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HEALTHY CANADIANS AND SUSTAINED ECONOMIC RECOVERY: PREDICTABLE VACCINE FUNDING IN CANADA

HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE 2012 PRE-BUDGET CONSULTATIONS

EXECUTIVE SUMMARY

Merck Canada is pleased to once again be contributing to the pre-budget consultation process of the House of Commons Standing Committee on Finance for the 2012 Federal Budget. More specifically, Merck Canada would like to share its views on the growing importance of publicly funded vaccine programs.

Vaccines are considered to be among the most cost-beneficial health interventions. In addition to reducing the economic burden of illness, vaccines help to ensure a healthy and productive population which, in turn, supports Canada's forward progression on our path to sustained economic recovery.

As such, Merck Canada is recommending the Government invest $100 million per year into funding for new vaccines programs in order to protect the health of Canadians in a cost-efficient manner.

One example of an innovative and cost effective vaccine which is currently absent from Canada's Public Immunization Programs is a shingles vaccine. While this particular vaccine was approved by Health Canada in 2008, it still remains absent from the Publicly Funded Vaccine Programs. Preventable illnesses such as shingles are costly on several levels ranging from medical interventions to impairing the quality and active/independent lifestyles of Canadian seniors.

Merck Canada is therefore recommending, in accordance with supporting a sustained economic recovery and respecting the need to balance the budget:

1. **The Federal Government of Canada continue to demonstrate positive leadership in public health by working with the provinces and territories to establish a permanent funding mechanism to ensure the timely adoption of new vaccines.**

2. **The Government of Canada build upon the success of its National Immunization Strategy (NIS) and commit to invest $100 million per year into funding for new vaccines program**

Continued federal investments in novel, important vaccines would allow more Canadians to benefit from innovative preventative immunizations so they can continue to work, prosper, and plan for the future[1].

SUSTAINED ECONOMIC RECOVERY - VALUE OF VACCINES

Vaccines are among the greatest public health achievements of the 20th century, reducing morbidity and mortality from a broad range of vaccine preventable diseases.[2] Vaccines have successfully eradicated smallpox, eliminated polio from most of the world and have significantly reduced the incidence of measles, mumps, rubella, diphtheria, pertussis (whooping cough), tetanus and *Haemophilus influenza* type b. Infectious diseases were once a leading cause of death in Canada but thanks to immunization, now account for less than 5% of the country's mortality. Immunizations in Canada have saved more lives over the past 50 years than any other health intervention and globally prevent over 5.9 million deaths annually.[3] Vaccines have proven to be effective tools to prevent disease, reduce healthcare costs and alleviate suffering.

While vaccines have played a vital role in preventing infectious diseases, improving individual well-being and quality of life, vaccines also offer tremendous value to society as a whole.[4] Immunization not only protects individuals, it protects entire populations and communities by preventing the spread of infectious disease from one person to another.[5] Accordingly, the World Bank has stated that immunization should be the first public health initiative in which governments around the world should invest.

Although both the medical and economic values of immunization are well documented and vaccine spending makes up only a small portion of Canadian health care expenses, they continue to be undervalued and underutilized in Canada.[6] These basic preventative interventions offer economic benefits through reduced hospitalization, decreased need for expensive treatment and by improving workplace productivity.[7] [8] Vaccines thus play a pivotal role in the sustainability of the Canadian health care system, while also helping to realize the full economic growth potential of a population in Canada free of disease.[9]

Vaccines offer economic benefits through reduced hospitalization, decreased need for expensive treatment, and by improving workplace productivity

GOVERNMENT'S LEADERSHIP – FUNDING FOR NEW VACCINES

The Federal Government has a history of bold leadership in promoting the adoption of vaccine technologies across Canada. These recent advances serve to underscore and reinforce the need for continued strong federal leadership and continued momentum in achieving sustainable, predictable funding mechanisms for immunization programs in Canada.

The National Immunization Strategy (NIS) was initiated in 2003 and has had tremendous success in achieving equitable access to newly recommended vaccines across Canada. The NIS represented a true investment with measurable economic returns and incalculable social and personal benefits.

Tremendous leadership was demonstrated during the seven year period from 2003 to 2010 in achieving equitable access to newly recommended vaccines across Canada. Specifically, five new vaccines (against chickenpox, pneumococcal infections, adolescent whooping cough, meningitis and human papillomavirus (HPV) -related diseases) were introduced to publicly funded immunization programs from coast to coast during this period, as supported by the federal government's NIS contributions.[10]

It is thanks to the Federal Government's contributions and encouragement for early provincial adoption of new vaccines, that approximately twice as many Canadian children were protected against vaccine-preventable diseases in 2006 than in 2003 and hospitalization reductions related to these infections were documented.[11] [12]

Furthermore, since the March 2007 announcement by the federal government to provide $300 million to support HPV immunization programs across the country, all provinces and territories have initiated publicly funded HPV vaccination programs, aimed at eradicating HPV Types 16, 18, 6, and 11 related diseases, such as cervical cancer, vaginal and vulvar cancers, and genital warts.[13]

The Federal Government of Canada's leadership and strategic investments with respect to access to vaccine technologies between 2003 and 2010 has helped Canadians to live longer, healthier and more productive lives.

Here is an opportunity for the Federal Government to demonstrate bold leadership and fiscal stewardship. Canada can protect its population from disease as well as save money .

ACHIEVING A BALANCED BUDGET – ACCESS TO NEW VACCINES FOR CANADIANS

Although commendable progress has been achieved for vaccines approved since 2003 under the Funding for New Vaccine Technology umbrella, there are continuing disparities and gaps in equitable access to vaccines covered by provinces and territories.

The 2010 Public Health spending in Canada is estimated at $10.9 Billion which represents 6.1% of total health care expenditures. Vaccines, despite being found to be cost-effective in several Canadian studies, form only 4% of this Public Health spend. This means that only 0.3% of total Health Care Expenditures is invested in vaccines, which are proven to reduce burden of disease and associated healthcare and personal costs. (CIHI National Health Expenditure Database – 2010).

Optimal coverage rates are not fully incorporated into the provinces' and territories' publicly funded vaccine programs, meaning that many Canadians are not fully benefiting from the protection offered by novel vaccines and thereby people are at risk of suffering otherwise avoidable medical and economic harm.

Therefore, in line with managing a balanced fiscal budget while in parallel ensuring a healthy and productive Canadian population, we strongly believe there is an urgent need at the federal level to establish a permanent funding mechanism for National Advisory Committee on Immunization (NACI) recommended vaccines, to ensure equitable, prompt access to new generations of vaccines by Canadians.

Merck Canada recommends that the Federal Government work with the provinces and territories toward establishing a permanent funding mechanism to ensure adoption of new, recommended vaccines in public health programs within six months of their approval by Health Canada.

In the 2003 report into the outbreak of severe acute respiratory syndrome (SARS) in Canada, Dr. David Naylor recommended an annual investment of $100 million to bolster the NIS.[14] He noted that this amount would cover approximately 50% of the cost to provinces and territories jurisdictions for the purchase of new vaccines.[15]

Accordingly, Merck Canada recommends that the Government of Canada commit to renew the National Immunization Strategy by investing $100 million per year to ensure Canadians have access to important, new and innovative vaccines.

FEDERAL AND PROVINCIAL COLLABORATION

Ultimately, our goal is to ensure equitable and timely access to all recommended vaccines without financial barriers. To achieve this goal, Canada needs a predictable process and sustained financial support at the federal, provincial and territorial levels for both existing and new public vaccine programs, including emerging vaccine technologies. Despite the recent commendable progress made, funding for immunization in Canada is still very much a patchwork system which leaves distressing gaps in access to new vaccine technologies.

The federal government's ongoing leadership with the NIS has set a precedent which has left provinces and territories with an ongoing anticipation for continued funding for new vaccine programs which stand alone and separate from the Canada Health Transfer (CHT).

Merck Canada recommends that the Government of Canada ensure that NIS vaccine funding is separate from the Canadian Health Transfer payments to ensure funds are designated specifically for immunization programs.

There is also a successful precedent for federal and provincial/territorial collaboration and cooperation, as evidenced by the execution of the 2009/2010 H1N1 pandemic preparedness plans. While this process was not seamless, it is important to note that these collaborative efforts have paid dividends in allowing Canada the ability to showcase to the world, some of the most successful immunization coverage rates.

This recent evidence of positive federal/provincial/territorial collaboration eloquently demonstrates that further discussion of vaccine program funding mechanisms which are predictable and sustainable should progress forward.

THE CASE FOR SHINGLES – HERPES ZOSTER

Shingles (also known as herpes zoster) is a painful, often disabling disease in adults. Anyone who has had chickenpox is at risk of developing shingles (more than 90 percent of Canadian adults have had chickenpox at some point in their lives).[16] There is no way to predict when the zoster virus will reactivate and who will develop herpes zoster. One in three people will develop shingles in their lifetime and this risk increases with age. Fifty percent of the shingles cases that occur in Canada each year are in people age 50 or older. [17]

Each year, an estimated 130,000 new cases are diagnosed, leading to 252,000 physician visits. While shingles and related complications are rarely fatal, the disease too frequently prevents members of the growing number of over-60 Canadians from leading productive, rewarding lives. [18]

1 in 3 Canadians affected over a lifetime	**130,000** New cases/year	**252,000** Doctor visits/year	**2,000** Hospitalizations/year

The pain may interfere with performing basic activities such as bathing, shopping, dressing and housework. The pain may also cause other conditions such as depression, insomnia, and anxiety. Hence, the pain caused by shingles can significantly reduce the productivity of hard

working Canadians and impair the quality of life and ability to function, particularly for senior Canadians. Other complications of shingles include scarring, pneumonia, hearing loss, loss of taste and facial paralysis. Shingles occurs around the eye in 10-25% of cases, up to half of these patients may suffer from visual impairment. [19]

The pain caused by shingles can significantly reduce the productivity of hard-working Canadians, impair quality of life and ability to function, particularly for senior Canadians.

ZOSTAVAX™ (zoster vaccine live, attenuated [Oka/Merck]) is a vaccine indicated for the prevention of shingles for adults 50 years of age or older. In clinical trials, ZOSTAVAX™ reduced the burden of illness due to herpes zoster by 61.1%, reduced the incidence of post-herpetic neuralgia by 66.5%, and reduced the incidence of herpes zoster by 51.3%. [20] [21] ZOSTAVAX™ was approved by Health Canada in 2008.

ZOSTAVAX™ = 51% reduction in cases of shingles for those over 60

The use of ZOSTAVAX™ has been shown to be a cost-effective intervention and a judicious use of precious healthcare dollars.[22] However, despite Health Canada approval of the vaccine as well as a positive recommendation from the National Advisory Committee on Immunization, ZOSTAVAX™ has yet to be included in publicly funded immunization programs. Merck Canada joins the multiple stakeholders in encouraging the federal government to consider the costs of a public immunization program compared to the high treatment costs and preventable individual suffering.[23]

CONCLUSION

We understand and are sensitive to the fiscal challenges that the Government faces this year, and very aware that our financial future is uncertain. Nevertheless, we feel that given the ageing population, Canada's health care system will become increasingly taxed. By providing funding for NACI recommended vaccines, Canada can save healthcare dollars and help people stay healthy, both at home and in the workplace. Also, here is an opportunity to demonstrate how Canada's evolving healthcare system can produce both results and savings.

Merck Canada, therefore, would welcome the opportunity to appear before the Finance Committee at the pre-budget consultation meetings to discuss the following 2012 Federal Budget recommendations:

1. **That the Government of Canada continue to demonstrate positive leadership in public health by working with the provinces and territories to establish a permanent funding mechanism to ensure the timely adoption of new vaccines.**

2. **That the Government of Canada build upon the success of its National Immunization Strategy (NIS) and commit to re-invest $100 million per year into a fund for new vaccines program. This investment would serve to fund new and forthcoming vaccines and would be the impetus for a long-range plan to ensure sustained, broader immunization program funding.**

3. **That the Government of Canada ensure that program funding for new vaccines is kept separate from the Canadian Health Transfer in order to ensure funds are designated specifically for immunization programs. Such a funding separation will allow these funds to be closely tracked and evaluated in order to assess implementation rates and success.**

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