

Consumer Health Products Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Fiscal restraint at the federal, provincial and territorial levels is a necessary cornerstone of any strategy to enhance Canada's long-term economic growth prospects. The single biggest challenge to fiscal restraint is control of health spending, which accounts for one of every five dollars spent by the senior levels of government. While the federal government's contribution to this fast-growing expenditure area will stabilize after fiscal 2016-2017, the historical trend of health spending growth will continue to challenge the fiscal position of provincial governments and threaten Canada's growth prospects. While the delivery of health care is largely a provincial responsibility, there are specific measures which fall within federal jurisdiction that could contribute significantly to the cost-effective delivery of health care in Canada. Self-care, the decisions and actions that individual Canadians take to manage their personal health, has been widely recognized, both in Canada and internationally, as helping to reduce health care costs through disease prevention and the reduction of unnecessary doctor visits. A key component of self-care is the use of consumer health products such as over-the-counter medicines (OTCs) and natural health products (NHPs) to manage or prevent various health conditions. Regulation of consumer health products is a federal function and materially affects the availability of consumer health products and the contribution they can make to cost-effective health care. Two key initiatives could improve the overall impact that the federal regulatory function has on the availability of consumer health products used in self-care. First, all consumer health products should be regulated within a risk-based framework that recognizes their low-risk nature and the value they bring to Canadian health care. Such a framework has already been developed for NHPs. It is now time to remove the remaining consumer health products, OTCs, from the regulatory framework designed for prescription drugs and to place them into a framework more consistent with their low-risk profile. Second, the administration of the regulations for all consumer health products should be consolidated to increase consistency and minimize duplication. Together, these measures would make the regulation of all consumer health products more effective, efficient and consistent with the value they provide to Canadian health care.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

New product development is a critical source of growth, and consequent job creation, for companies in the consumer health products market. A principal source of new product development comes from ingredients that are switched from prescription to OTC status. Such switches offer Canadians new self-care options, either in existing therapeutic categories such as pain relievers (e.g. naproxen or Aleve®) or heartburn remedies (e.g. ranitidine or Zantac®), or in entirely new categories such as smoking cessation aides (e.g. nicotine replacement therapies). These switches not only drive industry growth and employment, but they can also drive significant savings in overall health care costs by reducing doctor

visits, pharmacist dispensing fees and drug formulary costs. Such “Rx to OTC switches” require the generation of research data to demonstrate the safety and efficacy of these ingredients in consumer health products. This data is then evaluated by Health Canada for the purposes of providing a market authorization. Currently, the research investment that sponsoring manufacturers put into the switch process generates very limited returns, because Health Canada allows other manufacturers to use their data to support applications for market authorization of competing products with the same ingredients. This seriously undermines the incentive for the original manufacturer to invest in this growth strategy. Canada’s trading partners have recognized this problem by providing a period of protection for research data submitted in the switch process. CHP Canada recommends that Canada should follow the lead of our largest trading partner, the United States, by protecting this data for a period of three years.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada’s population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

One of the key ways that self-care has been demonstrated to provide value to health care systems and national economies is by reducing the lost productivity associated with time taken off work due to ill health and for doctor visits to treat minor ailments. For example, a survey conducted for CHP Canada in 2011 found that, while the vast majority of Canadians manage their minor ailments through self-care with consumer health products, there were over 16 million doctor visits associated with just three minor ailments (common cold, headaches and heartburn/indigestion) in that year, with direct costs of over \$1 billion in physician billings alone. In the United States, a 2012 study by Booz and Co. estimated that the availability of OTC medicines annually prevents more than \$23 billion in productivity losses due to time taken away from work for doctor visits. The regulatory and administrative initiatives described in response to the previous questions could materially impact all of these costs. A further consideration is that the costs associated with self-care, including the purchase of consumer health products, are borne out-of-pocket by Canadians. By contrast, doctor visits and most prescription drug costs are not borne directly by the consumer. This imbalance in the incentivization of health behaviour could be offset somewhat by permitting consumer health products to be included in the Medical Expense Tax Credit.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?