

Executive Summary

In Budget 2017, the federal government has an important opportunity to improve the lives of Canadians with arthritis, especially in the context of its approach to medical cannabis by investing in research and making targeted changes to how medical cannabis is taxed.

Arthritis impacts 4.6 million Canadians in many forms. While osteoarthritis is more prevalent in people as they age, affecting 1 in 10 Canadians, inflammatory arthritis (including rheumatoid arthritis, ankylosing spondylitis and psoriatic arthritis) affects people of any age. Nearly 3 out of 5 people living with arthritis are working age, corresponding to more than 2.75 million working age people in Canada who are impacted by arthritis.

Arthritis patients resoundingly identify pain as the dominant chronic symptom of arthritis and are keenly exploring ways to manage their pain. Due to the nature of the disease, many arthritis patients experience episodic disabilities as their symptoms become uncontrolled, during which time they are unable to work and have a poorer quality of life. When patients are able to manage the pain and inflammation associated with arthritis, they are able to more fully participate in the workforce, contribute to their communities and enjoy time with family and friends

People who live with arthritis rely on medical cannabis for a health purpose. In particular, many people who live with arthritis use medical cannabis to manage the inflammation and pain associated with the disease. In fact, 65% of patients authorized to possess medical cannabis were diagnosed with “severe arthritis” as of June 2013, according to information obtained by The Arthritis Society from Health Canada.

The Arthritis Society recommends that the federal government improve arthritis patients’ access medical cannabis by making the following investments in Budget 2017:

- 1. Commit \$25 million over five years to support scientific, clinical and policy research to expand the evidence base about the medical use of cannabis.**
- 2. Eliminate federal sales tax on patients’ purchases of medical cannabis, obtained pursuant to a physician’s authorization.**

RECOMMENDATIONS

- 1. Commit \$25 million over five years to support scientific, clinical and policy research to expand the evidence base about the medical use of cannabis.**

Although Health Canada has permitted access to medical cannabis authorized by a physician for a number of years, there remains an enormous deficit of properly funded research and Canadian clinical trials into its use. This creates barriers to patient access as many physicians express reluctance to authorize medical cannabis in the absence of robust, peer-reviewed research.



**WE HAVE ARTHRITIS
IT DOESN'T HAVE US**

393 University Ave., Suite 1700
Toronto, Ontario M5G 1E6 TEL: 416 979.7228 FAX: 416 979.8366
TOLL FREE 1.800.321.1433 www.arthritis.ca

The lack of scientific and clinical research on medical cannabis has been cited by Health Canada as a key reason why medical cannabis is not regulated as a therapeutic product.¹ The paucity of clinical evidence of its safety and efficacy also impacts the ability of patients to access medical cannabis through their public, private or employer-sponsored health plans. Recently, the President of the Canadian Medical Association, Dr. Cindy Forbes, called on “Health Canada and research agencies to fund the scientific research needed” to provide evidence for medical cannabis.²

As the federal government examines options for legalization of cannabis for recreational use, the need is growing to increase scientific, clinical and policy research with respect to users of medical cannabis.

Safety and improved care for people living with arthritis are The Arthritis Society’s top priorities. Given the current lack of information on medical cannabis, we have begun to address this issue and are seeking the support of the federal government in catalyzing this emerging research area.

The Arthritis Society has extensive experience in promoting and funding research into pain, inflammation, and other impacts on the quality of life and care of arthritis patients. The Arthritis Society has doubled its investment in medical cannabis research to \$720,000 between 2015 and 2019. As well, it has established the Medical Cannabis Strategic Operating Grant, an ongoing commitment of \$120,000 per year towards medical cannabis research.

CASE STUDY: Exploring whether medical cannabis can mitigate neuropathic pain in osteoarthritis

Principal Applicant: Jason McDougall, Dalhousie University, NS

Research Program: Strategic Operating Grant

Fund Term: 2015-2018

Fund Amount: \$360,000

The chief concern of osteoarthritis (OA) patients is effective pain relief. Yet this primary need is often unmet. One of the limitations of OA pain control is that currently prescribed analgesics are treating the wrong type of pain. Emerging evidence shows that damaged nerves in osteoarthritis joints may be triggering neuropathic pain, while most painkillers focus on inflammatory pain.

¹ Marihuana for Medical Purposes Regulations, *Canada Gazette II*, Vol. 146, No. 50, December 15, 2012

² Carly Weeks, “Medical marijuana: Does research back up claims of therapeutic benefits?”, *The Globe and Mail*, July 28, 2016

Experts and researchers have identified several key scientific, clinical and health services and policy research priorities for the therapeutic use of medical cannabis. These priorities emerged from The Medical Cannabis Research Roundtable, a conversation facilitated by The Arthritis Society in December 2015 to align on necessary research priorities to help those living with pain, inflammation and the associated mental health conditions related to chronic disease.³

Investing in research into the therapeutic use of medical cannabis can help stimulate economic growth and reduce health spending.

Federal investment in medical cannabis research will also help address several important economic growth and health priorities.

First, the research will help arthritis patients optimize the use of medical cannabis to manage their symptoms and has the potential to reduce pain and inflammation for arthritis patients. Reducing symptoms removes barriers to participating more fully in the workforce, and will boost workplace productivity, reduce absenteeism and directly contribute to employers' bottom lines.

Second, with Canada's strong research and production infrastructure, Canada is well positioned to be a leader in medical cannabis research and realize the economic benefits that accrue from increased investment in health research.

Third, reducing patients' symptoms improves quality of life and reduces the burden on the healthcare system.

RECOMMENDATION

The Arthritis Society recommends that the federal government make an immediate investment of \$25 million over five years to support research into medical cannabis.

2. Eliminate federal sales tax on patients' purchases of medical cannabis, obtained pursuant to a physician's authorization.

Currently, federal sales tax – the Goods and Services Tax (GST) and Harmonized Sales Tax (HST) – applies to medical cannabis accessed by patients through the process established by Health Canada. Sales tax also applies to equipment used to administer medical cannabis, such as vaporizers.

The same tax does not apply to prescription drugs and medical necessities, which are specifically exempted under the legislation. The general policy objective governing the tax treatment of drugs is to facilitate affordable access to drugs that are needed to deal with illness, disease or disability.

³ The Arthritis Society, *Clearing the Air: Summary Report of the Medical Cannabis Research Roundtable*, 2016

The inequitable treatment of medical necessities imposes an unjust burden on patients, including Canadians who live with arthritis and rely on medical cannabis to manage their symptoms. For patients, accessing medical cannabis is less affordable due to the extra costs imposed by sales tax. Charging tax on a medical necessity that patients obtain through consultation with an authorized healthcare professional is inconsistent with the general objective of exempting medical necessities and prescription medicines from sales tax.

Like patients who access prescription drugs, patients who use medical cannabis are required to seek the direction and authorization of a healthcare professional, which may be a physician or a nurse practitioner, depending on the patient's location. The authorization functions in the same way that a prescription does and contains similar information, including the amount of medical cannabis the patients should take and how often the patient should take it. Healthcare professionals provide patients with guidance and information about the benefits and risks of medical cannabis, as they do when prescribing prescription medication.

In fact, judgements by the Federal Tax Court and the Federal Court of Appeal recently interpreted the *Excise Tax Act* to apply to sales of medical cannabis outside of the process set out by Health Canada's medical marijuana access program. In its decision, the Court noted that the legislation imposing sales tax on medical cannabis resulted in "uncertainty and confusion" and that the legislation "needs work".⁴

Patients who access medical cannabis to manage their health conditions should be treated consistently with other patients who access health products to support their health and manage their illnesses. Medical cannabis is used to support patients' health and should be treated like other prescription medicines and medical necessities. Arthritis and other patients should not be required to pay inequitable sales tax on their therapies.

RECOMMENDATION

The Arthritis Society recommends that the federal government seize the opportunity to amend the legislation that imposes sales tax on patients accessing medical cannabis and ensure that medical cannabis is treated like other medical necessities.

⁴ *Hedges v. The Queen*, 2014 TCC 270; *Hedges v. Canada*, 2016 FCA 19.

About The Arthritis Society

The Arthritis Society has been setting lives in motion for over 65 years, and is dedicated to a vision of living well while creating a future without arthritis. The Arthritis Society is Canada's principal health charity providing education, programs and support to the over 4.6 million Canadians living with arthritis.

Since its founding, The Arthritis Society has been the largest non-government funder of arthritis research in Canada, investing more than \$190 million in projects that have led to breakthroughs in the diagnosis, treatment and care of people with arthritis. Investments also support the recruitment and development of rheumatology clinicians, investigators and other health professionals, expanding the capacity of arthritis-related expertise available to support Canadians.

As a leader within Canada's broader arthritis community, The Arthritis Society conducts research to better understand the impact of arthritis, advocates for progressive arthritis policies, works with stakeholders to promote appropriate standards of care and deliver educational programs to empower those living with arthritis to self-manage their disease.

**WE HAVE ARTHRITIS
IT DOESN'T HAVE US**

393 University Ave., Suite 1700
Toronto, Ontario M5G 1E6 TEL: 416 979.7228 FAX: 416 979.8366
TOLL FREE 1.800.321.1433 www.arthritis.ca