



Canada Health Infoway
Inforoute Santé du Canada



Accelerating the Development of Electronic
Health Information Systems for Canadians

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MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

It is an honour to serve as the inaugural Chair of the Board of Directors for Canada Health Infoway Inc. (*Infoway*). I am pleased to provide this report on our activities for our first fiscal year.

Since the appointment of our Board of Directors in June, we have laid the foundation for fostering and accelerating the development of interoperable electronic health record solutions on a pan-Canadian basis. We are working toward solutions that will provide Canadians and their health-care providers with timely, appropriate and secure access to the right information about their health, no matter where they are in Canada. This will help improve the safety and quality of, as well as access to, health care for all Canadians.

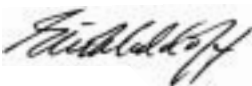
Throughout this start-up period, both Linda Lizotte-MacPherson and I have benefited from the active involvement of each of our colleagues on the Board of Directors. Their energy, leadership and commitment have made it possible to get *Infoway* up and running. By providing management skills as well as much needed hands-on leadership, they have helped ensure that the building blocks for the ultimate success of the Corporation were put in place in a well-thought-out and effective manner.

At the outset, the Board of Directors agreed that developing our mission statement, overall vision and business model were essential prerequisites for defining the profile of the President and Chief Executive Officer. Once that was accomplished, the Board began the recruitment process and, in order to accelerate the development of our business plan, decided to proceed with preliminary work on the development of standards and with an environmental scan.

The support and encouragement of our Members, — the federal, provincial and territorial Deputy Ministers of Health — have also been a key to our success. Their leadership has been essential in putting the foundation of *Infoway* in place. I would particularly like to thank Shelley Ewart-Johnson, Deputy Minister of Health and Wellness of Alberta, and Ian Green, federal Deputy Minister of Health, the co-chairs of the Conference of Deputy Ministers of Health, as well as Glenda Yeates, Deputy Minister of Health of Saskatchewan, the provincial liaison.

As we head into our second year of operation, all of us recognise the magnitude of the challenge before us. A national health-care infrastructure must connect with the thousands of health-care professionals who provide services to individuals across the range of institutions that comprise today's complex health system. Competing interests and conflicting needs must be reconciled. Many hurdles lie ahead. But the ultimate prize — the sustainable, high-quality, safe and affordable health-care system that Canadians expect and deserve — makes our endeavour well worth the effort. And we believe our efforts will lead to success.

I look forward to the year ahead and to working with *Infoway's* diverse group of partners to achieve our goals.



Eric Maldoff
Chair, Board of Directors



MESSAGE FROM THE PRESIDENT AND CEO

The establishment of any new organisation is exciting. When that organisation has a mandate, as *Infoway* does, to help build the information and communications foundation for the Canadian health-care system of the future — a system that Canadians view as a cornerstone of their national identity — both the challenges and the rewards are considerable.

This year, we laid that foundation. We defined our mission, vision and objectives, and we launched a comprehensive environmental scan of electronic health record solutions. And we have supported work on standards development. These initiatives represent the basis for our first Business Plan and Investment Framework.

As we continue to foster and accelerate the development of electronic health record solutions on a pan-Canadian basis, we are guided by a number of key principles.

ACCOUNTABILITY TO CANADIANS Our mandate emanates from the people of Canada; we are determined to meet their expectations and earn their trust.

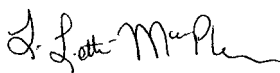
COLLABORATION Pan-Canadian electronic health record solutions will be built on partnerships. We will work collaboratively with provinces and territories, the health-care community, the private sector and individual Canadians.

FISCAL RESPONSIBILITY Entrusted with \$500 million by the Government of Canada, we are undertaking our work in a manner that results in the best value for the dollar and provides maximum benefit for all who use the system.

RESPECT FOR PRIVACY Canadians value their privacy, and we are committed to ensuring that electronic health record solutions are designed to maintain the security of information and the privacy of individuals.

At a time when health care in Canada is a subject of intense debate, *Infoway* has an historic opportunity to help shape its future. National, interoperable, electronic health records that bring comprehensive and portable information to health-care providers and their patients — when and where they need it — will empower Canadians and help to significantly improve patient safety as well as the quality, accessibility, timeliness and efficiency of health-care services for Canadians.

Over the past nine months, the Corporation has benefited from the extraordinary goodwill and mutual respect among the many partners that have come together to shape this organisation. I look forward to continuing to forge ahead with them, and others, in work that will fundamentally change the way Canadians, health-care providers and others involved in the health of Canadians access information.



Linda Lizotte-MacPherson
President and Chief Executive Officer

“The Electronic Health Record (EHR) is the cornerstone of an efficient and responsive health-care delivery system, quality improvement and accountability”

FYKE COMMISSION
(SASKATCHEWAN)

A STRATEGIC RESPONSE

Infoway arose as a strategic response by federal, provincial and territorial governments to the rapid development of diverse health information and technology initiatives underway across Canada. Governments, recognising the potential of information and communications technologies to improve efficiency, cost-effectiveness, access, quality and safety within the health sector, have begun to make considerable investments in this area. They have done so in an environment of rising health-care costs, one in which Canadians are expressing increasing anxiety about the sustainability of the Canadian health-care system.

ELECTRONIC HEALTH RECORD

WHAT IS IT?

An Electronic Health Record (EHR) provides each individual in Canada with a secure and private lifetime record of his or her key health history and care within the health system. The record is available electronically to authorised health-care providers and the individual anywhere, anytime, in support of high-quality care.

Too often, however, these health information and technology initiatives — which vary considerably in size and scope — stand alone. Their value would increase considerably if they formed part of a seamless whole, one that would reduce costly duplications of effort. Greater collaboration and support is needed to link these islands of innovation and help them achieve their full potential.

As a first step, the development and implementation of interoperable EHR solutions on a pan-Canadian basis will lead to an improved health system with benefits for both patients and providers. As the Advisory Committee on Health Infostructure points out, EHR solutions at the clinical level will support requirements for coordinated patient assessment, treatment plans and reviews and become a basis for improving the quality and continuity of care provided by clinicians.

CHRONOLOGY OF THE ORGANIZATION

2000

SEPTEMBER
First Ministers commit to strengthening the Health Infostructure

OCTOBER
Economic Statement confirms commitment of \$500 million

2001

JANUARY
Infoway incorporated, provisional directors appointed

MARCH
MOU signed, initial \$500 million federal investment

APRIL
First year of operation begins

JUNE
First meeting of Members of the Corporation. Chair of Board of Directors appointed

GETTING STARTED

When they met in September 2000, the First Ministers acknowledged that “all governments have made major investments in health information technologies in recent years to improve health care and health system management.” They then unanimously agreed “to work together to strengthen a Canada-wide health infostructure to improve quality, access and timeliness of health care for Canadians” and committed to develop electronic health records, enhance the use of enabling technologies like telehealth, and work collaboratively to develop common data standards to ensure the compatibility of health information.

In order to meet these challenges, federal, provincial and territorial governments then caused the creation of *Infoway*. By setting up an independent corporation, the partners were acknowledging the need for *Infoway* to have a consistent and sustained approach, to work across all sectors, to have the flexibility required to leverage its resources, and to reflect the partnership of governments in Canada that is necessary for success.

In October 2000, the Government of Canada announced its intention to help establish *Infoway* as an independent, not-for-profit corporation with an initial investment of \$500 million. In January 2001, *Infoway* was incorporated with a provisional Board of Directors; in March, with the execution of a Memorandum of Understanding, \$500 million was transferred to the Corporation.

In June 2001, the Members of the Corporation — federal, provincial and territorial Deputy Ministers of Health — met in Saint John’s, Newfoundland, to formally elect and appoint the members of *Infoway*’s Board of Directors.

At the time of these appointments, *Infoway* had no secretarial support, staff, organisation, offices, or internal management systems. In the absence of this organisational infrastructure and recognising the need to move quickly, members of the Board of Directors agreed to assume additional responsibilities and perform staff functions until a President and Chief Executive Officer could take office. At the request of the Board, the Chair agreed to serve on an interim basis as acting Chief Executive Officer, effectively a full-time commitment.

2002

OCTOBER

Mission, Vision and Business Model approved by Board of Directors

NOVEMBER

Search for CEO initiated

DECEMBER

National Registry Project initiated

JANUARY

Investment in e-claims initiative

FEBRUARY

Linda Lizotte-MacPherson appointed as President and CEO; business planning process including expanded environmental scan launched

MARCH

Cross-Canada Regional Consultative Stakeholder Fora start



CHARTING THE COURSE

Drawing in part on preliminary work done by the provisional Board of Directors, the Board established *Infoway's* mission and vision — its purpose and essential guideposts — as well as its business model.

THE INFOWAY MISSION

“To foster and accelerate the development and adoption of electronic health information systems with compatible standards and communication technologies on a pan-Canadian basis with tangible benefits to Canadians. The Corporation will build on existing initiatives and pursue collaborative relationships in pursuit of its mission.”

DEFINING THE VISION

“A high-quality, sustainable and effective Canadian health-care system supported by a pan-Canadian health infrastructure that provides residents of Canada and their health-care providers with timely, appropriate and secure access to the right information whenever and wherever they enter the health-care system. Respect for privacy is fundamental to this vision.”

SPECIFIC OBJECTIVES

The Corporation and its people will strive to fulfill the mission and attain the vision while adhering to the following objectives:

- accelerate the development and adoption of modern systems of health information and communication technologies;
- define and promote standards governing shared data to ensure the compatibility of health information networks;
- support the adoption of such standards for health information and compatible communications technologies for the health sector in Canada;
- enter into collaborative arrangements as required with the governments of Canada, the provinces and territories, corporations, not-for-profit organisations and other public and private partners for the development and adoption of standards and technologies;
- incorporate standards that protect personal privacy, confidentiality of individual records and the security of health information;
- carry out the work of *Infoway* in both official languages.

CHARTING THE COURSE (CONTINUED)**CORE VALUES**

Infoway's core values are to:

- enable improved quality and timeliness of health care for all Canadians;
- support a patient-centred health-care system;
- support a health-care system consistent with the Canada Health Act
 - universality
 - accessibility
 - portability
 - comprehensiveness
 - public administration;
- exercise responsible stewardship of public funds, with
 - transparency of processes and operations, and
 - respect for *Infoway's* overall responsibility to the public;
- respect individual privacy.

STRATEGIC DIRECTIONS

In pursuit of its goals of fostering and accelerating the development of EHR solutions, *Infoway* will move in several strategic directions.

“In brief, without clinical and management systems that are reliable and can be shared, services cannot be truly integrated.”

CLAIR COMMISSION
(QUEBEC)

BUILD ON EXISTING INITIATIVES AND BEST PRACTICES.

Infoway does not consider a common, centrally imposed and managed EHR system as a possible or even desirable end. As much as possible, the goal is to preserve and enhance the substantial health information and technology investments that have already been made by building on existing initiatives and best practices. *Infoway* is supporting the development of interoperable solutions that work together seamlessly, bridge jurisdictions and networks, operate within different environments, and utilize hardware and software from a variety of vendors within the parameters of a common architecture.

TAKE A COMPREHENSIVE, PROJECT-DRIVEN APPROACH. Each initiative will be viewed as a part of a larger whole and as a vehicle for accelerating the development and implementation of interoperable pan-Canadian electronic health records.

COLLABORATE WITH PARTNERS AND KEY STAKEHOLDERS. Turning *Infoway*'s vision into reality will depend on a high degree of collaboration. *Infoway* is committed to working closely with key stakeholders and partners.

“We need more investment in Information and Communications Technology, better information about outcomes in health and the right systems to collect, analyse and share information”

MAZANKOWSKI REPORT

INVEST STRATEGICALLY. *Infoway* is a strategic investor, not a passive granting organisation. The Advisory Committee on Health Infostructure (ACHI) as well as experts and practitioners across Canada have recognized that building interoperable EHR solutions will cost much more than the \$500 million investment contributed by the Government of Canada. Therefore, *Infoway* will act as a catalyst: it will leverage its financial resources through intelligent and targeted investments. Investment decisions will be consistent with *Infoway*'s investment framework and will be contingent on the achievement of predefined objectives.

FOCUS ON END-USERS. Technology alone will not ensure the success of *Infoway*. Cultural change is also needed. The implementation of EHR solutions will impact the way providers practice and deliver care.

To ease this transition, *Infoway* will adopt a modular and phased approach sharply attuned to their needs. EHR solutions must be easy to use and their value apparent in various environments: emergency rooms and family physicians' offices, laboratories and pharmacies, health clinics and the community. Therefore, it is imperative that health-care providers and patients be involved during the design and implementation phases.

BUILD A HIGH-PERFORMANCE TEAM. The role of *Infoway* is to lead, facilitate and promote solutions — to accelerate, not own and develop them — and to work closely with partners responsible for building and implementing them. Assuming leadership of this kind requires a unique group of individuals: a high-performance team whose talent, commitment and enthusiasm can meet the challenge.

Infoway will not be a large organisation. Instead, it will be composed of a small group of health-care, information-technology and change-management specialists.



THE YEAR IN REVIEW

2001

KEY ACTIVITIES

- Establishing the Board of Directors, hiring a CEO and putting a governance infrastructure in place
- Working toward standards on which to build a pan-Canadian information system
- Launching an environmental scan to determine the current situation in Canada and around the world:
 - Cross-Canada Stakeholder Fora
 - National Registry Project
 - International review
 - Privacy review
 - Review of provincial and community initiatives
- Laying the foundation for a long-term Business Plan and Investment Framework

Balancing the need to move quickly with the need to put an effective, accountable and viable organisation in place was a key consideration in all of *Infoway's* activities in 2001. Canadians want a better health-care system, but they also want to ensure that the best use is being made of the \$500 million entrusted to the Corporation.

First steps in the development of more effective health information and electronic health record solutions are determining the status of the systems currently in place, assessing the views of stakeholders and developing targets by which solutions will be judged.

At the same time, an organisation led by recognised industry leaders needed to be put in place. This organisation needed to be open, accountable and transparent, not only in what it was doing but also in how it was doing it. It needed to put an effective business plan in place and set clear, measurable goals.

BUILDING THE CORPORATION FROM THE GROUND UP

One of the first priorities for the Corporation was to put in place the policies, procedures and structure required to ensure good governance. Early on, the following committees of the Board of Directors were established:

- Steering Committee
- Finance and Investment Committee
- Governance Committee
- Audit Committee
- Search and Compensation Committee

THE YEAR IN REVIEW (CONTINUED)

In accordance with the Memorandum of Understanding with the Government of Canada, the Board of Directors also established governance and operational policies related to intellectual property, conflict management and conflict of interest. Similarly, the \$500 million in start-up funding from the federal government was invested conservatively in instruments with a rating of A- or better in accordance with the stringent stipulations of the Memorandum of Understanding.

Fulfilling management responsibilities, Board members were also responsible for building the Corporation from the ground up. They established basic management systems for accounting and payables; leased temporary premises and set up offices; established a procurement policy; and approved all contracts, engagements, consultants, salaries and remuneration.

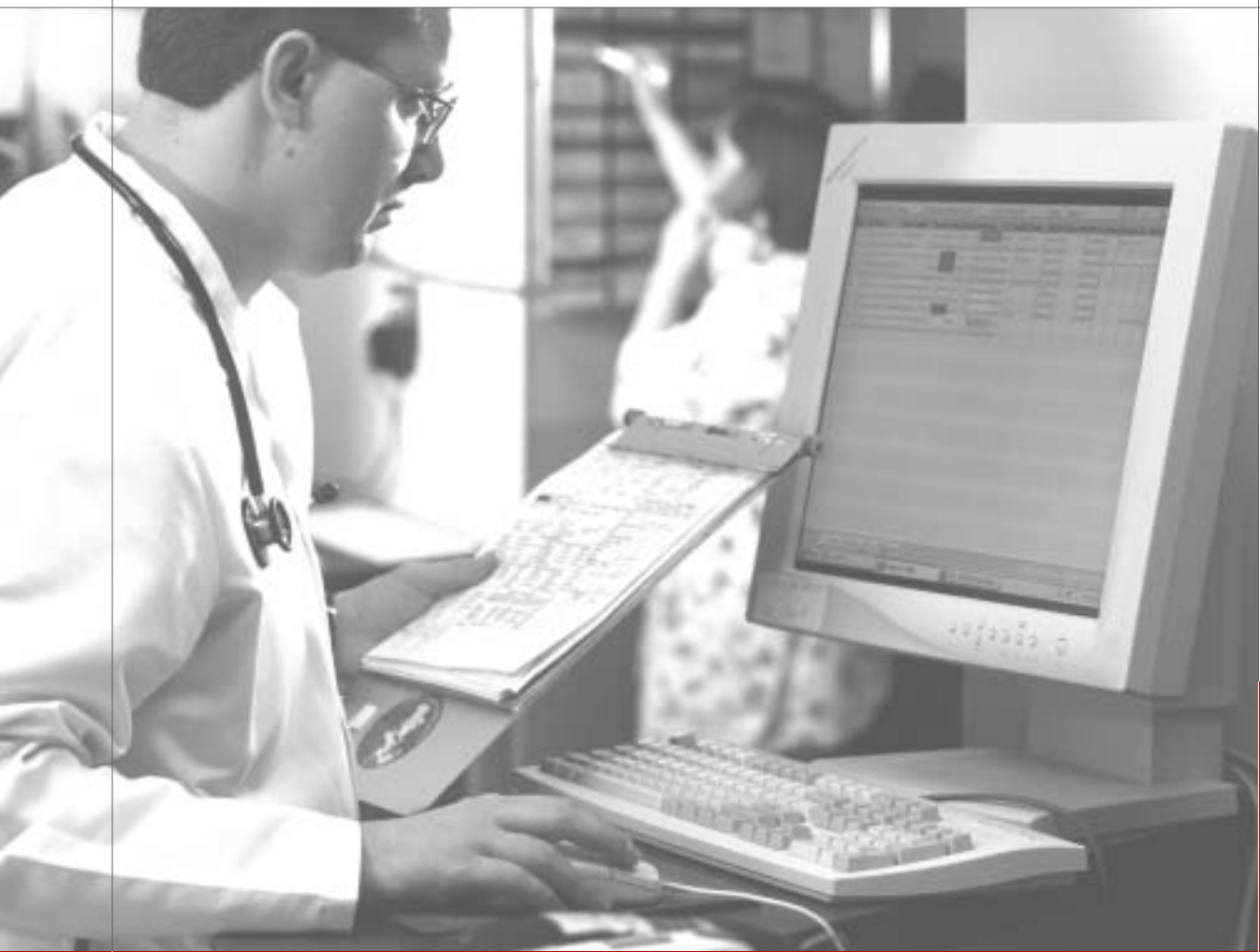
BUILDING AWARENESS

In the fall of 2001, *Infoway* developed its visual identity and inaugurated its Web site. With the appointment of Linda Lizotte-MacPherson and the start of the environmental scan, *Infoway* began to raise its profile in a deliberate and targeted fashion. A brochure was developed; an e-mail campaign to key stakeholders and pro-active media relations were launched; and sponsorship of a national conference on e-health was arranged. As a result, *Infoway* is set for the upcoming unveiling of the Corporation's Business Plan and Investment Framework.

COLLABORATION ON STANDARDS DEVELOPMENT

Interoperable electronic health record solutions will require information, communications and technology standards. Interoperability and EHR solutions will not be possible unless there are standardised ways to collect, share and exchange information in a secure manner that always respects personal privacy.

Members of the Board of Directors negotiated a partnership with the Canadian Institute for Health Information (CIHI), and *Infoway* became a funding partner on the National eClaims Standards Project, which is also supported by provinces and territories, 10 private-sector associations and a number of national non-governmental organisations. This project reflects a grassroots initiative by stakeholders to develop coordinated and consistent standards for information exchange in the pharmacy area. The second phase of this initiative will be launched shortly with CIHI.



MAPPING THE EHR LANDSCAPE: THE ENVIRONMENTAL SCAN

Initiated by the Board of Directors and subsequently expanded and directed by the CEO, *Infoway's* comprehensive environmental scan was designed to obtain the fullest possible picture of EHR initiatives that are planned or underway, both in Canada and around the world. On a practical level the environmental scan provides an essential vehicle for *Infoway* to establish a dialogue with key stakeholders and experts on priorities, issues and methods of collaboration. It will also serve as an important baseline to measure progress. This scan is initially composed of the following primary elements:

- the National Registry Project
- the regional stakeholder fora
- an international review of EHR initiatives

The second phase of the scan, which was completed in the first quarter of the 2002-2003 fiscal year, includes:

- a privacy scan
- a standards review
- a review of federal, provincial and territorial initiatives
- a private-sector solution scan
- additional consultations with experts in the field
- community initiatives
- site visits and consultations
- partnership best practices

The collected information will help establish priorities and develop an evidence-based Business Plan and Investment Framework. These initiatives will evolve into an ongoing environmental analysis function that will continue to be a key part of the Corporation's operations and serve as useful information for the field.

“You cannot improve what you cannot measure. Despite recent efforts, good, reliable information on far too many aspects of our health-care system — from waiting times, to costs, to treatment outcomes — is woefully lacking. There is often very little hard evidence to use to guide decisions.”

ROMANOW COMMISSION

NATIONAL REGISTRY OF ELECTRONIC HEALTH RECORD INITIATIVES IN CANADA

A number of electronic health record initiatives are emerging across Canada. For the most part, however, they are stand-alone systems. In order to foster collaboration and help identify partners and investment opportunities, *Infoway* is creating a National Registry.

This project aims to build and maintain a registry of health information systems that will form part of the foundation for the development of pan-Canadian EHR solutions. The Registry will document — organisationally, regionally, provincially and nationally — the current state and proposed development of EHR solutions in Canada.

There are three main components to Phase one of the Registry project.

First, *Infoway* is conducting a structured, Web-enabled survey to determine the penetration of operating EHR solutions and components (laboratory, pharmacy, diagnostic imaging and transcription) in large hospitals and regional health authorities. Second, using structured tools and a subsequent interview process, *Infoway* is gathering information on federal, provincial and territorial initiatives. The third component is gathering information on community-based initiatives.

This information will form the basis of an ongoing registry that will be updated and enhanced over time.

REGIONAL STAKEHOLDER FORA

In order to apprise stakeholders of its mission, vision and strategic directions, as well as to solicit input for its Business Plan, *Infoway* held a series of five workshops in cities across Canada (Vancouver, Edmonton, Halifax, Toronto and Montreal) in March and April. Each of these one-day facilitated sessions brought together approximately 50 invited participants from hospitals, community agencies, governments, the private sector, academia and other stakeholder groups.

The response from the community was overwhelmingly positive and has laid the foundation for future work. During these fora, *Infoway* successfully tapped stakeholder experience and expertise; obtained their ideas on priorities, on best practices to support its capacity to deliver, and on mechanisms to foster collaboration; and identified challenges and issues associated with the development of EHR solutions. The results of each forum is available on-line at our Web site, www.infoway-inforoute.ca.

OUTCOMES

Overall, participants recognised that fulfilling *Infoway's* priority of fostering and accelerating the development of electronic health record solutions represented a long-term initiative that requires a consistent and sustained effort. During the discussions a number of key themes emerged:

- Building a common vision and common architectural framework is most important.
- Strong leadership is also important, as is commitment to success.
- Communications and information sharing with partners will continue the momentum.
- Identify, evaluate and build on systems currently in place in Canada and internationally.
- Interoperability and technical compatibility must be assessed, standards harmonised and technical requirements built into the new system.
- A rigorous business plan must be developed. This plan needs to take into consideration the need to start small, engage Canadians and build momentum as work progresses.
- Develop a transparent and strategic investment framework with a return-on-investment approach that focuses on projects that meet well-defined needs, promote information compatibility and data integration, relate to provincial or local priorities and build on what already exists.
- Work to secure sustained funding.
- Privacy and security of information must be ensured. A coherent and harmonised approach, supported by enabling technologies, is required.

The input received at each forum in some cases confirmed *Infoway's* initial directions and, in others, provided insight. The fora have helped immeasurably in shaping *Infoway's* Business Plan and Investment Strategy.

MAPPING THE EHR LANDSCAPE: THE ENVIRONMENTAL SCAN (CONTINUED)

AN INTERNATIONAL REVIEW OF EHR INITIATIVES

Canada is not alone in facing health-care issues or in its attempt to modernise its health information systems. *Infoway* researched the EHR experiences of Australia, Denmark, New Zealand, the Netherlands and the United Kingdom to explore the ways in which other countries are addressing, or have addressed, the key themes and issues identified in the survey, structured interviews and fora.

These countries share Canada's vision of providing better accurate, up-to-date health records at the right time and the right place. And like Canada, they are grappling with many of the same issues, such as those pertaining to privacy and consent, funding, coordination, and underlying technological infrastructure. *Infoway* will continue to monitor international EHR developments and share Canadian approaches on the global stage.

“Canada’s health-care system is not making use of modern information and communications technology to the same extent as do other information intensive industries (banking, insurance, airlines). The greater use of information and communications technology would enhance the availability of, accessibility to and the sharing of the right information.”

THE STANDING SENATE
COMMITTEE ON SOCIAL
AFFAIRS, SCIENCE AND
TECHNOLOGY

Infoway will also continue to look at the environmental scan as a whole; summarise the findings of the surveys, fora and international reviews; identify common themes and issues; assess the lessons learned from international experiences; and identify implications for future investments.

FINANCIAL PERFORMANCE

As demonstrated in the attached audited financial statements, *Infoway* spent approximately \$3.3 million in its first year of operation. Of that amount, about \$1 million was invested directly in projects such as the various components of the environmental scan and the e-claims standards initiative. The remainder was used to get the Corporation up and running, including finding office space, setting up accounting processes, working on the development of the Business Plan and Investment Framework, recruiting the President and Chief Executive Officer and other senior staff, and other administrative expenses. Costs have been kept to a minimum in large part due to the active involvement and contribution of individual members of the Board of Directors.



MOVING FORWARD — TOWARD A STRATEGIC BUSINESS PLAN AND INVESTMENT FRAMEWORK

With a President and CEO in place and armed with information from the environmental scan, intensive efforts to develop a comprehensive, workable and forward-looking Business Plan and Investment Framework began early in 2002. Our goal is to have the major components of interoperable EHR solutions up and running within five to seven years.

In meeting this challenge *Infoway* is committed to a new collaborative approach that will:

- harness energy, innovation and effort
- ensure strategic deployment of limited resources
- focus on common standards to ensure interoperability
- centre on best practices and lessons learned to minimise risk and maximise cost effectiveness
- avoid duplication
- achieve economies of scale
- foster accelerated implementation
- take a long-term strategic view
- leverage investments over multiple years

Infoway's role is to lead, facilitate, promote and foster the accelerated development and adoption of a pan-Canadian health-care infostructure, focused initially on interoperable electronic health record solutions.

Infoway's role is NOT to develop and implement solutions.

In broad terms, *Infoway*, in consultation with experts, will provide leadership and support to jurisdictions, providers and stakeholders (referred to as "the field") by:

- defining a vision, framework and architecture to support the field in their planning, design and implementation of the proposed solutions
- facilitating the development of reusable tools/assets in key program areas
- filling a critical gap: becoming the entity that enables the coordination and sharing of work and fosters collaborative efforts across the country
- advocating and promoting the accelerated development and adoption of pan-Canadian EHR solutions

BOARD OF DIRECTORS

Eric M. Maldoff, C.M., Chair of the Board
Partner
HEENAN BLAIKIE
[1, 2*, 4*]

Jeffrey C. Lozon, Vice Chair of the Board
President and CEO
ST. MICHAEL'S HOSPITAL
[2, 3, 4]

Daniel Burns
Former Deputy Minister of Health
and Long-Term Care
PROVINCE OF ONTARIO
[3]

Rory Francis
Deputy Minister of Health and
Social Services (Responsible for Seniors)
PROVINCE OF PRINCE EDWARD ISLAND
[2]

Neil Gardner
Executive Director
CORPORATE INFORMATION & TECHNOLOGY BRANCH
SASKATCHEWAN HEALTH
[4]

Dr. Michael Guerriere
Managing Partner
COURTYARD GROUP
[1*, 4]

Linda Lizotte-MacPherson, CEO
President and CEO
CANADA HEALTH INFOWAY INC.
[1]

John H. Malcom
CEO
CAPE BRETON DISTRICT HEALTH AUTHORITY
[1,2]

Marcel Nouvet
Assistant Deputy Minister
INFORMATION, ANALYSIS AND CONNECTIVITY BRANCH
HEALTH CANADA
[1]

Dr. Larry R. Ohlhauser
President and CEO
HSI — HEALTHCARE SOLUTIONS & INNOVATIONS
[1,2,3*,4]

Tamara Vrooman
Assistant Deputy Minister
CORPORATE SERVICES & FINANCIAL ACCOUNTABILITY
B.C. MINISTRY OF HEALTH SERVICES
& HEALTH PLANNING
[3]

[COMMITTEES]

- 1 FINANCE AND INVESTMENT
- 2 GOVERNANCE
- 3 AUDIT
- 4 SEARCH AND COMPENSATION
- * DENOTES CHAIR OF THE COMMITTEE



FINANCIAL STATEMENTS

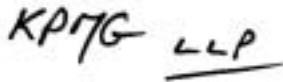
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AUDITORS' REPORT TO THE MEMBERS

We have audited the balance sheet of Canada Health Infoway Inc./Inforoute Santé du Canada Inc. as at March 31, 2002 and the statements of operations and cash flows for the period then ended. These financial statements are the responsibility of the Company'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 Company as at March 31, 2002 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Handwritten signature of KPMG LLP in black ink.

Chartered Accountants
Montréal, Canada
April 26, 2002

Canada Health Infoway Inc.

BALANCE SHEET

MARCH 31, 2002

ASSETS

Current assets:

Cash	\$ 282,348
Interest receivable	4,298,233
Sales taxes recoverable	111,918
Prepaid expenses	9,996

4,702,495

Investments (note 3) 512,953,083

\$ 517,655,578

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

Current liabilities:

Accounts payable and accrued liabilities \$ 1,338,780

Deferred contributions (note 4) 516,316,798

Net assets -

\$ 517,655,578

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

On behalf of the Board:

 , Director

 , Director

Canada Health Infoway Inc.

STATEMENT OF OPERATIONS

PERIOD FROM MARCH 21, 2001 TO MARCH 31, 2002

Expenses:

Projects:

Environment Scan and National Registry development \$ 468,361

National e-Claims Standards 518,181

General and administrative 1,678,971

Professional fees 680,988

3,346,501

Revenue:

Contribution from restricted funds (note 4) 3,346,501

Excess of revenue over expenses for the period, being net assets at end of period \$ —

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Canada Health Infoway Inc.

STATEMENT OF CASH FLOWS

PERIOD FROM MARCH 21, 2001 TO MARCH 31, 2002

Cash flows from operating activities:	
Initial contribution by the Government of Canada	\$ 500,000,000
Investment income received	15,365,066
Cash paid to suppliers	(2,129,635)
	<hr/>
	513,235,431
Cash flows from investing activities:	
Net purchase of investments	(512,953,083)
	<hr/>
Net increase in cash and cash equivalents, end of period	\$ 282,348

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Canada Health Infoway Inc.

NOTES TO FINANCIAL STATEMENTS

The Company 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.

1 NATURE OF OPERATIONS

The objectives of the Company 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 governments 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 Company was funded by the Government of Canada with an initial contribution of \$500,000,000 on March 21, 2001.

2 SIGNIFICANT ACCOUNTING POLICIES

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

A Revenue recognition:

The Company follows the deferral method of accounting for contributions.

Externally restricted contributions 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B Investments:

Investments are recorded at cost. 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.

C 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 those estimates.

3 INVESTMENTS

	COST	MARKET VALUE	EFFECTIVE INTEREST RATE	NOMINAL INTEREST RATE
Bonds	\$ 129,443,485	\$ 129,214,815	2.2% to 5.0%	2.1% to 7.5%
Treasury bills	228,349,044	230,752,217	2.2% to 3.4%	N/A
Bankers' acceptances	110,730,959	111,025,533	2.2% to 3.2%	N/A
Discount notes	44,429,595	44,937,555	2.1% to 2.3%	N/A
	\$ 512,953,083	\$ 515,930,120		

A Investment maturities are as follows:

Bond maturities range between December 2002 to June 2009. Treasury bill maturities range between May 2002 to March 2003. Bankers' acceptance maturities range between April 2002 to December 2002. Discount note maturities range from April 2002 to June 2002.

B It is the Company'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.

C The fair value of bonds, treasury bills, bankers' acceptances and discount notes is based on the quoted market prices obtained from the investment broker.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**4 DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent externally restricted funds which have been restricted for the purpose defined in the objectives of the Company.

Amount received from the Government of Canada	\$ 500,000,000
Restricted investment income (note 5)	19,663,299
Less income recognized as revenue during the period	(3,346,501)
	\$ 516,316,798

5 INVESTMENT INCOME AND BANK INTEREST

Investment income and bank interest earned, recorded in the statement of operations, are as follows:

Income earned on resources restricted to finance future disbursements:	
Interest income	\$ 19,780,299
Bank interest	7,190
Loss on sale of investment	(124,190)
	19,663,299
Less restricted investment income	19,663,299
Total investment income and bank interest recognized as revenue	\$ -

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