

An active role in health care: The role families can play
Pre-budget submission
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Johnson & Johnson Inc.

As the demographics of Canada have shifted over the past generation, so too has the debate surrounding health care. With an aging population and ongoing concerns around access to even the most basic services, both the government and everyday Canadians are engaging in a public debate on how to preserve our health care system.

Recently, discussions have turned to the importance of individuals and families taking a more active role in their own care. The growth of preventative care, or self-care, it has been argued, has the potential to save the health care system millions of dollars by keeping people healthier longer and helping avoid unnecessary visits to the clinic or Emergency Room.

Johnson & Johnson Inc. (“JJI”) has long been a partner with both the Government of Canada and Canadians in finding ways to keep families healthy. We are committed to creating products that form the basis for a strong and healthy lifestyle.

One of the ways that Canadians can help alleviate rising costs of health care and eliminate some of the needless time waiting for medical services is to be proactive in their health. This includes using over-the-counter (OTC) medications in areas where they can alleviate the need for immediate medical assistance. To support in this endeavor JJI believes the government can provide tax relief to ensure easier access to self-care products.

Family Care Tax Credit

JJI is recommending the implementation of a \$300 per taxpayer “Family Care Tax Credit” that would allow Canadians to claim OTC medication costs in specific therapeutic areas to be defined in conjunction with the government. Areas that JJI would recommend focusing on include pain management, allergies and smoking cessation.

Millions of Canadians every year suffer the symptoms of minor ailments such as seasonal colds and allergies. Every day more than one million more Canadians attempt to quit smoking. Combined, the effects of this tax credit could benefit Canadians across the country and help manage health care costs.

Based on an economic analysis conducted by JJI, the aggregate annual cost of this proposal is estimated at less than \$100 million. Although the government may consider an excise tax as one option towards funding this tax credit, JJI recommends a review of current policy envelopes within Health Canada for alignment with the objectives of a Family Care Tax Credit.

Specific branches within the department that appear to align include Health Products (a connection to consumer health products) and Canadian Health System Policy as this proposal represents an innovative policy shift.

The Family Care Tax Credit would support an overall trend in Canada towards greater self-management of personal wellness and contribute to greater sustainability of the health care system.

Background

Approximately half of all Canadians live with at least one chronic ailment and more than one quarter suffer from at least two such ailmentsⁱ. As the population ages, the \$90 Billion in productivity and health care costs due to chronic diseaseⁱⁱ will grow rapidly. Self-care plays an important role in the responsible management of both acute and chronic ailments. Supporting such care is identified as an important way to improve health outcomes and save costs,^{iii,iv} as well as easing access barriers to health care.

As consumers have become increasingly savvy and educated regarding their health options, governments across the globe have been looking towards self-care as a viable option to help sustain health care systems. In fact, the UK has evidence showing positive effects on the use of health services, after it identified self-care as one of the four pillars of their National Health Service.

The proposed tax credit will support continued self-management of personal care, saving additional billions of dollars that would otherwise be spent through doctors' visits. Research from Consumer Health Products Canada shows Canadian adults reported a combined total of over 213 million episodes of colds, flu, headaches and indigestion in 2011. The vast majority of these episodes were treated through self-care with consumer health products or home remedies, at no cost to the health care system. Just over 7% of these episodes resulted in doctor visits, which cost just under \$1 billion^v, rising to almost \$2 billion once the additional costs of prescribed drugs, lab tests and other care is added in^{vi}.

The factors leading some people to seek doctor care while others practice self-care are complex and it remains critical that those who require care from a doctor seek it. Nevertheless, consider the savings that would be lost if only one person in ten shifted from current self-care management to government-reimbursed medical care instead: the costs to Canada would more than double. Self-care savings will help sustain the medical system for those who need it.

Pressure on healthcare resourcing and funding is increasing faster than any point before now. Healthcare funding is approaching 50% of the operating budgets of provinces —up from 30 per cent in 1985. This proportion ranged from one-third of the provincial budget in Quebec to as high as 46 per cent of the budget in Ontario (Conference Board, 2013).

Currently, almost all tax and insurance measures (public and private) related to health are focused on professional care such as doctor visits, institutional care and prescribed therapies. Taken together, these financial incentives run counter to supporting personal self-care. A Family Care Tax Credit would provide a measure to balance this equation to support the trend of Canadians to greater self-management of some common minor and chronic ailments.

Conclusion

JJI wants to partner with government in order to demonstrate a combined, proactive approach to find innovative ways to address increasing costs while maintaining Canadians' access to a world-class health care system.

A Family Care Tax Credit that will permit Canadian consumers to claim the cost of up to \$300 for eligible purchases of over-the-counter (OTC) and consumer healthcare products is a unique, appropriate and effective way for the federal government and the private sector to work together to improve the future of health care in this country.

ⁱ Health Council of Canada. (2011). *How do sicker Canadians with chronic disease rate the health care system?* Results from the 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults, Canadian Health Care Matters, Bulletin 6. Toronto, ON: Health Council of Canada.

ⁱⁱ Mirolla, M. (2004). *The cost of chronic disease in Canada*. Ottawa, ON: Chronic Disease Prevention Alliance of Canada.

ⁱⁱⁱ Health Council of Canada. (2012). *Self-management support for Canadians with chronic ailments : A focus for primary health care*. Toronto, ON: Health Council of Canada

^{iv} U.K. Department of Health, *Self-Care – A Real Choice, Self-care Support – A Practical Option*, London, 2005

^v Willemsen KR, Harrington G. From Patient to Resource: The Role of Self-Care in Patient-Centered Care of Minor Ailments. *SelfCare* 2012;**3**(3):43-55

^{vi} Anderson et al, "The Economics of Self-Medication in Canada", 1995 Queen's Health Policy.