

# MINISTRY OF HEALTH INFORMATION BRIEFING NOTE

Cliff # 1018438

**PREPARED FOR:** Honourable Terry Lake, Minister of Health

**TITLE:** Laboratory Reform

**PURPOSE:** s.13 reform of laboratory services.

## BACKGROUND:

The Minister has requested a listing of near term decisions required to allow progress with the lab reform agenda. There are a series of options that can be grouped into the following four areas:

1. s.13 the *Laboratory Services Act* (LSA) grants the Minister responsibility for administration and provision of all laboratory services including the direct provision of clinical services. It also provides that the Minister may establish or designate an administrative body and then delegate any or all of these powers and duties to this structure or structures. s.13

2. s.13 direction is required as to the preferred model for delivery of lab services throughout the Province s.13 .

3. s.13 – approximately \$332 million per annum is expended on outpatient testing, 70 percent of this is provided through the private sector. The LSA creates the ability to enter into formal service agreements with private providers s.13, s.17

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The LSA replaces the current structure where laboratory services are governed and funded under the *Hospital Insurance Act* (in-patient) and the MPA (out-patient). The new Act allows the Minister to delegate any or all of his responsibilities to an administrative body or bodies.

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The LSA creates the ability to replace our current system of Medical Services Commission (MSC) approvals with formal service agreements. After a series of acquisitions LifeLabs is the provider of over 60 percent of outpatient services which represents more than 95 percent of the private sector market share.

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When the LSA was passed in the spring of 2014

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s.13 Enabling regulations have been developed and are currently being discussed with  
key stakeholders

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## **RECOMMENDATIONS:**

There are a series of co-linked decisions that need to be made with each having an impact on the subsequent. It is recommended that once the Minister has had time to reflect, a discussion take place with appropriate executive members to resolve any questions and provide direction.

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**Program ADM/Division:** Corporate Services  
**Telephone:** 250-952-1953  
**Program Contact (for content):** Deborah Shera  
**Drafter:** Deborah Shera  
**Date:** September 10, 2014

**MINISTRY OF HEALTH  
INFORMATION BRIEFING NOTE**

**Cliff #** 1015204

**PREPARED FOR:** Hon.Terry Lake, Minister of Health – **FOR INFORMATION**

**TITLE:** Auditor General Report on Health Insurance BC

**PURPOSE:** To provide an update on the Ministry's follow-up to the Report issued in February 2013.

**BACKGROUND:**

On February 28, 2013, the Office of the Auditor General (OAG) released a report on the audit of the alternative service delivery contract between the Province and MAXIMUS BC. The MAXIMUS contract was signed November 2004 with services transferred April 1, 2005.

Entitled 'Health Benefits Operation: Are the Expected Benefits Being Achieved?' the objectives of the audit were to determine if the Ministry of Health had been monitoring and achieving the expected benefits, and if the ministry had been publicly reporting on the costs and benefits of the arrangement.

The audit concluded:

- There have been some improvements but the expected benefits have not been fully achieved.
- Only partial monitoring has taken place and the ministry has not consistently held the service providers accountable for achievements.
- Public reporting does not cover all the expected benefits and costs.

The Public Accounts Committee reviewed the report on November 20, 2013. One member of the Committee subsequently requested the OAG follow up on the gap in monitoring potential security vulnerabilities, as noted in the audit report.

The Office of the Auditor General issued a follow up report "Follow up Report: Updates on the Implementation of Recommendations from Recent Reports" in June 2014. The Auditor General reported that the Ministry's self-assessment had concluded that the majority of recommendations had been addressed; actions on two recommendations are still incomplete.

**DISCUSSION:**

Incomplete follow up work on one of the Auditor General's recommendations may generate further questions from the media or from the Public Accounts Committee. The follow up work currently being done is to gain assurance over the potential for undetected privacy breaches, data storage and access from outside Canada.

The Ministry has obtained assurance that MAXIMUS BCs controlled systems are sufficiently designed to protect against such security breaches; however, the Ministry does not yet have similar assurance over MAXIMUS BCs subcontractors.

The risk of subcontractor security gaps is low. MAXIMUS BC's databases and applications use the technology hosting services of Hewlett Packard Advanced Solutions (HPAS) through a subcontract with Ministry of Technology, Innovation and Citizens' Services, Shared Services BC (SSBC). The Ministry is working with MTICS to understand their audit program/assurance already being received over HPAS security and privacy. If necessary, the Ministry will work with MTICS to obtain additional specific assurance respecting the services provided to MAXIMUS BC.

The only other technology subcontractor with potential access to BC data is the provider of HIBC's call centre infrastructure. The call centre technology has been managed by TELUS and will be replaced at the end of August 2014 with infrastructure that will be supplied by Allstream Canada and managed directly by MAXIMUS Canada. MAXIMUS BC has completed a security risk assessment of the new Call Centre technology. Controls over the new infrastructure will be assessed by an independent third party as part of the current year's audit of HIBC.

**ADVICE:**

- The majority of the Auditor General's recommendations have been addressed already by the Ministry;
- The issue of potential security gaps in MAXIMUS BC's subcontractors is the subject of further investigation and audit this year;
- The risks are low: the key technology subcontractor for databases and applications is Shared Services BC - part of the Ministry of Technology, Innovation and Citizens' Services. SSBC requires the highest security standards of its contractor, HPAS.
- We expect to complete all follow up work indicated by the OAG report by the end of this fiscal year.

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<b>Program ADM/Division:</b>	Lindsay Kislock / Health Sector IM/IT Division
<b>Telephone:</b>	(250) 952-2159
<b>Program Contact (for content):</b>	Guy Cookson
<b>Drafter:</b>	Janet Lucas
<b>Date:</b>	August 27, 2014
<b>File Name with Path:</b>	



## Appendix A

The six recommendations in the 2013 audit report were that the Ministry:


1. Critically assess the viability of proposed solutions and plans to ensure that timelines are realistic and technological solutions will meet business objectives
2. Ensure all key terms are defined in the contract and establish quantifiable thresholds where appropriate.
3. Monitor and enforce all significant contract terms and deadlines
4. Obtain assurance over the accuracy of significant results.
5. Maintain a comprehensive record of decisions to facilitate knowledge transfer and consistent decision-making over the life of the contract.
6. Publicly report results by contract objective with sufficient information to enable readers to understand what is being achieved for what cost.




The following pages contain extracts from the Auditor General's June 2014 publication "Follow up Report: Updates on the Implementation of Recommendations from Recent Reports".

## Health Benefits Operations: Are the Expected Benefits Being Achieved?

Released: [February 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

	Rec 4
OAG Assessment	

 Fully/substantially implemented or alternative action taken
  Partially implemented
  No action taken

## BACKGROUND

In November 2004, the Ministry of Health signed an Alternative Service Delivery (ASD) contract with Maximus BC Health Inc. and related companies. This contract covered the administration of the Medical Services Plan and PharmaCare programs, and the transformation of related technologies. The expected cost was \$324 million over the 10-year contract term.

A key expected benefit was improved privacy and security of personal information. Improved data security was expected to result from changes in corporate and governance structures, more stringent audit provisions, improved technology and stricter controls. The arrangement was also supposed to address concerns over personal information being accessed by the U.S. government through the USA PATRIOT Act.

In 2013, we audited whether the benefits expected from this contract were being achieved and how effective the ministry had been in monitoring and reporting to ensure their achievement. One of our findings recognized that the service provider had implemented a number of new privacy and security practices. However, that the ministry had not implemented the proactive controls necessary to ensure that privacy breaches are not going undetected by the ministry or that the ministry's data is not being stored or accessed from outside of Canada.

In response to a request from the Select Committee on Public Accounts (PAC), we audited the Ministry of Health's response to this one aspect of our report.

## SUMMARY

The ministry's self-assessment for recommendation 4 was that they had fully or substantially implemented this recommendation, whereas we found that partially implemented was a more accurate assessment of the progress made to date. The ministry agreed with our assessment. We found that the ministry has made significant progress to implement this recommendation, but that full implementation will require that the ministry audit its subcontractors to assess the risk of privacy breaches and data storage and access outside of Canada.

## Key Findings

**Recommendation 4:** Obtain assurance over significant results reported by the service provider

**OAG Assessment:**

● Partially implemented

We audited the aspects of this recommendation that related to the risk of undetected privacy breaches, as well as personal information data storage and access occurring outside of Canada.

We found that the ministry partially implemented that aspect of the recommendation. The ministry had engaged an external auditor to provide an audit opinion on the potential for unauthorized access to Maximus BC's systems and data from outside Canada, for privacy breach detection and reporting, and data access and storage outside of Canada. We found, as well, that the ministry had received a report from the contracted auditor in May 2014, which provided assurance that Maximus BC was applying controls to adequately mitigate the risk of privacy breaches and data storage and access from outside of Canada.

Our expectation for full implementation is for the ministry to also audit its subcontractors. Assessing the risk of privacy breaches and data storage and access outside of Canada for subcontractors is important because subcontractors may have access to much of the same ministry data as Maximus BC.

The ministry has advised us that it is currently assessing the residual risk related to the subcontractors to determine appropriate measures to address them. We noted that the self-assessment provided room for this additional work where it said that, "Remedial work not undertaken in the course of the current year audit will be planned as part of future years' audits."

## Health Benefits Operations: Are the Expected Benefits Being Achieved?

As at: [February 2014](#)

Released: [February 28, 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

### Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<b>Recommendation 1:</b> Critically assess the viability of proposed solutions and plans to ensure that timelines are realistic and technological solutions will meet business objectives.	<b>Fully or substantially completed</b>

#### Actions taken, results and/or actions planned

Lessons learned from the MAXIMUS contract are being applied to all new procurement projects.

Ministry reorganization has created or expanded the mandate of two branches staffed with specialized resources for the management of outsourced service delivery contracts (the Business Management Office), and the management of high risk strategic projects that have a significant information technology component (Strategic Projects Branch).

Key ministry staff involved with major outsourcing contracts are receiving additional training in procurement and management of outsourcing contracts, to strengthen their expertise in these areas.

Other activities related to this finding are improvements in succession planning and knowledge management (see response to Recommendation 5 below).

All information has been provided by the organization and has not been audited.

Auditor General of British Columbia | June 2014

Follow-up Report: Updates on the implementation of recommendations from recent reports

## Outstanding Recommendations (Continued)

**Recommendation 2:** Ensure all key terms are defined in the contract and establish quantifiable thresholds where appropriate.

**Fully or substantially completed**

### Actions taken, results and/or actions planned

Renewal of the Master Services Agreement (MSA) with MAXIMUS, which resulted in Amendment 4 to the Master Services Agreement, provided the opportunity to clarify key terms in the Agreement. These include:

- Definitions in Schedule I (Fees) related to financial reporting;
- Ongoing deliverables, such as plans and reports listed in Schedule H (Key Deliverables);
- Detailed descriptions of each service level (scope and measurement criteria) added to Schedule F; and
- A new pool of resource hours available to the ministry at no additional cost for future technology transformation projects (Additional Transformation Resources).

The ministry has established quantifiable thresholds where appropriate. For example, the ministry and MAXIMUS manage a Capacity Model that defines:

- the basic and routine changes that are fully funded within the base fixed fee;
- the types of changes and the level of change (hours of resource time) available per month without additional charge to the Province;
- thresholds (expressed as hours of resource time) above which additional charges may apply; and
- the types of changes that will normally require additional funding.

During contract extension negotiations, the ministry and MAXIMUS reviewed previous attempts to negotiate a generic threshold by which to measure the concept of Material Change, above and beyond the definitions provided in the Capacity Model. Both parties agreed to maintain the status quo under which funding for proposed changes is negotiated on a case-by-case basis.

Ministry decision making regarding Material Change is now supported by documentation of the criteria used by the ministry in assessing and negotiating change requests. In addition to criteria, the documentation includes examples of how the criteria have been applied to accept, negotiate or reject past change requests from the vendor. This is intended to facilitate knowledge transfer and maintain consistent decision making (see also Recommendation 5 below).

All information has been provided by the organization and has not been audited.

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## Outstanding Recommendations (Continued)

**Recommendation 3:** Monitor and enforce all significant contract terms and deadlines. **Fully or substantially completed**

### Actions taken, results and/or actions planned

During contract extension negotiations with MAXIMUS, the ministry reconfirmed financial reporting and audit requirements. Further work on a revised reporting structure has taken place during 2013/14 and the first report to be produced under the revised structure is planned for mid-2014.

Gaps in the monitoring and documenting decisions regarding technology refresh, noted in the Auditor General's report, have been addressed. Quarterly reporting on the status of MAXIMUS technology commenced in April 2011 and has been provided continuously since that date.

Other new activities that reinforce monitoring and tracking include:

- ♦ A SharePoint site has been established for exchange of Performance Reports and other deliverables required to monitor significant contract terms;
- ♦ The Business Management Office has improved internal records management practices through the development of an Operational Records classification System (ORCS) designed specifically for the oversight of the alternative service delivery contracts managed by the office. Approval of the new ORCS is anticipated in the near future, and an implementation is under development.

**Recommendation 4:** Obtain assurance over significant results reported by the service provider. **Fully or substantially completed**

### Actions taken, results and/or actions planned

The baseline for future assurance over service levels was strengthened during the contract extension negotiations. A new section has been added to Schedule F of the contract (Service Levels), containing detailed description and measurement criteria for each service level.

The ministry engages external auditors to provide an annual audit of business and technological controls implemented by MAXIMUS BC, including controls over privacy and security.

The scope of 2012/13 and 2013/14 annual audits have been expanded. First, the ministry requested advice on the level of coverage currently in place and recommendations for enhancements. Secondly, the auditors are implementing additional controls and tests to address identified gaps.

During the planning process for the 2013/14 audit, the ministry and our auditors met with staff of the Office of the Auditor General to discuss the planned approach.

Expanded scope for the 2013/14 audit will include additional work to provide assurance over the key gaps identified in the Auditor General's report:

- ♦ Potential for unauthorized access to MAXIMUS BC systems and data from outside Canada;
- ♦ privacy breach detection and reporting; and
- ♦ data access and storage outside Canada.

The ministry has also asked auditors to review controls related to service level reporting and recommend an approach to strengthening assurance in this area. Remedial work not undertaken in the course of the current audit will be planned as part of future years' audits.

The ministry and MAXIMUS have reviewed options for an auditing standard to apply to MAXIMUS' annual financial reports to the Province. The first audited report will be produced in mid-2014.

All information has been provided by the organization and has not been audited.

Auditor General of British Columbia | June 2014

Follow-up Report: Updates on the implementation of recommendations from recent reports

## **MINISTRY OF HEALTH INFORMATION BRIEFING NOTE**

**Cliff #** 1012998

**PREPARED FOR:** Honourable Terry Lake, Minister - **FOR INFORMATION**

**TITLE:** Oil and Gas Human Health Risk Assessment

**PURPOSE:** Provide an update on the Northeast Oil and Gas Human Health Risk Assessment Project, summarize findings of Phase 2, and advise Minister of anticipated decision requirements for Phase 3.

### **BACKGROUND:**

The Northeast Oil and Gas Human Health Risk Assessment is a three-phase project to identify, explore and assess concerns about human health risks relating to oil and gas activities in northeastern British Columbia. The Phase 1 report involved stakeholder consultation, and was publicly released in June 2012. Phase 2 was initiated in November 2012, and through a competitive procurement process a contract was awarded to Intrinsik Environmental Sciences (Intrinsik) to undertake the work.

Phase 2 follows the standard scientific human health risk assessment (HHRA) process to estimate the nature and probability of adverse health effects in humans who may be exposed to chemical contaminants in environmental media. Following a literature review, a screening level risk assessment (SLRA) was undertaken to identify the potential oil and gas related air and water emission scenarios that presented the greatest potential risk to human health on a regional basis.

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Review of the Regulatory Framework looks to identify deficiencies in the Province's existing oil and gas regulatory framework as it relates to public health.

To date, the literature review, SLRA, detailed HHRA and Review of the Regulatory Framework have been completed. Draft recommendations have been received in early September.

The HHRA project steering committee (which includes representatives from Northern Health, the Oil and Gas Commission, and Ministries of Natural Gas Development, Environment, Aboriginal Relations and Reconciliation, Transportation and Infrastructure) met on June 25, 2014, to discuss the findings of the detailed HHRA and the Review of the Regulatory Framework and to discuss options for Phase 3 of the project. This was followed by an internal technical workshop on July 10, 2014, to brief and obtain feedback from subject matter experts prior to finalizing the documents.

## **DISCUSSION:**

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The final deliverable for Phase 2, the Recommendations Report, will be based on the findings of the detailed HHRA and Review of the Regulatory Framework. s.13, s.17

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s.13, s.17 It is anticipated that all the reports from Phase 2 will be finalized in the fall of 2014.

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## **ADVICE:**

It is recommended that the Minister invite Ministers from the Ministries of Natural Gas Development, Environment, Transportation and Infrastructure, Energy and Mines, and Aboriginal Relations and Reconciliation, as well as the MLAs from Peace River North and South, to a meeting to hear a presentation from Intrinsic on the project methodology and results and to discuss options for Phase 3.

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<b>Program ADM/Division:</b>	Arlene Paton, ADM, Population and Public Health
<b>Telephone:</b>	250-952-1731
<b>Program Contact (for content):</b>	Tim Lambert, Executive Director
<b>Drafter:</b>	Mary Cameron
<b>Date:</b>	September 26, 2014



**APPENDIX A:  
QUANTITATIVE HUMAN HEALTH RISK ASSESSMENT  
(EXECUTIVE SUMMARY)**

The Ministry of Health (MoH) has contracted a team led by Intrinsik Environmental Sciences (Intrinsik) to complete Phase 2 of the Human Health Risk Assessment (HHRA) of oil and gas activities in northeastern British Columbia (NE BC). In addition to Intrinsik itself, the companies that make up the study team include: RWDI Air, Matrix Solutions and Skystone Engineering.

The team also includes a three member Advisory Panel to provide an independent perspective on the design and approach of the Phase 2 HHRA project, and the interpretation of the results.

In accordance with the terms of reference compiled by the MoH, the Phase 2 HHRA is intended to investigate the potential impact of oil and gas activities on human health in Local Health Areas 59, 60 and 81 (the Region).

This report presents the detailed HHRA component of the Phase 2 project. The objectives of this HHRA are to provide a comprehensive and focused assessment of potential health risks that may exist for people living in proximity to oil and gas activities in NE BC.

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**APPENDIX B:  
REVIEW OF REGULATORY FRAMEWORK (EXECUTIVE SUMMARY)**

This report presents the results of a review of the existing statutory, regulatory, and policy framework that contributes to the protection of health for individuals living in proximity to oil and gas development and/or activities in northeastern British Columbia (NE BC). The objective of this review was to offer an overview of the relevant regulations with respect to oil and gas in NE BC and to identify any potential deficiencies in the existing regulatory framework as it relates to the potential influence of oil and gas development on public health in NE BC.

The scope of oil and gas activities considered in this review includes potential emissions to air and water from operational sites, historical sites and transportation of both products and waste.

For these activities, regulations related to both normal operations and emergency scenarios were reviewed based on their potential to protect human health. How these regulations and policies compare to those in related jurisdictions (*e.g.*, Alberta, United States) as well as to best management practices recommended by the Canadian Association of Petroleum Producers (CAPP) and the American Petroleum Institute (API) is also discussed.

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