopoulos's claim.

It also says she expressed concerns the ASG contract would be used as a template for future agreements with other vendors for chartered surgical facilities.

## **Conflict of interest within health bureaucracy**

The lawsuit — quoting Marshall Smith, then chief of staff to Premier Danielle Smith — alleges an individual named Jitendra Prasad, whom he referred to as "his guy," was installed at Alberta Health to "make sure that the Government could 'get contracting right.' "

"Mentzelopoulos became aware that Prasad, who had been seconded by AHS to Alberta Health in December 2023 and who was involved in the negotiation and analysis of various AHS contracts, had a potentially serious conflict of interest," the statement of claim says.

Prasad had retired from AHS to become a contractor before returning to the agency in various capacities, including procurement, before being moved to Alberta Health.

Mentzelopoulos was uncomfortable with the inference that Prasad would be taking some level of direction from Marshall Smith, and potentially the Premier's Office, on AHS procurement and contract issues that were specific to AHS and fell within Mentzelopoulos' mandate as president and CEO, according to the lawsuit.

Prasad also had an email address associated with a vendor named MHCare Medical in November 2022, "just before the then Minister of Health directed AHS to enter into a contract with MHCare for a \$70 million children's acetaminophen purchase order and supply agreement," the lawsuit states.

## **Likely overpayment for children's pain medication**

A draft response from the provincial health bureaucracy in response to an October 2024 media inquiry about the [Alberta government's purchase of children's pain medication from Turkey](#) contained information Mentzelopoulos knew to be inaccurate, according to her statement of claim. This led her to further examine AHS's purchases from MHCare and its CEO, Sam Mraiche.

"AHS had purchased approximately \$614 million in supplies and services from MHCare and other companies affiliated with Sam Mraiche, including the 2022/2023 contract for children's ibuprofen/acetaminophen," the lawsuit states.

"Mentzelopoulos further learned that the \$70 million for purchase of children's ibuprofen and acetaminophen had been paid upfront, and likely at a significantly increased price, and that AHS had been directed by the then Minister of Health to make the purchase against the recommendation that AHS had specifically provided to the then Minister of Health, which was in turn provided to the Premier's office."

## **Repeated political interference and pressure**

Mentzelopoulos was appointed to lead AHS on Dec. 7, 2023. Over the next year, according to her claim, she was "repeatedly subject to interference and pressure" from a number of high-ranking provincial government officials with regard to contracts and commitments relating to chartered surgical facilities and ASG in particular.

Mentzelopoulos notes "significant concerns within AHS around the true ownership and potential costs of the CSFs, and concerns over the significantly increased costs of the ASG contract when compared to other private contractors and also compared to internal AHS costing estimates."

The revelations about MHCare led to an AHS internal investigation and an external audit. The probe was ordered shut on Dec. 23 with all related files to be transferred to Alberta Health, the lawsuit states.

On Jan. 2, Mentzelopoulos heard from the deputy minister of Mental Health and Addictions "who told her that his Minister ... was apparently concerned that the investigation could lead to potential connections between various government officials and Sam Mraiche and MHCare Medical," the claim states.

Mentzelopoulos was concerned about how the minister, Dan Williams, had heard about the internal AHS investigation. She was told someone in Health Minister Adriana LaGrange's office had shared the information.

Mentzelopoulos was dismissed six days later, a little over one year into her four-year contract.

## **Fears for physical safety**

An Alberta Health Service board member privately told Mentzelopoulos to be "very careful," according to her claim, due to the "people potentially involved behind the scenes."

"AHS protective services undertook a risk assessment and advised Mentzelopoulos that she was unlikely to be at risk of any physical harm, but that the individuals involved in ASG would likely apply political pressure to have her terminated from AHS if she threatened their financial interests," the lawsuit alleges.

Mentzelopoulos later learned from Marshall Smith that "serious businessmen" expressed unhappiness with delays in chartered surgical facility contract negotiations linked to her investigation into the practices linked with Alberta Surgical Group, the statement of claim says.

"Mentzelopoulos explained the reason for the delay, but Smith — who is named nine times in the statement of claim — ended the conversation with a comment that the CSF principals were 'serious people — do not mess with them.' "

## **Unhappiness over social media posts**

Mentzelopoulos also claims she was asked to terminate workers who were openly critical of the Alberta government.

Marshall Smith, who left the government last October, contacted Mentzelopoulos to relay anger from “powerful people” over social media messages written by an AHS employee while on the job who was critical of the Alberta government, according to her claim.

It goes on to say she had previously been contacted by Andre Tremblay, chief of staff for LaGrange, with a request “to terminate purported critics of the Government” due to their social media activity.

Tremblay was named in early January to replace Mentzelopoulos as interim CEO of Alberta Health Services. Tremblay also replaced the AHS board, which was also dismissed.