Connecting Healthcare Providers

Smart Systems for Health Agency – Annual Report for the year
April 1, 2003 to March 31, 2004

Ontario
Smart Systems
for Health Agency

Our Agency

Corporate Governance
Our Board of Directors comprises a highly skilled group drawn from a diversity of professional and geographic backgrounds. The governance model for SSHA strikes the necessary balance between independence and accountability to the government, and to Ontarians.

Our Mandate

The Smart Systems for Health Agency provides the secure, integrated, province-wide information technology infrastructure to allow electronic communication among Ontario's health service providers.

Our Values

Business Commitments
- To enhance the health system
- To put our customers first
- To achieve excellence in the delivery of reliable, secure, and integrated solutions
- To protect the privacy of information in every part of our business
- To make continuous quality improvement and innovation integral to our business

People
- Our expertise and talent are the keys to our success
- We believe in the dignity and worth of each individual and strive to treat everyone with fairness and respect
- We seek to continually improve individual and team performance in all aspects of work
- We are all responsible for the success of the Agency

Cover:
L: **Lori Sylman**, SSHA Facilities Coordinator
R: **Walter Knauer**, SSHA Tier 1 Technical Support

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Chair's Message

Personal Health Information in a Heartbeat

During a surgery or medical procedure, seconds can sometimes make all the difference.

At Smart Systems for Health Agency (SSHA), we're working to build an electronic information pipeline that can deliver appropriate personal information to healthcare providers in a heartbeat. By doing this, we improve patient outcomes – enabling the flow of health information.

We believe that SSHA will contribute to improved health services for all Ontarians by providing faster access to vital health information.

As a major partner in the province's e-Health strategy, our goal is to promote a more efficient health system by connecting all healthcare providers to our cutting-edge information pipeline. Indeed, many hospitals, doctors, public health officials and community care access centres are already connected. We are quickly becoming the common, secure IT system within the health system.

Just as healthcare is always needed, 24 hours a day, 7 days a week, we've designed all products and services for use every day, all day, without disruption. Ideally, when it comes to health, there is no such thing as down time. We are already seeing how our high-reliability products and services enable program initiatives. Further, the SSHA system that is coming into being helps healthcare providers communicate securely and collaboratively across sectors, multiplying the effects of individual program reforms.

In 2003/04, we concentrated on the base build of our IT infrastructure. Now that it's up and running, we're entering the next phase of deployment. We expect to experience burgeoning connectivity to the SSHA network in the coming years.

By helping further the province's e-Health goals, we believe we're helping to deliver better healthcare to every citizen of Ontario, our goal for the year ahead.

Allan J. Greve,
Chair of the Board

Chief Executive Officer's Message

Snapshots in Time

Rome, they say, wasn't built in a day, and we know from experience that it will take time for us to fulfill our goal of building a sophisticated e-Health information infrastructure that will connect 150,000 healthcare providers at 24,000 sites across Ontario.

SSHA came into being in January 2003. We made significant progress in fiscal 2003/04, our first full year as an independent operational agency. The album of our first year is filled with snapshots of worthy achievements.

We reached a milestone in November 2003 with the certification of the base build of our two data centres.

Another important accomplishment was the launch of the Ontario Medical Association and Ministry of Health and Long-Term Care's portal, OntarioMD.ca, the first client project on our portal framework; others are currently in development.

In addition, the Ontario Health Informatics Standards Council, OHISC – set up by SSHA to be the focal point for standards leadership, advice and education in Ontario – established the first set of approved data standards integral to the Electronic Health Record and for use by providers across the healthcare system.

Getting our email service up and running, installing PKI technology to ensure the privacy and integrity of all transmissions, and furthering the provincial goal of an Electronic Health Record are a few more areas where we made substantial gains during the year.

Just as we've been busy putting our core products and services in place, we've also made sure to have an organization that works and is keeping pace with the challenges we face. Internally, SSHA underwent major maturation and growth during the year as it adopted many operating procedures and policies, and recruited a growing number of staff.

The sophisticated technology developed by SSHA is an essential component to build the future of e-Health in Ontario. Ultimately, the goal is improved healthcare for you, your family, your community and all Ontarians.

Michael Connolly,
Chief Executive Officer

Introduction

SSHA is an independent operational agency of the Ontario government mandated to build an innovative, secure, reliable, electronic information-sharing network connecting doctors, hospitals, laboratories, pharmacies, community / long-term care and public health professionals across the province. Benefits include faster access to timely health information, greater security of personal information and improved health services for Ontarians.

Created under the *Development Corporations Act* in early 2002, SSHA acquired a chair and board of directors in late 2002 and attained agency status in January 2003. Our previous annual report highlighted activities in our first two and a half months of operation, and this report describes our major accomplishments and activities during our first full fiscal year as an agency.

During the year, key milestones included:

- Completing the base build of our IT infrastructure and launching our two data centres in November 2003.
- Expanding services to hospitals, physicians, Community Care Access Centres and Public Health Units.
- Laying the groundwork for projects involving laboratories; the Ontario Drug Benefit Program; and HIV/AIDS researchers through the HIV Information Infrastructure Project.
- Furthering development of the Electronic Health Record and other initiatives of the government's e-Health strategy.
- Championing, through the Ontario Health Informatics Standards Council (OHISC), the development of data and technology standards that promote the exchange of health information.
- Continuing to establish operational policies, financial procedures and core human resource systems.

Building a Reliable Information Technology Infrastructure

SSHA achieved a milestone in November 2003 when our two state-of-the-art data centres, the heart of our province-wide IT infrastructure, went live after two years of design, testing, approvals and building. Situated in two different areas of the GTA, the data centres began operation on schedule.

Robust and sophisticated, with multiple system redundancies built in for high reliability and availability, they were built as the first stage of a multi-year arrangement with Hewlett Packard Canada. They provide an adaptable and scalable infrastructure that includes more than 200 servers, 12 firewalls, 80 routers and switches and massive storage capacity. Our healthcare partners can now view SSHA as a reliable and trustworthy third-party provider of the information-sharing network they need, along with round-the-clock technical support.

The data centres survived a series of unplanned catastrophes with flying colours last year. When the SARS outbreak forced a six-week lockdown of the Hewlett Packard site and put hundreds of their employees into quarantine, we successfully continued to operate our data centres.

During the power failure of August 14, 2003, both data centres switched so seamlessly to generator power that our technicians were unaware for hours that the electricity had failed. Last fall, SSHA firewalls and other safeguards deflected a series of internet viruses that infected corporate computing environments around the world. These unbidden tests demonstrated the inherent reliability and security of a system designed to function 24 hours a day, seven days a week, without disruption.

L: **Abigail Rodriguez**, Care Coordinator and R: **Pelagia Holder**, Manager, Information Technology, Toronto Community Care Access Centre

Dennis Morassut, SSHA

Dr. Brian Gamble, Chatham-Kent ePhysician Project pilot and patient

L: **Natalie Rossi**, Public Health Nurse and
R: **Bernadette Scupa**, Public Health Nurse, Peel Public Health Unit

Lovey Dhaliwal, Public Health Nurse, Peel Public Health Unit

L: **Kuljinder Chana**, Public Health Nurse and
R: **Judith Warner**, Public Health Nurse, Peel Public Health Unit

Natalie Rossi, Public Health Nurse, Peel Public Health Unit

Ensuring Privacy and Security

SSHA utilizes a range of technologies and systems to ensure the integrity and confidentiality of healthcare and patient information.

To ensure the secure transit of data over a pipeline that remains accessible to approved users only, SSHA utilizes a Managed Private Network that is provisioned and managed independently from government and public networks. Network security is ensured by multiple levels of safeguards that include virus detection software, intrusion detection systems, a heavy-duty firewall infrastructure and registration and password systems.

A cornerstone of our security strategy is the Public Key Infrastructure (PKI) technology, which offers encryption technologies to protect information in storage or transmission, digital signatures that authenticate the identity of senders, and defenses that prevent email messages from being tampered with or altered. The foundation has been established for SSHA to use PKI when secure email is offered in the coming months.

As an added protection, SSHA's secure messaging infrastructure (SMI) was stress-tested with simulated full volumes to replicate a mass communication that healthcare providers might generate in the event of a public health emergency. SMI is based on industry standards, world-class security protocols and varied best practices and processes.

Client Connectivity

Now that the data centres are operational, SSHA is providing the healthcare community with a stable technical environment for hosting applications and databases. One of our new product developments in 2003/04 was a portal framework featuring an array of online resources and services that may be incorporated into different portals. The first portal developed is part of the ePhysician Project, an initiative of the Ontario Medical Association (OMA) in conjunction with the Ministry of Health and Long-Term Care (MOHLTC) and the Ontario Family Health Network.

Over 500 physicians and medical staff were invited to pilot-test the portal and it was a featured showpiece of the OMA's Council Meeting in November 2003. Called OntarioMD.ca, the interactive portal offers access to the latest health news, journals, alerts, a drug database and more. It will serve as the foundation to eventually allow physicians to securely communicate electronically with all healthcare providers in Ontario and serve as a portal to a complete range of clinical, research and educational tools for physicians.

Many doctors have already registered with the OntarioMD.ca portal using SSHA's secure and private registration and password systems, and thousands more are expected over the coming year as it becomes available to all physicians and their staff.

Also taking advantage of SSHA's broad information highway, accessible to approved users only, are:

- 80 percent of the province's hospitals
- All Community Care Access Centres
- All Public Health Units
- OntarioMD.ca, which began to be offered to physicians
- The Chatham-Kent Family Health Network, a pilot of enhanced services through the ePhysician Project
- Ontario Air Ambulance Base Hospital Program
- Trillium Gift of Life
- Cancer Care Ontario
- Cardiac Care Network

Data & Technology Standards

The success of Ontario's e-Health strategy depends on the development and adoption of a set of uniform standards that allow all health sector providers and stakeholders to share clinical information with an explicit and consistent understanding of its meaning. This is accomplished through the use of standards-based vocabularies and technology standards.

For one computer to exchange information with another, both must be technologically compatible and be able to interpret data in comparable ways; otherwise confusion results. To enable doctors, pharmacies, hospitals, public health nurses and other healthcare staff to communicate clearly across a fully integrated healthcare information pipeline – for example, to populate, compile and share Electronic Health Records – consistent rules and formats must be applied. These are standards and essential interfaces designed and deployed for a diverse range of computer applications and interactions.

As part of our mandate, SSHA established the Ontario Health Informatics Standards Council (OHISC) to co-ordinate the management and development of health informatics standards for use in Ontario. Seventeen member organizations are represented, including SSHA, the broader health sector as well as provincial and federal standards bodies. The Minister of Health and Long-Term Care approved the inaugural set of data and technology standards in 2003.

Andrew King, SSHA Systems Architect

L: **Kim Buchnell**, Public Health Nurse and
R: **Shelley White**, Public Health Nurse, Durham Public Health Unit;
Healthy Babies, Healthy Children Program

L: **Steve Bridgman**, Facilities Manager and
R: **Robert Mason**, Tier 1 Technical Support, SSHA

L: **Lori Sylman**, SSHA Facilities Coordinator and
R: **Walter Knauer**, SSHA Tier 1 Technical Support, SSHA

L: **Robert Mason**, Tier 1 Technical Support,
M: **Andrew Moes**, Operations Manager and
R: **Jeremy Kaweesa**, Tier 1 Technical Support, SSHA

Dennis Morassut, SSHA Tier 2 Technical Support, SSHA

James Stang, Manager of Technology Architecture Services, Cancer Care Ontario

Ontario's e-Health Strategy and the Electronic Health Record

The goal of an electronic communications network for Ontario was first envisioned over a decade ago as a major innovation that would present a wide range of uses, benefits and efficiencies throughout the healthcare system. For example, if laboratory test results followed the patient through the system instead of being filed in a doctor's office, fewer duplicate tests would be needed.

Likewise, expanded physician-patient videoconferencing capabilities means fewer patients and families need to travel long distances for medical care. The SSHA network currently facilitates 1,000 videoconferencing consultations each month, conducted through provincial telemedicine programs like NORTH Network, CareConnect and Videocare.

An integrated IT infrastructure will further break down the distance barrier by allowing physicians and other registered health professionals to exchange emails, digital X-rays, laboratory reports and other information in the blink of an eye.

The MOHLTC devised an e-Health strategy for Ontario, realizing that a secure communication network for the healthcare community would help improve healthcare by improving efficiency. SSHA is a key enabler of that strategy through its IT infrastructure, our set of common products and services for the healthcare sector.

Eager to involve the full spectrum of healthcare providers in the process of transforming the health system, the MOHLTC established e-Health councils in March 2002 to represent hospitals, physicians, long-term care providers and laboratories. SSHA representatives sit on all four councils as well as on the overarching Ontario e-Health Council.

As a key partner in Ontario's e-Health strategy, SSHA is helping develop the Electronic Health Record (EHR), a major initiative that also involves numerous healthcare players and which is aligned with a parallel national strategy headed by Canada Health Infoway. The EHR will put vital patient information at doctors' fingertips to help them make better medical decisions. The EHR will contain details of a person's health profile, such as allergies, prescriptions and important medical conditions, as well as service-encounter information, including diagnostic test results and previous visits to hospital emergency rooms. Doctors, nurses and other authorized healthcare providers will have access to the EHR on a need-to-know basis. It will be voluntary and protected by an effective security and privacy framework.

Furthering Ontario's e-Health Initiatives

Along with its involvement in EHR, SSHA is mandated to provide infrastructure for and to assist development of the following seven e-Health projects:

1. Community Care Access Centres (CCACs) offer one-stop shopping for patients and their families needing long-term care services. All 42 main offices across Ontario are connected to the SSHA network. We host 20 CCAC web sites and the common financial, statistical and assessment system used by all CCACs. Some 536,000 CCAC case visits were supported by the SSHA infrastructure in 2003/04.

2. Integrated Services for Children Information Systems (ISCIS) is a software application used to facilitate the delivery of children's services. SSHA provides the infrastructure services that ISCIS needs to support specific programs. The first, Healthy Babies, Healthy Children, promotes healthy child development. SSHA connected all 37 Public Health Units to its network for this purpose. The SSHA network will eventually connect public health nurses, speech pathologists and other service providers, and allow hundreds of community-based agencies to record client contacts quickly and consistently. A Pre-School Speech and Language Program and an Autism Program will also be added.

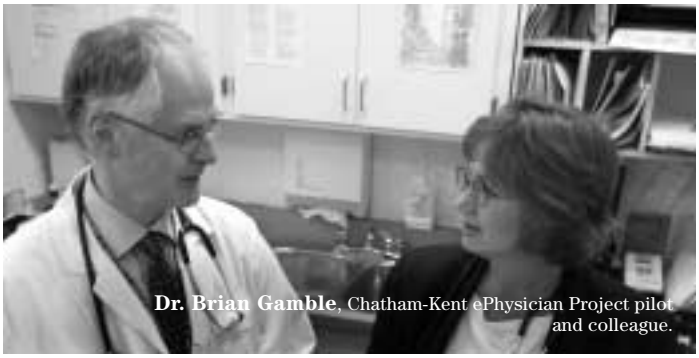
3. The ePhysician Project is a cooperative venture involving the Ontario Family Health Network, the MOHLTC, the OMA and SSHA. This venture is benefiting from SSHA products and services to enable doctors to share patient health information and engage in other e-Health-related activities. As part of this project, SSHA has provided network connectivity to 80 percent of the province's hospitals.

4. The Health Network System (HNS), which administers the Ontario Drug Benefit program, is slated for replacement with a modernized and secure SSHA private network. HNS connects approximately 3,000 pharmacies across Ontario and handles 55 million transactions annually for 2.5 million recipients. To date, SSHA has designed the new network architecture for HNS and has provided connectivity between SSHA and the Green Shields data centres.

5. Ontario Laboratory Information Systems (OLIS) is an IT initiative to bring about the electronic sharing of the millions of diagnostic lab tests done in Ontario each year, and to co-ordinate their secure ordering, processing and reporting. OLIS will facilitate an online information flow between 35,000 authorized medical practitioners and 650 community, hospital and public laboratories and specimen collection centres. SSHA will provide its entire suite of services to support this project and has reserved space for OLIS applications in its data centres.

6. The HIV Information Infrastructure Project (HIIP) is a health and research project that uses IT to improve treatment and care for Ontarians living with HIV. HIIP will equip HIV healthcare providers and researchers with new technology and tools to help improve clinical care, support informed decision-making and dramatically expand Ontario's research capabilities. SSHA will supply the network connectivity and security technology to connect clinical data to the research database.

7. Public Health information systems became a priority for SSHA in April 2003 during the SARS outbreak. At this time, a seventh priority initiative was added to our mandate: to support the establishment of systems, as specified by the Public Health Division of the MOHLTC, involved in tracking communicable diseases and outbreaks such as SARS and the West Nile virus. Acting quickly during the SARS outbreak, SSHA hosted an application to consolidate SARS reporting information. In the following months, we have continued to assist public health authorities involved in the control and reporting of risks by facilitating rapid and integrated communications. Specifically, the Integrated Public Health Information System (iPHIS), hosted by SSHA, will be available to all Public Health Units in 2004/05 for the tracking of infectious disease outbreaks and in a second stage, for the tracking of all communicable diseases. At the MOHLTC's direction, SSHA has begun work on a model for email for everyone in the health sector.



Dr. Brian Gamble, Chatham-Kent ePhysician Project pilot and colleague.

Dr. Bob Lester, Toronto Dermatologist, using NORTH Network and patient

Defining SSHA Policies, Procedures & Structure

In 2003/04, one of the challenges SSHA faced was defining our internal structure and our core administrative operational policies and procedures to function as an agency of government with strong accountability.

Having formerly used consulting expertise pending launch as an agency, SSHA needed to shift its human resources to a permanent staffing model. We hired 85 full-time staff during the year while establishing recruitment classifications, benefits and pension plans, pay structures and human resources policies. SSHA had staffing of another 45 positions well underway at the end of the fiscal year.

As we navigated through this period of internal growth, SSHA continued to provide quality customer service to clients that were already part of our previous / interim network.

Board Members

Name	Appointed	Term
Allan Greve, Chair	October 30, 2002	3 years
Sharon Baker	October 23, 2002	3 years
David Johnston	October 23, 2002	3 years
Marc Kealey	October 23, 2002	2 years
Carole Kerbel	October 23, 2002	3 years
James MacLean	October 23, 2002	2 years
Jeff May	October 23, 2002 Reappointed: October 23, 2003	1 year 3 years
William Orovan	October 30, 2002	2 years
Richard Pentney	October 23, 2002 Reappointed: October 23, 2003	1 year 3 years
Frank Scarpino	December 4, 2002	2 years
Shirlee Sharkey	October 23, 2002	3 years

Looking Ahead

The coming year will be busy for SSHA as we assist the government in achieving its e-Health goals.

Internally, our organization continues to mature with the establishment of internal policies and procedures and the completion of the effort to achieve a permanent staffing contingent.

In addition, our work begun in past years continues on many fronts. We continue to connect hospitals to our network, we are helping in the expansion of OntarioMD.ca and we look forward to offering secure email to a wide range of clients.

The establishment of our data centres offers a secure hosting environment which is beginning to serve as a vital resource for the health sector and which will continue to grow in importance. We look forward to completing the work that will allow us to securely host the integrated Public Health Information System, which will be used to improve public health management and eventually be used for the tracking of all communicable diseases.

The 2004/05 Ontario budget highlighted the following e-Health initiatives in which SSHA is looking forward, if required, to playing a role:

- Developing a system to provide emergency rooms with electronic access to ODB recipients' drug history records.
- Setting standards for IT in the health system through OHISC.
- Supporting an Electronic Patient Record system in London that will ultimately allow two academic health science centres serving multiple sites to share electronic patient records between healthcare providers, while protecting patients' privacy.
- Upgrading provincial wait list systems for cardiac procedures and cancer treatment, and creating a provincial wait list system for hip and knee replacement surgeries.

In addition, the implementation of recent reports highlighting the need to improve the Public Health system in Ontario, with specific recommendations regarding the use of IT, will involve SSHA.

We are excited about the opportunity to bring our expertise and dedication to the success of ongoing and new projects.

In sum, these are exciting times for e-Health in Ontario, and SSHA is a key player in helping bring the power of IT to healthcare.

2003/04 SSHA Performance Metrics

Priority Initiative	Commitment	Delivered	Deployment Notes
OFHN	• 26,000 mailboxes and PKI • 26,000 portal users • Clinical Management System / Application Service Provider hosting • 12 physician networks • 236 hospital program networks	✓ Mailboxes and PKI built and ready ✓ OntarioMD.ca portal built and running ✓ Data Centre built and ready to accept Clinical Management System application ✓ 12 networks ✓ 236 networks	♦ PKI liability approval pending ♦ 500 users of OntarioMD.ca ♦ Pending Clinical Management System / Application Service Provider contract award ♦ Pending ePP timelines
CCAC	• 5,500 mailboxes and PKI • Applications and website hosting • 273 networks	✓ Mailboxes and PKI built and ready ✓ 20 websites, 2 applications hosted ✓ 126 networks	♦ Migration in 2004/05 ♦ Deployment delayed until new eWAN service providers available for transition in fourth quarter 2003/04
ISCIS	• 1,500 secure subscribers • Healthy Babies, Health Children hosting • 245 networks	✓ Security service built and running ✓ Application hosted and running in Data Centre ✓ 63 networks	♦ Deployment delayed until new eWAN service providers available for transition in fourth quarter 2003/04
HNS	• 7 networks	✓ 7 networks ✓ Secure mailboxes built and ready	
OLIS	• None	✓ None	♦ Pending MOHLTC awarding of RFP
HIIP	• 4 secure mailboxes • 4 networks	✓ Secure mailboxes built and ready ✓ 1 network	♦ PKI liability approval pending ♦ Pending PKI availability
Public Health	• SARS / West Nile virus Hosting	✓ Interim application hosted ✓ 30,000 mailboxes available for emergency use	

Summary of Achievements and Outcomes

	Achievements	Outcomes
CLIENTS		
Ontario Family Health Network	• Connectivity and operations maintained • OMA ePhysician portal, OntarioMD.ca, launched November 2003 • Clinical Management System / Application Service Provider evaluation supported and prepared to host solution	✓ Chatham-Kent pilot is a showcase of physician automation ✓ Availability of a mass information distribution channel for physicians ✓ Full suite of physician automation solutions availability
Hospital Programs	• 80 per cent of hospital sites connected • Supporting largest telemedicine network in Canada • Piloting connectivity to Ministry programs, e.g. Health Card validation • SSHA network has enabled multi-site hospitals to integrate their information systems (e.g. Lakeridge Health, Niagara Health System)	✓ Strong recognition by hospitals for the SSHA services by including these additional value added services on a common infrastructure
Community Care Connects	• Connectivity to all CCAC offices • Hosting 20 CCAC websites and applications • Planning transition to secure email	✓ CCAC sites transitioning to eWAN
Children Programs	• ISCIS operations are maintained to all Public Health Units • Started to process eWAN orders	✓ Extensible infrastructure solution for future children programs in Public Health Units ✓ All Public Health Units connected
Public Health	• Hosted MOHLTC's SARS application • Piloted Integrated Public Health Information System • Developed a model for email for everyone in the health sector	✓ An electronic communication capability established for MOHLTC to health providers in event of a public health emergency ✓ Foundation set for continued development of Integrated Public Health Information System
HIV Information Infrastructure Project	• Supported preparation to begin migration to SSHA connectivity and security services	

	Achievements	Outcomes
Health Network System	• Provided connectivity between Ontario Drug Benefit (ODB) data centres • Supported preparation for migration to SSHA connectivity • Provided ongoing support to the implementation of project to provide access to ODB information in hospital emergency rooms	✓ Connectivity directions established with pharmacy community ✓ Emergency room access is a key stage in the Electronic Health Record evolution
Ontario Laboratory Information System (OLIS)	• Supported RFP process • Provided ongoing support to project planning and administration	✓ OLIS is ready to proceed with development in 2004/05
PRODUCTS & SERVICES		
Networks	• 446 circuits operational through WAN and eWAN services • Procured eWAN services • External Network Access (ENA) connection to the MOHLTC services implemented	✓ Scalable solutions that are ubiquitous across province and needs
Secure email	• 60,000 mailbox infrastructure operational • Commenced design for full suite of directory services	✓ Client requirements satisfied ✓ Volume email service available
Public Key Infrastructure (PKI) Security	• PKI technology implemented • Policy Management Authority for PKI meets monthly • Privacy and Threat Risk Assessments completed for SSHA services	✓ PKI services defined and ready for deployment
Registration	• Implemented state-of-the-art registration system for health subscribers • Developed registration processes and click-through agreements for volume enrollment of physicians	✓ Service establishes identity assurance for trusted use by health providers
Hosting	• Two high availability data centres operational • Hosting services developed	✓ Reusable facility available and scalable

	Achievements	Outcomes
Portal	• Portal technology procured and implemented • ePhysician Project portal, OntarioMD.ca, began operating in November 2003 • 17 vendor of record contractors available to provide content • Development proceeding for reuseable baseline portal	✓ Services in place for extending portal services to other health communities ✓ OntarioMD.ca is a showcase
Electronic Health Record	• Collaborated with MOHLTC e-Health Office in submission to Canada Health Infoway (CHI) • Supported response to CHI RFIs for telemedicine and infostructure	✓ Consensus obtained on Ontario's e-Health vision, strategy, and priorities
Data and Technology Standards	• Dispute Resolution Mechanism established • Inaugural Set of Standards approved by Minister • Commenced consultations on next set of standards	✓ Role of standards and OHISC is well recognized and supported by health community
Privacy and Security	• Enterprise Security policy approved • Enterprise Privacy policy approved • Certification and Accreditation process established • Presented SSHA's views on *Health Information Protection Act* before the Standing Committee on General Government	✓ High standard has been set for Privacy and Security policies and procedures for health sector ✓ SSHA recognized by stakeholders for expertise

	Achievements	Outcomes
AGENCY		
Governance / Board	• External Auditor appointed • 2002/03 audited financial statements approved with no management notes • 2002/03 Annual Report tabled	✓ Board is fully operational
Human Resources	• Job classification and salary structure • Pension and Benefits program procured • www.thinksmart.ca recruitment site created • HR policies and procedures developed	✓ 85 permanent positions filled and 45 under active recruitment ✓ Migration to permanent staff model to be completed in 2004/05
Operations	• Financial, procurement and management policies developed • Regular liaison with Ministry oversight unit • Risk management committee established • www.ssha.on.ca internet site developed	✓ Foundation for stable operations and accountability ✓ Continuous alignment through regular support of MOHLTC ✓ Greater stakeholder communication presence

Smart Systems for Health Agency

Financial Statements
March 31, 2004

Management's Responsibility for Financial Information

June 15, 2004

Management and the Board of Directors are responsible for the financial statements and all other information presented in the Annual Report. The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles and, where appropriate, include amounts based on Management's best estimates and judgment. Management is responsible for the integrity and objectivity of these financial statements. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements in all material respects.

Smart Systems for Health Agency (SSHA) is dedicated to the highest standards of integrity in its business. To safeguard the Agency's assets and assure the reliability of financial information, the Agency follows sound management practices and procedures, and maintains appropriate information systems and internal financial controls.

The Board of Directors ensures that management fulfills its responsibilities for financial information and internal controls. The financial statements have been reviewed by the SSHA Board Audit Committee and approved by the Board of Directors.

The financial statements have been examined by PricewaterhouseCoopers LLP, independent external auditors appointed by the Board of Directors. The external auditors' responsibility is to examine the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of the Auditors' examination and opinion.

Michael Connolly
Chief Executive Officer
Smart Systems for Health Agency

Geoffrey Knapper
Chief Administrative Officer
Smart Systems for Health Agency

Auditors' Report

April 30, 2004

To the Board of Directors of
Smart Systems for Health Agency

We have audited the statement of financial position of **Smart Systems for Health Agency** (the Agency) as at March 31, 2004 and the statements of operations and fund balance (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers, LLP
Chartered Accountants

Statement of Financial Position

As at March 31, 2004

	2004	2003
Assets		
Current assets		
Cash	$ 6,205,076	83,697
Prepaid expenses	370,557	29,337
Due from the Province of Ontario (note 3)	8,702,688	–
	15,278,321	113,034
Capital assets (note 4)	21,430,495	19,169,972
	$ 36,708,816	**$ 19,283,006**
Liabilities		
Current liabilities		
Accounts payable - including held cheques of $5,187,395 (2003 - $nil)	$ 11,009,242	567,113
Accrued liabilities		
Operating	2,883,492	2,186,272
Capital	958,466	716,219
	14,851,200	3,469,604
Deferred capital contributions (note 5)	$ 21,430,495	18,473,982
	36,281,695	21,943,586
Fund balance (deficit)	$ 427,121	(2,660,580)
	$ 36,708,816	**$ 19,283,006**

Approved by the Board of Directors

Director

Director

Statement of Operations and Fund Balance (Deficit)

	Year ended March 31, 2004	Period from January 17, 2003 to March 31, 2003
Revenues		
Government funding (note 3)	$ 72,443,411	9,758,326
Amortization of deferred capital contributions (note 5)	10,796,976	1,151,738
Recoveries of expenses (note 3)	2,551,470	–
	85,791,857	10,910,064
Expenses		
Information technology operations		
Production	$ 33,396,321	5,419,575
Development	19,030,787	3,173,599
Client support	9,551,054	1,374,030
	61,978,162	9,967,204
Privacy, security and standards	5,650,748	1,101,849
General and administrative	6,563,422	1,329,624
Total operating expenses	74,192,332	12,398,677
Amortization	8,914,877	1,171,967
	83,107,209	13,570,644
Gain on disposal of capital assets (note 4)	$ 403,053	–
Excess (deficiency) of revenues over expenses for the period	$ 3,087,701	(2,660,580)
Deficit - Beginning of period	$ (2,660,580)	–
Fund balance (deficit) - End of period	**$ 427,121**	**$ (2,660,580)**

Statement of Cash Flows

	Year ended March 31, 2004	Period from January 17, 2003 to March 31, 2003
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the period	$ 3,087,701	(2,660,580)
Items not affecting cash		
Amortization of deferred capital contributions	(10,796,976)	(1,151,738)
Amortization	8,914,877	1,171,967
Gain on disposal of capital assets	(403,053)	–
	802,549	(2,640,351)
Change in non-cash working capital items		
Due from the Province of Ontario	(8,702,688)	–
Prepaid expenses	(341,220)	(29,337)
Accounts payable	10,442,129	567,113
Accrued liabilities – operating	697,220	2,186,272
	2,095,441	2,724,048
	2,897,990	83,697
Investing activities		
Purchase of capital assets	$ (10,530,100)	(5,669,297)
Financing activities		
Deferred contributions received	$ 13,753,489	5,669,297
Net increase in cash during the period	$ 6,121,379	83,697
Cash – Beginning of period	83,697	–
Cash – End of period	**$ 6,205,076**	**$ 83,697**

Notes to Financial Statements

For the year ended March 31, 2004

1. Nature of operations

On February 11, 2002, the Smart Systems for Health Agency (SSHA or the Agency) was established as a corporation without share capital by Ontario Regulation 43/02 in accordance with Section 5 of the Development Corporations Act. SSHA is an operational service agency as defined by the Management Board of Cabinet Directives. Subsection 2(3) of O. Reg. 43/02 provides that SSHA is, for all its purposes, an agency of Her Majesty within the meaning of the Crown Agency Act and its powers may be exercised only as an agency of Her Majesty. Subsection 6(1) of O. Reg. 43/02 provides that the Board of Directors is composed of the members appointed by the Lieutenant Governor in Council. Pursuant to subsection 7(1) of O. Reg. 43/02 and subject to any directions given by the Minister of Health and Long-Term Care under Section 8, the affairs of the Agency are under the management and control of the Board of Directors. The Lieutenant Governor in Council appointed 11 members to the SSHA Board of Directors.

The Board of Directors passed its first by-law on January 16, 2003. As such, SSHA ceased operating as part of the Ministry of Health and Long-Term Care (MOHLTC) and began operating as an arm's length agency of MOHLTC on January 17, 2003.

The Agency prepares its financial statements in accordance with Canadian generally accepted accounting principles as opposed to the cash basis, which was its accounting policy when it was operating as part of the MOHLTC.

SSHA is fully funded by the Province of Ontario through the MOHLTC. As an agency of the MOHLTC, SSHA is exempt from income taxes. The Agency is currently awaiting its exemption from the federal goods and services tax (GST). However, in the interim, the Agency has received permission from the MOHLTC to quote its GST exemption number.

SSHA provides the secure, integrated, province-wide infrastructure to allow electronic communication among Ontario's health-care providers, in support of Ontario's e-Health initiatives. The protection of personal health information of Ontarians is of utmost importance at SSHA. Privacy and security services provided by SSHA complement the network infrastructure services to safeguard personal information maintained by SSHA. In addition, SSHA strives to build consensus on data and technology standards within the health-care community in Ontario.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those accounting policies considered particularly significant.

Revenue recognition

SSHA follows the deferral method of accounting for contributions. Contributions with respect to the purchase of assets are deferred and recognized as revenue in the year in which the amortization expense is recognized. Transfer payments from the Ontario government used to purchase capital assets are deferred in the year received and recognized as revenue in the year in which the amortization expense of the related asset is recognized. The balance is recognized as revenue when received, or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

Expense categories

Information technology operations include the following:

- Production primarily includes network operations, data centre operations, contact centre operations and the chief technology office.
- Development primarily includes secure messaging infrastructure build, public key infrastructure build, portal build and the preliminary work done for establishing a voluntary electronic health record.
- Client support includes client services, architecture, the executive project office and planning and product management.

Privacy, security and standards include costs related to establishing and maintaining a high standard for information security and privacy and building consensus on data technology standards in Ontario's health-care community.

General and administrative expenses include Board of Directors, chief executive office, corporate services, human and corporate resources, with the exception of legal, rent and internal IT costs, which have been allocated to other expense categories based on the work consumed or the floor space occupied.

Capital assets

On January 17, 2003, the MOHLTC transferred to SSHA all the assets that were purchased while it was operating within the MOHLTC. These assets were transferred for no monetary consideration. These assets were recorded at the net book value of the assets of $13,956,423, as if the MOHLTC's policy was to capitalize and amortize such assets on the date of transfer. A corresponding deferred capital contribution was established on the date of the transfer (see note 5).

Capital assets are recorded at cost net of accumulated amortization and net of any impairment loss. An impairment loss represents the difference between the carrying value and the fair value of an asset, and is recognized when the carrying value of the asset is no longer recoverable from the undiscounted estimated future net cash flow expected to be received from the ongoing use of the asset, plus its residual worth. Amortization is provided on a straight-line basis with only one-half of the amortization recorded in the year of purchase, over the estimated useful lives of the assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and office equipment	5 years
Licences	1 year

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses for the period. Actual results may differ from those estimates.

3. Government funding

As required by the Management Board of Cabinet Directive, the Agency and the MOHLTC have entered into a memorandum of understanding (MOU). The MOU outlines the operational, administrative, financial and other relationships that exist between the MOHLTC and the Agency. The Agency operates on the same fiscal year as the Ontario government.

The Agency obtained a funding commitment of $86,196,900 (2003 - $15,427,623) from the MOHLTC for the year, of which $8,702,688 (2003 - $nil) was collected subsequent to year-end. This funding was accounted for in accordance with the Agency's accounting policies as follows:

	2004	2003
Payments made directly to third parties on behalf of SSHA	$ –	3,107,623
Committed funding	86,196,900	12,320,000
	86,196,900	15,427,623
Amounts received and designated as deferred capitalcontributions (note 5)	(13,753,489)	(5,669,297)
Funding recognized in the statement of operations	**$ 72,443,411**	**$ 9,758,326**
Recoveries of expenses from other MOHLTC programs (i)	**$ 2,551,470**	–

i) Represents billings to the MOHLTC for agreed upon expenses incurred by SSHA to provide services to various MOHLTC program areas including Integrated Services for Children Division, Public Health pilot project, Emergency Department Access to Drug History project, Health Network System, Community Care Connects project and ePhysician project.

4. Capital assets

			2004	2003
	Cost	Accumulated amortization	Net	Net
Computer hardware	$ 19,951,082	$ 5,415,951	$ 14,535,131	$ 12,452,523
Computer software	8,289,119	2,791,426	5,497,693	5,896,678
Licences	771,147	385,573	385,574	–
Furniture and office equipment	1,250,488	238,391	1,012,097	820,771
	$ 30,261,836	**$ 8,831,341**	**$21,430,495**	**$ 19,169,972**

During the year, SSHA traded in certain computer equipment. The details are as follows:

Fair value of equipment purchased	$ 3,601,964
Cash paid	(1,337,041)
Trade in value ascribed	2,264,923
Net book value of traded in equipment	1,861,870
Net gain	**$ 403,053**

In addition, as a result of this trade-in, the Agency recognized as revenue $1,861,870 of unamortized deferred revenue, which corresponded to the assets traded in. This amount is included in amortization of deferred capital contributions in the statement of operations for the current year.

5. Deferred capital contributions

Deferred capital contributions represent the capital assets transferred from the MOHLTC on January 17, 2003 as well as subsequent contributions received for the purpose of purchasing capital assets. These contributions are being recognized as income on the same basis as the amortization expense of the related capital assets.

	2004	2003
Balance - Beginning of year	$ 18,473,982	13,956,423
Contributions received	13,753,489	5,669,297
Amortization	(10,796,976)	(1,151,738)
Balance – End of Year	**$21,430,495**	**$18,473,982**

The contributions received during the year are made up of the following:

	2004	2003
Contributions used to fund current year capital asset purchases	$ 13,037,270	5,669,297
Contributions used to fund prior year accrued capital asset purchases	716,219	–
	$13,753,489	**$ 5,669,297**

In the current year, SSHA has recognized contributions of $958,466 related to accruals for capital asset purchases, which were paid for subsequent to year-end. SSHA considered this change in practice from the prior year appropriate given it now operates with the MOHLTC based on a funding commitment that includes accrued funding as at the year-end.

Amortization of deferred capital contributions is made up of the following:

	2004	2003
Amortization of capital assets	$ 8,914,877	1,171,967
Amortization relating to assets traded in (see note 4)	1,861,870	–
Amortization relating to accrued capital assets from prior year	20,229	(20,229)
	$10,796,976	**$ 1,151,738**

6. Contractual commitments

SSHA has contractual commitments to fiscal 2007, to build and deploy infrastructure services to support Ontario's e-Health vision and strategy. The commitments are for providing highly secure data centres and establishing and operating the public key infrastructure. Payments required on these commitments are as follows:

2005	$	8,749,934
2006		8,559,753
2007		7,531,546

Commitments in the current year have decreased from the prior year's commitments, as the contract for developing a secure messaging of infrastructure (SMI) was terminated by SSHA. The termination occurred when management believed was an appropriate time in the life of the contract as the infrastructure build was complete and SSHA made a decision to bring the operations component in-house.

7. Operating lease commitments

a) Office space

Ontario Realty Corporation holds three leases on the office space occupied by SSHA. SSHA is responsible for all the operating lease payments. The payments required to the date of expiry are as follows:

2005	$	991,979
2006		941,084
2007		57,217

SSHA expects to renew these leases as they expire. One of the leases expires on January 31, 2006 and the remaining two leases expire in fiscal 2007. The above table excludes any renewal periods.

b) Desktop information technology

SSHA leases its desktop technology through the Government of Ontario Vendor of Record (VOR). The existing lease commitments are as follows:

2005	$	231,703
2006		37,269

SSHA has made the decision to purchase desktop technology from January 2004 onwards. The existing commitments are for the leases that were transferred from MOHLTC, which expire in fiscal 2007.

8. Employee benefits

The Agency established a defined contribution pension plan during the year for its employees. Contributions to this plan during the year amounted to $67,750.

9. Contingencies

Subsection 2(3) of O. Reg. 43/02, which establishes the Agency, provides that SSHA, for all its purposes, is an agent of Her Majesty within the meaning of the Crown Agency Act and its powers may only be exercised as an agent of Her Majesty. Section 17 of O. Reg. 43/02 provides:

17. (1) No employee or agent of the agency and no administrator appointed under subsection 13(1) is liable for anything done or omitted in good faith in the exercise or purported exercise of the powers conferred or duties imposed by this regulation.

17. (2) Subject to any duties, obligations or responsibilities imposed by statute, no member of the Board of Directors or officer of the agency is liable for anything done or omitted in good faith in the exercise or purported exercise of the powers conferred or duties imposed by this regulation.

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