



The First Wealth, is Health



HealthCareCAN's Submission for the
Pre-Budget Consultations in Advance
of the 2021 Federal Budget

August 7, 2020

HealthCareCAN recommends that the federal government:

-  Strengthen its commitment to creating a stable and sustainable health system by increasing investments to the level equivalent to 2% of public spending on health (\$3.7 billion), allocated equally between health research (1% or \$1.85 billion) and knowledge translation for health innovation (1% or \$1.85 billion).
-  Invest a minimum of \$3 billion to renew Canada's healthcare facilities, including hospitals, research facilities, long-term care organizations; provide specific funding of \$750 million over five years to establish regional "Centres of Excellence" for cybersecurity in health; and an initial \$150 million investment for digital health infrastructure.
-  Recognize research hospitals, health research institutes and health organizations as independent, stand-alone entities and drivers of economic growth that deserve to compete directly and on equal footing with other sectors for federal funding support.

HealthCareCAN's 2021 Pre-Budget Submission

HealthCareCAN commends the federal government for investing in measures to mitigate the negative effects of COVID-19 on Canadians. In particular, the Canada Research Continuity Emergency Fund (CRCEF), and the added investment in health research and supports for trainees and post-doctoral fellows, have provided much-needed support to Canada's health research sector.

With the federal government now focusing on restarting the Canadian economy HealthCareCAN, the national voice of Canada's research institutions, healthcare organizations and community hospitals, contends that the health sector is a critical catalyst for our nation's economic recovery. By providing enhanced support now in three key areas – health research, health infrastructure and increasing the role that the health and life sciences sector can play in the federal government's recovery plan – Canada will unleash the full potential of the sector and its institutions.



We all rely on health research in times of health crisis yet as a nation we continue to underfund it. We lean on hospitals, long-term care and other healthcare institutions, but do not invest adequately to ensure they are modernized and capable of responding to health threats. With nearly 50% of all provincial/territorial spending already going to healthcare, the federal government clearly must provide more support to healthcare and its institutions, including hospitals, health research institutes, long-term care facilities and health organizations, to meet the evolving and growing

needs of Canadians. This support is needed now more than ever as hospitals face sizable budget deficits to respond to COVID-19 challenges.

COVID-19 dramatically highlighted the serious gaps and shortcomings in Canada's 13-jurisdiction patchwork of publicly funded healthcare systems. It is time Canada had a true, pan-Canadian system capable of meeting the needs of our population into the future.

The first wealth, is health.

Sustainability of the Health and Life Sciences Sector

“Science and research is our door to a brighter future, and that has never been clearer.”

- Prime Minister Justin Trudeau

Just as COVID-19 highlighted shortcomings in Canada's broader healthcare system, it also exposed the precarious nature of Canada's health research enterprise, a concern raised over three years ago by the 2017 Fundamental Science Review. The federal government must urgently develop a clear vision for health research supported by a bolstered funding and policy framework to ensure Canada's academic healthcare organizations are ready to handle the challenges we see today and the unknowns of the future.

The federal government created the Canadian Institutes of Health Research (CIHR) in 2000 with the aim of having a budget equal to 1% of public spending on health. In 2019, the amount of government spending on health totaled approximately \$185 billion (total spending, public and private sources is \$264 billion), which translates into a CIHR budget of \$1.85 billion. CIHR's budget has not kept up with health expenditures or inflation, as it is \$1.14 billion for 2020-21.ⁱ While the federal government did provide much-needed funding for science and research in Budget 2018, this investment did not cover ground lost over the past decade, nor did it meet the amount recommended in the Fundamental Science Review. This argument can also be made for the other tri-councils.

Philanthropy and fundraising, a vital source of funding that covers close to 40% of our members' indirect research costs, has essentially dried up due to COVID-19. The federal government must strengthen its commitment to ensuring the stability, capacity and sustainability of our academic health science centres and the entire health system.

Recommendation: The federal government invest in health research to the level equivalent of 1% of public spending on health (\$1.85 billion).

The federal government also has a critical role in ensuring Canadian-owned, leading-edge discoveries are converted into products and services that can be used by Canadians, the healthcare system, and the global marketplace. By

investing now to scale up high-growth potential sectors, like health and the life sciences, the federal government has the opportunity to recover its economic costs and position Canada for post-pandemic success.

Recommendation: The federal government further invest in health innovation translation to the level equivalent of 1% of public spending on health (\$1.85 billion).

A series of UK papers assessed the economic gains from biomedical and health research on health and GDP for three diseases. Every British pound invested in health research yielded benefits of 25 pounds per year (10 pounds in health gains and 15 pounds in GDP gains) or total returns of 25%.ⁱⁱ This is a much higher yield than government receives from other public sector investments.

A balanced and strategic approach to investing in health discovery, innovation and knowledge translation creates wealth, generating returns that greatly exceed the initial individual investments.

Health Infrastructure

Infrastructure spending not only boosts the economy quickly, it also generates medium and long-term returns on investment. For every dollar invested, the economy grows by \$1.60 (1.6 multiplier effect).ⁱⁱⁱ Over the long-term, infrastructure generates economic productivity of 20 to 50 cents on every dollar invested.^{iv}

Although overall health spending continues to increase, capital funding for health has declined substantially. Between 2007-2012 capital investment grew by 6.3%, but then plunged to -3.7%^v between 2012-2017. This precipitous decline in capital spending means Canada now trails the United States, Australia, New Zealand, France and Germany.^{vi} Consequently, much of Canada's current hospital infrastructure has aged beyond its useful life, with dated facilities that are neither climate or pandemic resilient, nor energy efficient.

Hospitals are the most energy-intensive public facilities in Canada, consuming approximately 11% of total public energy and accounting for more than 5% of Canada's greenhouse gas footprint. Canada's failure to maintain adequate capital investment in healthcare facilities harms our environment and severely undermines our ability to sustain an innovative and technologically-advanced healthcare system. The COVID-19 pandemic

harshly showed that Canada's outdated health infrastructure puts the health of Canadians at risk. Nowhere is this more evident than in the long-term care sector where in many facilities it is nearly impossible to comply with physical distancing and isolation protocols.

Investing in healthcare infrastructure, including research laboratories and facilities within hospitals and long-term care facilities, is a nation-building priority that will improve patient-centred care capacity, improve infection control (single rooms, isolation rooms, appropriate ventilation), address overcrowding, build surge capacity and improve quality of care.

Beyond supporting the health of Canadians, investing in healthcare infrastructure stimulates Canada's economy, by:

-  **CREATING JOBS** (\$100 billion in infrastructure investment creates one million jobs^{vii})
-  **STIMULATING LOCAL, PROVINCIAL AND TERRITORIAL ECONOMIES**
-  **GROWING OUR GDP**
-  **INCREASING EFFICIENCIES AND REDUCING COSTS** (attributable to the spread of nosocomial pathogens or community-acquired infection)
-  **BUILDING CLEANER, GREENER, MORE EFFICIENT FACILITIES** (reducing Canada's carbon footprint)
-  **CATALYZING INNOVATION IN HEALTHCARE DELIVERY**
-  **ATTRACTING TALENT IN BOTH RESEARCH AND PATIENT CARE**

Just as happened between 1948-1970 when Canada's Hospital Construction Grant Program and the 1966 Health Resources Fund provided critical federal support to build Canada's current hospital infrastructure, we face a similar national imperative to strengthen our healthcare infrastructure today. Canada's healthcare institutions are ready to act; a July 2020 survey of HealthCareCAN members identified \$4.6 billion in pending infrastructure projects, of which \$3.2 billion are 'shovel-ready and shovel-worthy' COVID-related infrastructure projects. What is missing is federal support – an additional \$3 billion beyond what has been allocated under the Investing in Canada COVID stream.

Cybersecurity and protecting Canada's critical digital health infrastructure is also an important area requiring the attention of the federal government.

HealthCareCAN is proud to be part of a pilot project currently underway at Eastern Health in Newfoundland and Labrador that addresses cybersecurity threats to the healthcare system by integrating education and skills development as well as medtech innovation. With federal investment of \$750 million over five years, this pilot could be expanded to create 15 regional "Centres of Excellence" across the country, greatly strengthening healthcare cybersecurity.

COVID-19 has brought a welcome increase in the use of virtual health care tools, underscoring the need for a more robust national digital health infrastructure system with interoperable data platforms. Enhanced E-mental health services are particularly important in our evolving COVID-19 reality as the current system is already underfunded, under-staffed and unable to meet current needs. To properly address the impacts of COVID-19 and prepare for future health threats, the federal government must make health data platforms a national priority, supported by an initial investment of \$150 million.

Recommendation: The federal government invest a minimum of \$3 billion to renew Canada's healthcare facilities, including hospitals, research facilities, long-term care organizations; provide specific funding of \$750 million over five years to establish regional "Centres of Excellence" for cybersecurity in health; and an initial \$150 million investment for digital health infrastructure.

Bringing health to the table

The Advisory Council on Economic Growth's 2017 report, *Unleashing the Growth Potential of Key Sectors* identified Canada's health and life sciences sector as a sector with promising growth potential. However, research hospitals, research institutes and health organizations struggle to realize that potential because they are prohibited from directly accessing federal funding programs.

Applying to federal government funding programs has been gated by industry or universities. The Innovative Supercluster Fund and the Strategic Innovation Fund, with the exception of Stream 4, restricted the lead applicant to industry. HBEST is comprised of representatives from companies. Research hospitals must go through the university to access the Post-Secondary Institutions Strategic Investment Fund, Canada Foundation for Innovation, the Federal Research Support Fund, the Canada Research Chairs fund and Mitacs.

Canada's health and life sciences sector is a major driver of economic growth. Our sector not only innovates to keep our population healthier and productive; it contributes nearly \$3 billion annually to the economy.^{viii} The health and biosciences sector represents 11% of Canada's annual GDP. Canadian healthcare institutions employ 700,000 individuals, 8,000-10,000 scientists and 60,000 research staff and students. That workforce supplies the raw talent for Canada's \$7.8 billion biotech industry that generates economic benefit for Canada. We create new small- and medium-sized enterprises, produce the next generation of Highly Qualified Personnel and contribute to building a knowledge-based economy that attracts global investments.

As a key economic force academic health science centres deserve a seat at government's table. Research hospitals, who contribute greatly to Canada's health and biosciences effort, are not represented on HBEST or the Industry Strategy Council. This significant oversight undermines our life sciences and health research ecosystem. Government must either expand HBEST to include leadership from research hospitals or create a separate advisory table.

The federal government should embrace the opportunity to create a more explicitly inclusive research and innovation ecosystem that embeds research hospitals alongside industry and universities and rewards excellence wherever it is found.

Recommendation: The federal government recognize research hospitals, health research institutes and health organizations as independent, stand-alone entities and drivers of economic growth that deserve to compete directly and on equal footing with other sectors for federal funding support.

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- i [CIHR Departmental Plan 2019-20](#)
 - ii [Bang for your buck: the return from public investments in biomedical and health research](#)
 - iii [Unleashing Productivity Through Infrastructure](#)
 - iv Ibid.
 - v Ensuring adequate capital investment in Canadian health care
 - vi Ibid.
 - vii [The Future is Now: Infrastructure's Role in Economic Recovery](#)
 - viii Canada's Top 40 Research Hospitals 2019