House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Johnson & Johnson Family of Companies in Canada

or

( ) **an individual** **Name:** _____

Topic: Health

*Recommendation 1: Please provide a short summary of your recommendation.

The Government of Canada, specifically Health Canada, should implement regulatory modernization of the Food and Drugs Act and the Food and Drug Regulations in an expeditious manner. Implementing regulatory modernization would provide a net benefit to government, as regulatory modernization would provide cost savings to the health care system and economic value to Canadians by ensuring better health outcomes, enabling Canadians to lead healthier and more productive lives. Modernization efforts should align with the Federal Government's commitment to reduction of red tape.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

To implement this recommendation, there may be need for the federal government to increase expenditure in the short term to ensure adequate resources to Health Canada to undertake formal regulatory consultations and implementation of final regulations. Following implementation, the government will need to ensure that adequate resources are available to support the regulatory activities which will transform as a result of regulatory modernization.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

1. Canadians: Enhancing Canada's regulatory regime through regulatory modernization would ensure an efficient and sustainable regulatory framework to deliver effective and safe health care products, improving the health of all Canadians.
2. Governments: Benefits to governments would include cost savings to the health care system and economic value to Canadians by ensuring better health outcomes, enabling Canadians to lead healthier and more productive lives.
3. Manufacturers: A modernized, predictable, science-based regulatory system would increase competitiveness and encourage investment.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

These measures would make Canada more competitive in the global health sector which is an important economic driver around the world. The biopharmaceutical industry alone invests in excess of $110 billion annually.

Enabling Canada to be more competitive will help increase our share of the R&D funds invested globally and contribute to Canada's high-skill, high-value workforce and economy. Canadian health industries are already important private sector employers and can do much more to serve a growing demand for high quality care, new devices, new medicines and infrastructure needed for care.

Topic: Trade and investment

Recommendation 2: Please provide a short summary of your recommendation.

J&J recommends that the Government of Canada successfully conclude the Canada-European Union Comprehensive and Economic Trade Agreement (CETA) and implement the agreement as quickly as possible.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Our recommendation related to CETA and intellectual property does not require funding by the federal government or changes to the federal government's fiscal framework. It is an opportunity for Canada to shore up its intellectual property regime to the levels of other leading economies such as Europe and United States in order for Canada to better compete for the over $110 billion that is invested in life sciences research and development annually.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Successful conclusion to CETA would have positive impacts on the Canadian economy as a whole. Specific to J&J, potential changes to Canada's intellectual property regime would provide a significant increase in the predictability and strength of IP protection for pharmaceutical products. J&J fully supports proposed measures under CETA, including an effective right of appeal for innovators in patent challenges; ensuring that data protection for pharmaceuticals meets or exceeds that offered by the EU; and implementing patent term restoration to offset regulatory approval and other delays.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The EU is Canada's second largest trading partner after the United States. The Canada-EU CETA provides an opportunity to expand on this relationship and create significant benefits for Canadians, adding a potential $12 billion per year to Canada's economy and boosting bilateral trade by $38 billion, an increase of 20%. This increase will create jobs, increase income and expand opportunity for Canada's knowledge-based economy.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

J&J recommends the implementation of a $300 per taxpayer self-care tax credit that would allow Canadians to claim over-the-counter (OTC) medication costs in three areas: pain management, allergies and smoking cessation.

Research by J&J has shown that the average Canadian family spends approximately $100 per person on average every year treating conditions with consumer health products.

This tax credit would support an overall trend by Canadians towards greater self-management of personal wellness and would contribute to greater sustainability of the health care system.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

unknown

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

We estimate this proposal would cost less than $100 million per year. Although the government may consider an excise tax as one option towards funding this tax credit, J&J would recommend a review of current policy envelopes within Health Canada that are aligned to the objectives of a self-care tax credit and could be optimized to support a new tax credit. Both Health Products (because of the connection to consumer health products) and Canadian Health System Policy (as this would represent an innovative policy shift) should be examined.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Millions of Canadians every year suffer the symptoms of minor ailments such as seasonal colds and allergies. Every day more than one million more are attempting to quit smoking. Combined, the effects of this tax credit could benefit Canadians across the country and help manage health care costs.
Key targets for this credit would thus include: families with kids treating seasonal cold and allergies; older or aging Canadians self-managing chronic ailments such as osteoarthritis; and, smokers struggling to end their addiction to tobacco.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Every year millions of Canadians make unplanned visits to doctors due to minor ailments. These visits put undue pressure on an already burdened system. If Canadians have an incentive to continue self-managing their care, it can help avoid these unplanned visits, save money and open spaces for those who truly need it. It would also help contribute to greater productivity through a healthier workforce. A self-care tax credit would allow the government to demonstrate their support for self-care as a crucial part in maintaining our health care system.

Please use this page if you wish to provide more explanation about your recommendation(s).

Regulatory Modernization:

There are a number of initiatives under regulatory modernization which can significantly impact the life sciences sector and by extension the health and wellbeing of Canadians. It is critical that Health Canada continue to actively engage in robust consultation on this initiative and remain responsive to the issues raised. It is also critical that the principles of the Red Tape Reduction Effort be adhered to, so that modernization efforts do not result in excessive new regulatory hurdles.
Important progress has been made on a number of Health Canada and Treasury Board initiatives:
-Orphan Drug Framework - a model for consultative approaches has been launched;
-Look-alike Sound-alike Health Product Names consultation - Health Canada has been highly responsive to issues raised;
-Regulatory Cooperation Council - Treasury Board has made important progress with electronic submissions and product monograph changes.

However future focus is needed on:
-Accelerating progress on Regulatory Cooperation - including greater progress on mutual recognition of inspections and a future focus on biosimilars and reprocesssing of devices;
-Close attention to the orphan drug framework;
-The urgent need to regulate reprocessed devices;
-Summary Basis of Decisions and the need to have approaches aligned with those of other regulators

Self-Care Tax Credit

Budget 2012 committed to reducing red tape by removing the regulatory requirement to switch products from prescription to over-the-counter status. This is a positive development which will empower Canadians to better manage their own health care and reduce burdens on the health care system.

That the Federal government extend their support of self-care options for Canadians through the tax deductibility of over-the-counter products is a logical continuation of this and other tax incentives that the government has provided for Canadians since 2006.

According to the Health Council of Canada, approximately half of all Canadians live with at least one chronic ailment and more than one quarter suffer from at least two such ailments. As the population ages, the $90 Billion in productivity and health care costs due to chronic disease will grow rapidly.

Self-care plays an important role in the management of both acute and chronic ailments and supporting such care has been identified as an important way to improve health outcomes and save costs.

Currently, almost all tax and insurance measures (public and private) related to health are focused on professional care such as doctor visits, institutional care and prescribed therapies. Taken together, these financial incentives all mitigate against self-care. A Self-Care Tax Credit would provide a measure balance to this equation that could support the natural tendency of Canadians to rely on self-care, like they currently do for most acute minor ailments, as more and more of them adapt to life with one or more chronic ailments.

*Please note that at least one recommendation must be provided