



***Submission for Pre-Budget Consultations for
the 2025 Budget***

August 1, 2024

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: Provide Funding for a Government Agency with a focus on Life Sciences

We recommend creating and funding an organization in government with a clear mandate and senior-level accountability to deliver on the Biomufacturing and Life Sciences Strategy (BLSS) and develop BLSS 2.0 (which includes medical technologies as a critical component).

Recommendation 2: Incentivize R&D Investment

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

Recommendation 3: Strengthen the Security of Critical Medical Supply Chains

We recommend that the government take a leadership role to establish secure critical medical supply chains by providing incentives for increased Canadian production of medical supplies and equipment, and implementing the Government's 2022 National Supply Chain Task Force recommendations.

Recommendation 4: Invest in Digital Health & AI

We recommend that the government invest in digital health technologies and solutions to unlock the full value of optimizing patient care, clinical outcomes, and health system sustainability, including the appropriate use of digital and AI-enabled medical technologies.

Recommendation 5: Invest in Critical Healthcare Infrastructure (Laboratory & Medical Imaging)

We recommend that the government prioritize and target direct investments in critical healthcare infrastructure, including \$750 million per year for five years to improve capacity and modernize laboratory medicine and \$2 billion over three years for radiology equipment.

Recommendation 6: Adopt Value-Based Procurement

To help reduce surgical and procedural backlogs in Canada, we urge the government to 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."

DETAILED RECOMMENDATIONS

Recommendation 1: Provide Funding for a Government Agency with a Focus on Life Sciences

We recommend creating and funding an organization in government with a clear mandate and senior-level accountability to deliver on the Biomanufacturing and Life Sciences Strategy (BLSS) and develop BLSS 2.0 (which includes medical technologies as a critical component). The organization should coordinate investments and policies, and engage stakeholders through a permanent table to ensure Canada effectively addresses health security threats and economic development opportunities.

Strong and coordinated governance through a single dedicated agency would allow for:

- **A clear vision and mandate for the agency to act as a champion for Canada's Biomanufacturing and Life Sciences ecosystem.**
- An all-of-government approach to centrally coordinate all government BLSS research and investment.
- Sustainability and Evaluation: Given the body's long-term role in shaping policies and investments for Canada's life sciences sector, there should be a mechanism for annual evaluation of the strategy's progress, including input from key stakeholders across the life sciences ecosystem.
- A Mechanism for External Stakeholder Input: While the Council of Experts is helpful, there needs to be an input mechanism for broader external stakeholders from the public and private sectors to guide the implementation of BLSS and the development of BLSS 2.0.

We would propose a single dedicated entity with Deputy Minister leadership to coordinate the BLSS, with key accountabilities to both Health Canada and ISED; alternatively, a multi-ministerial committee co-chaired by the DMs of ISED and Health Canada.

Recommendation 2: 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

¹ Statista

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**.

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 versus other sectors.

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 health care as an economic driver rather than a cost center.

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 can 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.

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

- 1) **Programs for domestic medical supplies & equipment production** that can incentivize Canadian-based SMEs, as well as MNEs to ensure Made-in-Canada manufacturing.
- 2) Implement the Government’s 2022 **National Supply Chain Task Force recommendations** with business leaders, the health sector and medical device industry to increase supply chain resilience.

² Statista

- 3) 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 all stakeholders, including the medtech industry, to collaborate and create consistent and enhanced data access to facilitate better demand planning and inventory management to meet market needs during backlog recovery and going forward.

Recommendation 4: Digital Health & AI

We commend the Trudeau government’s focus on modernizing the health care system with standardized health data and digital tools as one of the shared health priorities of the tailored bilateral agreements with the provinces. Digital health and interoperability efforts are long-term, collaborative endeavors that require consistent funding and attention. Financial resources support the ongoing development, implementation, and maintenance of digital health solutions that support a more robust national digital health strategy and infrastructure system with interoperable data platforms (as recommended by HBEST).

Investments in digital health and AI-enabled solutions, including remote monitoring technologies and generative AI models, have increased patient access to care while unlocking efficiencies in health systems across Canada. Canada now has an opportunity to build upon this momentum by harnessing and scaling authorized digital health and AI-enabled solutions to optimize precision-based medicine patient care, clinical outcomes, and health system sustainability.

Medtech Canada recommends the government implement the goals outlined in Canada’s Biomanufacturing and Life Sciences Strategy 2.0 (BLSS) that includes dedicating financial resources to support the ongoing development, implementation, and growth of digital health and AI-enabled solutions that support a more robust national digital health strategy.

Recommendation 5: Critical Healthcare Infrastructure (Laboratory Medicine & Medical Imaging)

We recommend a Pan-Canadian approach to address the gap in critical health care infrastructure to meet the needs of patients across the country by prioritizing and targeting direct investments in public health and laboratory infrastructure as well as medical imaging.

Laboratory Medicine:

Laboratory Medicine plays a vital role in diagnosing/reporting/monitoring both diseases and co-morbidities to inform patient treatment/management plans.

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 Medicine infrastructure has been underinvested in despite high “value for money.”

We recommend Laboratory Medicine investment and revitalization including funding of at least \$750 million per year for five years to improve capacity and modernize Laboratory Medicine.

Medical Imaging:

To ensure new investments in surgeries and procedures contribute to better patient outcomes, new therapeutic procedures require precision imaging guidance delivered through modern medical imaging equipment. The impact and demonstrated need for new investments in Canada's imaging equipment supply is quantified in a 2019 Conference Board of Canada report, [The Value of Radiology - Part II](#), that demonstrates the age of imaging equipment in Canada compared to other OECD countries is outdated and fails to meet the needs of patients and providers.

We recommend an investment of \$2B over three years to modernize Canada's medical imaging infrastructure to support provincial health systems deliver faster access to service and drive broader system efficiencies by taking a methodical and national approach in identifying and planning for the current and future medical imaging equipment needs across the country.

Recommendation 6: Adopt Value-Based Procurement

An effective & efficient Canadian healthcare system is linked to a robust medical sector. Surgical and procedural backlogs 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 supporting our health workers and reducing backlogs as one of the shared health priorities of the tailored bilateral agreements with the provinces.

Furthermore, we encourage 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 The report provided a number of specific recommendations about the key role that the federal government can play in advancing value-based procurement in Canada.

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)