EHR... at the crossroads of success

ANNUAL REPORT

2006-2007
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Canada Health Infoway Inc. invests with public sector partners across Canada to implement and reuse compatible health information systems that support a safer, more efficient healthcare system. Infoway is an independent, not-for-profit organization whose Members are Canada’s 14 Deputy Ministers of Health.

Our Goal
By 2010 every province and territory and the populations they serve will benefit from new health information systems that will help modernize the healthcare system. Further, 50 per cent of Canadians will have their electronic health record readily available to the authorized professionals who provide their healthcare services.

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In Prince Edward Island and Ontario
Success is a senior arriving at any hospital emergency room and having the physicians and nurses instantly retrieve his/her complete prescription medication profile.

In Manitoba and New Brunswick
Success is a patient in a remote community no longer having to be flown hundreds of kilometres from her family to be seen by a specialist. Expanded telehealth services connect patients and specialists through high-speed networks, reducing delays, cost and stress.

In Saskatchewan
Success is a patient’s complete pharmacy dispensing history being available to his healthcare professionals, helping them to quickly detect harmful drug interactions or prescription drug dependencies that need to be addressed.

In Alberta
Success is a chronically ill diabetic patient having his/her care actively monitored by a coordinated team of specialists, who communicate and make decisions based on his/her complete and always available electronic health record. It’s the patient routinely receiving reminders for follow-up tests and advice about preventive measures and diet.

In British Columbia, Quebec, Nova Scotia and Newfoundland and Labrador
Success is a patient receiving critical diagnostic imaging results dramatically faster, as her MRI is digitally captured and electronically downloaded for interpretation by an available radiologist almost anywhere in the province. It’s the radiologist using the same secure network to consult in real-time with other experts across the province.
At the Crossroads
Message from the Chair and the President & CEO

View from the Crossroads
It is not by coincidence that the title of this year’s annual report is “At the Crossroads of Success.” This is precisely where Canada stands in its quest for better health care through better information. In this respect, this has been a decisive year for electronic health record (EHR) progress in Canada and for the role of Infoway.

With 227 projects completed or underway across the country, we have come a long way. These projects have shown us what success looks like, as payoffs for patients, healthcare providers and the healthcare system are becoming increasingly clear and exciting.

There is also unprecedented consensus on the benefits of electronic health records, and the specific priorities needed to complete our transformation to a safer, 21st century healthcare system. Significantly, the provinces, territories and Canadian healthcare leaders are acknowledging Infoway’s essential role in addressing these priorities.

No longer is the question “Why EHRs and why Infoway?” but rather “Why not more and why not faster?” These questions are especially urgent, as Infoway has now allocated almost 100 per cent of its original capitalization.

The Fast Track to EHR Success
Infoway was launched by Canada’s First Ministers to be the catalyst for accelerating electronic health records across the country. The 14 federal, provincial and territorial governments, through unprecedented teamwork, and in collaboration with Infoway, have started delivering a safer, more efficient healthcare system based on modern Information Technologies.
Our collaborative approach has also created a national market for health information technology, spurring innovation and investment in Canadian Information Technology (IT) companies that is good news for Canada’s economy. It is allowing Canada’s IT industry to grow and diversify beyond its traditional sectors, potentially opening important international opportunities.

A recent Conference Board of Canada study\(^1\) estimates electronic health record spending will have created 37,000 new jobs by 2010, translating to $2 billion in new labour income for Canadians. And every dollar invested by Infoway and the provinces adds $1.34 (on average) to Canada’s gross domestic product. More investment, exports and employment bring more tax revenues for federal and provincial governments – about 36 cents for each dollar invested. In short, beyond better health care, all provinces and territories are reaping economic benefits from their EHR projects.

**A Milestone Year**

By every measure, 2006-07 has been exceptional and we have met or surpassed each of our objectives.

\(^1\) Conference Board of Canada 2007 “The Economic Contribution of Capital Investment Spending by Canada Health Infoway and Regional Sponsors.”

Our most important benchmark, however, is the value we bring to provinces and territories in their drive for better health care for their citizens. They have unanimously recognized our contribution.

“With the expertise contributed by Infoway, jurisdictions have been able to begin the process of funding, planning, designing and building complex and important health information systems for all Canadians.”

– Ministers of Health of all 13 provinces and territories

As a “strategic investor” with our partners, Infoway surpassed its investment targets for the year by almost 55 per cent, approving $519 million for new projects. This increased rate of investment reflects an on-the-ground shift from project planning and lead systems to full, province-wide implementations. Our total cumulative investment approvals over the last four years have now reached $1.176 billion – or 98 per cent of our initial $1.2 billion capitalization.

Provinces and territories are also accelerating their progress through collaboration and adherence to a common technical framework with open, approved standards. Most projects have already benefited from sharing or building on proven solutions. In addition, joint procurement by health

**Infoway Accelerating: Rapid Rollout of EHRs Across Canada**

- Each province and territory has developed a three- to five-year road map to build the foundation of the e-health systems they need.

- Infoway’s leadership is establishing national standards and a common technical framework to ensure compatibility while protecting privacy. All current and future systems will be able to securely exchange critical health information.

- Leading-edge e-health applications, supported by Infoway, are driving clinical innovation.
regions and between provinces has meant significant savings in time and money, estimated to be over $100 million.

Most important, however, are the improvements in health care being experienced by a growing number of Canadians.

For proof, look no further than Fraser Health in British Columbia, which oversees the operation of 12 acute care hospitals. Fraser Health replaced film imaging in 11 hospitals with a shared digital imaging network that allows instant sharing of images between the hospitals. Not only has health care improved, but the province is also saving $4.5 million each year through reduced film costs and storage space, as well as increased productivity.

A similar system helped B.C.’s Interior Health Authority cut the turnaround time for radiology results by 41 per cent. Patients in even some of the more remote parts of the province now have their test images quickly assessed by radiologists and other specialists in urban locations.

Or consider Alberta’s Capital Health, which provides comprehensive health services to 1.6 million residents in the Edmonton area. With its NetCARE EHR system in place across all hospitals and clinics, Capital Health medical teams can track a patient’s care history, tests and medications. Results? In 2006, 61 per cent of physicians and staff said EHRs reduced duplicate tests and procedures, 70 per cent said they reduced phone calls or faxes to obtain information, and 31 per cent said they reduced wait times for patients.

In partnership with Infoway, in 2006 NetCARE was adapted to become the basis of Alberta’s province-wide EHR, linking patient information across all nine Health Regions.

**The Journey Ahead**

Although results like this show EHR progress is well underway, it is far from complete. Infoway’s current defined goals and funding extend only to 2010, and were focused to kick-start the process and to get investments off the ground.

Now we are at a crucial crossroads – how to build on the momentum of recent years to fully realize the benefits for all Canadians. Recognizing this, Infoway’s Board asked the organization to work with Canada’s healthcare community to develop a comprehensive health IT road map which would guide the country’s next 10 years of investment.

As part of this process, McKinsey & Company was commissioned to contribute an independent fact base and analyses as an input for the development of the plan.

**Fast Forward on Healthcare Renewal**

Through dialogue with the stakeholders, strong agreement was found on the priorities that need to be addressed – critical priorities on which every healthcare renewal measure depends – from reducing wait times to improving primary care and patient safety.

The 2015 study along with another recent report, estimated an investment of $350 per person, spread over 10 years, is needed to implement these priorities. This is consistent with what other developed countries have invested. The promising news is that the studies also confirm that once in place, these clinical systems will save an estimated $6 billion each year – money that can be productively re-invested in other healthcare priorities, such as more doctors, nurses, pharmacists, research or long-term care.

All those interviewed were emphatic and unanimous that these priorities be urgently addressed.

“This is not just about quality care, but about the sustainability of the system” – Hospital CEO

Looking back, it is clear we have achieved much in a short period of time – we established a collaborative national agenda for EHRs, accelerated progress and delivered value for our healthcare investments.

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2 “Defining a Path Forward for Canada’s Health Infrastructure,” a summary presentation submitted to the Conference of Deputy Health Ministers by: Canada Health Infoway, October 2006.

Beyond the Crossroads

In the last days of the fiscal year, the Government of Canada recognized Infoway’s important contribution, allocating an additional $400 million in its 2007 Budget to continue the work of accelerating EHRs for Canadians while also supporting efforts to develop wait-time management information systems.

This is clearly a move in the right direction – and one that enables us to continue our important journey. However, all parties recognize that this investment falls short of the longer-term funding needed to make a complete EHR available to all Canadians at all points of service.

Where we go from here is vitally important to Canadians. With continued commitment, we can build on unprecedented momentum and success across the country. Yes, it will require bold, long-term commitments, leadership and money. Yes, we are at a crossroads; but we are also at the threshold of a new era for Canadians. In terms of lives saved, health care improved and patients empowered, the benefits are indeed priceless.

H. Arnold Steinberg CM
Chair
Board of Directors

Richard C. Alvarez
President and Chief Executive Officer

Ten-Year Timeline - A Practical Path Forward for Canada’s Health Information Systems

- Complete the job - ensure every Canadian has a comprehensive EHR.
- Extend EHR technology to doctors’ offices, evolving to computerized clinical systems that assist physicians in their increasingly complex tasks.
- Support each jurisdiction in the development of an enhanced system to report and improve Wait Times.
- Create patient portals with access to EHR and other basic information, including self-care tools.
- Trial more advanced applications such as integrated triage scheduling and proactive chronic disease management.
Signposts of Success
Performance Against Objectives
2006-07
Investment Performance

Objective: Approve New Project Investments of $285 - $385M with a target of $335M

$519M of Investments Approved

Investment approvals of $519 million in 2006-07 significantly surpassed our stretch target of $385 million for the year and far exceeded Infoway’s mid-point objective of $335 million. Infoway investments since inception have now reached 98 per cent of our total current capitalization. At this level, most programs have reached their funding ceiling, limiting continued momentum.

Investment focus during the year shifted even more heavily to implementation. Today, 77 per cent of all active projects are well into their implementation phase, which typically takes 24 to 48 months to complete.

While specific clinical information programs (Diagnostic Imaging, Drug and Lab) continued their strong momentum, significant investments were also made to launch interoperable EHR projects which integrate all these systems to provide a patient’s complete health record. In particular, Prince Edward Island, British Columbia, Alberta, Saskatchewan, Quebec and the Northwest Territories now have concrete plans to deliver EHRs to their citizens by 2010. Ontario, Manitoba, Nova Scotia, New Brunswick and Newfoundland and Labrador will have many of the key components in place but not all.

Doing More with Limited Funds

A great deal of time and money has been saved as a result of provinces and territories sharing and replicating successful systems, best practices and lessons learned. Common technical requirements and joint purchasing initiatives have also reduced risk and development costs, particularly in 2006-07. For example: Joint purchasing of a DI system, structured by Infoway with vendors, saved $60 million for health regions in Ontario, Saskatchewan and Quebec.

1. Investment Performance

| Objective: Approve New Project Investments of $285 - $385M with a target of $335M |

Infoway and its partners continue to leverage their investments by replicating and sharing solutions, best practices and procurement activities

| Number of cases in which a proven solution has been Replicated | 79 |
| Number of cases in which a solution is Shared (equipment located in one facility is shared by others, using high-speed networks) | 24 |
| Number of cases where parts of a successful solution are Reused | 62 |
| Number of cases where joint purchase or RFP, or other agreement providing advantageous financial terms and conditions | 40 |
Northern Exposure to Southern Solutions

In Canada’s three northern territories, health care sometimes means going the distance – literally. It could be 1,511 km from Yellowknife to Edmonton, or 2,340 km from Iqaluit to Toronto or 2,697 km from Whitehorse to Vancouver. It all depends on what services residents of the north need and where they can find them.

It’s the perfect scenario for EHRs and Telehealth solutions.

Combined with extensive Telehealth services that link patients directly to physicians in the south, EHRs are becoming a great equalizer when it comes to overcoming the problems of distance and accessibility. For the 103,000 people of the north, EHRs will ensure their complete medical history is available to their entire healthcare team, whether located at a nearby clinic or at facilities thousands of kilometres away. The result will be better, more efficient care, unaffected by the remoteness of Canada’s north.

Because of their sparse populations, Canada’s northern territories do not always have the resources to build the health information networks their neighbouring provinces are introducing. That’s where InfoWay is helping – promoting innovative arrangements that provide 100 per cent of eligible investments if territories share the service networks of southern provinces.

Discussions are underway to bring the benefits of health information technologies to all three territories. It will allow their far-flung hospitals to retrieve and view a patient’s electronic health record, including lab tests and medications. Digital X-rays and CT scans taken in the territories would be instantly available to radiologists and specialists thousands of kilometres away. And with Telehealth networks, patients can virtually “visit” these distant clinicians with their local care provider at their side.

For northern residents, greater access to health-care resources within their communities will mean more timely and better care, with less travel south. And, when they do need to travel, it will mean seamless care at their destination, with the ability to send patient files securely back to local healthcare teams, who will rely on that information in the future.
2. Meeting Commitments

Objective: Deliver on Project Commitments

Project Management
With over 155 active projects, strong project management and close cooperation with provinces and territories was an important focus in 2006-07. Particular attention was paid to the 22 projects targeted for completion within the fiscal year. Nineteen of these were completed on time and on budget, with three now scheduled to complete in 2007-08.

Progress to the 2010 Goal
Progress towards our 2010 goal was particularly strong in programs launched two to three years ago. This includes Client and Provider Registries, Diagnostic Imaging, and Drug Information Systems.

Client Registries Register Success Canada-Wide
“Sir, is that Bob Smith, Robert Smith or RV Smith?” Client Registries ensure the right patient’s information goes into the right electronic chart by accurately identifying each Mr. Smith.

In 2006-07, the number of Canadians covered by Client Registries tripled, as Manitoba completed its implementation while British Columbia and Saskatchewan are close to completion. Ontario, New Brunswick and Alberta have started to deploy the same solution as the others, while the Northwest Territories will use Edmonton’s Capital Health registry, one of the first Infoway-funded Client Registries to be implemented. These early successes, combined with an Infoway-negotiated preferred solution agreement, have allowed provinces and territories to move forward quickly and confidently.
Anyone who has experienced chemotherapy knows it can be – and usually is – physically and emotionally exhausting.

One tool proving its “worth in gold” to patients and their oncology teams is Canada’s most extensively used Computerized Physician Order Entry (CPOE) system for oncology, developed by Cancer Care Ontario. This system allows physicians to directly prescribe complex chemotherapy and related drugs by computer, minimizing harmful medical errors such as incorrect handwriting interpretation and dosage calculations.

It makes a difference. In fact, cancer-specific systems like these have been proven to catch 48 per cent of ordering-related errors and 23 per cent of transcription-related errors. Importantly, oncologists already using it say they would be unwilling to practice without it. The reasons? The sheer volume of information and the serious consequences of errors.

“The number of established and emerging cancer drug therapies is staggering – cancer encompasses over 100 distinct diseases,” says Sarah Kramer, vice president with Cancer Care Ontario. “For approved chemotherapies alone, over 300 clinical practice guidelines are available internationally – specifying precise use indications, recommended dosing, timing, etc. Staying on top of this is extremely challenging, at best.”

That’s why CPOE is also a support system for doctors and other clinicians. It provides updated information and alerts on appropriate dosage, duplicate therapies, potentially dangerous drug interactions and drug allergies for specific patients – while also adhering to provincial best practice guidelines. Almost 100 per cent of the doctors, nurses and pharmacists at the 11 cancer centres where it is available use it, covering 52 per cent of chemotherapy delivered in Ontario.

The good news is that Infoway has invested $3 million to expand this innovative system to five more cancer centres in Ontario and will leverage the initiative as a model across Canada.

“Chemotherapy-related errors are significantly more likely to be serious than non-chemotherapy-related medication errors.”
3. Leading Pan-Canadian Standards

Objective: Formalize New Standards Leadership Role

Standards Do Matter
Standards are essential to the cost-effective development and deployment of any interoperable IT system. With standards, technology is developed with less risk, solutions can be reused, systems can exchange and understand each other’s information, and vendors can offer “off-the-shelf” products that avoid costly custom integration. Without standards, prices go up, development takes longer and systems become information “silos.” Clearly, standards are vital to EHR progress.

Setting the Standards – Infoway leadership
In 2006-07, Infoway assumed leadership of EHR-related standards activities for Canada. Infoway’s Standards Collaborative was approved by Canada’s Deputy Ministers of Health to provide a single point of contact for collaboration, coordination, development and on-going support of these standards within Canada.

This focus on standards ensures compatibility of EHR and e-health solutions now and in the future while also aligning Canada with international efforts. Infoway achievements in 2006-07 include:

• Infoway’s Board authorized the requisite funding for standards’ maintenance and support.
• Defined and launched a new streamlined standards governance model, with active participation of federal, provincial and territorial governments, clinicians, health informatics associations, standards organizations and vendors.
• Defined and launched core EHR standards support and maintenance services: Education and Training, Implementation Support, Conformance Support, and Standards Maintenance.
• Infoway’s e-Health Collaboratory (a joint initiative with the Centre for Global e-Health Innovation) was extended to provide a broad set of standards-support services to vendors. These services allow vendors to validate their products for standards compliance, interoperability and usability.
• Became one of the founding members of the new International Health Terminologies Standards Development Organization, which will promote the development and sustainability of the Systematized NOmenclature of MEDicine Clinical Terms (SNOMED CT®) standard for health systems worldwide. Infoway’s participation will make SNOMED CT® widely available in Canada. Standard definitions for medical terms and procedures will reduce ambiguity about diagnoses and care provided to patients by all providers and organizations.

Ready, Willing and Stable
Standards in all six clinical-information programs progressed substantially this past year. Four in particular – Client Registry, Provider Registry, Drug Information Systems and Diagnostic Imaging standards – moved from development to the “Stable for Use” phase. This designation signals that the standard is ready to be used in systems deployment.
Better Public Health Becomes Standard

Every step against pandemics depends on standards

Imagine the first sign of a pandemic.

A doctor receives an unusual lab result and calls a public health nurse at a Regional Health Centre, somewhere in Canada. The doctor is flagging a new case of a communicable disease in the region. The nurse enters the case details (including symptoms, test results, treatment, where the patient has traveled, etc.) into the public health surveillance system.

Epidemiologists and other public health officials are alerted to this information in “real time” on their own computers – they then screen other data in the system to determine whether an outbreak is in fact developing. It is. They link cases across the country, to compare details and to begin managing the outbreak. As they manage the health risk, they are assisted by the system with timely information about immunization and where vaccine inventories are stored.

British Columbia is leading the development of Canada’s new interoperable Public Health Surveillance (PHS) system scheduled for completion in 2008. It will help detect and manage a wide range of public health crises, whether contaminated food, an influenza outbreak or an internationally spread virus such as SARS.

“The success of public health surveillance systems depends on getting information from many sources – but that information is only useful if it is captured, coded and understood in consistent and standard ways,” says Lisa Zetes-Zanatta, an epidemiologist with the BC Ministry of Health and a contributor to Canada’s health surveillance system. “Our new system will help us detect outbreaks much, much earlier – and that’s the number one key to controlling pandemics across the country.”

Making this a reality depends on cooperation among all 14 federal, provincial and territorial governments. That has happened. It depends on the financial commitment of the federal government. That has happened. And, it depends on standards, which allow for the electronic exchange of structured health information using consistent terminology. That is happening on all fronts.

Significantly, the public health surveillance system leverages the foundational EHR systems – registries, lab, drug, diagnostic imaging and shared health records – which communicate through standardized interfaces across many disparate systems and facilities, and eventually across provincial borders.

To ensure that appropriate standards continue to be developed and properly used, InfoWay and its partners established the Public Health Surveillance pan-Canadian Standards Group. The Group is building on existing standards where feasible and developing new ones where required, all with the objective of enabling systems – and people – to communicate with each other when it really counts.
4. Accelerating Adoption & Measuring Benefits

**Objective:** Accelerate Clinician Adoption; Measure EHR Benefits

**Transition Support for Clinicians**
As provinces and territories begin implementing electronic health records, **Infoway** is working with professional groups and partnering organizations to accelerate adoption of the new systems.

To help physicians, pharmacists and nurses on the ground, a strong network of peer leaders is being created, providing hands-on support to colleagues to ease their transition to an electronically enabled practice. Peer-to-peer networks were initiated in four jurisdictions, with supporting resource materials developed. A Change Advisory Group with broad representation is developing coordinated change management tools, techniques and training resources in the regions.

Working with professional organizations and provincial technology officers, **Infoway** helped establish common functional requirements for Electronic Medical Record systems to be used in primary care practices. **Infoway** also commissioned a series of case studies illustrating best practices and lessons learned from the implementation of information systems in various healthcare settings. Key sites are being identified so that they can share their experience and demonstrate the value health IT has brought to their clinical practice.

**Promoting Clinical Innovation, Knowledge Sharing**
**Infoway** funded 10 additional projects which showcase rapid clinical uptake of innovative EHR solutions, from improving chronic disease management and primary care access to facilitating multidisciplinary teamwork. Some projects are based on “off the shelf” solutions with potential for replication.

**Infoway** also facilitated knowledge sharing across projects, programs and jurisdictions, helping to accelerate implementation and adoption of electronic health records. Initiatives included toolkits, collaborative workshops, webcasts and conference calls, as well as completion of a Home Telehealth business case and a Patient Portal consultative report.

**Completing a Benefits Framework**
With an Advisory Panel of experts in e-health evaluation, a comprehensive framework was completed to capture and measure the benefits of EHR projects. Unique among countries pursuing EHRs, the pioneering framework established standard Canada-wide indicators to measure impact in three important areas: quality, access and productivity. Sample projects were used to validate the framework and preliminary results are expected later in 2007-08, as provinces and territories incorporate these measurements into their projects.

**An “ERly” View of Long-Term Benefits**
Physicians and nurses at 70 Ontario emergency rooms have given the ER drug profile viewer two thumbs up for its usefulness and ease of use. In a recent survey, they reported it:

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Saves time and improves drug reconciliation</td>
<td>70%</td>
</tr>
<tr>
<td>Promotes safety and ensures patient medication is continued on admission to hospital</td>
<td>75%</td>
</tr>
<tr>
<td>Improves information sharing among medical providers</td>
<td>80%</td>
</tr>
</tbody>
</table>

Similar systems are being adopted and expanded right across the country.
There’s no doubt electronic health records are alive and well in the Richmond, B.C., office of Dr. Alan Brookstone. Dr. Brookstone is a part-time family physician, educator on the use of health IT systems and author on technology in medical practice. He spreads the EHR message through his involvement in numerous user and advisory groups, including Infoway’s Physician Advisory Group.

One of the key elements of his involvement with EHRs – and his success in encouraging clinician adoption – was the founding of a Physician User Group in Richmond, BC, four years ago.

“We wanted to create an environment where physicians could meet intermittently to share information and learn how colleagues are using technology, even if they don’t use it themselves,” he says. “There are now seven such user groups in the region, which meet twice a year – with almost 600 physicians subscribed.”

Dr. Brookstone credits the Vancouver Coastal Health Region for promoting electronic health records and spearheading a collaborative approach with other regions. He also applauds Infoway for encouraging clinician leadership across the country and in a variety of ways – through its “in-house” team of Senior Medical Advisors, its Physician Advisory Group and the growing network of peer leaders.

“It demonstrates their commitment to working closely with clinicians and supporting the changes necessary to bring about successful adoption of these systems.”

He says Infoway needs to continue identifying “super-users” to work at the grassroots level across the country.

“Super-users are the glue that holds the system together through their relationships, in terms of cross-pollinating and influencing change across the system,” he says. His advice to other doctors is to get involved in EHRs at some level, in some way.

“Be selective. Take on only the pieces you can be successful at and draw from the expertise of your colleagues,” he says. “And if you’re an ‘expert’ – then share. To make this work, we have to have everyone wanting to move towards an end objective that’s the same, whether it’s government, regions, professional bodies or individuals.”
5. Focusing on Operations

Objective: Implement Operational Improvements to Protect Investments

Organizing for Success

Infoway continued to improve its operational performance in 2006-07. To better support the provinces and territories during implementation, Infoway hired additional regional Project Managers, Standards Specialists and Architects to work more directly with our partners. Infoway also reorganized its previously distinct Program and Project teams so they are now geographically based, consolidating work in multiple programs, with a regional focus. This is eliminating duplication and provides each province and territory with a streamlined partner that is more responsive to its needs.

Managing Risk

The CIO Forum, representing Chief Information Officers of all 14 governments and Infoway, launched a working group to establish a well-defined, collaborative Risk Management Process (please see page 43). Risk was addressed from three perspectives: Project, Jurisdiction, and Pan-Canadian. For each category, key indicators were established.

For each indicator, five levels of likelihood and five levels of impact were clearly defined; when combined, these present the indicator’s degree of risk. The process provides a simple, but powerful, and consistent tool for managing risk at all levels across Canada. The Risk Management Process is now being implemented and is expected to be fully operational before 2008. Best practices will be shared across the jurisdictions.

Strengthening Due Diligence

An important Infoway business priority is to encourage vendors to provide cost-effective, off-the-shelf solutions for provinces and territories. In its early years, Infoway promoted this approach by developing a national EHR “Blueprint Architecture” based on open standards. This has allowed provinces and territories to consolidate their requirements, promoting commercial solutions and reducing their reliance on expensive custom work.

To further manage risk, Infoway strengthened its due diligence efforts by requiring that vendors who concluded Preferred Solution Agreements with Infoway demonstrate that their solutions will comply with the interoperability specifications of the Blueprint and of the Standards Collaborative.

Tackling Costs

Infoway implemented key recommendations of a joint Infoway/jurisdictional task force to streamline its administrative processes, accelerating reimbursement claims to the jurisdictions. Infoway also developed cost guidelines to help provinces and territories keep prices down on commonly purchased services, software and hardware.

Savings Beyond Health Care

The B.C. government is leveraging Infoway’s technology Blueprint beyond health care for their “connected government” initiative, which will make information-sharing possible across all government departments and agencies.
Getting Value for $4,547.65

Bucking the trend, reducing healthcare costs

You may not believe this, but some healthcare costs are actually going down. In 2006, Canada’s total healthcare expenditures were estimated at $148 billion or $4,547.65 per person. Chipping away at that cost – in small but significant chunks – are cost-efficient EHR ways of handling health information.

Take Infoway’s Shared Diagnostic Imaging (DI) program for example. Digital images (of X-rays, MRIs, CT scans, ultrasounds) and their digital storage and retrieval have become an increasingly powerful diagnostic tool. They also play an important role in improving productivity by eliminating inefficient and bulky film repositories, and allowing any authorized specialist in the network to instantly review and consult on patient exams.

Until a few years ago, implementing these systems was very expensive, even for the largest hospital centres. Thanks to creative solutions championed by Infoway and its partners, however, the average cost has been reduced from $30 to $12 per exam in just four years.

Infoway introduced a “shared services” model, whereby an expensive DI Picture Archiving and Communication System (PACS) is shared among many smaller institutions. It also spearheaded preferred solution agreements with DI vendors, allowing individual institutions to benefit from high-volume discounts and lower software licensing fees. As a result:

- Software costs were reduced from $10 to $3 per exam due to flexible enterprise licensing; and
- Electronic storage costs were reduced from $20,000 to $6,000/Terabyte, by shifting the pricing to “commodity storage” from “specialized medical storage.”

This has radically altered the economics of implementing digital DI for even the smallest hospitals, so that the goal of having 95 per cent of all hospital-based DI tests in Canada to be filmless by 2010 is becoming a reality.

But it’s Canada’s patients who are seeing the most impact – less travel to regional centres, faster diagnoses, fewer lost and duplicated exams, all of which translate into better, safer and more efficient care. And that’s good news for patients, provinces – and taxpayers.
6. External Communications

Objective: Intensify and Broaden External Communications

Infoway expanded its communications strategy in 2006-07, building awareness of electronic health records among a much broader group of stakeholders, from clinician groups and patients to the business community.

Taking EHRs on the Road

- A proactive media-relations campaign, beyond the specialized press, promoted EHRs and early successes across Canada. Enhanced media relations efforts resulted in a substantial year-over-year increase in media coverage for Infoway.
- Infoway’s president and CEO appeared before business audiences in different parts of the country to increase awareness of e-health benefits and their positive impact on Canada’s economy.
- Progress updates on specific topics, such as standards, privacy and security, and investment programs, were provided to a number of targeted national stakeholders.

- Infoway co-hosted a major policy conference entitled “Beyond Good Intentions” for more than 120 senior-level decision-makers from Canada and other countries who set overall health and economic policy, and budgets. The conference represented a major step in gaining broader understanding of why electronic health records are important. It also underscored Canada’s challenges and how other countries have addressed them.

Supporting Health IT Events

- Infoway supported close to 30 major medical and health IT conferences in 2006-07, increasing awareness of progress in all provinces and territories. Infoway executives were invited speakers at more than half of these events, as well as important events in the U.S. and Europe.
- As part of assuming Canadian leadership of EHR-related standards activities, Infoway co-hosted two national HL7 Canada and Partnership Conferences during the year, attracting hundreds of people interested in standards and advancing HL7 standards adoption in Canada. The fall conference registered record attendance.
EHR is the Message

Growing mainstream media interest in the benefits of electronic health records is reflected in this sample of news stories by major media across the country. *Infoway* participated in numerous news conferences with health regions and provinces, announcing new investments and systems, and sharing the progress being made across Canada.

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**globeandmail.com**  
*(posted on 08/07/06)*

**Computers sought to cut waiting times at hospitals**  
Provinces heartened by report that urges $2.4-billion for health related technology.  
*Byline: Gloria Galloway*

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**The Medical Post**  
*May 09, 2006 Volume 42 Issue 17*

**OPED: Who says good news is no news?**  
After a slow start, electronic health records gain momentum.

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**The Vancouver Sun**  
*May 2, 2006*

**All electronic medical files planned by 2009**  
VICTORIA – With $150 million new dollars to pave B.C.’s way down the information highway, the province plans to implement by 2009 an electronic system that will see all paper-based patient medical files, now growing dusty in doctors’ filing cabinets, put on computers and shared throughout the province.

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**The Guardian**  
*(Charlottetown, Jan 11, 2006)*

**Province launches $13-million electronic health record project**  
*Byline: Ron Ryder*

Medical histories may be less of a mystery for healthcare workers under a new electronic health information system launched in Charlottetown Tuesday.

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**The Leader-Post**  
*(Regina), October 17, 2006*

**Medical info to be shared**  
*Byline: Neil Petrich*

A new medical information sharing system will soon make it easier for Saskatchewan doctors to help their patients. Patients, meanwhile, will have to spend less time waiting for test results and less time traveling to unnecessary appointments.

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**The Globe and Mail**  
*Feb 22, 2007*

**Will Canada click its way to better health?**  
*Byline: Simon Avery*

After more than 20 years as a family physician Michelle Greiver questions why Canadians can access their bank accounts 24 hours a day, seven days a week, but when they go to the hospital after hours, their medical records are unavailable.

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**The Hill Times**  
*January 22, 2006*

**Streamlined health technology offers one of the biggest potential cost savings to our healthcare system**

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In 2006-07, *Infoway’s* media mentions totalled 324, almost triple the 110 mentions in fiscal 2005-06.
Defining a Path Forward
Looking beyond 2010, Infoway’s Board asked the organization to develop a comprehensive health IT strategy for Canada, to guide further investment over the next 10 years. To support this review, input through externally facilitated interviews and focus groups from over 100 key stakeholders was obtained. They represented a broad spectrum of Canada’s healthcare system including patients, Deputy Ministers, regional health executives, hospital CEOs, clinicians, professional bodies and vendors.

A Strong Consensus
Their responses, clear and urgent, provided a strong consensus from which the study developed a practical road map for action. Specifically, five critical e-health priorities were identified – priorities that are essential to the safety, quality, accessibility and efficiency of our system. Indeed, every healthcare priority we have depends on this e-health foundation.

The Payoff is Worth the Price
The cost of realizing these five priorities is $350 per person over 10 years, according to the study. Once implemented Canada-wide, the new clinical systems will save an estimated $6 billion each year, in addition to supporting Canada’s healthcare renewal objectives.

<table>
<thead>
<tr>
<th>FIVE PRIORITIES EMERGED FOR 2015</th>
<th>Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ensure baseline EHR and public health infrastructure are in place across the country</td>
<td>Extend EHR to 100% of Canadians, with ability to bridge across continuum of care through a viewer functionality</td>
</tr>
<tr>
<td>2. Unlock additional quality and safety benefits by enabling decision support and communication across the care continuum</td>
<td>Link primary/ambulatory care, starting with EMRs in physician offices (GPs and specialists)</td>
</tr>
<tr>
<td>Install advanced clinical information systems to enable enhanced decision support</td>
<td></td>
</tr>
<tr>
<td>3. Enable public visibility into wait times</td>
<td>Enable each jurisdiction to report and manage aggregated wait times by location, procedure (e.g., diagnostics, surgeries, specialist care), and provider</td>
</tr>
<tr>
<td>4. Facilitate improvements in patient self-care</td>
<td>Create patient portals with access to EHR and other basic information and self-care tools</td>
</tr>
<tr>
<td>5. Trial more advanced functionality to meet high-priority system needs</td>
<td>A) Create an integrated triaged scheduling and referral model solution with a case management priority assessment across the care continuum in 1-2 jurisdictions</td>
</tr>
<tr>
<td>B) Create a model solution that demonstrates proactive approaches to chronic disease</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4

Rationale
- Significant value will be unlocked by pursuing these priorities
- Stakeholders consistently articulate these as the highest priorities
- Some jurisdictions will be able to start on these elements soon (and in some cases already have) and create compelling examples of improved care delivery
Stakeholder Sound-Bites

The 2015 report contained wide-ranging interviews from across the healthcare spectrum.

Increase IT Investment
“We need to spend at least 8-10 per cent on healthcare IT.” – Regional CEO

EHRs are Fundamental to What We Do
“This is not just about quality care, but about the sustainability of the system.” – Hospital CEO

“We need this information – we can’t realize our goals without it.” – Regional CEO

“People who have never talked about an EHR in the past are talking about it now...they don’t always know what it means, but the dialogue is active.” – Regional CIO

Infoway is Critical to Making EHRs Happen
“There is no way we could have gotten 16 hospitals to the table to talk about a common project without help from Infoway.”
– Policymaker

“They have provided focus and ensured the access to money is managed well.”
– Deputy Minister

“Having a framework is a huge step forward. We can criticize it and we do, but it’s a point of discussion for investment. We forget that it did not exist a few years ago.” – CIO

“They’ve managed to get people talking across the country – That’s been a huge step forward.”
– Policymaker

“We wouldn’t have e-health in Canada without Infoway.” – Hospital CEO
8. The Funding Gap

Objective: Address Additional Capitalization Required for EHRs for All Canadians

Building Support
The need to extend electronic health records to all Canadians was a major focus of Infoway’s executive team, Board and provincial/territorial Members in 2006-07. Infoway worked with each province and territory to build local and national support for additional funding. In some instances, this meant supporting provincial health officials in developing business cases to discuss with their Treasury departments.

Health Ministers and Deputy Ministers across the country responded with unequivocal support for the need to continue funding, recognizing that expanding EHR coverage is a necessary step in achieving their healthcare renewal objectives. Key healthcare organizations provincially and nationally also reflected this view in reports, press statements and presentations to government.

“It is estimated that EHR could provide annual system-wide savings... of $6 billion, and both reduce wait times and absenteeism. However, this can only be realized if all physicians’ offices across the country are fully automated. Therefore, we have recommended increased funding for Canada Health Infoway to develop and implement EHR with a targeted investment towards total physician office automation.”
– Dr. Collin McMillan, President, Canadian Medical Association to the House of Commons’ Standing Committee on Finance, September 27, 2006

Additional Capitalization Provided
In its 2007 Budget, the federal government acknowledged “progress has been made,” adding “more needs to be done and the Government is prepared to support this national initiative and Infoway’s success.” An additional $400 million was committed to enable Infoway to continue the work of accelerating EHRs for Canadians, while also supporting efforts to develop wait time management information systems. This is clearly a move in the right direction – and one that allows us to continue our important journey. However, it is also recognized that this investment falls short of the longer-term funding needed to make a complete EHR available to all Canadians through all points of service.

“Looking beyond the issue of wait times, there is still unfinished business. One, substantial additional funding is needed for a comprehensive electronic health record.”
– Sharon Sholzberg-Gray, President of Canadian Health Association to the House of Commons’ Standing Committee on Finance, September 26, 2006

Going Forward
Infoway will continue to work diligently with all our partners in the jurisdictions and the national healthcare associations to pursue the necessary longer-term funding. At the same time, however, we continue to manage the process associated with our current 2010 mandate.
## The Gap… By the Numbers

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>Percentage of Canadians who will still not have a complete electronic health record by 2010 when all Infoway’s seed money has been invested</td>
</tr>
<tr>
<td>40</td>
<td>Number of dollars (per person) invested to date in electronic health records in Canada</td>
</tr>
<tr>
<td>350</td>
<td>Estimated number of dollars (per person) needed over ten years to complete the job and provide every Canadian with an EHR</td>
</tr>
<tr>
<td>2</td>
<td>Number of credible and reputable Canadian studies which confirm the cost of completing the job</td>
</tr>
<tr>
<td>9</td>
<td>Number of countries which have implemented (or are planning to implement) a country-wide EHR</td>
</tr>
<tr>
<td>6</td>
<td>Potential savings (in billions of dollars) estimated to flow from new EHR clinical systems in Canada each year</td>
</tr>
<tr>
<td>37,000</td>
<td>Number of jobs that EHR activity will have created in this country by 2010 according to a study by the Conference Board of Canada</td>
</tr>
<tr>
<td>2</td>
<td>Amount of new labour income (in billions of dollars) generated by these new, well-paying jobs according to a study by the Conference Board of Canada</td>
</tr>
<tr>
<td>1.34</td>
<td>Amount (in dollars) added to Canada’s gross domestic product for every dollar invested by Infoway and the provinces</td>
</tr>
<tr>
<td>100</td>
<td>EHR coverage (in percentage of population) necessary for provinces and territories to achieve their healthcare renewal objectives</td>
</tr>
</tbody>
</table>
9. *Infoway’s Team Building*

**Objective: Maintain Infoway’s High-Performance Team**

Canada-Wide Team

*Infoway* continued to strengthen its team and provide necessary training for its role in supporting EHR implementation across the country. As a national catalyst and resource for change, *Infoway* depends on a team with deep knowledge and broad experience: health professionals, privacy and technology experts, systems architects, lawyers, IT procurement experts, accountants and policy analysts. On-going training and development ensured *Infoway’s* staff maintained their highly specialized skills.

This focus on organizational excellence included:

- Strengthening its regional executive leadership and presence.
- Hiring over two dozen senior project managers, standards specialists and technology architects to support provinces and territories as they moved to province-wide deployment. These key individuals were placed in the regions to work more closely with our jurisdictional partners.
- Continuing to build our clinician teams, specifically to support increased activity in Eastern Canada. Two Senior Medical Advisors – both physicians – joined the *Infoway* team in Quebec and in Atlantic Canada.

Helping with Tools and Skills

In 2006-07, *Infoway* implemented a Succession Planning strategy, including leadership development and 360-degree feedback tools.

Based on employees’ feedback, a new training plan was designed that added new areas, including project management sessions on various aspects of the healthcare sector. Pilot classes tested the effectiveness of the new training, which will be widely available in 2007-08.

Training Excellence Recognized

Canada Health Infoway’s Project Management Office was approved as a Registered Education Provider by the Project Management Institute (PMI). This allows *Infoway* to train employees who hold, or aspire to hold, the Project Management Professional Certification (PMP), or the Certified Associate in Project Management (CAPM) designation.
Secure, 24/7 systems that exchange patient information are helping clinical teams work better together – including at the only clinic in Canada that’s allowed to make a right turn on a red light.

In fact, the clinic is actually two specially equipped buses operated by the Sherbourne Health Centre. Staffed by 40 volunteer nurses, the buses deliver mobile medical services to 2,000 homeless and under-served clients in downtown Toronto. One volunteer is Sister Georgette Gregory, who has worked “the buses” for eight years. Sister Georgette experienced first-hand the power that electronic health records brought to her work.

“I will honestly say I was not happy when I first heard we were going to electronic charting, but since we have done so, I have to say that we are able to give better care to the patient,” she says. “There is a sense of continuity I did not have before, and the system helps me to re-identify the patient and the problems they are experiencing when I see them again.”

The health buses fulfill a vital role, since 36 per cent or more of Sherbourne clients are homeless, many with multiple conditions including chronic disease, mental illness and HIV. With so many volunteers, electronic records are invaluable to teamwork and to better health care. Patients no longer need to remember and repeat their histories or their medications. Instead, the information is accessible to any nurse on any shift.

“There is a complete medical history with the chart which was never available when we had the old system,” says Sister Georgette.

An investment from Infoway will further improve Sherbourne’s EHR systems by connecting the buses’ EHR directly to the Health Centre’s main server through a secure wireless network. And a new 20-bed infirmary opening in late 2007 will also be linked electronically.

Once the project is complete, Sister Georgette and her colleagues will be able to seamlessly access patient information from bus, clinic and infirmary. “All in all, this electronic charting makes for a more satisfying interaction between both the patient and the nurse,” explains Sister Georgette.
10. Attending to Privacy

Objective: Further Enhance Privacy & Security Protection of EHR Solutions

Privacy Matters... A Lot
Promoting development of an EHR that is private, safe and secure is only part of Infoway’s goal. The other part is to help provinces and territories ensure that Canada’s EHRs earn the confidence of the public, clinicians and the privacy community. Questions of privacy are basic and important to all Canadians. Questions like: Who has access to my personal information? How is my information protected from unauthorized access? What safeguards are in place? Infoway shares these concerns.

Raising Governance Issues
Working with provinces and territories, Infoway continues to address these questions through a continually evolving privacy strategy. In 2005-06, Infoway focused on the technology required to build strong privacy and security features into our solutions. Specifically, Infoway’s Privacy & Security Architecture (PSA) has become a reference model for jurisdictions, helping with designs and requirements from vendors.

In 2006-07, this technical focus was complemented with work on privacy governance and accountability, that is, “Who controls patient information and who determines what data can be accessed by whom?” A comprehensive white paper, “Information Governance of the Interoperable Electronic Health Record (EHR)” was prepared. The work drew heavily from current healthcare governance mechanisms in Canada and elsewhere, and:

- Discussed a broad set of governance issues related to EHR privacy and security; and
- Described current governance mechanisms and best practices across Canada and in other countries. Selected industries were also reviewed, for lessons that could be applied to Canadian health care.

Infoway continues to require a Privacy Impact Assessment (PIA) for every provincial or territorial project that involves personal health information, to ensure it complies with local privacy requirements. Infoway is also conducting a PIA of the electronic health record Blueprint. This will help illustrate how the Blueprint addresses privacy, and identify any possible gaps.

Supporting Provinces and Territories
Infoway’s ongoing work with provinces and territories also includes:

- Designing privacy features that conform with Infoway’s Privacy and Security Architecture;
- Providing guidance and promoting reuse of best privacy practices and proven solutions; and
- The sharing of lessons learned between project teams and jurisdictions.
Canada’s Privacy Commissioner Goes Public on EHRs

Various excerpts from Jennifer Stoddart’s address to the “Conference on Harnessing the Power of Information Technology,” September 20, 2006

“Pan-Canadian, interoperable EHR systems offer a great opportunity for efficiency and effectiveness to meet the challenges facing health care in Canada. The potential advantages are especially tantalizing in light of current debates about the financial limits governments face in delivering health care.”

“In our enthusiasm about the potential benefits of EHR systems, we must remember that these systems may well stand – or fall – on how they respond to privacy concerns.”

“The proponents of EHRs in Canada will face two important tasks – first, ensuring that EHR systems provide a gold standard of privacy protection; and second, communicating this to the public.”

“Better privacy protection will result from keeping privacy in the fore of the minds of healthcare professionals as they go about their work. Each profession has a responsibility to make privacy part of its training, its continuing education, and its ethics.”

“One of Infoway’s stated core values is respect for privacy – and that is music to the ears of any Privacy Commissioner and anyone concerned about individual privacy. Infoway has been responsive to the concerns that provincial Commissioners and my Office have voiced about standards and governance in personal information protection matters. That is an institutional attitude worth emulating.”

“A truly interoperable EHR system may no longer fall under the privacy laws of just one jurisdiction. The system should respect the privacy standard of the jurisdiction that has the most stringent standard.”

“I urge you not to look at the protection of personal information as an impediment in moving forward with EHRs. At the end of the day, we all want to find a way of using information that is better for health care, better for researchers, better for distributing our limited resources within the healthcare system, and better for the health of patients and their privacy.”
From 0 to 200 in Record Time

In its early years, Infoway established a common framework to guide the development of compatible health information systems across the country. The provinces and territories are now aggressively building on this foundation, quadrupling the number of projects in just three years.

As a result of their remarkable progress, all Canadians will benefit from new health information systems by 2010. Furthermore, 50 per cent of Canadians will have their complete EHR readily available to the authorized professionals who provide their healthcare services.
227 projects valued at $1.176B in all 9 investment programs. This includes 141 joint projects with provinces and territories (below) and 86 Canada-wide projects.
In 2003-04, Infoway had 53 projects, including 26 with the jurisdictions and 27 Canada-wide projects.
Mapping the Way Ahead
Summary of 2007-08 Priorities

This section summarizes InfoWay’s major objectives for the year ahead, based on its 2007-08 strategies and Business Plan (available at www.infoway-inforoute.ca). Two areas in particular are driving our 2007-2008 corporate focus.

• The first is our continuing collaboration with our partners to successfully complete and deploy the large number of projects approved and initiated over the past few years. This challenge will require a shift to a regionally focused organization closely aligned to our partners and their needs.

• The second reflects the federal government’s additional $400 million capitalization for InfoWay to accelerate deployment of electronic health records (EHRs), addressing the specific issue of improving patient wait times.
Mapping the Way Ahead

1 Support Canadian Healthcare Renewal

*Infoway* will work collaboratively to support our partners’ healthcare renewal objectives. This will include supporting specific national, provincial/territorial and local initiatives to strengthen health care.

2 Promote a Strong Pan-Canadian Health Infrastructure

*Infoway* will work with our public and private sector partners to continue progress and alignment in strengthening Canada’s health infrastructure. These efforts will be underpinned by the provinces’ and territories’ three-year e-health plans, joint investments and enhanced procurements.

Specifically, *Infoway* will work with the jurisdictions, health organizations, vendors and other stakeholders across the country to promote the 2015 Vision and its five priorities:

(a) Completing EHR deployment for all Canadians; (b) Accelerating EMRs and advancing clinical information system (CIS) implementations; (c) Initiating new patient wait time systems; (d) Facilitating patient self-care, and (e) Introducing advanced functionality such as chronic disease management systems. Health leader round-tables and vendor forums will facilitate open discussion of the opportunities and challenges of EHR solutions.

3 Target the Investments

The additional $400 million earmarked in the 2007 federal Budget will allow *Infoway* to further accelerate investments in health information solutions that support the transformation of Canada’s healthcare system. Specifically, in 2007-08 *Infoway* will:

- Develop and approve a new investment program strategy for the $400 million of new funding, while working with the jurisdictions to confirm specific projects and investment requirements; and
- Accelerate implementation of EHRs, telehealth and health surveillance, promoting replication and reuse in all investments.

*Infoway* will target investment approvals of between $110 and $150 million. The payment of project expenses to the jurisdictions as they meet their milestones will become an important focus. *Infoway* will work to facilitate payments, and set specific targets for payments to the jurisdictions based upon agreed milestone deliverables.
4 Support Solution Deployment

Infoway will continue providing expertise to support our partners’ successful implementation of secure e-health solutions. At the same time, it will continue monitoring projects to ensure costs and risk are well-managed and best practices shared. Priorities will include: promoting compliance with pan-Canadian standards and Infoway’s Blueprint Architecture, facilitating replication and shared solutions, and negotiating preferred solution agreements.

Importantly, Infoway will continue to work actively with all 14 privacy commissioner offices to ensure strong privacy and security practices. This will include defining an overall EHR privacy governance framework with key stakeholders, and completing a Privacy Impact Assessment of the overall EHR. Infoway will also work closely with jurisdictions to monitor project costs, deliverables, quality and risk. Infoway’s organizational move to a regional model will facilitate on-going implementation support.

5 Promote Solution Adoption and Benefits Realization

In 2007-08, activities will focus on promoting clinical leadership, advancing best practices in clinician adoption of EHRs, and supporting the early measurement of benefits. Infoway will expand regional “peer-to-peer” networks of physicians, nurses and pharmacists to champion EHR adoption among clinicians. Working with academic and other healthcare organizations, it will expand training and knowledge-sharing initiatives, and enhance Change Management services to support clinician adoption. Infoway will also foster and coordinate jurisdictional benefits evaluation plans. The early results of Infoway’s Innovation projects will be used to showcase specific methodologies and successes.

To continue delivering value as a high-performance strategic investor, Infoway will support these strategies with targeted corporate priorities:

Human Resources

Infoway continues to grow its corporate competencies in response to its evolving leadership and collaborative role with its partners. In particular, Infoway will further develop and implement the organizational changes needed to move to a regionally focused organization. This reorganization will promote strong collaboration and client relations, better serving our jurisdictional partners as development and deployment become their dominant focus. Internally, Infoway will implement the programs and tools to support individuals, teams and functional units.

Communications

Communications will focus on increasing public and stakeholder awareness of Canada’s e-health vision, its progress on electronic health records, and emerging benefits. A range of targeted activities will include: developing new materials to meet the specific information needs of the public, promoting early successes and best practices, undertaking speaking engagements and media outreach, conference participation, a revamped website and public service announcements.

Streamlining Operations

Infoway will diligently manage its capital endowment while working with provinces and territories to streamline operations and address the jurisdictions’ cash flow requirements. This will include expediting expenditure claims on milestones met and helping to close the gap between approval of investments and expenses paid. Certification of financial transactions by financial officers in the jurisdictions will facilitate this priority. Infoway will also continue tracking corporate risks, putting mitigation strategies in place.
EHR: AT THE CROSSROADS OF SUCCESS
Management’s Discussion and Analysis
of Financial Condition and Results of Operations

The following section provides an overview of InfoWay’s operations and a detailed explanation of the financial statements and should be read in conjunction with those statements. This discussion and analysis is the responsibility of Management. The Board of Directors carries out its responsibility for review of InfoWay’s Financial Statements through its Finance, Investment and Audit (FI&A) Committee, whose voting members are independent of Management. The FI&A Committee reviews the financial statements and recommends their approval by the Board of Directors.

This section includes certain forward-looking statements that are based on current expectations and, therefore, subject to risks and uncertainties. Many internal and external factors may cause actual results to differ materially.
**Infoway**

Created by Letters of Patent in 2001 under Part II of the *Canada Corporations Act*

**Members**

14 F/P/T Jurisdiction Deputy Ministers of Health
- Appointment of External Auditors
- Appointment of 7 Board Directors
- Election of 6 Directors
- Annual general meeting

**Board of Directors**

2 Federal Appointees
5 P/T Appointees
4-6 Directors at large elected
- Approval of investment program strategies, the corporate business plan and major strategic plans
- Integrity of process
- Risk management
- Appointment of officers and setting of compensation
- Oversight of finance and audits
- Governance and administrative policies
- Fund administration and investments
- Meets at least 4 times per year

**Officers / Management**

- Implement strategies & plans
- Meet annual performance targets / goals and other reporting requirements of Funding Agreements

**Joint Investors**

- F/P/T Governments
- Other partners

**Public**

- Website
- Annual Report
- News Releases
- Business Plan

**Board Committees**

- Governance Committee
- Finance, Investment & Audit Committee
- Compensation & Human Resources Committee

**Reporting Requirements**

- Annual Financial Audit
- Annual Compliance Audit
- Corporate Business Plan
- Annual Report
- Performance Evaluations

**Figure 5**
Overview

Corporate Overview
During 2006-07 Infoway’s Board and Management continued their commitment to accountability and transparency by adopting best business practices and focusing on continuous improvement initiatives. Specifically, Infoway:

- Refined its corporate risk management framework and enhanced its assessment tools.
- Collaborated with jurisdictions on how to facilitate acceleration of sponsor reimbursement claims.
- Established working groups for internal projects to streamline its administrative processes and re-examine its role as strategic investor.
- Enhanced Infoway’s governance practices by updating its self-assessment questionnaire for Board members.
- Collaborated with jurisdictions on coordinated, joint and national procurements to promote preferred solution agreements; and
- Strengthened due diligence review of vendors for EHR projects.

Governance and Accountability
Infoway was established in 2001 as an independent, not-for-profit shared governance corporation. The Funding Agreements concluded with the federal government provide guiding principles for the use of the funds received from the federal government and set out expected results. The focus is on collaboration on an equal basis and shared oversight by the federal, provincial and territorial governments. Infoway’s Funding Agreements require the corporation to meet annual audit requirements, and other specified reporting requirements as well as effective management and stewardship of the $1.2 billion in initial capitalization entrusted to Infoway as illustrated in Figure 5.

Investment Funds and Performance
To exercise prudent and effective management and stewardship of the funds, Infoway has established the following structure:

- RBC Dexia Investor Services Ltd. has been engaged to act as the custodian of the funds and provide compliance services.
- Four investment managers: State Street Global Advisors Ltd. (Montreal), Addenda Capital Inc. (Montreal), TD Asset Management Inc. (Montreal), TD Asset Management Inc. (Toronto) and Philips, Hager & North Investment Managers Ltd. (Vancouver) are retained to ensure diversification by investment approach.
- The services of Mercer Investment Consulting were retained to review the investment strategy, policy and structure in order to assess their appropriateness on a going-forward basis. The current investment manager structure, policy and strategy were deemed appropriate. Mercer also provides advisory services for the ongoing monitoring of performance and compliance reporting of fund managers.

Appropriate benchmarks have been established to measure the performance and added value of the total fund and of the individual managers in absolute and relative terms.

Management’s Explanation of Results
Investment income, net of Custodial and Investment Management fees, amounted to $46.3 million for fiscal year 2006-07 (rate of return of 4.3%) compared to $43.3 million for the previous year (rate of return of 3.8%).

The total Fund balance was $1.07 billion as of March 31, 2007. A cumulative total of $1.18 billion in project funding has been approved and committed of which $823 million remains unspent as of the same date, as explained in more detail below.

Projects and Programs
Infoway’s Board has approved the specific strategies and allocated funds for each of the nine Investment Program Strategies. Following this, Infoway worked closely with the jurisdictions to
define specific projects within the nine programs and three-year development plans for each jurisdiction, which are updated annually.

Program expenses are recognized on a milestone completion basis. Expenses are recognized when partners can match funds and deliver the projects. Many factors affect their pace including: jurisdictional readiness, competing priorities, lengthy procurement processes, and vendor product readiness. Consequently, there exists an inherent lag between project approvals and actual project expenditures and also between adoption and realizing benefits. Overall, current expenditures tend to lag approvals by approximately 24-36 months.

A total of 64 projects totalling $518.9 million were approved during fiscal year 2006-07. (Figure 6) The trend in new project approvals has spiked up significantly for the last three years. (Figure 7) As at March 31, 2007, Infoway has approved a cumulative total of $1.176 billion in project funding (98 per cent of total funds) and by fiscal year ending March 31, 2008, it is estimated that $1.306 billion (109 per cent of total funds) will have been approved for projects — these amounts are specifically earmarked and not available for other initiatives.

Program expenses totalled $153.4 million for this fiscal year compared to $100.5 million the previous year. (Figure 8) Projects approved during the previous fiscal years are reaching milestones and are having an impact on program expenses. Program spending since inception totalled $352.7 million.

It is expected that program expenses will increase to $205 million in 2007-08. Cumulative Program expenses for the year ending March 31, 2008, are expected to reach $557.7 million.

Operating expenses of $21.2 million for fiscal year 2006-07 compared to $17.3 million the previous year represents an increase of $3.9 million mainly due to sustaining the business and developing a long-term health Information Technology (IT) Strategic Plan for Canada.

Project and program expenses ratio to total expenses is expected to increase significantly in the upcoming years compared to Operating expenses. (Figure 9)

Cumulative total expenses for the year ending March 31, 2008, are expected to reach $676.5 million, of which $557.7 million will be Program-related and $118.8 million for Operating expenses.

For the last five fiscal years Investment income more than covered Operating expenses allowing Infoway to preserve its original $1.2 billion capital for project investments.

As of March 31, 2007, the accumulated life-to-date surplus of Investment income over Operating expenses amounted to $142.0 million, of which $67.4 million was added to the original $1.2 billion Program envelopes, increasing capital for program investment to $1.267 billion.

Acquisition of capital assets for 2006-07 amounted to $0.2 million and was mainly for computer hardware, software and telecommunication equipment.

The total remuneration paid, including any fee allowance or other benefit to Infoway’s management team involved in the deployment or execution of the purpose of the Funding Agreements was $3.6 million as of March 31, 2007.

Current Program Envelopes

Prior to the March 2007 federal budget announcement of investing an additional $400 million for Infoway to support early movement towards patient wait times guarantees through the development of health information systems and electronic health records, Infoway faced a shortfall of approximately $600 million. This was a result of increasing its proportion of funding in key areas from 50 per cent to 75 per cent of eligible costs in March 2005. This increase in the funding ratio was designed to help alleviate some of the financial pressures many jurisdictions were experiencing in meeting matching funding requirements. This additional funding will significantly contribute towards helping Infoway achieve its goal of having 50 per cent of Canadians (by population) with an iEHR by 2010.
### Projects and Programs

*(In millions of dollars unless otherwise shown)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Approved</td>
<td>$321.0</td>
<td>$381.4</td>
<td>$518.9</td>
<td>$1,176*</td>
<td>$130.0</td>
<td>$1,306</td>
</tr>
<tr>
<td>Number of Projects</td>
<td>105</td>
<td>58</td>
<td>64</td>
<td>227</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Program Expenses</td>
<td>$98.8</td>
<td>$100.5</td>
<td>$153.4</td>
<td>$352.7</td>
<td>$205.0</td>
<td>$557.7</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$53.9</td>
<td>$17.3</td>
<td>$21.2</td>
<td>$92.4</td>
<td>26.4</td>
<td>$118.8</td>
</tr>
</tbody>
</table>

* The $1.176 billion cumulative total project approvals as at March 31, 2007, is net of surpluses from previously closed projects.

#### Figure 6

**Project Approvals/Commitments**

*(in millions of dollars)*

![Graph](image)

The $1.176 billion cumulative total project approvals as at March 31, 2007, is net of surpluses from previously closed projects.

#### Figure 7

**Program Expenses**

*(in millions of dollars)*

![Graph](image)

Cumulative total project expenses amounted to $352.7 million as at March 31, 2007.
Cumulative Total Expenses
Since Inception (in millions of dollars)

Risk Management Framework

External factors

Enterprise Risks

Benefits Realization Risk
Clinician Adoption Risk
Privacy & Security Risk
EHR Design & Implementation Risk
Stakeholder Relations Risk
Program/Project Risk
People & Organizational Risk
Financial/IMT Risk
Regulatory & Legal Risk

External
Focus
Internal

Operations

Risk to Reputation
In addition, beyond its current mandate of providing an interoperable EHR to 50 per cent of the Canadian population by 2010, Infoway will need significant additional capital to provide the benefits of EHRs to all Canadians and across the continuum of care as recommended in the 2006 Health Council of Canada Annual Report to Canadians. Two recent studies estimated the 10-year total cost of ownership for the Infostucture costs of a Pan-Canadian EHR at approximately $10 billion.

**Risk Management**

Information Technology investments, in general, entail risk and this is compounded by the large-scale innovative technologies needed to transform a complex healthcare system. Recognizing this, Infoway has begun, as of last year, a staged integrated approach to the identification, measurement, monitoring and management of risks faced across the organization.

During this fiscal year, Management refined its Risk Management Framework (Figure 10) and risk assessment tool. The key risk areas are subject to ongoing periodic assessments as to the likelihood an identified potential event(s) will occur and the significance of the risk(s) in achieving Infoway’s 2010 goal. A Risk Management Action Plan which addresses these risks along with their risk ratings and corresponding risk mitigation strategies is reported to the Board, on a semi-annual basis.

If any risk or a combination of threats within the strategic and enterprise risk areas materializes, it may threaten Infoway’s credibility and reputation by creating negative perceptions of Infoway in the minds of its employees, key stakeholders and the public and, in turn, affect Infoway’s ability to execute its strategies. Reputation risk is managed through our Communications Strategy, corporate governance practices and risk management framework.

In addition, Infoway and the jurisdictions are reviewing how to better manage and monitor risk from three perspectives: project view; jurisdiction view; and pan-Canadian view. (Figure 12) This framework forms the foundation for the setting of appropriate risk oversight processes and the consistent communication and reporting of key risks that could have an impact on the achievement of Infoway’s business objectives and strategies.

One of the principal risks to Infoway is not achieving its 2010 Goal of having 50 per cent of Canadians benefiting from EHR systems which relates to the jurisdictions’ inability to match funding.

As noted in Figure 11, the following risks have been assessed at a “high level” and therefore, efforts are focused at mitigating these specific risks:

- Clinician adoption risk relating to factors such as the inability to change the culture or mindset of end-users or clinicians resulting in low/slow adoption rates. Some ongoing mitigation strategies include: revisions to End-user Strategy projects; ensuring appropriate funding and execution of change management in all projects; communications initiatives in this area to encourage clinician adoption; establishing a Senior Clinical Advisory Team to liaise with health provider organizations and clinician community; and setting up Physician, Nursing and Pharmacist Advisory Groups to provide input to end-user adoption strategies.

- Privacy and security risks related to the EHR. Some mitigation strategies include: updating the Privacy Impact Assessment Policy; the development and communication of a White Paper on governance issues and iEHRs; and the development of a communications strategy which addresses privacy concerns surrounding the EHR.
Infoway’s key risk areas have been assessed as at March 31, 2007, as follows:

Key risk areas
1 Risk to 2010 Goal
2 Benefits Realization Risk
3 Clinician Adoption Risk
4 Privacy & Security Risk
5 EHRS Design & Implementation Risk
6 Stakeholder Relations Risk
7 Program/Project Risk
8 People & Organizational Risk
9 Financial & IMT Risk
10 Regulatory & Legal Risk
11 Risk to Reputation

Legend
- Dark Orange: EXTREME RISK
  Immediate action required; Infoway management involved.
- Light Orange: HIGH RISK
  Infoway management monitoring with recommendations provided for action.
- Light Gray: MODERATE RISK
  Infoway management monitoring.
- Dark Gray: LOW RISK
  Manage by routine procedures.

Infoway’s key risk areas have been assessed as at March 31, 2007, as follows:

- Risk to 2010 Goal
- Benefits Realization Risk
- Clinician Adoption Risk
- Privacy & Security Risk
- EHRS Design & Implementation Risk
- Stakeholder Relations Risk
- Program/Project Risk
- People & Organizational Risk
- Financial & IMT Risk
- Regulatory & Legal Risk
- Risk to Reputation

Any key indicator where the risk is high or extreme across projects in multiple jurisdictions will be reviewed and action recommended at the CIO Forum.
• EHRS design and implementation risks such as technology risk related to EHRS Blueprint, not achieving interoperability, replicability and reusability of solutions and Pan-Canadian Standards not being implemented. Some mitigation strategies include: develop a long-term vision for interoperability; three-year technology and investment plans aligned to Infoway’s investment programs; Standards Collaborative initiatives; negotiate preferred solution agreements and jurisdictions agree to implement common solutions; and development of a solution risk and quality review plan and guidelines.

• Program/project risks: failure to deliver the project on time, on budget and to quality/performance expected. Management assumes responsibility for the entire lifecycle of each project including its planning, development, expenses, execution and monitoring under the oversight of the Board of Directors and consistent with the Funding Agreements. In addition to this ongoing program/project governance, other mitigation strategies include: our gated funding model; “Go/No Go” decision points; enhanced risk review and monitoring by management committee; development of a quality assurance framework; and working with the jurisdictions on a collaborative risk management approach to program and project investments.

Infoway and the jurisdictions, represented by federal, provincial and territorial Chief Information Officers (CIOs), have developed the key risk indicators shown in Figure 12 for monitoring their joint investments from three perspectives.

Management is committed to continuing on the journey to make integrated risk management fully operational. For example, training and development initiatives are underway to raise the risk awareness level of the organization. Regular monitoring of these risks and any new risks occurs through Infoway’s management structure and interactions with its Board and key stakeholders, and through its corporate planning process.
Financial Statements
March 31, 2007
Auditors’ Report

To the Members of
Canada Health Infoway Inc.

We have audited the balance sheet of Canada Health Infoway Inc. [the “Corporation”] as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation’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 Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP
Montreal, Canada Chartered Accountants
May 2, 2007
## Balance Sheet

*As at March 31*  
*[In thousands of dollars]*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,265</td>
<td>1,087</td>
</tr>
<tr>
<td>Temporary investments [note 3]</td>
<td>212,102</td>
<td>193,075</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>7,392</td>
<td>9,334</td>
</tr>
<tr>
<td>Sales taxes recoverable</td>
<td>3,455</td>
<td>1,202</td>
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<tr>
<td>Prepaid expenses</td>
<td>289</td>
<td>260</td>
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<tr>
<td><strong>Total Current assets</strong></td>
<td>226,503</td>
<td>204,958</td>
</tr>
<tr>
<td><strong>Portfolio investments [note 3]</strong></td>
<td>856,007</td>
<td>957,308</td>
</tr>
<tr>
<td><strong>Capital assets [note 4]</strong></td>
<td>1,219</td>
<td>2,073</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,083,729</td>
<td>1,164,339</td>
</tr>
<tr>
<td><strong>Liabilities, Deferred Contributions And Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>114,465</td>
<td>66,752</td>
</tr>
<tr>
<td><strong>Deferred contributions [note 5]</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses of future periods</td>
<td>968,045</td>
<td>1,095,514</td>
</tr>
<tr>
<td>Capital assets</td>
<td>1,219</td>
<td>2,073</td>
</tr>
<tr>
<td><strong>Total Deferred contributions</strong></td>
<td>969,264</td>
<td>1,097,587</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Contributions And Net Assets</strong></td>
<td>1,083,729</td>
<td>1,164,339</td>
</tr>
</tbody>
</table>

Commitments and Contingent Liabilities [note 6]  
*See accompanying notes*

On behalf of the Board:

H.A. Steinberg, C.M.  
Director

T. Closson  
Director
# Statement of Operations

*Year ended March 31*  
*In thousands of dollars*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programs and Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>3,928</td>
<td>4,002</td>
</tr>
<tr>
<td>Interoperable EHR</td>
<td>14,038</td>
<td>7,351</td>
</tr>
<tr>
<td>Innovation and Adoption</td>
<td>8,098</td>
<td>1,520</td>
</tr>
<tr>
<td>Diagnostic imaging systems</td>
<td>35,572</td>
<td>43,413</td>
</tr>
<tr>
<td>Laboratory information systems</td>
<td>19,324</td>
<td>6,683</td>
</tr>
<tr>
<td>Drug information systems</td>
<td>12,191</td>
<td>17,903</td>
</tr>
<tr>
<td>Registries</td>
<td>30,304</td>
<td>11,224</td>
</tr>
<tr>
<td>Telehealth</td>
<td>9,084</td>
<td>2,649</td>
</tr>
<tr>
<td>Public health surveillance</td>
<td>20,863</td>
<td>5,756</td>
</tr>
<tr>
<td></td>
<td>153,402</td>
<td>100,501</td>
</tr>
<tr>
<td>Operating</td>
<td>21,233</td>
<td>17,308</td>
</tr>
<tr>
<td></td>
<td>174,635</td>
<td>117,809</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution from restricted resources</td>
<td>173,573</td>
<td>116,575</td>
</tr>
<tr>
<td>Amortization of deferred contributions relating to capital assets</td>
<td>1,062</td>
<td>1,234</td>
</tr>
<tr>
<td></td>
<td>174,635</td>
<td>117,809</td>
</tr>
</tbody>
</table>

Excess of revenue over expenses for the year, being net assets at end of year  

See accompanying notes
Statement of Cash Flows

<table>
<thead>
<tr>
<th>Year ended March 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>[In thousands of dollars]</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted investment income received</td>
<td>50,069</td>
</tr>
<tr>
<td>Cash paid for projects, programs and operating expenses</td>
<td>(129,391)</td>
</tr>
<tr>
<td><strong>Cash flows related to operating activities</strong></td>
<td>(79,322)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net disposal of investments</td>
<td>81,708</td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>(208)</td>
</tr>
<tr>
<td><strong>Cash flows related to investing activities</strong></td>
<td>81,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net change in cash during the year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, beginning of year</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>3,265</td>
</tr>
</tbody>
</table>

See accompanying notes
The Corporation was incorporated by Letters Patent on January 22, 2001 under Part II of the Canada Corporations Act and commenced active operations on March 21, 2001. The Corporation is a non-taxable entity.

1. Nature of operations

The objectives of the Corporation are as follows:

[a] To accelerate the development and adoption of modern systems of health information and communication technologies;

[b] To define and promote standards governing shared data to ensure the compatibility of health information networks; and

[c] Without limiting the foregoing, in the pursuance of those objectives set out in (a) and (b) above:

[i] To support the adoption of such standards for health information and compatible communication technologies for the health sector in Canada;

[ii] To enter into collaborative arrangements as required with the Government of Canada, the provinces and territories, corporations, not-for-profit organizations and other persons for the development and adoption of the standards and technologies;

[iii] To incorporate standards that protect personal privacy and confidentiality of individual records, and security of health information; and

[iv] To undertake its work in both official languages of Canada.

The Corporation was funded by the Government of Canada with an initial contribution of $500,000,000 on March 21, 2001, by an additional contribution of $600,000,000 on July 31, 2003 and by another contribution of $100,000,000 on June 8, 2004. The contributions are subject to terms and conditions set out in the related funding agreements.

On March 30, 2007, the Corporation entered into an agreement with the Government of Canada for an additional contribution of $400,000,000 subject to terms and conditions set out in the related funding agreement. Funds are expected to be received over the next five years.
2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Externally restricted contributions from the Government of Canada are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income is recognized as revenue on the same basis as the externally restricted contributions.

Investments

Investments are recorded at cost. Premiums or discounts are amortized over the remaining term of the investments. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Capital assets

Capital assets are carried at cost, less accumulated amortization. Assets are amortized over their estimated useful lives using the straight-line method. Amortization rates are the following:

- Software and licenses: 3 years
- Computer equipment: 3 years
- Office equipment: 5 years
2. Significant accounting policies [Cont’d]

Employee future benefit
The Corporation has established a defined benefit pension plan for the President and Chief Executive Officer. The Corporation accrues its obligations under the benefit plan and the related costs, net of plan assets. The cost of the pension earned is actuarially determined using the projected benefit method prorated on services, a discount rate based on market interest rates at the measurement date on high quality debt instruments with cash flows that match the timing and amount of expected benefit payments and management’s best estimate of expected plan investment return, salary escalation and retirement age. An actuarial estimate was made at year-end.

As at March 31, 2007, $530,800 has been contributed to the plan, funding entirely the actuarially projected benefit obligation.
Notes to Financial Statements

March 31, 2007
[Amounts in tables are in thousands of dollars]

3. Investments

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market value</th>
<th>Effective interest rate</th>
<th>Nominal interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Temporary investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>142,498</td>
<td>138,657</td>
<td>3.3 to 5.6</td>
<td>2.8 to 6.7</td>
</tr>
<tr>
<td>Treasury bills</td>
<td>65,158</td>
<td>65,158</td>
<td>4.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Bankers’ acceptances</td>
<td>1,985</td>
<td>1,985</td>
<td>4.3</td>
<td>N/A</td>
</tr>
<tr>
<td>Discount notes</td>
<td>2,461</td>
<td>2,461</td>
<td>4.3</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>212,102</td>
<td>208,261</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Portfolio investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>856,007</td>
<td>851,842</td>
<td>3.2 to 5.6</td>
<td>3.5 to 7.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,068,109</td>
<td>1,060,103</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **2006**             |       |              |                         |                       |
| **Temporary investments** |       |              |                         |                       |
| Bonds                | 55,385  | 55,304       | 3.8 to 4.3              | 5.0 to 5.7            |
| Treasury bills       | 77,110  | 77,110       | 3.6 to 4.0              | N/A                   |
| Bankers’ acceptances | 6,169   | 6,169        | 3.8 to 4.1              | N/A                   |
| Discount notes       | 54,411  | 54,411       | 3.6 to 4.1              | N/A                   |
| **Total**            | 193,075 | 192,994      |                         |                       |
| **Portfolio investments** |       |              |                         |                       |
| Bonds                | 957,308 | 947,997      | 3.5 to 4.6              | 2.8 to 7.6            |
| **Total**            | 1,150,383 | 1,140,991    |                         |                       |

Investment maturities are as follows:


It is the Corporation’s policy to only invest in debt of counterparties with at least A- [or its equivalent category] investment ratings. The principal amount will not be invested in shares, warrants, or other equities, convertible debt securities, derivatives, swaps, options or futures.

The fair value of bonds, treasury bills, bankers’ acceptances and discount notes is based on the quoted market prices obtained from the independent investment custodian.
Notes to Financial Statements

March 31, 2007
[Amounts in tables are in thousands of dollars]

4. Capital assets

Capital assets include the following:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated depreciation</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software and licenses</td>
<td>1,253</td>
<td>941</td>
<td>312</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>1,799</td>
<td>1,407</td>
<td>392</td>
</tr>
<tr>
<td>Office equipment</td>
<td>1,732</td>
<td>1,217</td>
<td>515</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,784</td>
<td>3,565</td>
<td>1,219</td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software and licenses</td>
<td>1,308</td>
<td>550</td>
<td>758</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>1,559</td>
<td>1,080</td>
<td>479</td>
</tr>
<tr>
<td>Office equipment</td>
<td>1,710</td>
<td>874</td>
<td>836</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,577</td>
<td>2,504</td>
<td>2,073</td>
</tr>
</tbody>
</table>

Amortization expense for the year ended March 31, 2007 amounts to $1,061,623 [$1,234,417 – 2006].
5. Deferred Contributions

Expenses of future periods
Deferred contributions related to expenses of future periods represent unspent externally restricted contributions, together with investment revenue earned, which have been restricted for the purpose defined in the objects of the Corporation.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred contributions, beginning of year</td>
<td>1,095,514</td>
<td>1,169,299</td>
</tr>
<tr>
<td>Investment income earned on resources restricted to finance future disbursements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>49,771</td>
<td>49,739</td>
</tr>
<tr>
<td>Amortization of bond premium or discount</td>
<td>(566)</td>
<td>(3,530)</td>
</tr>
<tr>
<td>Loss on sale of investments</td>
<td>(1,644)</td>
<td>(1,584)</td>
</tr>
<tr>
<td>Custodial and portfolio management fees</td>
<td>(1,249)</td>
<td>(1,288)</td>
</tr>
<tr>
<td></td>
<td>46,312</td>
<td>43,337</td>
</tr>
<tr>
<td>Income recognized as revenue during the year</td>
<td>(173,573)</td>
<td>(116,575)</td>
</tr>
<tr>
<td>Amount applied toward capital assets acquired during the year</td>
<td>(208)</td>
<td>(547)</td>
</tr>
<tr>
<td></td>
<td>(127,469)</td>
<td>(73,785)</td>
</tr>
<tr>
<td>Deferred contributions, end of year</td>
<td>968,045</td>
<td>1,095,514</td>
</tr>
</tbody>
</table>
Notes to Financial Statements

March 31, 2007
[Amounts in tables are in thousands of dollars]

5. Deferred Contributions [Cont’d]

Capital assets
Deferred contributions related to capital assets represent unamortized amount of contributions received and applied toward the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization of the related capital assets.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred contributions, beginning of year</td>
<td>2,073</td>
<td>2,760</td>
</tr>
<tr>
<td>Contribution applied toward the purchase of capital assets</td>
<td>208</td>
<td>547</td>
</tr>
<tr>
<td>Amount amortized to revenue during the year</td>
<td>(1,062)</td>
<td>(1,234)</td>
</tr>
<tr>
<td>Deferred contributions, end of year</td>
<td>1,219</td>
<td>2,073</td>
</tr>
</tbody>
</table>
6. Commitments and Contingent Liabilities

Contractual Commitments
Upon inception, the Corporation received funding totalling $1.2 billion to finance its share of specific projects approved and committed to by the Board of Directors.

In accordance with its investment strategy, the Corporation has, since its inception, committed to finance, in whole or in part, projects totalling $1,176 million subject to the achievement of certain milestones by the Corporation’s project sponsors. As of March 31, 2007, the unspent portion of these projects amounted to $822.8 million of which $134.8 million represents contractual commitments as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>97,963</td>
</tr>
<tr>
<td>2009</td>
<td>33,310</td>
</tr>
<tr>
<td>2010</td>
<td>3,527</td>
</tr>
<tr>
<td>Total</td>
<td>134,800</td>
</tr>
</tbody>
</table>

Operating lease commitments
The Corporation rents premises under operating leases which expire, at the latest, in fiscal year ending March 31, 2010. Minimum annual rental payments to the end of the lease terms are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,775</td>
</tr>
<tr>
<td>2009</td>
<td>1,261</td>
</tr>
<tr>
<td>2010</td>
<td>164</td>
</tr>
<tr>
<td>Total</td>
<td>3,200</td>
</tr>
</tbody>
</table>

Contingent liabilities
The Corporation is involved in legal proceedings in the normal course of business. Management provides for their best estimate of the expected outcome, however the actual outcome may differ from management’s estimates.
Notes to Financial Statements

March 31, 2007
[Amounts in tables are in thousands of dollars]

7. Financial instruments

Fair value of assets and liabilities
The carrying values of cash, interest receivable, sales taxes recoverable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

Interest rate risk
The Corporation is exposed to interest rate risk on temporary investments and portfolio investments (note 3). The Corporation does not use derivative financial instruments to hedge interest rate risk.
Electronic Health Record

Since 2001, Infoway has been working with Canada’s 14 federal, provincial, and territorial governments to improve the accessibility, safety and efficiency of health care for all Canadians, by developing private and secure Electronic Health Records (EHR).

Your EHR will provide an up-to-date, accurate history of your care, including lab and radiology tests, treatments, medications, immunizations and allergies, to your authorized healthcare team.

Your EHR will be available 24/7 — providing the right information to the right clinician at the right time so that the best, safest and most effective decisions are made about your care.

With over 200 projects across Canada, Infoway and its partners are building modern health information systems that are fundamental to our health and to all our healthcare reforms, from reducing wait times to improving patient safety and access to primary care.