

Dear Sir or Madam,

On behalf of the Arthritis Society, thank you for the opportunity to provide input on the federal government's 2019 budget. Finance Canada is currently asking stakeholders for feedback on a number of key areas, including how to improve Canada's health care system and promote the health of Canadians (A Healthier Canada).¹

We believe that in budget 2019 the federal government has an important opportunity to improve the health and well-being of the millions of Canadians living with arthritis by considering the following key recommendations:

Recommendation 1: Remove taxation of medical cannabis and enable pharmacy distribution

Arthritis is a disease that affects about 6 million Canadians. While there is no cure for the disease, there are a range of effective treatments that can help patients manage their pain and lead productive lives. One of those treatments is medical cannabis. The majority of patients authorized to possess medical cannabis were diagnosed with "severe arthritis."

Overall, we have been pleased with the *Cannabis Act's* preservation of a distinct system for medical cannabis in Canada, and we are happy to participate in the ongoing consultations regarding the government's proposed new regulations to cover edibles, extracts and topicals. However, one outstanding issue that remains a concern for the Arthritis community is the taxation of medical cannabis. The taxation of medical cannabis is inappropriate for a number of important reasons, including:

- It places financial burden on patients: The costs associated with the use of cannabis for medical purposes can put an enormous financial strain on many patients, many of whom are on fixed incomes. These expenses, sometimes upwards of \$500/month², are often in addition to the other health expenses borne by patients. In combination with limited insurance coverage and the application of sales tax, the application of taxes on cannabis for medical purposes compounds affordability issues for patients and imposes additional access barriers to this effective form of therapy.
- Other medicines are not subject to tax: There is an ongoing contradiction in the Canadian system in that cannabis for medical purposes is authorized by healthcare practitioners as a medicine, yet not treated like one. Applying any tax to cannabis for medical purposes is inconsistent with the taxation of prescription drugs and medical necessities, which are zero-rated under the *Excise Tax Act*. In particular, the *Excise Tax Act* proclaims that drugs that are authorized by a healthcare practitioner and which are not available "over the counter" are zero-rated. The government has a duty to address this ongoing inequity.
- It is a disproportionate policy tool to address abuse of the medical stream: As we understand it, one of the government's underlying rationales for applying taxes on medical cannabis is that it will dissuade recreational/non-medical users from taking advantage of the medical cannabis stream in the current post-legalization regime. The extent to which taxing cannabis for medical purposes would serve this purpose is questionable. As in other situations, the remedy is not to impose taxes on a legitimate medicine but to use more appropriate and proportionate policy instruments to address the problem. For instance, improved prescription oversight and enhanced data monitoring are measures that would adequately address the government's concerns while not penalizing all patients for the actions of the few.

In addition to ending the taxation of medical cannabis, we recommend that the *Access to Cannabis for Medical Purposes Regulations* (ACMPR) be amended to enable pharmacy distribution. This will create a clear distinction between medical cannabis and cannabis for recreational/non-medical use and help ensure that patients receive reliable on-site education on the safe and effective use of medical cannabis from trained health care professionals.

¹ https://www.budget.gc.ca/2019/prebudget-prebudgetaire/index-en.html?utm_source=FINIP&utm_medium=Latest&utm_campaign=PBC19

² Calculation based on Health Canada published average dose of (2.3 g/day) and average market pricing (\$8.50/g).

Recommendation 2: National pharmacare must not focus only on low cost, but also wide choice

From the patient perspective, the need for a national pharmacare program is pronounced as millions of Canadians are struggling to afford their medications and/or are concerned about lack of coverage for the medicines they need. While access to more affordable medicines is a laudable goal, the creation of a national pharmacare program must not be solely about lower costs, particularly if those savings are gained at the expense of having a formulary or group of formularies that are restricted to a narrow range of preferred medicines.

This is extremely important for arthritis patients, who respond differently to different drugs. In the case of inflammatory arthritis, for example, everything is still very much trial and error. What works for one person may not for another. A range of choice is therefore critical and will become necessary with personalized medicine. Ensuring wide choice will not only lead to improved health outcomes, but also increased health system savings, as medicines become more precise and better able to target patients who will most likely benefit from the treatments. We need to ensure that whatever pharmacare approach we ultimately decide to take, access to promising new therapies, like biologics or genetic therapies, is not hindered through an overly restrictive formulary. For more detailed information please see our [submission](#) to Canada's Advisory Council on the Implementation of National Pharmacare.

Closing comments

The Arthritis Society, on behalf of the millions of Canadians with arthritis, greatly appreciates this opportunity to provide input on the 2019 federal budget. In closing, we urge Finance Canada to consider our two key recommendations of: 1) ending the taxation of medical cannabis while enabling pharmacy distribution, and 2) developing a robust national pharmacare program with a commitment to wide choice for patients.

Sincerely,

Janet Yale, CEO
The Arthritis Society

About the Arthritis Society

The Arthritis Society is a national health charity that gives voice to the one in five Canadians – and one in two Canadian seniors – who have arthritis, a collection of conditions affecting joints and other tissues. Arthritis causes pain, restricts mobility and diminishes quality of life. There is no cure, so pharmaceutical treatments play a very large role in management of the condition which persists, for most people, over many years.

The Arthritis Society is Canada's largest charitable source of investment in cutting-edge arthritis research, and a leader in proactive advocacy, education and support towards delivering better health outcomes for people affected by arthritis. Safety and improved care are our top priorities, with our advocacy focused on improving access to care, timeliness of care, and innovative research. The Arthritis Society is accredited under Imagine Canada's Standards Program.