Submission for Pre-Budget Consultations for the 2024 Budget

July 28, 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, in negotiations with the provinces, advocate for a portion of health care transfers to address surgical backlogs be allocated to facilitate the adoption of medical technology innovation in each province.

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.

Recommendation 4: Digital Health / Virtual Care

That the government continue investment in digital health technologies & initiatives to 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

That the government prioritize and target direct investments in public health and laboratory infrastructure of at least $750 million per year for five years to improve capacity and modernize Laboratory Medicine.

Recommendation 6: Comprehensive Life Sciences Sector Strategy

That the government continue to advance Canada's Biomanufacturing & Life Sciences Strategy (BLSS) which includes medical technologies as a critical component.

Recommendation 7: Invest in Health Research

That the government invest in health research as per the recommendations put forth by Research Canada in their pre-budget submission (i.e., double research funding to the Tri-Agency, support a STEM talent base in Canada).

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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$27B[1] 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.

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.

Recommendation 2: Invest in and Adopt Innovative Technologies

An effective & efficient Canadian healthcare system is linked to a robust medtech sector. We recommend that the government provide funding to help provincial and territorial healthcare systems invest in and adopt novel and innovative medical technologies that will lead to a globally competitive medtech market in Canada and sustainable healthcare system.

[1] Statista
[2] Statista

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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. Given that our 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. **We recommend that the government, in negotiations with the provinces, advocate for a portion of health care transfers to address surgical backlogs be allocated to facilitate the adoption of medical technology innovation in each province.** 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

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 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.

[3] https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_HealthBioscience.pdf/$file/ISEDC_HealthBioscience.pdf

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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 support** 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 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 / Virtual Care

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).

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.

Investments in digital health initiatives have saved Canadians billions on cost savings and efficiencies and Canada now has an opportunity to build upon this momentum to develop an even stronger and more agile digital health future by harnessing digital health technologies and unlocking the full value of optimizing patient care, clinical outcomes, and health system sustainability, **including the appropriate use of digitally enabled medical technologies.**

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Recommendation 5: Laboratory Medicine Infrastructure

We recommend that the government prioritize and target direct investments in public health and laboratory infrastructure. Laboratory Medicine plays a vital role in diagnosing/reporting/monitoring both co-morbidities and other diseases, and informing 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 infrastructure has been underinvested in despite high "value for money."

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

Recommendation 6: Comprehensive Life Sciences Sector Strategy

We recommend that the government continue to advance Canada's Biomanufacturing & Life Sciences Strategy (BLSS) through the work being done by the Canadian Chamber of Commerce's Life Sciences Strategy Council. The BLSS was a promising initial strategy to facilitate a robust national platform for future competitiveness, economic growth, and better health outcomes for Canadians. As a member of the Strategy Council, Medtech Canada strongly believes that Canada must continue to strive for global competitiveness in this critical sector and we propose the following recommendations on advancing the BLSS:

1. Strong and Coordinated Governance: Deputy or Senior ADM level accountability for both delivering on BLSS and developing BLSS 2.0.

2. Research and Talent: Reduce the barriers to hiring highly skilled foreign talent, enhance the system for foreign credential recognition.

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

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parallel, Canada should provide appropriate funding to support the digital health strategy and enable data-driven advances in health care.

The Life Sciences sector, specifically the medical technologies industry, 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 which includes medical technologies as a critical component.

Recommendation 7: Invest in Health Research

The development & design of innovative medical devices requires a significant amount of R&D, particularly for basic research in the sciences and biomedical engineering underlying medical device development. **We support the recommendations put forth by Research Canada in their pre-budget submission re. research funding**:

1. That the government immediately double research funding to the Tri-Agency and commit to a predictable annual increase that will keep pace with inflation and global benchmarks.
2. That the government better support and enable a flourishing and diversified STEM talent base in Canada.

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