

Submission for Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Medtech Canada

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Medtech Canada 2026 Federal Pre-Budget Recommendations

- 1. Accelerate Adoption of Innovative Health Technologies**
 - a. Establish a federal adoption fund to scale clinically validated technologies nationwide.
 - b. Incentivize adoption through funding tied to outcomes and productivity.
 - c. Use procurement models that prioritize outcomes and treat healthcare spending as a strategic investment.

- 2. Streamline Regulatory Processes to Enhance Competitiveness**
 - a. Advance red tape reduction to simplify Health Canada approvals while maintaining safety.
 - b. Move toward a single, national regulatory approach and reduce inter-provincial barriers.
 - c. Modernize frameworks like PRCI to align with international best practices.
 - d. Expand international reliance pathways and flexible market entry models (e.g., phased MDSAP).
 - e. Improve transparency and reporting (e.g., authorization timelines) to support market planning.

- 3. Strengthen Critical Medical Supply Chains**
 - a. Ensure HERC has the mandate and funding to coordinate health security and supply chain resilience.
 - b. Maintain tariff-free trade for medical technologies, including under CUSMA.

- 4. Create and Fund a Digital Health Ecosystem**
 - a. Engage Medtech Canada as a partner in implementing digital health and AI initiatives, including Bill S-5.
 - b. Strengthen cybersecurity for health systems and data.
 - c. Fund implementation, training, and change management to support AI integration.

Introduction

As the national association representing Canada's medical technology industry, Medtech Canada welcomes the opportunity to submit recommendations for the 2026 federal budget. Canada is entering a period of economic transformation, geopolitical uncertainty, and rising expectations for public sector performance. In this context, federal investments must enhance productivity, strengthen resilience, and safeguard national security.

Health care must increasingly be understood not only as a social expenditure, but as a strategic economic asset. Medical technologies are critical infrastructure, supporting workforce participation, health system efficiency, and emergency preparedness. Canada's medical technology sector is also a key economic driver. According to Statistics Canada, it contributed \$13.7 billion in gross value added (GVA) in 2023, generated \$24.4 billion in output, and supports over 88,000 jobs nationwide reflecting a high-value, innovation-driven industry.

The sector is deeply integrated into global markets. In 2023, Canada exported \$2.7 billion in medical devices with approximately 73% of these products going to the United States, while imports reached \$10.7 billion, underscoring the sector's reliance on global supply chains. Ontario accounts for roughly 61% of sector GVA, highlighting its economic importance. Stable trade relationships, particularly under CUSMA, are essential as emerging risks, including potential tariffs and retaliatory measures, threaten patient access and supply chain continuity.

A modern economic strategy requires targeted investment, regulatory efficiency, and strong public-private collaboration. The federal government has an opportunity to apply this approach to health care unlocking productivity, strengthening domestic capacity, and improving patient outcomes. Medtech Canada and its members stand ready to partner in advancing these priorities.

1. Accelerate Adoption of Innovative Health Technologies

Key Recommendations

- a. Establish a federal adoption fund to support the scale-up of clinically validated technologies across provinces and territories.
- b. Incentivize health system adoption of innovative technologies through targeted funding tied to improved outcomes and productivity gains.
- c. Utilize advanced procurement methodologies which prioritize clinical and operational outcomes, positioning healthcare spending as an investment in high-value assets that drive system performance and productivity.

Improving productivity in Canada's health system is an immediate opportunity to strengthen economic performance. Medical technologies, ranging from digital tools to advanced diagnostics, can reduce wait times, streamline workflows, and shift care to lower-cost settings. However, a persistent gap remains between innovation development and system-wide adoption. According to a recent study, "Canadian patients often wait longer than necessary to benefit from innovations that have already been proven safe and effective elsewhere."¹ Despite the medical technology sector generating \$24.4 billion in annual output, Canada has not fully realized the health and economic value of its medtech innovation due to slow, fragmented and inconsistent adoption processes across jurisdictions.

Targeted federal investment should prioritize the adoption and integration of technologies that have already demonstrated value, including the adoption of new clinical pathways, digital health solutions, and advanced medical technologies that can drive efficiencies, enhance healthcare provider workflow, reduce administrative burden, ease wait lists and support improved patient care closer to home. While Canada performs well in research and early-stage innovation, it continues to lag peer jurisdictions in scaling and implementing these solutions within health systems. Medtech innovations such as digital health tools, point of care testing and robotic surgery technologies have the potential to revolutionize the delivery of care. Government resources must support both development and integration into existing systems. Strategic federal leadership can align funding, set national priorities, and enable consistent adoption pathways across provinces and territories ensuring a stronger return on public investment.

¹ <https://www.iedm.org/lack-of-incentives-limits-the-adoption-and-deployment-of-new-health-technologies-in-canada/>

2. Streamline Regulatory Processes to Enhance Competitiveness

Key Recommendations

- a. Continue to advance the published red tape reduction initiatives to simplify Health Canada regulatory processes for quicker approvals and less regulatory burden, while upholding safety standards.
- b. Further streamline and improve medical device regulatory pathways, including the reduction of inter-provincial barriers which today regulate medical devices and move towards a single, national platform, such as the Food and Drug Act.
- c. Examine and update the PRCI process to align with current international best practices, thereby lessening its present effect as a significant market barrier to innovation in Canada.
- d. Continue prioritising the implementation of international reliance mechanisms that streamline the medical device application process and foster innovation within Canada's medical device sector. This includes supporting emerging technologies and small businesses through the creation of more adaptable pathways for market entry, such as a phased MDSAP implementation approach like those adopted during and following COVID-19.
- e. Continue to enhance the granularity and timing of reports and data analytics provided to industry (e.g. Market Authorization timelines). These improvements will enable industry stakeholders to better plan and prioritize their strategies for accessing the Canadian market.

A modern, efficient regulatory system is essential to a competitive economy. Jurisdictions that offer predictable, timely, and efficient approval processes are more likely to attract investment and serve as early launch markets for innovation. Canada's current regulatory environment continues to be viewed as complex, costly and administratively burdensome, delaying patient access and reducing Canada's attractiveness as a launch market. Medtech companies prioritize jurisdictions where they can bring innovations to market swiftly and where those products will be readily adopted by the health system.

Streamlining regulatory pathways is not about lowering standards; it is about improving efficiency in the review and approval process, reducing duplication, and accelerating time-to-market. COVID-19 demonstrated that faster approvals can be achieved without compromising safety. The recommendations outlined would enable companies to innovate and respond quickly to emerging health care needs. Simplifying the regulatory pathways will benefit the medtech industry, enhance innovation, and ensure Canadian companies remain competitive in the global medtech market and ultimately ensure our patients receive innovative healthcare treatments.

3. Strengthen the Security of Critical Medical Supply Chains

Key Recommendations

- a. Ensure the Health Emergency Readiness Canada (HERC) Agency has the funding and mandate needed to coordinate investments, align policies, support Canadian manufacturing, and engage stakeholders to address emerging health security threats and drive economic growth in Canada.
- b. Preserve tariff-free trade for medical technologies globally, including under CUSMA.

COVID-19 exposed structural vulnerabilities in the global supply chain, particularly with the just-in-time (JIT) delivery models for essential medical technologies. These challenges persist and are now compounded by geopolitical tensions, including ongoing trade disputes. This reinforces that medical supply chains are not only a health issue, but a matter of economic and national security. Ensuring reliable access to medical technologies should be viewed as part of Canada's broader resilience and defense agenda.

The medtech industry has a critical role to play in supporting Canada's preparedness for health emergencies, including pandemics, natural disasters, and other crises, such as the current trade war, that pose a threat to public health and national security. Our association can leverage our diverse base of companies to deliver meaningful contributions to increase the manufacturing footprint in Canada and build resilience in the face of health threats.

The federal government should continue to invest in the recently established Health Emergency Readiness Canada (HERC) Agency. The medtech industry has already benefited from the development of a collaborative partnership with this agency and looks forward to its continued work to ensure Canada improves its competitiveness within the life sciences ecosystem. The current trade war with the U.S., combined with Canada's retaliatory tariffs and provincial procurement sanctions in response to U.S. tariffs, has put pressure on access to raw materials and finished medical technologies that our health systems depend upon. Preserving zero-for-zero tariff treatment under CUSMA is essential to maintaining stable, predictable supply chains and protecting patient access.

Medtech Canada also welcomes and appreciates the federal government's recent tax relief on fuel, which will help alleviate transportation and logistics costs across the supply chain and support the timely delivery of critical medical technologies. Medtech Canada commends the Government of Canada for its work in advancing the Biomanufacturing and Life Sciences Strategy. The launch of this strategy marked a pivotal step in rebuilding Canada's domestic capacity in life sciences, strengthening health security, and driving innovation.

Create and Fund a Digital Health Ecosystem

Key Recommendations

- a. Ensure that Medtech Canada and its members are actively engaged as partners in the implementation of Canada's digital health and AI agenda including through initiatives related to Bill S-5, *Connected Care for Canadians Act*.
- b. Strengthening cybersecurity infrastructure to protect digital health systems and critical health data.
- c. Support the integration of AI-enabled tools into clinical workflows through funding for implementation, training and change management.

Medtech Canada applauds the federal government's continued prioritization of digital innovation and its efforts to modernize Canada's health system through data and technology. We look forward to the release of Canada's AI strategy as an important step toward strengthening the country's leadership in artificial intelligence. Digital health and interoperability efforts are long-term, system-wide transformations that require sustained coordination, clear governance, and predictable funding. Continued federal investment will be essential to support interoperable infrastructure and AI-enabled tools, building on earlier recommendations from the Health and Biosciences Economic Strategy Table (HBEST).

The introduction of Bill S-5, *Connected Care for Canadians Act*, further reinforces the federal government's commitment to advancing interoperability and secure data exchange. As this legislation evolves, it will be essential to ensure alignment with existing initiatives and to engage industry partners to support practical implementation and system integration across jurisdictions.

As the federal government prioritizes national defense and cybersecurity, it is important to recognize that many legacy health IT systems were not designed to meet today's security standards and may pose vulnerabilities to critical health infrastructure. Modernizing digital health systems is therefore not only a matter of innovation and efficiency, but also a key component of Canada's broader security and resilience agenda.

At the same time, barriers to data access and use must be addressed. Improving access to high-quality, anonymized health data while maintaining strong privacy and cybersecurity safeguards is critical to enabling innovation, supporting evidence generation, and improving patient outcomes. Medtech Canada has contributed input to the Canadian Chamber of Commerce submission on Bill S-5, reinforcing the importance of national, standardized interoperability as a foundation for digital health and AI adoption.

Digital technologies including remote monitoring, virtual care, and AI-enabled diagnostics are already improving access, increasing efficiency, and supporting more personalized care. The priority now is to move beyond pilots and accelerate safe, system-wide adoption to strengthen capacity and long-term sustainability.

Conclusion

The medtech industry is an essential part of Canada's health care system and a powerful ally in securing the country's health infrastructure against emerging threats. By addressing trade barriers, adopting advanced technologies, and ensuring regulatory frameworks support efficient approvals, the sector can help Canada lead in health care innovation and national security.

Medtech Canada looks forward to collaborating with government to safeguard public health, strengthen the resilience of Canada's healthcare system, and improve patient outcomes. We appreciate the opportunity to contribute to the pre-budget consultations.