A Healthier Canada, A Healthier Economy

Recommendations by the Canadian Diabetes Association
for the 2012 Federal Budget

Brief to the House of Commons
Standing Committee on Finance
August 2011

Executive Summary

The close correlation between a nations' health and its economy cannot be overlooked, especially in uncertain economic times. To ensure a sustained economic recovery in uncertain economic times, Canada needs a healthy population as the foundation for a competitive workforce.

It is well known that the increasing burden of diabetes in terms of both prevalence and cost in Canada threatens the health of our citizens and the sustainability of our publicly funded healthcare system. This, in turn, has the potential to undermine our economic competitiveness. On the individual level, the catastrophic out-of-pocket costs borne by people with diabetes prevent them from contributing to the economic recovery as productive citizens.

The Canadian Diabetes Association estimates that more than nine million people, or one in four Canadians lives with diabetes or prediabetes (a condition that, if left unchecked, put you at risk for developing type 2 diabetes); this will rise to one in three by 2020, if trends continue. In 2010, diabetes cost our healthcare system and economy an alarming $11.7 billion; this will rise to $16 billion by 2020 if no immediate action is taken to address the burden of this disease.

Diabetes and its serious secondary complications also poses a significant burden on those living with the disease and their families through out-of-pocket expenses for medications, devices, supplies and support needed to manage their illness. 57% of people with diabetes do not adhere to prescribed therapies due to these expenses, which compromise their ability to self-manage their diabetes and places them at greater risk for serious, costly and life-threatening complications.

Accordingly, to ensure a healthy and productive Canada, the Canadian Diabetes Association recommends that the federal government:

1. Implement a pan-Canadian healthy weights strategy to reduce the burden of diabetes

2. Enhance and refocus investments in addressing the burden of diabetes, including:
    - $36 million per year for the Canadian Diabetes Strategy (CDS);
    - Making Aboriginal Diabetes Initiative (ADI) permanent, at $55 million per year; and
    - $400 million to enhance the DTC to apply to people living with diabetes.

3. Increase the charitable tax credit ($20 million per year).

I. Introduction

The Canadian Diabetes Association (the Association) is pleased to respond to the invitation of the Standing Committee on Finance to offer the following recommendations for action to ensure a healthy and productive Canada for people living with diabetes, their families and all Canadians. We thank the Committee for this important opportunity.

The Association is the leading authority on diabetes in Canada. It has a heritage of excellence and leadership, and its co-founder, Dr. Charles Best, along with Dr. Frederick Banting, is credited with the co-discovery of insulin. Supported by a network of volunteers, members, employees and healthcare professionals, researchers and partners across the country, the Association is committed to leading the fight against diabetes by helping people with diabetes live healthy lives while we work to find a cure. We promote the health of Canadians living with diabetes by providing: education and services, advocating on their

behalf, supporting research and translating research into practical applications. The Association is also dedicated to increasing awareness that diabetes is a life-threatening disease and encourages those living with the disease to take an active role in managing their own health

II. Background: Diabetes in Canada

Prevalence of diabetes. In 2010, the total population with diabetes in Canada was estimated to be 2.7 million people (7.6%), and will rise to 4.2 million people (10.8%) by 2020. In addition, nearly one million have the disease but do not know it, and 5.4 million people have prediabetes. Therefore, more than nine million people, or one in four Canadians live with diabetes or prediabetes and, if trends continue, this will rise to one in three by 2020.[1]

Cost of diabetes. In 2010, diabetes cost our healthcare system and economy $11.7 billion—an increase of 70% since 2000. This is projected to rise to $16 billion annually by 2020. Unless we take action, diabetes threatens not only more Canadians, but also our healthcare system and economic prosperity.[2]

Implications of secondary complications from diabetes. Diabetes has significant and potentially life-threatening complications; it is a leading cause of heart attack, stroke, kidney disease, blindness and limb amputation. The burden of co-morbidity and mortality imposed by diabetes is a serious threat to both the quality of life for people with the disease and also our publicly funded health care system.

For example:

- Complications account for more than 80% of diabetes costs.[3]
- Cardiovascular disease (CVD) accounts for approximately 70% of all deaths among people with diabetes.[4]
- Diabetes increases the risk of stroke, particularly for younger individuals.[5]
- Approximately 50% of all lower limb amputations are performed on patients with diabetes.[6]
- The risk of developing end-stage renal failure (ESRD) is estimated to be up to 13 times higher in people with diabetes than in those without the disease. Diabetes is reported to be the cause of nearly one third of new cases of ESRD in Canada. Nearly 41% of people starting dialysis have the disease.[7]
- Diabetic retinopathy (DR) is common in people with diabetes. Approximately 70% of people with type 1 diabetes and 40% of people with type 2 diabetes develop DR, which is the leading cause of blindness in Canadians between the ages of 30 and 69.[8]
- Approximately 25% of Canadians with diabetes are also diagnosed with depression. The combination of diabetes and depression is associated with poor compliance with treatment and increased healthcare costs.[9]
- 11% of Canadians living with diabetes also have three or more chronic health conditions.[10]
- Canadians with diabetes use, on average, two to three times the health resources of the general population given the need to manage their illness and delay or avoid these complications associated with the disease[11,12].
- Canadians with diabetes are four times more likely to be admitted to a hospital or nursing home, seven times more likely to need home care, and three to five times more likely to see a healthcare provider.[13]
- Serious secondary complications from diabetes such as heart attack, stroke, kidney failure, and other illnesses add to wait lists for care for all Canadians for hospital emergencies and surgeries. Approximately 10% of acute care hospital admissions are related to diabetes and its secondary complications.[14]

Out-of-pocket costs for people with diabetes. In addition to the burden imposed by diabetes and its secondary complications on our publicly funded healthcare system, diabetes can also constitute a significant fiscal difficulty for individual Canadians living with the disease and their families. Affordability and access to medications, devices, supplies and support remain the greatest challenge for Canadians living with the disease. We estimate that the average annual out-of-pocket cost for people living with type 2 diabetes is nearly $2,300.

A person with diabetes can incur direct medical costs two to five times higher than those of a person without diabetes.[15] Recent research conducted by the Association reveals worrying trends concerning the direct costs for people with diabetes across Canada:

- Regardless of their income levels, an average Canadian with diabetes needs to spend more than $1,500 or more than 3% of their income for diabetes medications, devices and supplies.
- Canadians with type 1 diabetes who use an insulin pump face higher out-of-pocket costs than those who do not use a pump.
- People with lower incomes bear higher out-of-pocket costs than those earning higher incomes.

To avoid falling further behind in addressing diabetes, we must take immediate action to chart a new path to respond to diabetes in Canada. The federal government must work with provincial and territorial governments, stakeholders and partners to meet the challenge of diabetes in Canada. We must work together to ensure a healthy workforce, sustainable healthcare system and competitive economy. To achieve this, the Association urges the federal government to implement the following recommendations.

Recommendation 1: Pan-Canadian healthy weights strategy

The rising rate of excess weight in Canada is a significant risk factor in increasing diabetes prevalence—61% of Canadians are overweight or obese.[16] To achieve maximum benefit for all Canadians in diabetes management and prevention, the federal government needs to look beyond addressing obesity and expand their focus to include Canadians with unhealthy weights.

Although there is a genetic predisposition for diabetes, even a modest weight reduction (5-10% of total body weight) can reduce the chance of developing or delaying the onset of type 2 diabetes by more than 50%.[17] Therefore, for the 9 million Canadians with diabetes or prediabetes, maintaining a healthy weight is one of the most important elements in managing or preventing the disease.

A recent study in Ontario showed that new cases of diabetes could be reduced by 10% from 2007 and 2017 by reducing the average BMI for all Ontarians by 3.3%.[18] Furthermore, the Canadian Diabetes Cost Model (DCM)[19] shows that a 2% reduction in new cases of diabetes would result in a 9% reduction in the direct cost of diabetes to the healthcare system,[20] which would increase the healthcare system's limited resources.

Achieving healthy weights within our population will require a significant shift in the approaches by governments, private sector involvement and, most of all, a widespread personal and societal change. A Pan-Canadian Healthy Weights Strategy would seek to increase the percentage of Canadians maintaining a healthy weight, thereby reducing diabetes prevalence rates and the complications associated with diabetes. The strategy must focus on four major goals:

1. Identifying and understanding the underlying societal causes of obesity and unhealthy weights.

2. Setting targets to increase the number of Canadians achieving healthy weights, specifically within "at-risk" populations (e.g. children, those with diabetes and prediabetes).

3. Creating the appropriate "public environment" for the population to achieve healthy weights through a multidimensional and multisectoral approach.

4. Improving access to healthy weights programs and services for high-risk populations.

Recommendation 2: Enhanced and refocused investments in addressing the burden of diabetes

Supports to individuals with diabetes. The relationship between glycemic control and delay or avoidance of secondary complications is well known. Yet, only half of Canadians with type 2 diabetes have their blood glucose levels under control, and the majority of patients experience adverse health conditions associated with the disease. The prevalence of co-morbidities and complications are higher the longer a person has had diabetes.[21]

Out-of-pocket costs can severely compromise the ability of Canadians with diabetes to manage their disease in collaboration with their health professionals: 57% of Canadians with diabetes indicate that they do not comply with their prescribed therapy due to the cost of medications, devices and supplies.[22]

Accordingly, the government of Canada should institute a system of enhanced tax credits to enable people with diabetes to be eligible for a non-refundable tax credit or a refundable payout to lower medical and treatment costs. This would reduce the financial burden of supplies and medications needed to manage diabetes.

The Canadian Diabetes Strategy (CDS). In 1999, the Government of Canada pledged $115 million over five years to the CDS to enable Canadians to benefit more fully from the considerable resources and expertise available across the country concerning this disease. Partners in the CDS include the provinces and territories, various national health bodies and interest groups, and Aboriginal communities across the country.

The CDS supports:

- The National Diabetes Surveillance System (NDSS), which provides surveillance information concerning diabetes at provincial, territorial and national levels.

- Knowledge development and exchange for diabetes prevention and management, which supports research and evidence to provide the basis for understanding the causes of diabetes, as well as its prevention, effective management and cure.

- Diabetes community-based promotion and programming, which promote a positive shift in health status in high-risk populations.

In 2005, the federal government extended funding for the CDS within the larger envelope of the Integrated Strategy on Healthy Living and Chronic Disease, increasing funding from $15 million to $18 million a year.

Given the dramatically increasing prevalence rates for diabetes, we urge the federal government to augment funding for diabetes accordingly on an annualized basis by doubling the current annual allotment to the CDS of $18 million to $36 million.

Aboriginal Diabetes Initiative (ADI). Established in 1999, the ADI had initial funding of $58 million over five years. It was then expanded in 2005 with a budget of $190 million over five years. The Canadian Diabetes Association applauds the extension of funding for Aboriginal health in the 2010 budget of $110 million over two years for the ADI.

The ADI supports diabetes programs in more than 600 communities for Canadian Aboriginals living with the disease. This is critically important for Aboriginal communities given the significantly higher risk of diabetes for these communities:

- Diabetes prevalence among Aboriginal communities is estimated to be at least three times higher than in non-Aboriginal communities.
- Aboriginal peoples are diagnosed with type 2 diabetes at a much younger age.
- Aboriginal women are at more than twice the risk of gestational diabetes than non-Aboriginal women.[23]

To ensure stable and reliable funding for the ADI, we urge the federal government to commit permanent funding for the ADI at current levels, with annual increases in the years after 2011-2012 appropriate to address population increases within these constituencies.

Recommendation 3: Increased charitable tax credit

The Canadian Diabetes Association supports the proposal from Imagine Canada for a "Stretch Tax Credit for Charitable Giving" designed to encourage more Canadians to give to charity by increasing the federal charitable tax credit from 29% to 39% on all new donations more than $200.[24] This is needed by charities and nonprofit organizations working on behalf of Canadians across the country to provide services that contribute to quality of life and economic prosperity. This proposal was recommended by the 2009 report of the House of Commons Standing Committee on Finance[25], as well as by the Association in the 2010 pre-budget brief.[26]

An enhanced tax credit would enable the Association to expand the many needed services delivered to people living with diabetes, their families, healthcare professionals, and the public at large, which include diabetes education, leading-edge diabetes research, globally recognized diabetes guidelines and grassroots advocacy. These activities help people with diabetes live healthy, productive lives by supporting optimal self-management in collaboration with their healthcare team, as well as efforts to find a cure through support for research.

Imagine Canada estimates that if Canadians respond the first year that such a credit is offered by increasing their giving by $200 million, the incremental cost to government would be $20 million, which represents a 10:1 return on investment. Every dollar invested will yield a measurable return in new charitable giving since the credit would only be activated when Canadians increase their charitable donations.[27] As such, Imagine Canada estimates that a 5% increase in giving in the $200-$10,000 range would generate $411 million in new investment in communities across the country.[28] This would apply broadly to many areas beyond diabetes-specific activities, programs and services, and would maximize the charitable donations of millions of Canadians and enhance quality of life and productivity across Canada. Accordingly, we recommend that this credit be implemented as a pilot project for 2012.

IV. Conclusion and Summary of Recommendations

The Canadian Diabetes Association respectfully requests that the Committee consider these recommendations, which are intended to ensure a sustainable future for all Canadians—by ensuring that people with diabetes receive the support they need to manage their illness. If this is achieved, cost pressures on our publicly funded health care system will decline, access to needed healthcare services for all Canadians will improve, and our economy will benefit through the increased productivity of healthier workers.

Accordingly, the Canadian Diabetes Association recommends that the federal government:

1. Implement a pan-Canadian healthy weights strategy to reduce the burden of diabetes.

2. Increase federal support for diabetes programs and services, including:
   - $36 million per year for the CDS;
   - Making ADI permanent, at $55 million per year; and
   - $400 million to enhance tax credits to apply to people living with diabetes.

3. Increase the charitable tax credit ($20 million per year).

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[1] See Canadian Diabetes Association and Diabète Québec. *Diabetes: Canada at the Tipping Point - Charting a New Path*. April 2010. Available at: http://www.diabetes.ca/documents/get-involved/WEB_Eng.CDA_Report_.pdf.
[2] Ibid.
[3] Ibid.
[4] Gillan L. Booth, Deanna M. Rothwell, Kinwah Fung and Jack V. Tu. Institute for Clinical Evaluative Sciences (ICES). "Diabetes and Cardiac Disease" (Chapter 5). Diabetes in Ontario: Practice Atlas, 2003, p.5.96. Available at: http://www.ices.on.ca/file/DM_Chapter5_Part1.pdf.
[5] Moira K. Kapral, Deanna M. Rothwell, Kinwah Fung, Mei Tang, Gillian L. Booth and Andreas Laupacis. ICES. "Diabetes and Stroke" (Chapter 7). Diabetes in Ontario: Practice Atlas, 2003, p. 7.152. Available at: http://www.ices.on.ca/file/DM_Chapter7.pdf.
[6] Janet E. Hux, Robert Jacka, Kinwah Fung and Deanna M. Rothwell. Ices. "Diabetes and Peripheral Vascular Disease" (Chapter 6). Diabetes in Ontario: Practice Atlas, 2003, p. 6.130. Available at: http://www.ices.on.ca/file/DM_Chapter6.pdf.
[7] Matthew J Oliver, Charmaine E Lok, Jane Shi and Deanna M. Rothwell. ICES. "Dialysis Therapy for Persons with Diabetes" (Chapter 8). Diabetes in Ontario: Practice Atlas, 2003, p. 8.165. Available at: http://www.ices.on.ca/file/DM_Chapter8.pdf.
[8] Ralf Buhrmann, David Assaad, Janet E. Hux, Mei Tang and Kathy Sykora. ICES. "Diabetes and the Eye" (Chapter 10). Diabetes in Ontario: Practice Atlas, 2003, p. 10.194. Available at: http://www.ices.on.ca/file/DM_Chapter10.pdf.
[9] Canadian Diabetes Association. Canadian Journal of Diabetes: 2008 Canadian Diabetes Association Clinical Practice Guidelines for the Prevention and Management of Diabetes in Canada, S2. Available at: http://www.diabetes.ca/files/cpg2008/cpg-2008.pdf.
[10] Ibid.
[11] Jeffrey A. Johnson. The Cost of Diabetes in Canada: Trends in Saskatchewan; Projections for Ontario. Powerpoint presentations to the Canadian Diabetes Association Policy Summit on the serious complications of diabetes in Ontario, January 26, 2006, slide 4.
[12] Canadian Institute for Health Information. Diabetes Care Gaps and Disparities in Canada, December 2009, p.2. Available at: http://secure.cihi.ca/cihiweb/products/Diabetes_care_gaps_disparities_aib_e.pdf.
[13] Canadian Diabetes Association 2008 Clinical Practice Guidelines for the Prevention and Management of Diabetes in Canada, op.cit.
[14] *Diabetes: Canada at the Tipping Point - Charting a New Path*. op.cit.
[15] See Canadian Diabetes Association and Diabète Québec. Diabetes Report 2005: The Serious Face of Diabetes in Canada, 2005, p. 19.
[16] Statistics Canada. *Canadian Health Measures Survey*, 2007 to 2009, *The Daily*, January 13, 2010. According to this survey, approximately 38% of Canadian adults were at a healthy weight. About 1% were underweight, 37% were overweight and 24% were obese.
[17] See the Canadian Diabetes Association. *An economic tsunami: the cost of diabetes in Canada*, 2009, p. 15.
[18] See *How Many Canadians Will Be Diagnosed with Diabetes Between 2007 and 2017?,* op.cit.
[19] The Diabetes Cost Model integrates incidence estimates and administrative prevalence from the Canadian NDSS and economic cost estimates from The Economic Burden of Illness in Canada to estimate and forecast diabetes prevalence and cost. It supports analysis of sensitivity in prevalence and cost in response to demographic data, incidence and mortality rates by age (from age 1+) and sex, and the average annual number of net general practitioner and specialist visits by people with diabetes. Additional information concerning details of the DCM are available at: http://www.diabetes.ca/economicreport/.

[20] See An Economic Tsunami, p. 16.
[21] Canadian Diabetes Association. "DICE Study Backgrounder," 2005. Available at: http://www.diabetes.ca/files/study-fact-sheetfinal.doc. Summary of the main findings of S.B. Harris, J. Ékoé, Y. Zdanowicz, S. Webster-Bogaert. "Glycemic control and morbidity in the Canadian primary care setting." (Results of the Diabetes In Canada Evaluation [DICE] Study). Diabetes Research and Clinical Practice. 2005;70(1):90-97.
[22] PSL Research, *Report on Survey of Canadians with Type 2 Diabetes*, February 2007, p. 60.
[23] CDA 2008 Clinical Practice Guidelines for the Prevention and Management of Diabetes in Canada, p.S187.
[24] See Imagine Canada. "Stretch Tax Credit for Charitable Giving. Available at: http://www.imaginecanada.ca/node/221.
[25] This report noted that "the country's not-for-profit organizations and volunteers are valuable, both for individuals who need assistance and for people who are seeking to support their communities. We know that the need for charitable assistance is particularly high during times of crisis, and believe that the federal government has a role to play in encouraging charitable giving and in supporting charitable organizations. In our view, this support is needed in order to position charities and volunteers for the future role that they can play in society and the contribution that they can make." House of Commons Standing Committee on Finance. A Prosperous and Sustainable Future for Canada: Needed Federal Actions. Report of the Standing Committee on Finance, December 2009, pp.77-78. Available at: http://www2.parl.gc.ca/content/hoc/Committee/402/FINA/Reports/RP4304866/finarp06/finarp06-e.pdf.
[26] See Canadian Diabetes Association. Access, Equity and Prosperity for All. Recommendations by the Canadian Diabetes Association for the 2011 Federal Budget. Brief to the House of Commons Standing Committee on Finance, August 2010.
[27] See Imagine Canada. "Stretch Tax Credit for Charitable Giving Q&As" (no date). Available at: http://www.imaginecanada.ca/files/www/en/publicaffairs/stretch_tax_credit_qanda_sv_11102009.pdf.
[28] Ibid.