Making a Difference for Patients

SMART SYSTEMS FOR HEALTH AGENCY **ANNUAL REPORT**
April 1, 2005 to March 31, 2006

Ontario
Smart Systems
for Health Agency

Vision

SSHA's world-leading e-Health services will help to transform health care delivery in Ontario by enabling the secure electronic exchange of health information among providers and patients.

Mission

SSHA works with the health care sector to enable providers and patients to:

- Electronically share health information quickly and securely; and
- Make better care decisions.

Values

SSHA employees are passionate about making a difference to Ontario's health care system. We strive to:

- Ensure that the patient care impact of our products and services is always our first priority
- Protect personal privacy of health information in every aspect of our business
- Excel in the delivery of reliable products and services
- Treat everyone with fairness and respect – every patient, health care provider, supplier and co-worker
- Be accountable to the people of Ontario for the productive use of public resources
- Work in partnership with health care providers, the Ontario government and suppliers
- Make our expertise and talent the keys to our success
- Continually improve individual and team performance in all aspects of our work.

Photos: (Front Cover) ***Carson Lambert****, Sault Ste. Marie, Ontario, telemedicine beneficiary; (Inside cover)* ***Michael Connolly****, Chief Executive Officer, SSHA and* ***Linda Weaver****, Chief Technology Officer, SSHA; (Page 3)* ***Tim Saucier****, North Bay, Ontario, telestroke beneficiary*

Table of Contents

Making a Difference

During 2005/06, the Minister of Health and Long-Term Care appointed nine new directors to the Board of Smart Systems for Health Agency (SSHA), currently comprised of 13 directors. I had the privilege of being appointed the Chair. The new Board held its first meeting in March 2006 and two more in the following months.

To date, we have prepared and delivered a new strategic plan to the Ministry. The Board and its committees are also reviewing SSHA policies and procedures to ensure that they meet best practices for corporate governance.

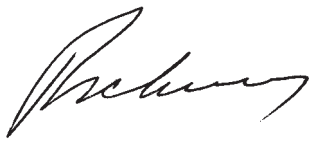
The Board and the Ministry want to be confident that SSHA's structure and systems are a sound foundation to build upon. Together, we have jointly commissioned a comprehensive Operational Review and invited the Information and Privacy Commissioner to review SSHA's privacy policies and practices. These reviews will be completed in fall 2006. The Board will ensure that any deficiencies identified will be remedied as quickly as possible.

SSHA is now set to embark on the next phase of its development, moving from a focus on infrastructure to a culture of client service and application delivery.

Part of our larger context is the Ministry's effort to prepare a strategic plan to renew e-Health delivery and which will lead to the creation of an Electronic Health Record (EHR). We are ready to take a key role in its development and delivery as planning moves forward.

I would like to thank Michael Connolly, our Chief Executive Officer, his executive team and all staff and consultants for their support and passion to improve the health care of Ontarians through information technology. I would like to thank my fellow directors who have put their knowledge and energy into creating a new focus for SSHA. I would also like to thank the directors who retired during the year for leading SSHA through its formative years.

Progress in e-Health in the coming years will be exciting and offer better health outcomes for Ontarians. It will require the cooperation of all providers in the health care sector. SSHA will focus on meeting the expectations of our stakeholders to achieve these better health outcomes.



Michael Lauber
Chair
June 2006

Helping More Patients

In 2005/06, SSHA was tested to find ways to deliver value to our existing and new clients beyond anything we experienced in the past.

We made significant progress in our evolution to become a deployment-oriented organization. Certainly much needs to be done, but we were able to more than triple the number of sites connected to ONE Network from 500 to 1,700. Nearly 10,000 health care professionals and staff now use SSHA's ONE Mail. Three portals built on SSHA products and services are now in use – for physicians, public health and e-Health.

In addition, a strong foundation for future success has been laid through our ONE Hosting service. A growing number of hospital emergency departments can now view a patient's Ontario Drug Benefit information through a project of the Ministry of Health and Long-Term Care (MOHLTC) in which SSHA is a key information technology supplier. Physicians have started piloting an electronic patient charting system. An electronic laboratory ordering and test results system took its first steps, as did an Enterprise Master Patient Index for Cancer Care Ontario that allows a patient's clinical information to be shared at six pilot hospitals. A number of other hosting initiatives were also undertaken for Community Care Access Centres and hospitals in the Ottawa area.

SSHA was also tested to find ways to keep up with demand for our services, especially ONE Network, as network needs in health care grow exponentially. Demand for ONE Mail is growing too.

In 2004/05, we identified the need to change into an organization capable of large-scale deployment. We are well along that path and picking up momentum through projects that involve physicians and their hospitals, the continuing care sector, as well as regional projects in Ottawa-Carleton and Niagara. Collaboration with leadership organizations such as Cancer Care Ontario and OntarioMD is helping to speed up the pace of deployment.

Every day, SSHA is tested to find new and better ways to respond to the growing information technology needs of health care. It is difficult test but well worth the effort.

M.K. Connolly

Michael Connolly
Chief Executive Officer
June 2006

Photo: ***Dr. David Webster****, Sudbury nuclear medicine specialist, ONE Network user*

Introduction

SSHA began operating as an agency of the MOHLTC in January 2003, mandated to build and manage a province-wide electronic infrastructure for health care providers. When fully operational, SSHA will connect more than 150,000 doctors, pharmacists, public health, hospital, labatory and other health care professionals across 24,000 sites in Ontario.

Prior to becoming an agency, we had already begun to deploy our network and to work with clients on both pilot and full-scale projects. In our first year as an agency in 2003/04, SSHA's two state-of-the-art data centres went live. Our second year, 2004/05, saw an increase in our user base and the complexity of our products and services. Significant corporate change and operational policy development marked the preparation for mass deployment.

This annual report covers the period from April 1, 2005 to March 31, 2006, SSHA's third full year of operation. The year saw increasing demand for our products and services, as well as a marked change in our activities as we sharpened our focus on larger-scale delivery to clients. We feel we are turning a corner as our infrastructure-building phase is largely behind SSHA and mass deployment lies ahead.

We rebranded our products and services this year to underline our complete offering, using the acronym of ONE™, which stands for Ontario Network for e-Health. As a result, our products and services now consist of:

ONE™ Hosting	**ONE™ Pages**
SSHA data centres host computer equipment for clients, allowing them to offer software applications – across Ontario.	The searchable directory of ONE™ Mail users.
ONE™ ID	**ONE™ Mail**
The systems and processes that allow health care professionals to access applications and services operated by SSHA.	E-mail designed for the needs of health care professionals who share patient information.
ONE™ Network	**ONE™ Portal**
A telecommunications network built for health care needs.	SSHA's service to create and host portals.
ONE™ Support	**Standards Management**
SSHA's help desk for clients to ensure high standards of product and service availability.	SSHA plays a leading role on the Ontario Health Informatics Standards Council (OHISC).
Privacy and Security	**Electronic Health Record (EHR)**
Improving the protection of personal health information is an essential responsibility of SSHA.	SSHA is pursuing a long-term goal of creating an EHR to allow health care professionals to access patients' histories.

In terms of deployment, we connected 1,200 client sites to ONE Network, activated 8,500 client mailboxes, and hosted 11 new client applications in addition to the eight existing applications and 22 web sites that we continue to maintain and update. Tellingly, most of the new activity occurred in the third and fourth quarters of the fiscal year, signaling that our preparation activities are creating increased momentum for deployment.

As we redoubled our client focus, we made advances on several milestone initiatives that the ministry identified as key priorities. In 2005/06 we hosted:

- The Drug Profile Viewer, an initiative of the MOHLTC's Drug Programs Branch, which uses SSHA's infrastructure. It was rolled out starting in October 2005 and was operational in 69 hospital emergency departments by March 31, 2006;
- The Ontario Laboratory Information System (OLIS), which will provide a secure integrated system for the exchange of laboratory test information among health care providers, hospitals, public health laboratories and specimen collection centres;
- Cancer Care Ontario's Enterprise Master Patient Index (EMPI), a key element of the MOHLTC's strategy to reduce patient wait times for surgical procedures;
- A centralized database of family information and a patient care application for Ontario's nine regional autism service providers for the Ministry of Children and Youth Services. For the first time, SSHA designed and built its own secure access system to ensure that only appropriate health care professionals can access patient information. We believe this solution will be leveraged for other client requirements in future.

SSHA assisted numerous other e-Health initiatives and made other significant strides in 2005/06. Among them, we:

- Connected James Bay General Hospital in Moosonee, the final public hospital corporation in the province to join our network;
- Assisted in the roll out of the Integrated Public Health Information System (iPHIS) for managing disease outbreaks;
- Launched web portals for public health and e-Health users, including a collaboration tool and publication tool for public health units;
- Helped connect 2,500 physicians to the OntarioMD.ca portal, which we host. As part of their sign up process, they are now provided a ONE Mail account. SSHA also began hosting a Clinical Management System to allow physicians to create electronic patient charts.

The rise of new applications, portals and other compelling e-Health resources is generating demand for ONE Network. Seeking a handy analogy, SSHA can be compared to a cable television company. Both need more than an extensive network to win customers: they need multiple channels providing useful and engaging content to establish a critical mass of users.

This year witnessed a 500 to 1,700 growth in the number of network connections. As more clients receive e-Health solutions on ONE Network, more are opening their doors to us when we knock. Many are now knocking on our door as well.

While new and recurrent challenges will certainly confront us down the road, we believe we have turned a corner in our operations, maturity and growth. We look forward to the day, still some years to come, when our work reaches fruition and the ministry's vision of a robust e-Health system becomes reality.

Photo: ***Brandy Bain****, Contact Centre, SSHA*

A Life-Changing Transplant

Rizwana Ramzanali had to undergo four hours of dialysis, three times weekly for seven years, before the 38-year-old wife and mother was notified that a potential donor had been found. That was on August 10, 2004. The next day she received a kidney-pancreas transplant at London Health Sciences Centre. When she awoke from the surgery, "I felt an immediate change in my body," she reports. "I felt alive."

The central organization in this and countless other organ transplants is the Trillium Gift of Life Network, which has been matching potential donors and recipients using SSHA's ONE Network since 2003, after switching from a smaller but more costly network.

"We're very fortunate to use the SSHA Network," said Greg Kalyta, TGLN's director of information services. "It's faster, cheaper and more secure than the ISDN lines we used. We previously spent about $150,000 annually to connect to 15 sites. SSHA now lets us connect to 75 hospitals using its existing network at no cost to us."

Photo: (Page 11) ***Dr. Michael Finkelstein****, Associate Medical Officer of Health, Toronto Public Health, iPHIS user*

Clients

As the information technology professionals who create the connections that allow health information to flow in new and improved ways, SSHA assisted various clients in reaching project milestones this year:

OLIS: Laboratories Coming up to Speed

One of the year's most exciting implementations centred around the Ontario Laboratory Information System (OLIS) – a MOHLTC initiative to provide an integrated system for the exchange of laboratory test information among health care providers, hospitals, public health laboratories and specimen collection centres.

Millions of diagnostic laboratory tests are performed in Ontario each year; besides expediting the flow of health information, OLIS is meant to help the health system lower costs by reducing test duplications. Ultimately the system is expected to facilitate the flow of information among the 35,000 authorized medical practitioners who order medical tests and the 650 community, public and hospital laboratories that perform the tests.

The first release of the OLIS software went live in SSHA's data centres in March 2006. Pilot sites, testing and roll out will start in 2006/07.

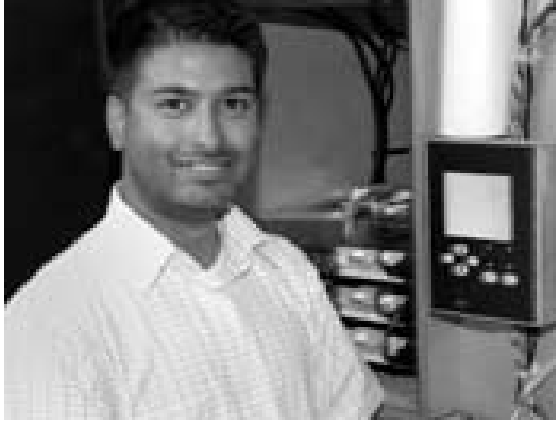
At a key point in OLIS's development, its partners recognized that the project, regardless of its organizational dependencies, needed a single focal point of direction and accountability. Consequently, SSHA assigned an executive lead who also reports to the MOHLTC. Having proven effective, this leadership structure is being touted as a useful paradigm for the governance of other multi-party e-Health initiatives in future.

Because it is considered a forerunner of the long-planned Electronic Health Record, getting OLIS operational was a milestone for the Ministry and Ontario's e-Health Office.

The quick availability via OLIS of laboratory test results, which are used in about two-thirds of clinical decisions, will give physicians another critical incentive to connect to ONE Network.

Drug Profile Viewer Connects Pharmacies, Hospital Emergency Departments

An important initiative of the MOHLTC's Drug Programs Branch and Canada Health Infoway, the Drug Profile Viewer enables health care providers in hospital emergency departments to view provincial drug claim information over a secure channel.



By providing immediate access to a patient's drug history and current medications, the Drug Profile Viewer may shorten time needed for medical assessment, help prevent harmful adverse drug reactions, and provide information about a patient, which he or she may have forgotten or be otherwise unable to provide.

SSHA began hosting the Drug Profile Viewer in October 2005. Implemented with ONE ID, our identity and access management system, SSHA participated in the installation of the DPV in 69 hospital emergency departments by the end of March 2006, working in close consultation with MOHLTC staff and a hospital team for each installation. According to physicians and nurses, the DPV is already contributing to better patient outcomes. Deployment continues in 2006/07 to reach 183 Ontario hospital emergency departments.

Cancer Care Ontario: Enterprise Master Patient Index

Aligned with the MOHLTC goal to reduce wait times for surgical procedures, Cancer Care Ontario (CCO) is building a Wait Time Information System for five key surgeries. A vital component of the initiative is an Enterprise Master Patient Index (EMPI), which is needed to accurately identify persons and allow their records from different hospitals to be connected. SSHA established a hosting environment for EMPI, which went live at four hospitals in March 2006.

Although still on a small scale, this implementation marks a significant step towards a province-wide EMPI database, another requisite component of the Electronic Health Record. Plans call for its expansion to include hospital information systems and other on-line health care systems. Ontario needs a provincial EMPI to generate and maintain a unique identifier for every patient. It is essentially a robust system for precise identity management designed to eliminate duplicates (caused when two identifiers are issued for one person, for instance different hospitals having their own cards and numbers for patients) or overlays (when one identifier is issued to two people). The software uses a set of key variables about the patient to assign a patient identifier that links records from all participating hospitals.

Ideally, no matter where a patient goes for care – whether she visits her family practitioner, goes to a laboratory for a blood test, gets a drug prescription filled, or is rushed to a hospital emergency department – she will always be identified with the same unique identifier. A true EMPI will encompass the records of all provincial health care facilities and professionals. The EMPI will eliminate the need to supply the same details at registration desk after registration desk, about medical history, place of employment, family and so on.

In a related but smaller initiative, SSHA began hosting an EMPI for Ottawa-area hospitals in January 2006. Four hospitals came on board with the remaining 10 joining through 2007.

This EMPI will dovetail with CCO's over time. For now, it will help facilitate access to more information for patients treated at more than one hospital.

Public Health

Since the SARS crisis of 2003, and in light of current potential menaces such as West Nile virus and Asian bird influenza, a strong and highly functional public health information system is a vital necessity.

The Integrated Public Health Information System (iPHIS), is a powerful tool to help control a deadly pandemic, public health emergency or any disease outbreak. Working closely with the MOHLTC's Public Health Division, SSHA helped complete the roll out of iPHIS to all public health units in 2005/06, representing 1,500 users. iPHIS allows practitioners to track and manage a disease outbreak and perform contact tracing, quarantine management and other sophisticated tasks.

Also in public health, SSHA has worked with the Public Health Information and Information Technology (PHIIT) office to launch two web portals, PublicHealthOntario.ca and eHealthOntario.ca. As part of their ongoing upgrades, we assisted in the launch of a Collaboration Tool to allow a trial group of practitioners to communicate, work together and share documents and information on PublicHealthOntario.ca. We also hosted a Publication Tool to enable the MOHLTC to send Important Health Notices to interested parties.

Another milestone in 2005/06 was the hosting of an Autism database and application developed by the Ministry of Children and Youth Services for regional service providers. It allows them to improve the co-ordination of services offered to autistic children and their families.

Physicians

OntarioMD.ca, a password-protected physician web portal hosted by SSHA, was tested two years ago by 500 doctors. It was re-introduced for 1,000 physicians in fall 2005 and a total of 2,500 were registered by March 31, 2006. Many more are connecting as OntarioMD, the lead organization, promotes it to Ontario's doctors. OntarioMD.ca offers online access to medical journals, and clinical and practice performance tools to help them deliver the best possible patient care. It is also the gateway for them to access their ONE Mail account offered through OntarioMD.

The portal is an initiative of OntarioMD, a wholly-owned subsidiary of the Ontario Medical Association, which works with the MOHLTC. OntarioMD's goal is to increase the use of information technology by Ontario's 25,000 physicians and their staff. SSHA assists by offering ONE Network, ONE Mail and ONE Portal service.

Photos: (Page 12) ***Arif Khan****, System Support, SSHA; (Page 13)* ***Alice Duke****, Barrie, Ontario, telemedicine beneficiary*

SSHA also centrally hosts a provincial Clinical Management System/Application Service Provider (CMS/ASP) that allows physicians to create electronic patient charts. A CMS enables physicians to keep up-to-date, accurate and secure patient records, automate administrative tasks like scheduling and billing, and share patient information with other physicians. Its widespread adoption will bring the province closer to the goal of implementing an Electronic Health Record.

SSHA has worked on a pilot CMS project since 2001 for eight physicians in Chatham-Kent, linking them to each other and their hospital. Feedback from physician users has shown they use their time more efficiently, potentially meaning more time for patients and better care.

At Mississauga's Trillium Health Centre, 128 physicians are participating in an innovative project – Transforming Health Care into Integrated Networks of Knowledge (THINK) – in which they share patient files, exchange secure e-mails, and view x-rays, hospital discharge summaries and other information via ONE Network. The idea is to surround patients with a continuum of care. Provision of ONE Network is underway for another 300 Trillium-related health care providers.

A similar undertaking connecting physician offices to their hospital also began in 2005/06 with The Scarborough Hospital and its physicians.

Further initiatives included capitalizing on cost-reducing economies of scale through which SSHA connected physicians to ONE Network in business clusters. For example, 300 physician sites representing some 800 physicians were connected under the Primary Care Renewal program. Provision of connectivity services is also under way to some 80 sites, representing about 150 physicians with the Rouge Valley Health System in eastern Toronto.

Hospitals

Another significant milestone for SSHA was to connect the James Bay General Hospital in Moosonee to ONE Network in February 2006. Now that the province's most northern and remote hospital has attained a link, we are pleased to report that all of Ontario's public hospital corporations are connected to ONE Network.

Bandwidth upgrades continued for hospitals across the province, in part to facilitate more medical teleconferencing through the member organizations of the newly created Ontario Telehealth Network. Using ONE Network, these organizations provide videoconference facilities to link patients in 200 rural and remote communities with medical specialists. Some 22,000 teleconferencing consultations were conducted this past year. Telemedicine decreases the need for patients to travel to receive care, thereby dramatically improving their quality of life.

Other innovative hospital initiatives include cost reductions from efficiencies that information technology can offer. That has proven to be the case for the eight Sudbury-area hospitals of the Northeastern Ontario Network (NEON) that share a common information system for patient admission, care, billing and clinical documentation.

Similarly, ONE Network has proven invaluable in connecting multi-site hospitals. Quinte Health Care Corporation and Lakeridge Health use ONE Network to share patient and administrative data, effectively integrating their sites to operate as single units. Some hospitals have found other innovative ways to affect cost savings through use of ONE Network. Quinte Health Care runs Voice over Internet Protocol (VoIP) technology over ONE Network between four hospital sites in Belleville, Trenton, Picton and Bancroft, saving $110,000 annually in telephone costs.

ONE Network helps hospitals attain more value for money in many other ways. Fifty hospitals began using ONE Network for Health Card validation, saving them an estimated $40,000 a month. That number reached 70 by March 31, 2006 and continues to increase.

Continuing Care

SSHA worked closely with Ontario's continuing care sector. For Community Care Access Centres, SSHA offered an upgrade of many of their e-mail systems to ONE Mail. We also hosted a number of applications, including one to automate the 17,000 monthly assessments for placement in long-term care facilities. SSHA also began deploying ONE Network to the entire continuing care sector, representing more than 1,500 long-term care facilities, home care agencies and other sites. This deployment activity will continue for many months. Eventually, building on the foundation of ONE Network, SSHA looks forward to offering additional value to the sector, including ONE Mail, access to information through SSHA hosted public health and e-Health portals and applications.

Local Health Integration Networks

Under MOHLTC direction, 14 regional Local Health Integration Networks (LHINs) are being established to co-ordinate the delivery of local health services. SSHA provided 14 LHIN chairs and CEOs and additional support staff with ONE Mail. SSHA is also restructuring its client and deployment support to facilitate integrated deployment of other services according to the needs and priorities of LHINs.

Photos: (Page 14) ***Debbie Read****, Director of Health Records, The Ottawa Hospital, and* ***Suzanne Law****, Interim Manager for the Eastern Ontario Regional Link Team, ONE Hosting users; (Page 15)* ***Rizwana Ramzanali*** *and family, London, Ontario, organ transplant recipient*

Connecting Doctors to their Patient Information

Dr. June Kingston is pleased to be one of 128 physicians connected to SSHA's ONE Network as part of Transforming Health Care into Integrated Networks of Knowledge (THINK), an innovative project of the Trillium Health Centre. The chief of family practice at Trillium, she says her patients are pleased, too – "and they gain greater confidence in me because I'm more involved with their care."

Connectivity has given Dr. Kingston direct access to the hospital information system and the ability to review the history and results of patients who were recently admitted or discharged, or visited the emergency department. She knows what drugs they were prescribed and has their discharge summaries at her fingertips.

Connectivity has also brought access to Trillium patient files, x-rays, the hospital library, clinical guidelines and medical journals, as well as access to the Canadian Medical Association website.

Dr. Kingston's ONE Network connection, which comes at no cost to her, is more secure, reliable and faster than a previous connection that had cost $70 a month. It also enables her to provide her patients with better care."I can be more proactive," she says. "I can see which of my patients recently visited emergency and contact them to schedule a follow-up in my office."

Photo: (Page 17) ***Lori and Carson Lambert****, Sault Ste. Marie, Ontario, telemedicine beneficiaries*

Products and Services

ONE™ Products and Services

For the sake of clarity, SSHA rebranded its products and services in 2005/06 based on Ontario Network for e-Health (ONE). This helps create an identity for the complete line of our information technology products and services, which currently entails:

ONE Network – Four different high speed network products to meet the specific needs of health care professionals and organizations based on their size and location. We more than tripled the number of connections this year to 1,700 and developed technical solutions to cost-effectively meet client needs;

ONE ID – An identity and access management system that acts as a protective gateway to services offered by SSHA. ONE ID was an integral part of many of the new hosting initiatives, ensuring only the right people can access personal health information;

ONE Mail – Secure e-mail, provided either through an account supplied by SSHA or by an organization/association working in partnership with SSHA. CCACs were the most significant client this year, with many of them upgrading to ONE Mail. Physicians usage also increased through our partnership with OntarioMD;

ONE Pages – Web-based directory of ONE Mail users to whom other users can send personal health information with assurance. It is tied to the development of ONE Mail products that will be available to the health care sector in 2006/07. SSHA added 9,200 entries into sector-based ONE Pages precursors for physicians and CCACs;

ONE Portal – Web portal service allowing for the rapid dissemination of up-to-date information. Currently SSHA-hosted portals are: OntarioMD.ca, PublicHealthOntario.ca and eHealthOntario.ca;

ONE Support – Help-desk support, an essential element to ensure the high standards of information technology availability needed for health care. SSHA is examining ways to simplify this service as our user base, and product and service offering grow;

ONE Hosting – Options for fully managed or co-location hosting of applications and services in SSHA's data centres. SSHA began the year with eight hosted applications and finished with 19. The coming year will include upgrades and support of the roll out of applications to health care users.

Data and Technology Standards

Ontario's e-Health strategy depends on the development and adoption of health informatics standards that allow computers to exchange information without confusion or loss of data.

Standards are accepted rules or formats used for uniformity or consistency. SSHA, since its inception, has been engaged in identifying standards through which diverse computer systems may reliably and productively exchange information.

As part of its mandate, SSHA established the Ontario Health Informatics Standards Council (OHISC), the province's standards management leader. OHISC reviews and recommends health informatics standards for use. The 15 expert members reflect the patient's journey through the health care system. As part of a new governance structure, responsibility for OHISC moved from the SSHA board of directors to the Ontario e-Health Council. SSHA continues its membership with OHISC and to be responsible for OHISC operations.

In 2005/06, an OHISC presence, including an online standards library, was developed for the eHealthOntario.ca portal and should be launched there in 2006/07. New terms of reference and a new streamlined, multi-tiered approval process were also developed, and standards approved, including:

Electronic Drug Messaging Standard – will allow physicians to prescribe medication using a Clinical Management System then receive notification from the pharmacy that a prescription has been filled (approved for consideration).

Ontario Health Client Identification Data Dictionary – presents standardized data naming conventions and formats for client identification and demographic data. It is meant to set a direction for applying common data definitions and formats for health information systems that will exchange demographic data with other health care providers and institutions (approved as draft standard for trial/limited use).

Network Operating Standards – establishes minimum technical standards for connectivity to ONE Network for large hospitals (approved for use).

Privacy, Security and Risk Management

SSHA is committed to the protection of personal health information and is subject to oversight by the provincial Information and Privacy Commissioner.

The cornerstone to the successful implementation of our operational objectives and ensuring the prudent and appropriate use of resources is effective identification and management of risks. As a publicly-funded agency, SSHA is committed to adopting a risk management framework consistent with the Government of Ontario and emerging national and international practice. SSHA manages risk on an enterprise-wide basis. Every individual involved in the conduct of SSHA business is required to adhere to risk management policies, procedures, guidelines and other internal controls. Risks must be identified, prioritized and documented and appropriate risk management and mitigation strategies must be put in place at all levels of SSHA. The risks and mitigation strategies are monitored by the Privacy and Security Division, and formal escalation processes are in place to ensure that each is addressed.

The Risk Management Committee (RMC) is responsible for SSHA's overall risk management mandate and for the maintenance and update of the Risk Management Policy. RMC is comprised of the following permanent members: the Chief Privacy and Security Officer, the Chief Administrative Officer, the Chief Information Officer, the Chief Technology Officer, the Privacy Director, the Client Services Executive Lead and the Director of Communications. RMC is responsible for the review, update and communication of changes to the risk management policy on an annual basis at a minimum.

SSHA's risks include, but are not limited to, the protection of sensitive health information systems, personal health information, system availability, business operations, effective controllership of finances, maintaining critical competencies, the safeguarding of assets, contract management and supplier dependency.

Management of each risk category is controlled by internal risk management programs. Each of these programs is governed by documented policies and procedures. Notably, there are conflict of interest policies for staff and vendors, defined roles and responsibilities, individual and collective performance accountability processes as well as timely disclosure and communication.

Threat and risk assessment and related security testing are conducted regularly on our network and new products to ensure their compliance with industry standards. A rigorous registration process and security screening for staff are among the many safeguards employed to keep personal health information out of unauthorized hands. As part of efforts to educate staff, clients and stakeholders on health information privacy, SSHA convened a two-day Health Privacy Professional Workshop at the University of Waterloo in March 2006.

As part of its routine business activities, SSHA collects, uses or provides authorized access to personal health information. SSHA is deemed to be a "health information custodian" and is covered under the *Personal Health Information Act* that created a comprehensive approach to protect health information across the health care system. The Act has two parts: the Personal Health Information Protection Act (Schedule A), and the Quality of Care Information Protection Act (Schedule B). The legislation received Royal Assent on May 20, 2004 and came into effect on November 1, 2004.

Electronic Health Record

An integrated Electronic Health Record (EHR) has been a long-term e-Health initiative of the MOHLTC and a central plank of its e-Health strategy. The EHR puts vital patient information at health care providers' fingertips: it is envisioned as a thorough personal health profile containing details of allergies, prescriptions, diagnostic test results, medical conditions, hospitalizations and visits to hospital emergency departments.

While the EHR is still a number of years away, several noteworthy advances towards its realization were made in 2005/06 in which SSHA played a role as facilitator.

As mentioned, OLIS is a key component of the EHR because it delivers lab tests to physicians electronically. Another element is the Drug Profile Viewer which allows health care providers in hospital emergency departments to view the drug histories of select patients. SSHA's hosting of one of OntarioMD's approved Clinical Management Systems is another step towards the development of an EHR.

Expand and consolidate these functions and the EHR will be the result. While working to improve health care today, we are well aware of the need to ensure that all our projects will contribute to the goal of Ontario's EHR.

*Photo: **Ali Atri**, System Support, SSHA*

Better Emergency Department Care for Seniors

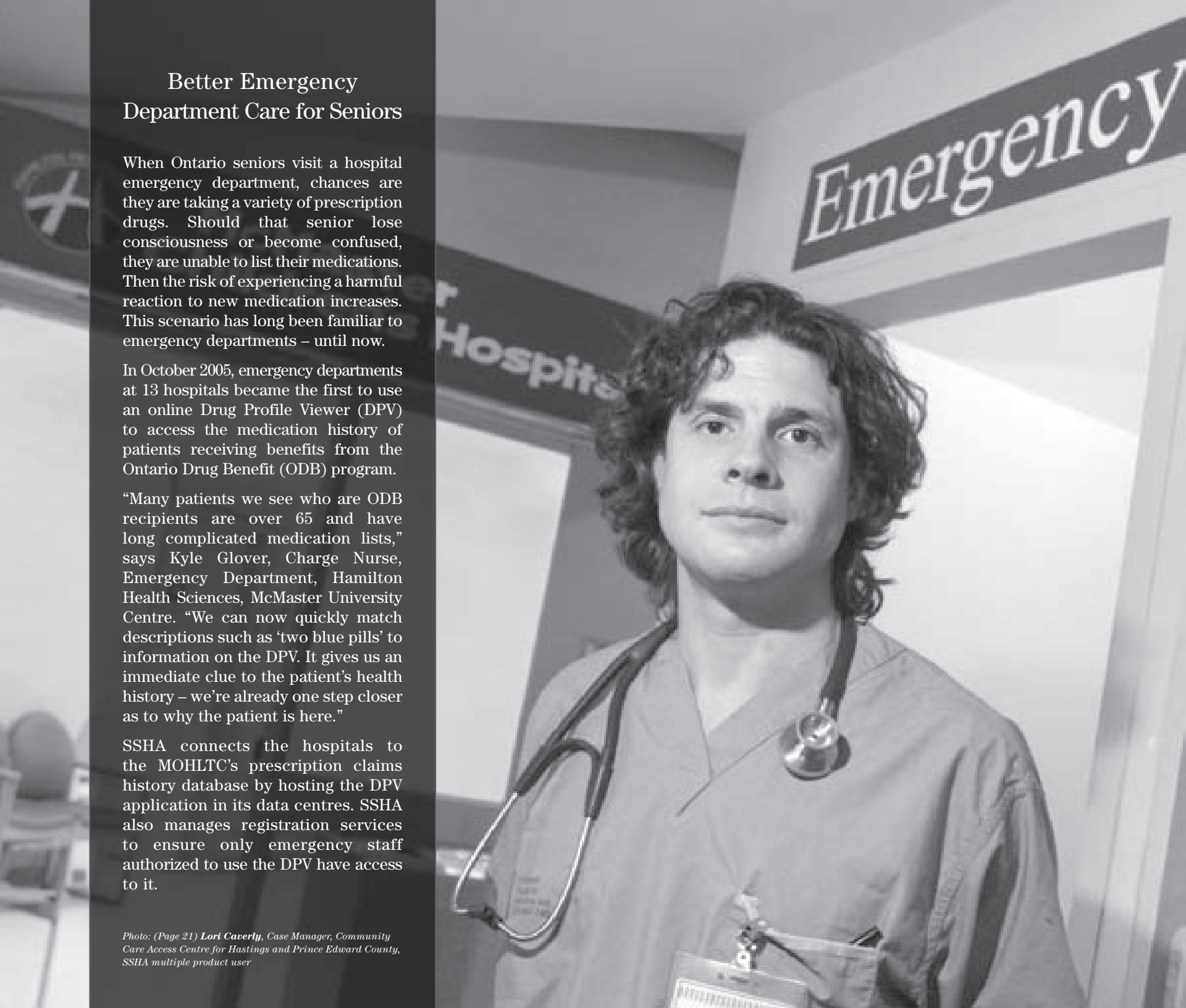
When Ontario seniors visit a hospital emergency department, chances are they are taking a variety of prescription drugs. Should that senior lose consciousness or become confused, they are unable to list their medications. Then the risk of experiencing a harmful reaction to new medication increases. This scenario has long been familiar to emergency departments – until now.

In October 2005, emergency departments at 13 hospitals became the first to use an online Drug Profile Viewer (DPV) to access the medication history of patients receiving benefits from the Ontario Drug Benefit (ODB) program.

"Many patients we see who are ODB recipients are over 65 and have long complicated medication lists," says Kyle Glover, Charge Nurse, Emergency Department, Hamilton Health Sciences, McMaster University Centre. "We can now quickly match descriptions such as 'two blue pills' to information on the DPV. It gives us an immediate clue to the patient's health history – we're already one step closer as to why the patient is here."

SSHA connects the hospitals to the MOHLTC's prescription claims history database by hosting the DPV application in its data centres. SSHA also manages registration services to ensure only emergency staff authorized to use the DPV have access to it.

Photo: (Page 21) ***Lori Caverly****, Case Manager, Community Care Access Centre for Hastings and Prince Edward County, SSHA multiple product user*



Agency Perspective

2005/06 was a year of increased engagement with our stakeholders and clients; and a year in which we made more effective use of our resources to achieve the goals the MOHLTC has assigned to us. It was also a year, we believe, of growing organizational maturity during which we furthered the transition from building the e-Health infrastructure to putting it increasingly to the use for which it was intended.

Deployment Management Office

One of the major developments within SSHA was the increased role of the Deployment Management Office (DMO). It acts as the entry point for health care providers and organizations that wish to use SSHA services. The DMO works closely with clients to help them plan and develop business solutions based on our products and services. Some examples of successful deployments in 2005/06 included OLIS, Drug Program Viewer and physician connectivity with the Trillium Health Centre.

The DMO was created in the previous fiscal year and reorganized in 2005/06 to better meet the volume of requests being received, including many from clients seeking to implement new and more useful e-Health solutions. An integrated deployment plan was developed. It involves rolling out services like ONE Mail in business partner clusters to capitalize on efficiencies and reduce costs, while also seeking opportunities for geographic and disease-specific deployments.

The deployment strategy focused on simplifying and streamlining our approach and methodologies so that clients may access SSHA services more easily and efficiently. The goal is to improve the customer experience from point of engagement through to delivery of service.

The DMO communicated with tens of thousands of potential clients this year. It seems a positive sign that many are aware of the growing wealth of e-Health resources available through ONE Network and are eager for a connection. We fully expect continued evolution of the DMO as our experience increases, continuing to improve our performance at provisioning new clients quickly, efficiently and with minimal intrusion.

Organizational Focus on Delivery

SSHA reduced the size of several internal projects, decreased its use of consulting resources and changed some processes during the year in order to focus resources more directly on client deliverables. Having received instruction from the MOHLTC regarding new in-year priorities, SSHA negotiated for and received approval for additional funding from the ministry for these projects. With regards to human resources, SSHA continued the shift from contractual consultants to a permanent staffing model. Staff increased in number from 271 to 321 employees.

Photos: (Page 22) ***Dr. Don Beanlands*** *(on screen), Ottawa Heart Institute;* ***Denise McIntyre****, Nurse at Carleton Place and District Memorial Hospital;* ***Stephen Cross****, patient; telemedicine users; (Page 23)* ***Alex Nagorny****, System Support and* ***Lori Sylman****, Facilities Coordinator, SSHA*

Looking Forward

2005/06 was a year of significant change and evolution. Our user base increased greatly; application hosting initiatives that will have significant impact on health care in the coming years were launched – electronic charting for physicians, access to drug information in emergency departments and electronic laboratory test ordering and results delivery.

Internally, a new board of directors was appointed by the MOHLTC representing a wide range of backgrounds. In addition, the Deployment Management Office assumed a major role in working with our clients.

It is only a slight exaggeration to say that in some ways, our world completely changed this year. In the past, SSHA needed to convince skeptical potential users to join forces with us. Now, they are coming to us in ever greater numbers and with ever greater demands to which we need to respond quickly and flexibly.

In 2006/07, the greatest demand to which we need to respond is bandwidth growth for our largest ONE Network customers. These are often hospitals and their needs for Digital Imaging/ Picture Archiving and Communications Systems (DI/PACS) and other applications are significant and growing rapidly. To meet this need, SSHA undertook a Network Refresh Project. An innovative solution is being planned for 2006/07.

In addition, SSHA needs to quickly develop ONE Mail and ONE ID solutions that can be applied across the health care system. We continue to focus resources on these products and expect significant progress in 2006/07.

The roll out of OLIS, clinical management systems to physicians and the Drug Profile Viewer will be major undertakings. Ongoing improvements to the portals we host will also be a major focus of effort.

Certainly, the most significant task faced by the majority of SSHA staff is meeting the needs of sustained deployment to our many new customers – physicians, continuing care agencies, pharmacies along with our existing clients. We are successfully finding ways to be flexible in order to meet deployment needs and adjust as the realities of deployment evolve based on actual day-to-day usage of our products and services by health care providers.

Certainly, the knowledge that we are making a difference to an increasing number of health care providers and patients remains our inspiration.

Board Members

Board Members	Date of Appointment	Term	Per Diem Payments 2005/06
Mr. Allan Greve, Chair	October 30, 2002 Reappointed: October 30, 2005	3 years 1 month	$ 14,598.93
Mr. Michael Lauber, Chair	December 1, 2005	3 years	12,650.00
Ms. Sharon Baker	October 23, 2002 Reappointed: October 23, 2005	3 years 1 month	4,400.00
Mr. David Brown	December 7, 2005	13 months	550.00
Mr. Théo Noel de Tilly	December 15, 2005	2 years	550.00
Mr. Stephen Gesner	December 1, 2005	2 years	550.00
Dr. Nabil Harfoush	December 7, 2005	3 years	550.00
Professor David Johnston	October 23, 2002 Reappointed: October 23, 2005 Reappointed: December 1, 2005	3 years 1 month 13 months	1,375.00
Mr. Marc Kealey	December 7, 2005	3 years	550.00
Ms. Carole Kerbel	October 23, 2002	3 years	1,925.00
Dr. James MacLean	October 23, 2002 Reappointed: October 23, 2004 Reappointed: October 23, 2005 Reappointed: December 1, 2005	2 years 1 year 1 month 13 months	2,200.00
Ms. Linda Mantia	December 1, 2005	13 months	550.00
Mr. Jeffrey May	October 23, 2002 Reappointed: October 23, 2003	1 year 3 years	1,375.00
Mr. Richard Pentney	October 23, 2002 Reappointed: October 23, 2003 Revoked: February 15, 2006	1 year 3 years	2,750.00
Mr. Frank Sarlo	December 1, 2005	2 years	0.00
Ms. Shirlee Sharkey	October 23, 2002 Reappointed: October 23, 2005 Reappointed: November 22, 2005	3 years 1 month 1 year	825.00
Ms. Tina Woodside	December 1, 2005	13 months	550.00
Total Per Diems:			**$ 45,948.93**

Key 2005/06 Deliverables

	March 31, 2005	March 31, 2006
ONE Network sites	517	1,722
ONE Hosting applications	8	19
ONE Mail Direct mailboxes	1,300	9,800
Portals	0*	3
Hospital emergency departments with Drug Profile Viewer	0	69
OntarioMD registered users	0	2,500
PublicHealthOntario.ca and eHealthOntario.ca registered users	0	1,649

* Pilot portal for OntarioMD launched in November 2003 was no longer in operation on March 31, 2005

Photo: ***Bala Kathiresan****, Chief Information Officer and* ***Dale Maw****, Regional Director of Information Technology, Niagara Health System, ONE Network clients*

Clients › Key 2005/06 Achievements and Outcomes

Sector/ Product	Achievements	Outcomes
Physician	› Connected more than 300 physician sites representing 800 physicians, as part of Primary Care Renewal program › Connected more than half of the 300 health care providers associated with Trillium Health Centre › Connected 73 of 80 sites within the Rouge Valley Health System, representing 150 physicians › Extended network services to provide physicians with remote access to their office computers › Connected six Community Health Centres › Connected approximately 50 Independent Health Facilities › Delivered Phase 1 of the Clinical Management System/Application Service Provider (CMS/ASP) project › Provided ONE Mail accounts to 2,500, or 10 per cent, of all physicians with release 2 of the OntarioMD.ca portal	✓ Several primary care renewal sites across Ontario are showcases for physician automation, enabling physicians to improve management of their patients' health services ✓ Access to important clinical information and resources can be provided rapidly to physicians through OntarioMD.ca
Hospitals	› Launched Cancer Care Ontario's Wait Time Information System/Enterprise Master Patient Index (WTIS/EMPI) at six hospitals › Connected last public hospital corporation, James Bay General Hospital › Increased bandwidth for 51 hospitals › Deployed Drug Profile Viewer (DPV) to 69 hospital emergency departments – connecting Ontario Drug Benefit and Trillium Drug Program information to hospital emergency department staff › ONE Network used for Health Card Validation (HCV) at 70 hospitals › Quinte Health Care using ONE Network for VoIP › Began hosting the Capital Health Alliance regional EMPI for 14 Ottawa area hospitals › Supported 22,000 patient telemedicine encounters and 6,200 education sessions from 345 hospital and community sites of the Ontario Telehealth Network › Added 21 new telehealth locations › Connected five Ontario Air Ambulance sites	✓ DPV enables hospitals to prevent adverse drug events in seniors ✓ HCV over ONE Network saves hospitals $40,000 monthly ✓ Quinte Health Care now saves $110,000 annually

Clients › Key 2005/06 Achievements and Outcomes

Sector/ Product	Achievements	Outcomes
Continuing Care	› 526 continuing care community sites connected to ONE Network › Increased network bandwidth to CCAC head and satellite offices › Migrated 35 CCAC sites onto SSHA e-mail services › Completed Phase 1 hosting services for Halton-Peel Referral Management System › Completed Phase 1 prototype of provincial e-Referral system	✓ Increased automation of CCAC's internal operations resulting in improved service delivery and operational efficiencies ✓ ONE Network and ONE Mail enable improved information flow
Public Health	› Provided ONE Hosting, ONE Network and ONE Support services for iPHIS, the outbreak management system deployed to all public health units, representing 1,500 users › Deployed ONE Network to support Public Health Information and Information Technology (PHIIT) initiatives › Increased network bandwidth provided to accommodate new requirements › Implemented new releases and enhanced reporting for Healthy Babies, Healthy Children application › Began hosting autism application for Ministry of Children and Youth Services	✓ Ontario now better prepared to manage disease outbreaks ✓ Public health professionals now collaborate online to address issues and draft protocols, by drawing on expertise across Ontario for timely resolution
Laboratory	› Hosted Release 1 of OLIS	✓ OLIS now set to provide a single system for the electronic exchange of all lab test information through roll out that will begin in 2006/07
LHINs	› Provided ONE Network and ONE Mail to 14 LHIN offices	

Product and Services › Key 2005/06 Achievements and Outcomes

Sector/ Product	Achievements	Outcomes
ONE Pages	› Added 9,200 ONE Pages entries for physicians and CCAC staff	✓ Allows users to identify all other health care providers with ONE Mail
ONE Portal	› Hosted PublicHealthOntario.ca, eHealthOntario.ca and OntarioMD.ca portals › Introduced enhanced functionality: Public health publication and collaboration services, OntarioMD transition to SSHA registration and enrolment services	✓ Portals give health care providers a central communication point, broadcast capacity for important information and enable secure communication
ONE Hosting	› Added 11 new hosting initiatives, including: Continuing Care eReferral Demo; CMS/ASP release 1; Capital Health Alliance EMPI; Ontario Laboratory Information System Release 1; CHCA Canadian Home Care Association Halton Peel; Drug Profile Viewer; Cancer Care Ontario's EMPI; Autism database and application; assessment instrument for long-term facility patient prioritization; Ottawa area hospitals' EMPI	✓ Reliable hosting service for health care applications is increasingly in demand
ONE ID	› Revised policies to support remote users and broader range of acceptable identification documents › Developed material to support 300 field agents and 5,000 new users › Developed process for registering computer applications › Integrated five new services into ONE ID	✓ SSHA capable of registering individuals and computer applications through ONE ID ✓ Increasingly vital element to support secure registration for many SSHA products
Data and Technology Standards	› Received approval from e-Health Office and Ontario e-Health Council to restructure OHISC and develop Standards Strategy/Program › Four standards approved for consideration; two draft standards approved for trial/limited use; four standards approved for use	✓ OHISC role becoming more defined and recognized by health care sector
Privacy, Security and Risk Management	› Developed and delivered a Chief Privacy Officer course in conjunction with the University of Waterloo › Completed information security risks opinions on client projects › Completed information security risk and privacy assessments on all product developments and major deployments/upgrades	✓ Increased awareness of SSHA privacy and security standards ✓ Growing leadership role in privacy and security standard development
ONE Network	› Connected 1,205 new sites; for a total of 1,722 › Developed agreement with K-Net (Keewaytinook Okimakanak/Northern Chiefs Council) Community Based Network to allow for future connectivity to isolated aboriginal communities	✓ Provides access to provincial health care applications such as the Drug Profile Viewer
ONE Mail	› Established 8,500 individual e-mail boxes	✓ Gained increased understanding and experience in meeting health care e-mail needs which will feed into increased pace of deployment

Agency › Key 2005/06 Achievements and Outcomes

Sector/ Product	Achievements	Outcomes
Learning and Growth	› Implemented controllership enhancements: strategy planning using Balanced Scorecard; operational planning; corporate performance measures; quality management program	✓ Increasing organizational maturity arising from focus on quality and governance initiatives ✓ Decreased reliance on consulting resources
Internal Processes	› Launched a naming strategy for SSHA products and services based on Ontario Network for e-Health (ONE) to build awareness of complete offering	✓ Organization building brand recognition
Stakeholders	› External auditor, PricewaterhouseCoopers, completed second full year annual financial audit with no management notes › 16 media stories published in health care, technology and government publications	✓ Increased awareness of SSHA's achievements and value it offers to the health care sector

Photo: ***Brenda Guarda****, Epidemiologist, Simcoe Muskoka District Health Unit, iPHIS user*

Photos: (Page 30) ***Dr. David Webster****, Sudbury nuclear medicine specialist, ONE Network user;*
(Page 31) ***Michael Lauber****, Chair, SSHA Board of Directors*

Financial Statements

June 16, 2006

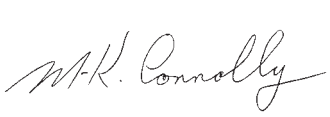
Management's Responsibility for Financial Information

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

Geoffrey Knapper
Chief Administrative Officer

April 28, 2006

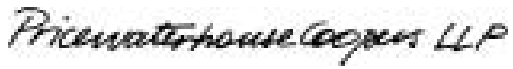
Auditors' Report

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, 2006 and the statements of operations and fund balance 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Management Discussion and Analysis

Financial Overview

For 2005/06, SSHA reported net surplus of $0.34 million, an increase from the previous year's operating deficit of $0.42 million.

Funding

Total funding increased over the prior year by $24.98 million, which includes an increase in base funding of $13.10 million from the MOHLTC. Additionally, one time funding of $10.09 million was received to enhance SSHA's connectivity program. It should be noted that all funding is received from the MOHLTC; SSHA is prohibited by regulation from receiving funding (revenues) from any other source.

Designated deferred capital contributions primarily related to the purchase of hardware and software amounted to $8.87 million during the year.

Expenses

Operating expenses aggregated to $102.29 million, an increase of $23.76 million over the previous year. Information technology operations related expenses totaled $87.81 million, compared to $65.12 million in the previous year. The increase in operating expense is attributed to additional expenses which include costs related to ONE Network deployment, data centre operations, activities to support the further development and deployment of portals and the development and roll-out of new applications.

Cash Flow and Financial Position

SSHA reported a deficit in cash flow from operating activities of $4.76 million primarily as a result of the timing of payments for funding received from the Province of Ontario and the timing of payments made to our suppliers. Amounts due from the Province of Ontario were received subsequent to the date of the balance sheet.

SSHA as part of the delivery of its mandate continued to invest during the current year on purchases of computer equipment and related software. $8.51 million was spent in 2005/06 building information technology infrastructure versus $6.15 million in the previous year.

Operating accrued liabilities of $ 9.02 million, shown on the balance sheet, represent employee bonus payments as well as corporate and infrastructure maintenance and consulting services. The trend towards increased operating expenses and funding will continue in 2006/07 with additional committed base funding from the Province of Ontario that will be deployed to maintain and enhance SSHA's e-Health infrastructure, the hosting of e-Health solutions, and the development and deployment of applications to further the Ontario e-Health strategy.

*Photo: **Michael Connolly**, Chief Executive Officer, SSHA*

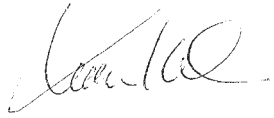
Statement of Financial Position

As at March 31, 2006

	2006	2005
Assets		
Current assets		
Cash	$ 674,703	$ 5,070,474
Prepaid expenses	1,021,028	646,476
Due from the Province of Ontario (note 3)	15,543,000	6,743,000
	17,238,731	12,459,950
Capital assets (note 4)	14,428,939	17,582,802
	$ 31,667,670	**$ 30,042,752**
Liabilities		
Current liabilities		
Accounts payable	$ 4,706,707	$ 2,217,761
Accrued liabilities		
Operating	9,018,686	7,433,221
Capital	3,165,044	2,803,947
Due to Province of Ontario	5,021	–
	16,895,458	12,454,929
Deferred capital contributions (note 5)	$ 14,428,939	$ 17,582,802
	31,324,397	30,037,731
Fund balance	$ 343,273	$ 5,021
	$ 31,667,670	**$ 30,042,752**

Approved by the Board of Directors

Director



Director

Statement of Operations and Fund Balance

For the year ended March 31, 2006

	2006	2005
Revenues		
Government funding (note 3)	$102,626,313	$ 78,104,325
Amortization of deferred capital contributions (note 5)	12,022,529	11,840,747
	114,648,842	89,945,072
Expenses		
Information technology operations		
Production	$ 60,032,385	$ 42,741,566
Development	23,178,583	16,130,010
Client support	4,594,530	6,251,405
	87,805,498	65,122,981
Privacy, security and standards	6,292,010	5,965,700
General and administrative	8,190,553	7,437,744
Total operating expenses	102,288,061	78,526,425
Amortization	12,022,529	11,840,747
	114,310,590	90,367,172
Excess (deficiency) of revenues over expenses for the year	$ 338,252	$ (422,100)
Fund balance – Beginning of year	$ 5,021	$ 427,121
Fund balance – End of year	**$ 343,273**	**$ 5,021**

Statement of Cash Flows

For the year ended March 31, 2006

	2006	2005
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	$ 338,252	$ (422,100)
Items not affecting cash		
Amortization of deferred capital contributions	(12,022,529)	(11,840,747)
Amortization	12,022,529	11,840,747
	338,252	(422,100)
Change in non-cash working capital items		
Due from the Province of Ontario	(8,800,000)	1,959,688
Prepaid expenses	(374,552)	(275,919)
Accounts payable	2,488,946	(8,791,481)
Accrued liabilities – operating	1,585,465	4,549,729
Due to Province of Ontario	5,021	–
	(5,095,120)	(2,557,983)
	(4,756,868)	(2,980,083)
Investing activities		
Purchase of capital assets	$ (8,507,569)	$ (6,147,573)
Financing activities		
Deferred capital contributions received	$ 8,868,666	$ 7,993,054
Decrease in cash during the year	$ (4,395,771)	$ (1,134,602)
Cash – Beginning of year	5,070,474	6,205,076
Cash – End of year	**$ 674,703**	**$ 5,070,474**

Notes to Financial Statements

1. Nature of operations

On February 11, 2002, Smart Systems for Health Agency (SSHA or the Agency) was established as a corporation without share capital by Ontario Regulation 43/02 (O. Reg. 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 can appoint up to 15 members to SSHA's Board of Directors.

The Board of Directors passed its first bylaw 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 the MOHLTC on January 17, 2003.

SSHA is fully funded by the Province of Ontario through the MOHLTC. As an agency of the MOHLTC, SSHA is exempt from income taxes.

SSHA provides the secure, integrated, province-wide infrastructure to allow electronic communication among Ontario's health-care providers, in support of Ontario's eHealth 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
Government funding is recognized as revenue when received, or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

SSHA follows the deferral method of accounting for contributions. Contributions with respect to the purchase of capital 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.

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

Expense categories
Information technology (IT) operations include the following:

- production primarily includes network operations, data centre operations, contact centre operations and the chief technology office;
- development primarily includes Public Health Information and Information Technology and ePhysician Portal, the registration management system and ongoing work done for establishing a voluntary electronic health record; and
- client support includes client services, 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, recruitment and internal IT costs, which have been allocated to other expense categories based on the work consumed or the floor space occupied.

Capital assets
Capital assets are recorded at cost, net of accumulated amortization. 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
Leasehold improvements	over the term of the respective lease

Impairment of long-lived assets
The Agency reviews the valuation of its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of the impairment loss for long-lived assets is based on the fair value of the asset.

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 $111,500,000 (2005 – $86,524,500) from the MOHLTC for the year, of which $15,543,000 (2005 – $6,743,000) was collected subsequent to year-end. This funding was accounted for in accordance with the Agency's accounting policies as follows:

	2006	2005
Committed funding	$ 111,500,000	$ 86,524,500
Clawback of prior year committed funding (i)	(5,021)	(427,121)
Amounts received and designated as deferred capital contributions (note 5)	(8,868,666)	(7,993,054)
Funding recognized in the statement of operations	**$ 102,626,313**	**$ 78,104,325**

i) During the year, the MOHLTC requested repayment of the prior fiscal year's cumulative surplus. The amount was recorded as a reduction of the funding recognized in the statement of operations.

4. Capital assets

2006			
	Cost	**Accumulated amortization**	**Net**
Computer hardware	$ 29,484,282	$ 20,740,074	$ 8,744,208
Computer software	12,242,623	8,313,451	3,929,172
Licences	1,819,308	1,819,308	–
Furniture and office equipment	1,836,772	873,918	962,854
Leasehold improvements	1,368,098	575,393	792,705
	$ 46,751,083	**$ 32,322,144**	**$ 14,428,939**

2005			
	Cost	**Accumulated amortization**	**Net**
Computer hardware	$ 24,848,419	$ 12,751,411	$ 12,097,008
Computer software	8,920,502	5,659,409	3,261,093
Licences	1,819,308	1,295,227	524,081
Furniture and office equipment	1,651,172	528,556	1,122,616
Leasehold improvements	769,511	191,507	578,004
	$ 38,008,912	**$ 20,426,110**	**$ 17,582,802**

There are some assets included in capital assets that are not currently in use and therefore have not been amortized for the year. The carrying amounts of these assets are as follows:

Computer hardware	$ 1,600,464
Computer software	3,042,948

During 2006, certain computer equipment, which was no longer in use with an original cost of $126,494 (2005 – $245,978) and a net book value of $17,167 (2005 – $109,412), was written off and expensed as amortization.

5. Deferred capital contributions

	2006	2005
Balance – Beginning of year	$ 17,582,802	$ 21,430,495
Contributions received	8,868,666	7,993,054
Amortization	(12,022,529)	(11,840,747)
Balance – End of year	**$ 14,428,939**	**$ 17,582,802**

Amortization of deferred capital contributions is comprised of the following:

	2006	2005
Amortization of capital assets	$ 12,005,362	$ 11,731,335
Capital assets written off (note 4)	17,167	109,412
	$ 12,022,529	**$ 11,840,747**

6. Contractual commitments

SSHA has contractual commitments to fiscal 2010, to build and deploy infrastructure services to support Ontario's eHealth vision and strategy. The commitments are for providing highly secure data centres in hosting client application and establishing and operating the public key infrastructure. Payments required on these commitments are as follows:

2008	$ 7,681,367
2009	5,031,254
2010	692,559

7. Operating lease commitments

Ontario Realty Corporation now holds five 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:

2007	$	1,440,030
2008		1,519,703
2009		1,519,703
2010		1,538,208
2011		1,340,708
Thereafter		88,487

8. Employee benefits

During fiscal 2005, the Agency established a defined contribution pension plan for its employees. Contributions to this plan during the year amounted to $1,148,091 (2005 – $616,934).

Photo: (Back cover) ***Carson Lambert****, Sault Ste. Marie, Ontario, telemedicine beneficiary*

Smart Systems for Health Agency

P.O. Box 148
777 Bay Street, Suite 701
Toronto ON M5G 2C8

Telephone: 416-586-6500
Facsimile: 416-586-4363
Toll Free: 1-888-411-SSHA (7742)

www.ssha.on.ca

Ontario
Smart Systems
for Health Agency