



***Submission for Pre-Budget Consultations for
the 2023 Budget***

February 10, 2023

Medtech Canada is the national association representing Canada's innovative medical technology (medtech) industry. Representing over 120 medtech companies (ranging from Canadian-owned to multinationals), Medtech Canada works closely with government and healthcare stakeholders to deliver a patient-centred, safe, accessible, innovative and sustainable universal healthcare system supported by the use of medical technology.

MEDTECH CANADA RECOMMENDATIONS

Recommendation 1: Incentivize R&D Investment

That the government take a leading role in designing and implementing policies to incentivize global medical technology companies to spend their R&D dollars in Canada.

Recommendation 2: Invest in and Adopt Innovative Technologies

That the government allocate a portion of the \$6 billion committed to eliminating surgical & procedural backlogs towards the innovation and adoption of novel medical technologies to reduce backlogs while creating a globally competitive medtech market in Canada.

Recommendation 3: Strengthen the Security of Critical Medical Supply Chains

That the government take a leadership role to establish secure critical medical supply chains by providing incentives for increased Canadian production of medical supplies & equipment, financial supports for companies experiencing dramatic supply chain disruptions, and implementing the Government's 2022 joint task force recommendations with business leaders, the health sector and medical device industry to increase supply chain resilience.

Recommendation 4: Digital Health / Virtual Care

That the government continue to invest in Digital Health / Virtual Care technologies. We would recommend a commitment to invest \$400M over 4 years.

Recommendation 5: Laboratory Medicine Infrastructure

That the government prioritize and target direct investments in public health and laboratory infrastructure. We recommend a pan-Canadian approach to Laboratory Medicine investment and revitalization including ongoing funding of at least \$750 million per year for five years to improve capacity and modernize Laboratory Medicine in the specific areas of precision medicine, antimicrobial resistance, point-of-care testing, digital diagnostics and to upgrade core laboratory capacity.

Recommendation 6: Comprehensive Life Sciences Sector Strategy

That the government continue to advance Canada's Biomanufacturing & Life Sciences Strategy (BLSS).

DETAILED RECOMMENDATIONS

Recommendation 1: Incentivize R&D Investment

We recommend that the government take a leading role in designing and implementing policies to incentivize global medical technology companies to spend their (R&D) dollars in Canada. Our goal is to establish Canada as a global leader in medical technologies, with an economy that attracts significant Foreign Direct Investment (FDI) while spurring exports to promising global markets, aligning with the government's Made-in-Canada Strategy, and resulting in hundreds of millions of dollars in new FDI and thousands of new jobs.

Medtech MNEs spend a significant amount of dollars globally on R&D (US\$27B¹ in 2016). However, MNE medical device R&D investment in Canada is currently below US\$100M (1.4% of revenues), well below the world average of 7% of revenues.² An audacious vision for Medtech R&D spending would have Canada punching above its weight with investments in the **US\$750M - US\$1B range annually.**

Medtech MNEs have a stronger financial capacity to invest in innovation than home-grown SMEs. The capacity of SMEs to increase R&D spend is closely tied to their ability to generate revenue from both domestic and export sales. Medtech-tailored government programs at both ISED and GAC that support a Made-in-Canada strategy are required to not only help SMEs sell into the Canadian market, but also to increase their export revenues.

Given that the Medtech sector invested almost 7% of revenues in R&D globally, twice the average of industry in aggregate, a focus on Medtech will reap more significant rewards for the government vs. other sectors.

Recommendation 2: Invest in and Adopt Innovative Technologies

We recommend that the government provide funding to help provincial and territorial healthcare systems invest in and adopt novel and innovative medical technologies system that will lead to a globally competitive medtech market in Canada and sustainable healthcare system.

Combatting COVID-19 has led to a tremendous backlog of surgeries and procedures. This will continue to be a serious challenge in the years to come and will require incremental funding to expand capacity and investments in high-value medical interventions to best utilize limited hospital resources.

We commend the Trudeau government's focus on backlog elimination as a part of the proposed bilateral health care funding agreements with the provinces. Given that our

¹ Statista

² Statista

industry collaborates closely with our health system partners, we have seen the detrimental impact of surgical and procedural wait times on patients, and we welcome the proposed targeted funding in this area.

Medical technology can contribute to addressing backlog and health system efficiency challenges, while reducing pressure on Canadian health care workers. To achieve the government's backlog reduction objective, **we recommend that a portion of the bilateral funding on backlog reduction be carved out to facilitate the adoption of medical technology innovation.** To learn more about the opportunities presented by medtech to address backlog and health system challenges, please visit: [Medtech Solutions to Canadian Surgical Backlog — Medtech Innovation Hub](#)

Additionally, medtech companies invest in jurisdictions where they can bring innovations to market quickly, and where those products will be adopted by the health system. Canada is not one of those jurisdictions. If we are going to tap into that potential, we need to collectively shift our mindset and begin to view healthcare as an economic driver rather than a cost center.

We also propose that the government follow the recommendations of the Health and Biosciences Economic Strategy Table (HBEST, 2018) to adopt “the use of **value-based procurement (VBP)** across Canada’s health systems to increase innovation uptake and foster a more efficient health-care system.”³ Strategies for the value-based acquisition of healthcare solutions, including bundled product and service procurement, can also help reduce surgical and procedural backlogs.

Recommendation 3: Strengthen the Security of Critical Medical Supply Chains

We recommend that the government take a leadership role to establish secure and robust access to critical medical supplies and equipment. **Medtech Canada stands ready to do our part in working with the Minister of Health and the Minister of Innovation, Science and Industry as they work towards their mandate to “strengthen the security of medical supply chains.”** Our association has the ability to leverage our diverse member base of small & medium-sized companies, as well as multi-national organizations, to deliver meaningful contributions to increase the manufacturing footprint in Canada and build resilience in the face of future health threats.

A coherent and robust healthcare supply chain is foundational to the proper functioning of Canada’s healthcare system. The COVID-19 pandemic exposed weaknesses in the global supply chain’s just-in-time (JIT) delivery model. Canada scrambled to source high-demand products, inventory was limited and impacted by global shipping challenges, and at-home manufacturing capabilities were not sufficient to meet demand. Challenges remain, given that deferred diagnoses, interventions and surgeries will result in a demand surge for a wide range of products, each of which is essential for the system to function.

³ [https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDHealthBioscience.pdf/\\$file/ISEDHealthBioscience.pdf](https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDHealthBioscience.pdf/$file/ISEDHealthBioscience.pdf)

We recommend the following to strengthen the security of medical supply chains:

- 1) **Incentives for domestic medical supplies & equipment production** that can engage multinational organizations as well as Canadian-based SMEs to ensure Made-in-Canada manufacturing.
- 2) **Financial supports** for companies and sectors experiencing dramatic supply chain disruptions.
- 3) Implement the Government's 2022 **joint task force recommendations** with business leaders, the health sector and medical device industry to increase supply chain resilience.
- 4) We commend the government for including **the need for increased data** as a part of the newly proposed Canada Health Transfer increases. We request that the government engage with the medtech industry to ensure the availability of health system data that would be beneficial for medtech companies to be able to plan for sufficient product supply for the Canadian market (e.g., number of planned surgeries).

Recommendation 4: Digital Health / Virtual Care

We recommend a commitment to invest \$400M over 4 years (as per the Liberal Party of Canada Platform, Forward. For Everyone, September 2021) to support a more robust national digital health strategy and infrastructure system with interoperable data platforms (as recommended by HBEST).

Digital health makes it easier for patients to continue receiving the health services and programs they need such as **remote monitoring technologies** which enhance care for people at home, as well as other vulnerable populations. Rural high-speed internet is a critical enabler for the remote monitoring technologies being introduced and should be a key priority for the government.

While the short-term deployment of virtual care as an immediate response to COVID-19 has been largely successful, we now have an opportunity to build upon this momentum to harness digital health technologies and unlock the full value of optimizing patient care, clinical outcomes, and health system sustainability, **including the appropriate use of digitally enabled medical technologies**.

Recommendation 5: Laboratory Medicine Infrastructure

We recommend that the government prioritize and target direct investments in public health and laboratory infrastructure. Laboratory Medicine's vital role during the pandemic has been acknowledged from quickly establishing highly specific and sensitive diagnostic tests for COVID-19, diagnosing/reporting/monitoring both co-morbidities and other diseases, informing patient treatment/management plans, as well as driving our economic recovery and helping to address the growing backlog of deferred procedures.

Laboratory Medicine informs 50-70% of all clinical decisions while accounting for only 3-5% of total healthcare spend. Relative to other disciplines in Canada and healthcare systems globally, Canadian laboratory infrastructure has been underinvested in despite high “value for money.”

We need a pan-Canadian approach to Laboratory Medicine investment and revitalization including ongoing funding of at least \$750 million per year for five years to improve capacity and modernize Laboratory Medicine. The ongoing investment is essential to better align with F/P/T health mandates to help:

1. Safeguard the health and well-being of Canadians through and after the pandemic including: the unique circumstances facing Indigenous and remote/rural communities; the need to educate and employ the right people; requirements to enhance testing capacity to help address backlogs with medical & surgical services, interventions, and screening.
2. Advance clinical decision-making in all areas of medicine (including managing antimicrobial resistance and laboratory technology requirements specific to the opioid overdose crisis).
3. Drive Canadian economic recovery plans, help address the growing backlog of deferred procedures and prepare for the future.

Recommendation 6: Comprehensive Life Sciences Sector Strategy

We recommend that the government continue to advance Canada’s Biomanufacturing & Life Sciences Strategy (BLSS). The BLSS was a promising initial strategy to facilitate a robust national platform for future competitiveness, economic growth, and better health outcomes for Canadians. However, other leading countries have made significant progress in assertively planning and investing for future leadership in life sciences and Canada must continue to strive for global competitiveness in this critical sector. We strongly believe that Canada cannot be left behind and propose the following recommendations on advancing the BLSS:

1. Strong and Coordinated Governance: Create an organization in government with Deputy or Senior ADM level accountability for both delivering on BLSS and developing BLSS 2.0.
2. Research and Talent: Working with Provinces & Territories, reduce the barriers to hiring highly skilled foreign talent while enhancing the system for foreign credential recognition, and further enhance domestic skills development programs.
3. Business Supports & Public Capacity:
 - A. Work with the life sciences sector to identify and pursue opportunities to integrate Canadian companies into global supply chains, targeting areas most relevant to national health security.

- B. Launch new innovation support programs incorporating the renewal of existing envelopes in addition to new, more nimble streams including funding streams adapted for higher risk ventures.
 - C. Establish an agile procurement implementation process.
4. World Class Regulation: Continue the focus on adopting regulatory agility in relevant review processes.
 5. Data and Digital: Define Canada's aspiration related to digital infrastructure to enable the development and timely introduction of innovative products and systems into Canada. In parallel, Canada should provide appropriate funding to support the digital health strategy and enable data-driven advances in health care.

The Life Sciences sector can play a critical role as an important driver of economic recovery and growth, and public health emergency preparedness and security. The government has a unique opportunity currently to envision a new strategy for the sector.

SUMMARY

[An Effective Canadian Recovery & Restart is Linked to a Robust Medtech Sector](#)

The pandemic has placed medical technologies front and center as essential tools to combat COVID-19 and the medtech sector has stepped up by increasing manufacturing capacity, quickly scaling up production and retooling their product lines to deliver ventilators and respiratory support equipment, PPE for front-line healthcare workers, diagnostic tests and a whole host of essential technologies. We invite you to visit www.medtechinnovation.ca to get a better sense of the broad impact the medtech industry has had in the response to COVID-19 to keep Canadians healthy and safe.

COVID-19 has also illuminated systemic challenges that will need to be addressed to ensure that we have a robust Canadian medtech sector that is prepared to deal with emerging unique health challenges. We believe that each of our recommendations would strongly contribute to the robust growth of a vibrant Canadian medtech sector and the economy as a whole in a post-COVID-19 environment.