

## **Consumer Health Products Canada Pre-Budget Submission**

**August 6, 2020**

### **Policy and Regulatory Reform to Achieve Financial and Health Returns**

## **List of Recommendations**

**Recommendation 1:** That the government implement a National Self-Care Strategy to support Canadians in caring for themselves and their loved ones at home. This strategy should build on what we are learning in the current pandemic about the types of supportive measures and resources that will help Canadians in the management of their own health and reduce the demands on our pressured healthcare system. A strategy that will improve public health outcomes, reduce absenteeism, grow health industries, and promote a more productive overall workforce. Specifically:

- (i) Conduct a parliamentary study of self-care, examining the current and potential future impacts of self-care on health outcomes and healthcare system sustainability, and making recommendations on what measures the federal government could implement to optimize these;
- (ii) Improve health literacy through strategic investments in research, public education, and decision-making supports; and
- (iii) Make all Health Canada approved self-care products eligible under the Medical Expense Tax Credit.

**Recommendation 2:** That the government reform the health portfolio approach to achieving product-related public health outcomes. New regulatory measures must be supported by evidence of a measurable public health outcome and a commitment to monitoring this post-implementation, to ensure accountability. Initiatives that are not supported by evidence of a measurable public health benefit should be re-evaluated or reconsidered with a view to making them so. Specifically:

- (i) Modernize the regulatory tools governing product information and conditions of sale, currently built entirely around printed labels and bricks-and-mortar pharmacies, to reflect the vital role of the digital domain in driving health attitudes and behaviours;
- (ii) Create regulator accountability for achieving the health benefits presented to Cabinet in support of new regulatory measures, and reject or redesign measures that lack rigour in their cost/benefit analysis;
- (iii) Demand that regulatory proposals impacting the labelling/packaging of medicines, food, and other commodities fully leverage electronic information, rather than increase packaging waste from expanded printed labels; and
- (iv) Require regulators to base regulations on unbiased, high-quality evidence and bona fide benefit-cost analyses.

**Recommendation 3:** That the government supports the growth and competitiveness of Canadian business by ensuring rules-based trade and e-commerce. Specifically:

- (i) Work with our global trading partners to ensure that international trade allows for the predictable flow of ingredients, products, and people;
- (ii) Work with industry to address the regulatory burdens that are inflating business costs often without corresponding public benefit, discouraging manufacturing investment and driving Canadians, with new de minimis buying power, to shop for foreign products online; and
- (iii) Follow through on the initiative to give all regulators, including Health Canada, a mandate to understand and consider the economics of regulated industries, including the value of a domestic manufacturing capacity.

## **Who We Are**

Consumer Health Products Canada is the trade association representing manufacturers of evidence-based over-the-counter medicines (OTCs) and natural health products (NHPs). The industry generates approximately \$5.8 billion in GDP and supports nearly 57,000 jobs in Canada. The availability of our members' products has a direct positive impact on the availability of doctors, public health outcomes, and reduced costs to the healthcare system.

Our members' products are essential. Many are former prescription drugs so important to the daily lives of Canadians that they became non-prescription. Our members' products play a key role supporting the management of everyday health, chronic diseases, and the COVID-19 response. We support Canadians practicing evidence-based self-care—the single most effective thing Canadians can do to manage their health and ensure the sustainability of our healthcare system now and for years to come.

### **#1 National Self-care Strategy**

Self-care encompasses everything from healthy lifestyle choices and disease prevention, to treatment of minor health ailments and management of chronic disease. Self-care is all of these things and essential for helping people live healthier lives with confidence and autonomy.

With COVID-19, self-care behaviours such as social distancing, mask-wearing, hand hygiene, and following advice of public health professionals will be far more important to the outcome of the pandemic than any other intervention, until a safe and effective vaccine is available. The differences in case and fatality counts in jurisdictions that have failed to support and reinforce these behaviours stand as testament to this. The importance of health literacy as a pillar of self-care and population health cannot be overstated in an environment where political and social considerations can overtake evidence-based decision-making.

A sustainable healthcare system has a balance between professional care and self-care. Yet, Canada has yet to optimize this approach. We have focussed heavily on healthcare system investments that, while important, could deliver more if accompanied by minimally costly initiatives to increase Canadians' capacity to care for themselves.

If just the 2% of Canadians with mild cold symptoms who currently see a doctor practiced self-care instead, an additional 500,000 Canadians could have access to a family physician.<sup>i</sup> One quarter of those who do see a doctor for these minor ailments say they do so to have their treatment covered by their drug plan. It is time to make self-care products eligible under the Medical Expense Tax Credit, to offset this incentive at least partially, without erecting barriers to professional care.

In a May 2020 cross-Canada survey commissioned by our association,<sup>ii</sup> 39% of Canadians said they were doing more compared to before the COVID-19 pandemic when it comes to looking for information about how to take care of their health. Of those who reported managing a health condition themselves during the pandemic that they would normally have consulted a doctor about, 58% said they were satisfied with the outcome. This gives a measure of the

extent to which self-care's contribution to Canadians' health and their healthcare system could be expanded.

Self-care also holds much promise for freeing up healthcare system resources for investment in better care for our aging population—a longstanding problem laid bare during the pandemic.

We ask the federal government to:

- (i) Conduct a parliamentary study of self-care, examining the current and potential future impacts of self-care on health outcomes and healthcare system sustainability, and making recommendations on what measures the federal government could implement to optimize these;
- (ii) Improve health literacy through strategic investments in research, public education, and decision-making supports; and
- (iii) Make all Health Canada approved self-care products eligible under the Medical Expense Tax Credit.

## #2 Regulatory Reform

Prior to the pandemic, Health Canada was proposing monumental changes to the way industries make, package, and sell products. We are referring to the anachronistic labelling proposals including Front of Package Labelling for food and Plain Language Labelling for OTCs and NHPs, and proposed restrictions on how companies market their products. Despite the huge cost to industry of these proposals, and the increase in packaging waste that they will drive, there is scant evidence of their ability to drive measureable health benefits.

We support regulations that improve public health and product safety, but we are concerned that costly government proposals have not contributed to these objectives, run counter to environmental sustainability, and are out of touch with the growing digital information and e-commerce environment. Should they proceed, the cumulative regulatory impact will further disrupt supply chains, discourage investment and job retention, increase packaging and carbon outputs, as well as affect product availability and price.

We know there are better ways to help improve and maintain Canadians' health. For example, Health Canada approved self-care products have their conditions of sale regulated under provincial pharmacy acts, creating a two-tiered regulatory approach that discourages innovation and creates inter-provincial barriers to trade. No other country does this. The existing federal-provincial-territorial agreement to address this issue under the Canadian Free Trade Agreement would be a perfect opportunity to replace a bifurcated and inefficient system based on package labels and bricks-and-mortar pharmacies, with a modern single-window approach that considers the increasingly important role of electronic information and online availability.

We ask the federal government to:

- (i) Modernize the regulatory tools governing self-care product information and conditions of sale, currently built entirely around printed labels and bricks-and-mortar pharmacies, to reflect the vital role of the digital domain in driving health attitudes and behaviours;
- (ii) Create regulator accountability for achieving the health benefits presented to Cabinet in support of new regulatory measures, and reject or redesign measures that lack rigour in their cost/benefit analysis;
- (iii) Demand that regulatory proposals impacting the labelling/packaging of medicines, food, and other commodities fully leverage electronic information, rather than increase packaging waste from expanded printed labels; and
- (iv) Require regulators to base regulations on unbiased, high-quality evidence and bona fide benefit-cost analyses.

### **#3 Modern Approaches to Trade and E-commerce**

Consumer health products are regulated mainly based on the traditional model of product purchase at a bricks-and-mortar store within Canadian borders and with a focus on print information on the product packaging, right down to the font size. But patterns are changing—online purchasing is on the rise and if Canadians can't get what they are looking for at the right price in Canada, they will buy products (sometimes the same ones) from elsewhere, particularly the US, for less money. Meanwhile, the high cost of regulatory compliance in Canada discourages investment in Canadian manufacturing and distribution. A recent Deloitte report indicated that regulatory compliance costs have led to twice as many abandoned new product introductions in Canada than the average among the UK, US, and Australia<sup>iii</sup>.

Maintaining a robust self-care product manufacturing capacity in Canada has both economic and population health benefits for Canada. In a highly regulated sector such as this, it is vital that the regulator be both aware of and responsive to the economic conditions under which these products come to market, in order regulate them effectively and efficiently and ensure that these products are available when Canadians need them. More broadly, as the pandemic prompts nationalistic policies that can threaten the global supply chains that feed the industry, the federal government must continue to work with our international trading partners and institutions to ensure the free flow of products, ingredients, and people.

We ask the federal government to:

- (i) Follow through on the initiative announced in the fall 2018 economic statement to give all regulators, including Health Canada, a mandate to understand and take into account the economics of regulated industries, including the value of a domestic manufacturing capacity;
- (ii) Work with our global trading partners to ensure that international trade allows for the predictable flow of ingredients, products, and people; and

- (iii) Work with industry to address the regulatory burdens that are inflating business costs often without corresponding public benefit, discouraging manufacturing investment and driving Canadians, with new de minimis buying power, to shop for foreign products online.

In conclusion, the COVID-19 pandemic has demonstrated the vital importance of self-care, the need for a national self-care strategy, and a strong health product industry to support it.

The pandemic has highlighted that our federal health portfolio must be nimble, able to redirect resources, and have a clear mandate to achieve measurable public health outcomes.

The pandemic has made it clear that we cannot regulate in a bubble. Canadians have access to a global online market of products and information. Regulatory barriers and compliance costs can impede product availability in bricks-and-mortar stores and drive down manufacturing investment in Canada, but they offer no guarantee of protecting consumers in an increasingly global online marketplace.

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<sup>i</sup> Willemsen, K.R. Harrington, G. "From Patient to Resource: The Role of Self-Care in Patient-Centered Care of Minor Ailments." *SelfCare* 2012. 3(3): 43-55.

<sup>ii</sup> <https://www.chpcanada.ca/wp-system/uploads/2020/07/Redfern-Research-Self-care-During-Pandemic-Report-July-13-2020-FINAL.pdf>

<sup>iii</sup> Deloitte. "Cost of Doing Business in the Consumer Health Products Sector in Canada." Report to CHP Canada, March 2020.