

Annual Report 2010/2011

eHealth Ontario

Improving front-line health care



Message from the Chair

Raymond V. Hession



In this past year since the new Board of Directors and new executive leadership assumed the management and control of eHealth Ontario, the agency has been transformed. Guided by the Auditor General of Ontario's 2009 report, it has developed the long-term strategy to deliver universal electronic health records by 2015. Measures to improve oversight and project management are substantially completed. Expenditure controls are now to the highest standard.

The agency has reduced the number of consultants from 385 to 122. This reduction and the streamlining within the agency has resulted in annual savings to Ontario taxpayers of over \$30 million. Project deliverables are many, including: Digital Imaging; Emergency Neurosurgery Images; Hospital Report Manager; Drug Profile Viewer; and, Electronic Medical Records Adoption. Many too are the major new projects now underway, such as: Chronic Disease Management/ Diabetes Registry; Medication Management; Regional Integration Hubs – ConnectingGTA; Electronic Medical Records in Community Health Centres; and, leveraging the Ontario Laboratories Information System availability.

These and other achievements evidence the transformed agency whose corporate culture is firmly focused on execution and accountability.

The Board of Directors salutes the leaders and staff of eHealth Ontario for their achievements.

Last fall, the Ontario Legislature passed the Excellent Care for All Act, 2010. It did so unanimously. That act focuses squarely on the accountability of health care providers in Ontario for the planning and provision of continuous health quality improvement. More and more Ontarians are growing to understand the importance of the contribution of eHealth Ontario's work. Phased over the next four years, Ontario will have its long awaited universal electronic health records – the single most important enabler of health quality improvement in this generation. It remains now for the leadership and staff of the new agency to deliver on this promise.

A handwritten signature in black ink, appearing to read 'R. Hession', with a long horizontal flourish extending to the right.

Message from the President & CEO

Greg A. Reed



The past year has been an important one for eHealth Ontario.

The agency now has a long-term strategy in place and a team of management and staff clearly focused on all of the tasks necessary to create an electronic health care system. Its purpose is to improve the quality of, and access to, health care for the people of Ontario.

Along the way, we are exploiting every opportunity we find to put more electronic patient information into the hands of front-line health care providers as soon as possible.

eHealth Ontario operates as a series of public/private partnerships with health care providers around the province and technology providers around the world. Roughly 80 per cent of our annual budget flows through the agency and directly into the hands of these delivery partners who build important modules of our system of electronic records.

Our role is to provide leadership to this series of partnerships in several ways, by:

- Designing the overall architecture that will integrate the various patient record systems which now exist throughout the province
- Setting the common standards and practices needed to make patient records available to the health care providers from whom Ontarians seek care
- Working to ensure the privacy and security of sensitive patient information
- Strategically funding those projects which will build a convergent system of electronic health records
- Managing this array of interrelated projects to keep them on time, on budget, and tightly coordinated.

On behalf of the staff of eHealth Ontario, we are deeply honoured to be entrusted with so great a responsibility. As we work in partnership with our health care and technology partners, we are galvanized by a common vision of how we will improve the quality of health care received by the people of Ontario.

A handwritten signature in black ink that reads "Greg A. Reed". The signature is written in a cursive, flowing style.

Created by the provincial government in September 2008, eHealth Ontario is a government agency charged with a very important task: to take the lead role in harnessing information technology and innovation to improve patient care, safety, and access in support of the government's health strategy.

Our mandate from the Government of Ontario is to:

- Provide ehealth services and related support for the effective and efficient planning, management and delivery of health care in Ontario;
- Develop ehealth services strategy and operational policy; and,
- Protect the privacy of individuals, whose personal information or personal health information is collected, transmitted, stored or exchanged by and through the agency, in accordance with the Freedom of Information and Protection of Privacy Act, the Personal Health Information Protection Act, 2004 (PHIPA) and any other applicable law.

This report of eHealth Ontario will provide an overview of the agency's activities in the 2010/11 fiscal year. It is structured into four sections:

- Addressing concerns raised by the Ontario Auditor General in 2009;
- Progress towards building an electronic health care system;
- The role of the agency moving ahead; and
- Financial commentary.

Addressing the concerns of Auditor General of Ontario

In 2009 the Auditor General of Ontario made recommendations regarding operating improvements for eHealth Ontario.

Earlier this year, the agency documented, for the Standing Committee on Public Accounts, the rapid and thorough actions taken to act on those recommendations. Substantial progress has been made in remediating the agency's deficiencies in all of the areas addressed in the Auditor General's report.

The agency has developed a Cabinet-approved long-term strategic plan, implemented extensive governance measures to ensure detailed oversight by both a reconstituted board of directors and the Ministry of Health and Long-Term Care (MOHLTC), adopted a comprehensive series of policies, procedures, and internal audits to make transparent and accountable the procurement of technological expertise through vendor contracts, and managed the number of consultants down to a level lower than the acceptable range cited by the standing committee.

Urgent, comprehensive action on these fronts has created a much sounder organizational platform from which eHealth Ontario has been able to forge ahead to improve the quality of, and access to, health care by implementing electronic health records (EHRs). In the past year, the agency accelerated its delivery of EHRs and tools throughout the province.



Progress in building an electronic health care system

This has been a year of significant, positive change for the agency. Under the leadership of a new senior management team, a strategic plan for the delivery of electronic health records (EHRs) by 2015 was developed and syndicated extensively with the health sector. This level of consultation represented a new approach to working with the clinical leaders in the field, recognizing that collective success is based on mutual understanding about how to make needed improvements.

Information technology transformation is a bridge for change in the health sector. Providing clinicians access to the right information at the right time means faster, more informed and better-coordinated patient care.

Over the past year, the agency has begun rolling out the major provincial cornerstone systems required to establish EHR foundations across Ontario, while in parallel providing clinicians with access to more information through multiple channels (e.g. giving nearly 300 clinicians at The Ottawa Hospital access to OLIS and the Ontario Drug Benefit Database). Major provincial cornerstone systems include provider, user and client registries, Ontario Laboratories Information System (OLIS) and Diagnostic Imaging repositories.

Blueprint 2015: A Foundation for Innovation

Ontario's health sector is a complex and heterogeneous information technology environment comprising numerous assets and capabilities. In a province of this magnitude and population, and with its range of health care service providers, there are many opportunities and challenges associated with governing, leading and implementing change across the health care landscape.

To set the overarching framework for collaboration and communication amongst the stakeholders participating in the creation of EHRs, eHealth Ontario has redrawn the provincial blueprint.

Blueprint 2015 now informs planning and delivery of Ontario's electronic health care system. It sets the framework for eHealth Ontario to play the leadership role in ensuring the successful and high-quality delivery of EHRs to the people and practitioners of Ontario. Importantly, it enables a set of standard target architectures to be established for use by all participants.

As a precursor to developing the Blueprint 2015, the agency undertook an initial review of reusable regional systems and capabilities to develop a comprehensive view of the provincial ehealth landscape. Creating an inventory for the province encourages both reusing and leveraging existing regional assets while encouraging innovation in the field for new initiatives.

While encouraging innovation, eHealth Ontario also has a responsibility to ensure the interoperability of health records systems across the province. The result of these parallel exercises has been to create a provincial architecture in which many partners can innovate, share services and capabilities and build a channel through which those assets can be extended provincially. This approach reduces redundancies, waste, and total cost of ownership, while increasing the speed of deployment.

Accelerating Regional Integration

Recognizing that Ontario is awash with health information systems that are unable to communicate or share patient information with each other, eHealth Ontario has focused on enabling the integration of these systems across Ontario in a managed, secure, sustainable and cost-effective fashion to benefit patients and providers.

ConnectingGTA — the province's largest and most comprehensive eHealth Ontario integration project to date — is underway. The initiative completed an extensive detailed planning phase in 2010 and moved to the design and implementation phase earlier this year. When complete this initiative will integrate approximately 700 health service providers across the Greater Toronto Area, enabling sharing of comprehensive electronic patient information for more than six million Ontarians. ConnectingGTA exemplifies the value of collaboration across health care sectors.

ConnectingGTA is the first of three regional hubs that will create the foundational components necessary to allow patient information to be shareable securely across the continuum of care throughout the province. The other two hubs are in the planning stages and are expected to be in southwestern Ontario, north and eastern Ontario.

Putting Patient Information in the Hands of Clinicians Today

Electronic Medical Records in Physicians' Offices

The agency has made significant progress over the last year with the Electronic Medical Record (EMR) Adoption Program, delivered in partnership with OntarioMD. As of March 2011, physicians representing approximately six million patients are participating in provincially-funded EMR programs. The outcome of the program means enhancements in patient care are being realized with almost 6,800 physicians either using or implementing electronic health records for their patients.

EMR expansion plans also target community care to assist high-needs areas. In March 2011, the agency announced that patients throughout the province who use Ontario's 73 Community Health Centres (CHCs) will be given access to a state-of-the-art bilingual EMR system funded by eHealth Ontario and the CHCs. The new EMR system will be used by 2,500 health care providers (social workers, dietitians and diabetes educators) and 600 ordering clinicians (physicians and nurse practitioners) in all CHC sites across the province serving over 350,000 Ontarians each year. This deployment will put all CHCs in a better position to participate in ehealth and align them with provincial priorities and objectives.



Hospital Report Manager: Hospital Reports in Minutes

Over 1,000 physicians are now receiving transcribed hospital reports directly into their EMRs, providing ready access to hospital reports concerning their patients. These capabilities were made possible by Hospital Report Solutions, which are eHealth Ontario-funded local innovation initiatives developed in collaboration with our delivery partners. In order to continue to expand in a meaningful way, a Hospital Report Strategy has been developed which aims to increase EMR value to physicians and encourage adoption. Presently eHealth Ontario is accelerating the rollout of this program with its local partners across the province.

Around-the-Clock Care for Head Trauma Patients

By spring 2011, all of Ontario's 100 acute care facilities had access to a neurosurgeon 24/7 as a result of the Emergency Neuro Image Transfer System (ENITS). ENITS enables neuro-consultations through an eHealth Ontario online consultation system to provide easier, faster and specialized care.

Head scan images can now be taken from acute care centers across the province and shared with neurosurgeons anywhere, at anytime. ENITS has significantly reduced the number of patients that have had to be transferred within or out of the province for treatment. Of the 2,887 head trauma neurosurgical cases that were referred to ENITS, 2,255 individuals were able to remain at their local facility after their CT scans were reviewed by a neurosurgeon using our network.

eHealth Ontario and MOHLTC have provided \$2.3 million of funding for the development and adoption of ENITS. From this investment, the system has already saved the province more than \$50 million to date by reducing unnecessary patient transfers.

Clinical Priorities

As the agency has moved forward building the foundational components of the EHR, redrawn the Blueprint 2015 and worked to put more information in the hands of clinicians, it has continued to make progress on its core clinical priorities: the Diabetes Registry, a Medication Management System, and making the OLIS available to clinicians.

Diabetes Registry

An estimated 1.2 million people in Ontario have been diagnosed with type 1 or type 2 diabetes, representing 8.3 per cent of the population and \$4.9 billion in estimated direct and indirect costs to the health system. By 2020, this number is expected to increase by 734,000 to reach 1.9 million Ontarians, and \$7 billion in estimated costs, a 42 per cent increase.

eHealth Ontario is implementing a Diabetes Registry (DR) built upon a chronic disease management system in support of MOHLTC's Ontario Diabetes Strategy, which aims to improve the quality of care for Ontarians with this chronic disease. Patients, in partnership with their providers, will be better able to manage their diabetes when the Diabetes Registry is launched. The Diabetes Registry is a secure, web-based, interactive application designed to support better management of diabetes patient care according to recommended guidelines.

In August 2010, following a stringent procurement process, a vendor consortium was chosen. The vendors are completing design work for the Diabetes Registry according to eHealth Ontario's specifications

and the ministry's requirements. A limited production release of the Diabetes Registry is scheduled to begin in fall of 2011, with full provincial rollout occurring once the system has been fully tested by clinicians.

Medication Management System

The Medication Management System will provide a comprehensive drug profile for all patients that is sharable with the care teams across all health care settings. In March, 2011, eHealth Ontario and Infrastructure Ontario issued a request for qualifications (RFQ) for a provincial medication management system – incorporating ePrescribing and a drug information system. Two pre-qualified vendors will be invited to respond to a request for proposals (RFP) in the summer of 2011.

Ontario Laboratories Information System

In 2011 OLIS went live for the first time in a clinical environment. OLIS facilitates the secure exchange of patient laboratory tests and results by connecting hospitals, community health laboratories and clinicians. The launch of the provincial lab system is a landmark milestone on the path to EHRs.

This launch was conducted through a limited production release to ensure that the system is fully tested in a controlled environment by 227 clinicians in the The Ottawa Hospital before a full provincial rollout. Access to lab information and client identification and validation are both recognized nationally as foundation components of an EHR.

Board Members

- **Raymond V. Hession, Chair**
February 1, 2010 to January 31, 2013
- **Jean-Pierre Boisclair**
March 31, 2010 to March 30, 2012
- **Howard Dickson**
April 21, 2010 to April 20, 2012
- **Dr. Rachel Ellaway**
May 12, 2010 to May 11, 2012
- **David Hallett**
June 2, 2010 to June 1, 2013
- **J. David Livingston**
Reappointment - September 29, 2009 to September 28, 2012
- **Carol Stephenson**
May 14, 2009 to June 12, 2010
- **Sue Matthews**
Reappointment - January 9, 2011 to January 8, 2013
- **Dr. Shaun McGuire**
June 15, 2010 to June 14, 2012
- **Maureen O'Neil**
March 31, 2010 to March 30, 2012
- **Greg A. Reed**
April 1, 2010 to March 31, 2012
- **Heather Sherrard**
Reappointment - September 29, 2009 to September 28, 2012



The role of the agency moving ahead

eHealth Ontario has aligned its strategic direction with the government's health agenda, and is bringing together all publicly-funded health information initiatives used in the electronic delivery of patient care under a single point of accountability.

To fulfill its mandate, eHealth Ontario is:

- Establishing the architecture of a province-wide secure electronic health record system based on health informatics standards;
- Building the required elements of that system by contracting and co-coordinating with other initiatives at the regional, hospital and individual health care provider level;
- Partnering with health care providers and technology partners across Ontario to implement ehealth applications and connect providers to the information they need to provide care;
- Investing in electronic health care delivery such as funding for clinicians to adopt electronic medical records; and,
- Leading the way in electronic health care and working closely with our health care stakeholders to build the province-wide electronic health care system.

eHealth Ontario is 100 per cent funded by MOHLTC. Approximately 80 per cent of our funding flows through the agency and out to the health care institutions and technology partners with whom it works to develop, deliver, support and promote the adoption of ehealth applications by clinicians. It also invests in the networks and data centres needed for health care providers to access ehealth applications.

How will eHealth Ontario achieve its goal?

In Ontario, many pieces of an electronic health information system are already in place. Hospitals are using electronic record-keeping – though their systems cannot transfer data on a province-wide basis. About 6,800 primary care physicians are using or implementing EMRs, but largely cannot share information outside their practices. Physicians representing about six million Ontarians are participating in the EMR adoption program. As more physicians adopt EMRs, nearly all Ontarians will be covered. While adoption of electronic health care tools in Ontario has been substantial, those tools are far from uniform, and their full potential has yet to be realized by the health care system. Instead of trying to build and impose a set of top-down standards on the hundreds of legacy systems used by health care providers today, it is more effective to establish connections between the different systems and enable them to exchange health information easily, securely and in a manner that can be understood by any system.

Over the past few years, regional hubs of health information exchange have come into being. That's because patients tend to receive care locally in natural referral areas. It's now time to find a way for the regional hubs to seamlessly and securely share information between them and put that information into the hands of health care providers. eHealth Ontario is working with clinicians, health care institutions and IT providers to develop common standards and protocols that will ensure meaningful, secure, timely and easy sharing across the province.

Patient benefits from electronic health care

The goal of electronic health care is to enhance patient care by making it safer and more effective. In practical terms, it means that patients will be able to receive care from any health care facility whenever they need it. Health care providers will have immediate, secure electronic access to their patient information (e.g. lab results, medication history and hospital reports) that is accurate and up-to-date and in a way that they can easily understand the information presented to them. It will be a seamless and consistent experience for the patient.

Provider benefits from electronic health care

Providers care about their patients and want to see the best possible health outcomes for them. Their use of ehealth applications is enhancing the excellence of the care they give. They are seeing increased efficiency and a dramatic decrease in the amount of paper coming in, saving time by no longer having to search through paper to assess a patient's condition. Electronic health care gives them an accurate, consistent view of the patient's current state of health using data taken from various health information systems. Electronic care automatically alerts them to potential harmful reactions to drugs.

Health care system benefits from electronic health care

Better information from electronic health care systems makes Ontario's health system better for patients. It helps to ensure that tests are not repeated unnecessarily and that hospital beds are used for patients who really need them. It ensures that money is saved and precious health resources are used more efficiently. Electronic health care helps to ensure the sustainability of the health system well into the future to care for an aging population and people with chronic disease.

Putting it all together

Building on the progress eHealth Ontario has made so far and leveraging the progress made all over Ontario, it is set to bolster the regional health information hubs with forward-looking architecture, standards and investment. Some examples include:

- **Registries** – Trusted sources of basic patient and provider information to ensure the right information about the right patient is accessed by the right provider and with the patient's permission
- **Southwest Physician Office Interface to Regional EMR (SPIRE)** – Gives community physicians in southwest Ontario access to reports from hospital records
- **ConnectingGTA** – Enables the exchange of all clinical information across the entire spectrum of health care within the GTA (45 hospitals, more than 200 community support services and long-term care facilities, 28 community health centres, more than 150 addiction and mental health sites and 60 family health teams) to improve care for 6.3 million Ontarians
- **ConnectingSWO (Southwestern Ontario) and ConnectingNEO (North and eastern Ontario)** – Work is starting on regional integration activities in the southwest and northeast hubs
- **Clinical Data Repositories** – Work is starting on leveraging local clinical data repositories to allow clinicians to interface with them to access patient data

These examples, and many others, will ensure that health information can be shared outside individual facilities, outside regions and across all boundaries. In time, it will mean that comprehensive information is available throughout Ontario to all who need it to provide safe and high-quality patient care through a secure and reliable electronic system.

The patient's role

The use of paper by health care providers made it hard for patients to participate in their own care effectively. Now, with electronic access and tools, patients have a much better means of communicating with their care team securely, scheduling appointments, seeing their medications, learning about their conditions and managing their health in partnership with their care team. Some progress has already been made to give patients access to their health information through personal health records available through their physicians' EMR system or through their hospital. As a provincial system of comprehensive, integrated health records comes into place, a priority will be to give individual Ontarians personal access to their health information.

Building an electronic health care system for the people of Ontario is a challenging mandate. The employees of eHealth Ontario are deeply honoured to be entrusted with such an important task.

eHealth Ontario firmly believes that if it works as a coalition alongside health care providers and technology partners, galvanized by a common vision of how to improve the quality of patient care, it will build for the people of Ontario a health care system which is truly exceptional.

Financial Commentary

In fiscal year 2010/11, eHealth Ontario received funding of \$362 million from MOHLTC. Of that amount, \$134 million was used to fund projects conducted by delivery partners in the health care community using transfer payment agreements. Partners included the LHINs, OntarioMD, hospitals and hospital consortia and other health care providers. The balance of the funding (\$228 million) was used to fund programs leading to the development of Electronic Health Records, the evolution and support of the agency's technology infrastructure, and the management of the agency. Technology vendors received the bulk of this spending following their selection through rigorous, fair, open and competitive procurements. Of the \$228 million, \$39 million was used to acquire capital assets.

The agency began the year with an operating budget of \$568 million, but advised MOHLTC mid-year that it would not spend to that level. Significant contributions to this change have been a dramatic reduction in the use of outside consultants, a net reduction of staff numbers by roughly 100 employees and a reprioritization of the agency's projects portfolio.

Corporate and overhead expenses were cut as well, and at \$27 million were approximately half the amount in the original operating budget. Network and technology infrastructure expenses were reduced through optimization programs and the renegotiation of vendor contracts.

Independent Auditors' Report

To the Board of Directors of
eHealth Ontario

We have audited the accompanying financial statements of **eHealth Ontario**, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **eHealth Ontario** as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

We draw attention to note 9[a] to the financial statements, which describes the restatement of the prior year's financial statements. Our opinion is not qualified in respect of this matter.

Other matter

The financial statements of **eHealth Ontario** as at and for the year ended March 31, 2010, were audited by another auditor who expressed an unmodified opinion on those statements on June 24, 2010.

Toronto, Canada
June 29, 2011

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Statement of Financial Position

[in thousands of dollars]

As at March 31

	2011 \$	2010 \$
		[restated – note 9]
ASSETS		
Current		
Cash	42,730	20,794
Prepaid expenses	5,921	3,742
HST/GST receivable	3,693	19
Total current assets	52,344	24,555
Capital assets [note 4]	64,418	36,731
	116,762	61,286
LIABILITIES		
Current		
Accounts payable and accrued liabilities	47,615	23,386
Due to Ministry of Health and Long-Term Care [note 3[b]]	4,729	1,169
Total current liabilities	52,344	24,555
Deferred capital contributions [note 5]	64,418	36,731
Total liabilities	116,762	61,286
Commitments and contingencies [note 6]		
Net assets	—	—
	116,762	61,286

See accompanying notes

On behalf of the Board:

Greg A. Reed

Greg A. Reed
President and Chief Executive Officer
and Board Member

Raymond V. Hession

Raymond V. Hession
Chair of the Board of Directors

Statement of Operations and Changes in Net Assets

[in thousands of dollars]

Year ended March 31

	2011 \$	2010 \$
		[restated –note 9]
REVENUE		
Government grants [note 3[a]]	318,121	337,672
Amortization of deferred capital contributions [note 5]	11,559	10,501
	329,680	348,173
EXPENSES		
Development and delivery	147,184	153,184
Technology services	137,076	147,386
Shared services	26,527	27,773
Enabling technology	7,334	9,329
	318,121	337,672
Amortization of capital assets	11,559	10,501
	329,680	348,173
Excess of revenue over expenses for the year	—	—
Net assets, beginning of year, as restated [note 9[a]]	—	—
Net assets, end of year	—	—

See accompanying notes

Statement of Cash Flows

[in thousands of dollars]

Year ended March 31

OPERATING ACTIVITIES

Excess of revenue over expenses for the year	
Add (deduct) items not involving cash	
Amortization of deferred capital contributions	
Amortization of capital assets	
	—
Net change in non-cash working capital balances related to operations	
Prepaid expenses	
HST/GST receivable	
Accounts payable and accrued liabilities	
Due to the Ministry of Health and Long-Term Care	
Cash provided by operating activities	16,939

INVESTING ACTIVITIES

Purchase of capital assets	(22,615)
Cash used in investing activities	(22,615)

FINANCING ACTIVITIES

Contributions used to fund capital assets	
Cash provided by financing activities	19,618
Net increase in cash during the year	13,942
Cash, beginning of year	6,852
Cash, end of year	20,794

See accompanying notes

Notes to Financial Statements

[in thousands of dollars]

Year ended March 31

1. NATURE OF OPERATIONS

eHealth Ontario is designated as an operational service agency established under the Ontario Regulation made under the Development Corporations Act (O. Reg. 43/02). Subsection 2(3) of O. Reg. 43/02 provides that eHealth Ontario 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 on the recommendation of the Minister of Health and Long-Term Care. The Lieutenant-Governor in Council can appoint up to 12 members to eHealth Ontario's Board of Directors. 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 eHealth Ontario are under the management and control of the Board of Directors. Subsection 9(1) of O. Reg. 43/02 provides that the Chief Executive Officer of eHealth Ontario be appointed by the Lieutenant-Governor in Council.

The following are the objects of eHealth Ontario:

- [a] to provide eHealth Ontario services and related support for the effective and efficient planning, management and delivery of health care in Ontario;
- [b] to develop eHealth Ontario services strategy and operational policy; and
- [c] to protect the privacy of individuals whose personal information or personal health information is collected, transmitted, stored or exchanged by and through eHealth Ontario, in accordance with the Freedom of Information and Protection of Privacy Act, the Personal Health Information Protection Act, 2004, and any other applicable law [O. Reg. 339/08, s.4].

eHealth Ontario and the Ministry of Health and Long-Term Care [the "Ministry"] entered into a Memorandum of Understanding ["MOU"] and Transfer Payment Agreement, effective April 1, 2009.

eHealth Ontario is funded by the Province of Ontario through the Ministry. Any surplus balance must be repaid in the following fiscal year. Any deficit balance reduces the funding allocation in the following fiscal year.

As an agency of the Ministry, eHealth Ontario is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit oriented organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Standards Board ["PSAB"] the Canadian Institute of Chartered Accountants [the "CICA"].

The significant accounting policies are summarized as follows:

Revenue recognition

eHealth Ontario follows the deferral method of accounting for contributions. Contributions are recognized when received, or when receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions with respect to the purchase of property and equipment and intangible assets are deferred and recognized as funding in the year in which the amortization expense is recognized.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are included in shared services expenses.

Capital assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 to 5 years
Computer software	3 to 10 years
Furniture and office equipment	5 years
Leasehold improvements	Over the term of the respective leases

Capital assets that no longer have any long-term service potential for eHealth Ontario are written down to residual value, if any. The excess of the carrying value over the residual value of such assets is recognized as amortization in the statement of operations and changes in net assets.

Internal labour costs are capitalized in connection with the development of information technology projects.

Employee future benefits

Contributions to a defined contribution plan are expensed when due.

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 amounts of funding and expenses during the reporting period. Actual results could differ from those estimates.

Future changes in accounting policies

In December 2010, PSAB amended The Introduction to Public Sector Accounting Standards to direct government not-for-profit organizations to follow either the CICA Public Sector Accounting Handbook with Section PS 4200 to PS 4270 or the CICA Public Sector Accounting Handbook without these sections. These standards are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. eHealth Ontario is currently evaluating the impact of adopting these standards.

3. GOVERNMENT OF ONTARIO

[a] Funding from the Ministry recognized as revenue is calculated as follows:

	2011 \$	2010 \$
Funding for eHealth Ontario operating/capital expenditures	228,065	246,110
Funding for transfer payments to eHealth Ontario partners	133,839	116,336
Total funding	361,904	362,446
Amounts used to fund capital assets and recorded as deferred capital contributions [note 5]	(39,246)	(19,618)
Interest earned during the year repayable to the Ministry	404	—
Interest earned and funding not used recorded as due to Ministry [note 3[b]]	(4,941)	(5,156)
Amount recognized as revenue	318,121	337,672

[b] The amount due to the Ministry consists of the following:

	2011 \$	2010 \$
Interest earned and funding not used	4,941	5,156
Funding receivable	(212)	(3,987)
	4,729	1,169

4. CAPITAL ASSETS

	2011		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer hardware	58,633	37,853	20,780
Computer software	32,500	27,315	5,185
Furniture and office equipment	4,441	3,097	1,344
Leasehold improvements	3,492	3,070	422
Work-in-process	36,687	—	36,687
	135,753	71,335	64,418

	2010		
	Cost \$	Accumulated amortization \$	Net book value \$
Computer hardware	55,723	38,762	16,961
Computer software	30,427	22,782	7,645
Furniture and office equipment	4,190	2,613	1,577
Leasehold improvements	3,490	2,383	1,107
Work-in-process	9,441	—	9,441
	103,271	66,540	36,731

There are assets included in capital assets that have been purchased and not placed into use and therefore have not been amortized for the year. The net book value of these assets is as follows:

	2011 \$	2010 \$
Computer hardware	7,035	2,158
Computer software	42	838
Work-in-process	36,687	9,441
	43,764	12,437

In the current year, certain computer hardware no longer in use with a net book value of \$217 [2010 - \$80] was written off and included in amortization of capital assets.

5. DEFERRED CAPITAL CONTRIBUTIONS

	2011 \$	2010 \$
Balance, beginning of year	36,731	27,614
Contributions used to fund capital asset purchases [note 3]	39,246	19,618
Amortization	(11,559)	(10,501)
Balance, end of year	64,418	36,731

6. COMMITMENTS AND CONTINGENCIES

[a] eHealth Ontario has various multi-year contractual commitments for services. Payments required on these commitments are as follows:

	\$
2012	76,881
2013	51,109
2014	26,385
	154,375

[b] Ontario Realty Corporation, a Crown Corporation of the Province of Ontario, holds leases on the office space occupied by eHealth Ontario. eHealth Ontario is responsible for all the operating lease payments. The payments required to the date of expiry are as follows:

	\$
2012	5,742
2013	5,690
2014	5,240
2015	4,146
2016	3,349
2017 and thereafter	913
	25,080

[c] eHealth Ontario has entered into transfer payment agreements with eHealth Ontario partners that require future payments once defined eligibility requirements have been met. Total payments in connection with these contracts are approximately \$184 million, of which \$111 million is expected to be paid in fiscal 2012. These payments are payable over the period ended June 30, 2013.

[d] eHealth Ontario has contractual commitments related to development projects that require future payments once defined deliverables have been provided. Total payments in connection with these contracts are approximately \$46 million.

[e] In the normal course of operations, eHealth Ontario is subject to various claims and potential claims. Management has recorded its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required. Any adjustments to the amounts recorded related to claims will be recorded in the year during which the adjustments to the amounts recorded are determined to be required.

7. EMPLOYEE FUTURE BENEFITS

eHealth Ontario has a defined contribution pension plan for its employees. eHealth Ontario's contributions to this plan during the year amounted to \$2,782 [2010 - \$2,427].

8. SUPPLEMENTAL CASH FLOW INFORMATION

The change in accounts payable and accrued liabilities related to the purchase of capital assets for the year ended March 31, 2011 of \$4,531 [2010 - \$1,209] has been excluded from the statement of cash flows.

9. COMPARATIVE FINANCIAL STATEMENTS

[a] In prior years, the funding not used to fund operating expenses was recorded in revenue in the year in which the funding was committed and then recorded as a reduction in net assets in the year the funds were repaid to the Ministry.

The prior year statements have been restated to record the funding commitment in excess of the amount used to fund capital assets and operating expenses as a liability.

As a result of this change, government grant revenue recorded in the statement of operations and changes in net assets for the year ended March 31, 2010 was reduced by \$5,156 and net assets as at March 31, 2010 were reduced by the same amount. Net assets as at April 1, 2009 were reduced by \$596 and the repayment of prior year's surplus recorded in the statement of operations and changes in net assets was eliminated.

[b] The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2011 financial statements.



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