Canadian Cancer Society

Budget 2020

2020 Ontario Pre-Budget Consultation

Submission to the Standing Committee on Finance and Economic Affairs

January 2020

Canadian Cancer Society

List of Recommendations:

- **Recommendation 1:** Protect the progress made in tobacco control and smoking cessation by maintaining long-term funding for the Smoke-Free Ontario Strategy; implementing an annual fee on the tobacco industry to recover the cost of the Smoke-Free Ontario Strategy; increasing tobacco taxes; and acting to address contraband tobacco in Ontario.

- **Recommendation 2:** Implement a tax on e-cigarettes to address the rise in youth vaping.

- **Recommendation 3**: Invest in a system to fully fund take-home cancer drugs.

- **Recommendation 4:** Protect and improve programs supporting the quality of life of people with cancer and their families.

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Introduction

CCS is the only national charity supporting Canadians with all cancers in communities across the country. In 2018, we funded groundbreaking research, invested $52.6 million in trusted information and compassionate and practical support to people with cancer and their families, and helped shape health policies to prevent cancer and support those living with the disease. With almost 1 in 2 Ontarians expected to develop cancer in their lifetime, it is vital we work together to strengthen our efforts to reduce the cancer burden in Ontario.

Recommendation 1: Protect the progress made in tobacco control and smoking cessation by maintaining long-term funding for the Smoke-Free Ontario Strategy; implementing an annual fee on the tobacco industry to recover the cost of the Smoke-Free Ontario Strategy; increasing tobacco taxes; and acting to address contraband tobacco in Ontario.

Tobacco Control and Smoking Cessation

Tobacco use continues to be the leading preventable cause of cancer in Canada. Smoking is responsible for an estimated 30% of all cancer deaths in Canada.[1] Each year, cigarette smoking claims 16,000 lives in Ontario. Based on 2012 estimates, smoking costs Ontario $2.26 billion each year in direct health care costs.[2]

The Smoke-Free Ontario Strategy is a comprehensive tobacco control strategy involving provincial and local governments, area networks of public health and health care stakeholders, boards of health, non-governmental organizations, hospitals, and universities.[3] The strategy includes funding for tobacco control programs, policies, laws, enforcement, research, and public education aimed at preventing people from starting to smoke, supporting current tobacco users to quit, and protecting people from exposure to second-hand smoke. The magnitude of the tobacco epidemic and the rapid increase in the use of vaping products by youth reinforces the need to fund the Smoke-Free Ontario Strategy.

Revenue Tools to Recover Costs of Tobacco

The Government of Ontario should fund the Smoke-Free Ontario Strategy through a cost recovery fee on the tobacco industry. This approach is like the U.S. Food and Drug Administration tobacco strategy fee (in place since 2009) and the Canadian federal cannabis annual regulatory fee. Manitoba, Quebec, and New Brunswick each have a provincial cost recovery mechanism in place for cannabis. According to a 2019 Ipsos poll, 92% of Ontarians support making the tobacco industry pay for programs to reduce smoking.[4]

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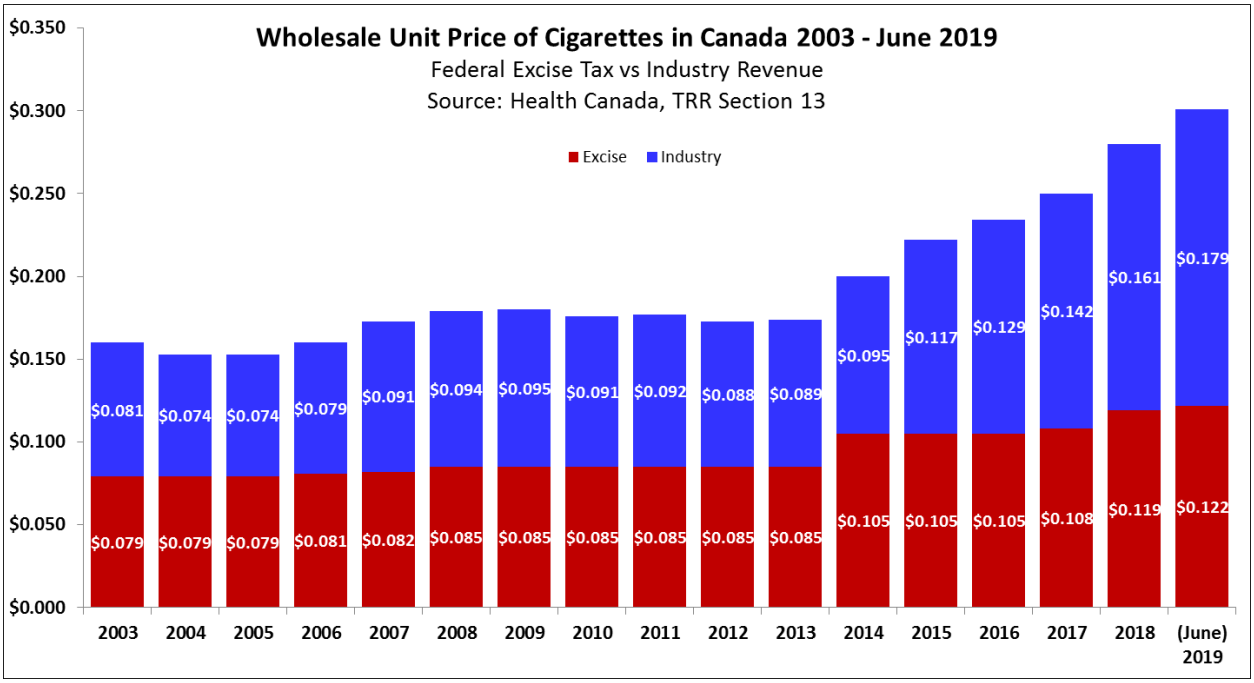
[1] Canadian Cancer Statistics Advisory Committee. Canadian Cancer Statistics 2019. Toronto, ON: Canadian Cancer Society; 2019. Available at: cancer.ca/Canadian-Cancer-Statistics-2019-EN.
[2] Dobrescu, Alexandru, Abhi Bhandari, Greg Sutherland, and Thy Dinh. The Costs of Tobacco Use in Canada, 2012. Ottawa: The Conference Board of Canada, 2017.
[3] Smoke-Free Ontario Scientific Advisory Committee, Ontario Agency for Health Protection and Promotion (Public Health Ontario). Evidence to guide action: Comprehensive tobacco control in Ontario (2016). Toronto, ON: Queen's Printer for Ontario; 2017.
[4] On behalf of the Canadian Cancer Society, Ipsos polled 1,501 Canadians over the age of 18 between August 23 and August 26 of 2019.



Over a five-and-a-half-year period, 2014 to 2019 (first half) inclusive, the tobacco industry has increased its prices by $16.80 per carton, net of taxes, now generating $2 billion in incremental revenue per year that should be going to governments. The fee would generate approximately $44 million in annual revenue for the Ontario government. Tobacco companies would pay a fee based on their market share.

The Canadian Cancer Society also urges the Government of Ontario to reconsider its decision to cancel the scheduled tobacco tax increase of $4.00/carton made in the *2018 Ontario Economic Outlook and Fiscal Review* and to tie the tobacco tax rate to inflation. Ontario has the second lowest tobacco tax rate in Canada, charging $20 less in tax on a carton of 200 cigarettes than Manitoba and Nova Scotia.[5] Tobacco taxes are widely acknowledged to be the most effective tool to reduce smoking rates, and therefore, the long-term costs to the health care system of commercial tobacco consumption.[6]

The Canadian Cancer Society also urges the Ontario government, in the settlement negotiations in the medical cost recovery lawsuit against the tobacco industry, to prioritize public health measures in any settlement, including long-term funding for tobacco control.

[5] "Getting to Less than 5% by 2035: The 2019 Tobacco Endgame Report." Getting to Less than 5% by 2035: The 2019 Tobacco Endgame Report. The Lung Association, May 30, 2019. https://www.lung.ca/sites/default/files/End-GameReport-final.pdf.
[6] "Taxation." World Health Organization. World Health Organization, May 30, 2019. https://www.who.int/tobacco/economics/taxation/en/.

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Contraband Tobacco

The rate of contraband tobacco is higher in Ontario than in any other province. The Canadian Cancer Society acknowledges the government's efforts to consult on contraband tobacco and urges quick and decisive action to address this important issue. Ontario can make substantial progress against contraband by implementing a refund/rebate system, similar to the system in place for gasoline supplied for sale on reserves in Ontario and used for tobacco in seven other provinces. We will be expanding on this concept throughout the consultation.

Recommendation 2: Implement a tax on e-cigarettes to address the rise in youth vaping

Youth E-Cigarette Consumption

E-Cigarette use, especially among young people, has increased dramatically. Data from the *Canadian Student Tobacco, Alcohol, and Drugs Survey* indicates that youth vaping has doubled over a two year period and tripled over a four year period (2014-2019).[7] This rapid increase in youth vaping is creating a new generation of youth addicted to nicotine and is threatening the progress achieved over the years to reduce smoking. We can take the lessons learned from over 50 years of action against tobacco and act now to reduce youth vaping.

We support Ontario's new ban on in-store e-cigarette promotion in convenience stores and gas stations. However, other provinces are taking further regulatory, legislative, and budgetary steps to address e-cigarette use. British Columbia now has a tax on vaping products and Alberta has announced plans for a tax in 2020. As well, at least 20 U.S. states have implemented or will be implementing taxes on e-cigarette products. Of those, 10 states tax a percentage of the wholesale price, including Minnesota (95%), District of Columbia (96%) and Vermont (92%).

Just as tobacco taxes are a highly effective means of preventing and reducing tobacco use, studies have demonstrated e-cigarette sales are responsive to their own price changes, where retail price increases have shown an associated drop in sales.[8] [9] This is particularly true among youth who are traditionally more price-sensitive consumers. The Canadian Cancer Society urges the Government of Ontario to address the dramatic increase in e-cigarette use by implementing a tax on e-cigarettes. In addition, a tax can serve as a revenue tool to fund programs to increase youth knowledge regarding the risks of vaping and change attitudes about e-cigarettes.

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[7] Canada Gazette, Part I, Volume 153, Number 51: Vaping Products Promotion Regulations.

[8] Huang, J., Tauras, J., & Chaloupka, F.J. (2014). The impact of price and tobacco control policies on the demand for electronic nicotine delivery systems. Tobacco Control. 23: iii41-iii47. doi: 10.1136/tobaccocontrol-2013-051515.

[9] Stoklosa, M., Drope, J. & Chaloupka, F.J. (2016). Prices and E-Cigarettes Demand: Evidence from the European Union. Nicotine & Tobacco Research. 18(10):1973-1980.

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Recommendation 3: Invest in a system to fully fund Take-Home Cancer Drugs

Take-Home Cancer Drugs (THCDs)

While a cancer diagnosis is life altering, the toll of treatment can also be physically, emotionally, and financially draining on people living with cancer and their families. Increasing treatment options for people living with cancer and their families by making take-home cancer drugs more accessible will relieve some of those challenges while freeing up hospitals so they can provide services that must take place in-hospital and help end hallway medicine in Ontario.

IV cancer medications continue to be 100% funded for all cancer patients, regardless of age and income-status. These cost on average $11,660 per patient over a 28-day period, not including the travel costs for patients to get to a hospital or the cost for the hospital to administer. However, more than half of newly approved cancer medications are oral or injectable formulations and could be filled at a pharmacy for patients to take at home. These cost on average $6,875 per patient over a 28-day period.[10]

However, people in Ontario living with cancer often encounter obstacles choosing these medications. THCDs are not covered universally by the government. A single person living with cancer might need to access as many as 6 different programs just to cover the cost of the medication. Through OHIP+, the Trillium Drug Benefit, or programs for seniors 65 and older or people on social assistance, THCDs are covered with little or no copay or deductible. But for the remaining 40% of the population in Ontario who do not qualify for these programs, they either pay out-of-pocket or are covered by group/private insurance, with a typical copayment of 20%. Using the figures noted above, this would amount to an average cost of $1375 per 28 days per medication for people with cancer.

This gap in coverage can have a significant effect on treatment plans for people living with cancer. Studies show financial struggles can impact the decisions people with cancer and their doctors make with regards to cancer treatment decisions and whether they follow through with their treatment plan – for instance, they may ration their required medication to reduce their costs. In a universal system, patients and their doctors should be making treatment decisions based on what is best medically rather than the patchwork regulatory and administrative coverage system currently in place.

The Government of Ontario can reinvest a portion of its anticipated $350M in annual savings from the amalgamation of Local Health Integration Networks and provincial health agencies to cover the cost of THCDs in Ontario. Public coverage for THCDs keeps more Ontarians out of hospital, improves outcomes for people with cancer, and helps advance the Government of Ontario's goal of ending hallway medicine. This would align Ontario with many other provinces and territories (BC, AB, SK, MB, QC, NWT, YK, and NT) and the public on this

[10] Gavura, Scott. "The Growing Cost of Oncology Drugs: Is it Sustainable?" Lecture, CADTH Symposium 2018. https://www.cadth.ca/sites/default/files/symp-2018/presentations/april16-2018/Concurrent-Session-C1-Scott-Gavura.pdf.

issue: in a 2019 Ipsos Reid poll, 96% of Ontarians supported fully funding THCDs, and 82% of Ontarians supported fully funding THCDs even if it meant paying more in taxes.[11]

We suggest the Ontario government consider one of the following options to improve access to THCDs in Ontario:

Option #1: First Dollar Coverage
Cancer Care Ontario estimates $200 million is currently paid by private insurance for THCDs. However, the Ontario government, as demonstrated with OHIP+ budget impact modeling, would not be assuming the full costs paid by private drug plans because:

i. private drug plans include more drugs, for more types of patients, with fewer restrictions, than public plans;
ii. approximately 50% of private insurance claim costs might not be eligible for public coverage (as was estimated for OHIP+ patients);
iii. public drug plans negotiate significantly discounted prices not available to private plans;
iv. public drug plans have rigid generic substitution requirements (private plans pay for more "brand" name drugs).

Given these considerations, some estimates put the cost of expanding public coverage of THCDs through this model at $142 million annually.[12]

Option #2: Close the Gap
If Ontario was to only 'close the gap' and act as a second payer for THCDs, similar to the adjustment made by the Government on Ontario to OHIP+, the current patient out-of-pocket expenses for THCDs are estimated to be $50M. Essentially, this option would extend the Trillium Drug Benefit to all cancer patient out-of-pocket costs, as is the case currently for IV drugs. Deducting the costs already committed for OHIP+, the estimated cost to eliminate patient-borne costs of THCDs for all Ontarians using this model is $42.5M.[13]

Further cost savings could be realized through implementation with THCD prescriptions generated through Computerized Prescriber Order Entry (CPOE) and distributed through a cancer clinic or affiliated pharmacy model. Along with additional training for health care providers, these mechanisms may further reduce the cost of THCDs for all patients and for the health care system overall.[14]

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[11] On behalf of the Canadian Cancer Society, Ipsos polled 1,501 Canadians over the age of 18 between August 23 and August 26 of 2019.
[12] "2020 Ontario Budget & Take-Home Cancer Drugs." 2020 Ontario Budget & Take-Home Cancer Drugs. The CanCertainty Coalition, January 17, 2020. https://d3n8a8pro7vhmx.cloudfront.net/cancertainty/pages/34/attachments/original/1579274211/20200117_CanCertainty_Budget_Submission.pdf?1579274211.
[13] "2020 Ontario Budget & Take-Home Cancer Drugs." 2020 Ontario Budget & Take-Home Cancer Drugs. The CanCertainty Coalition, January 17, 2020. https://d3n8a8pro7vhmx.cloudfront.net/cancertainty/pages/34/attachments/original/1579274211/20200117_CanCertainty_Budget_Submission.pdf?1579274211.
[14] Pardhan, Aliya, Kathy Vu, Daniela Gallo-Hershberg, Leta Forbes, Scott Gavura, and Vishal Kukreti. Enhancing the Delivery of Take-Home Cancer Drugs in Ontario, Enhancing the Delivery of Take-Home Cancer Drugs in Ontario §

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Recommendation 4: Protect and improve programs supporting the quality of life of people with cancer and their families

Supports for the Quality of Life of People Living with Canada and their Families

Life is bigger than cancer. A diagnosis does not change the fact your kids have to get to hockey practice, your bills still need to get paid, and you still have a future to plan for, even if it is more uncertain than it was before. People living with cancer and their families need support beyond what the medical system can provide.

The Government of Ontario is exploring changes to eligibility for the Ontario Disability Support Program to be more like the definitions used for federal government benefit programs. We urge the government to consult broadly and ensure that these changes do not negatively impact people at any stage of the cancer journey.

Furthermore, we know the Government of Ontario is exploring ways to improve the supports for people on ODSP to return to work. The Canadian Cancer Society has worked with CanCertainty and Cancer at Work to research ways to support cancer survivors in returning to work.[15] The Canadian Cancer Society encourages the Government of Ontario to examine their research as part of its efforts to reform the supports to return to work.

Similarly, if your parent, spouse, or child needs care because they have cancer, your caregiving responsibilities may impede your ability to work, particularly full-time. One in ten caregivers spend 30 or more hours per week providing assistance, most likely to an ill spouse (31%) or child (29%).[16] When surveyed, of eight kinds of supports caregivers said they would like to have received, 68% said they would like to receive or to have received greater financial supports.[17] Under current eligibility rules, only 12% of caregivers report being able to access the tax credits designed to support caregivers in Ontario.[18] The Canadian Cancer Society echoes the Ontario Caregivers' Coalition's request to make the Ontario Caregiver Tax Credit refundable, as it is in Quebec and Manitoba.[19] This would be a significant benefit to the caregivers with lower incomes who are less able to maintain full time work because of their care obligations.

(2019). https://www.cancercareontario.ca/sites/ccocancercare/files/guidelines/full/1_CCO_THCD_Report_25Apr2019.pdf.

[15] "Cancer and Work." cancerandwork.ca. McGill University. Accessed January 6, 2020. https://www.cancerandwork.ca/.

[16] Hango, Darcy. Support received by caregivers in Canada, Support received by caregivers in Canada § (2020).

[17] Hango, Darcy. Support received by caregivers in Canada, Support received by caregivers in Canada § (2020).

[18] O'Hara, Clare. "Most Canadian Caregivers Are Paying Too Much Tax. Here's How to Remedy That." The Globe and Mail. August 21, 2018. https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-how-canadian-caregivers-can-better-care-for-their-finances/.

[19] "OCC Pre-Budget Submission 2019." OCC Pre-Budget Submission 2019. Ontario Caregiver Coalition, January 2019. http://www.ontariocaregivercoalition.ca/uploads/5/6/9/6/56963993/occ_pre-budget_submission_2019_final-2.pdf.

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Conclusion

The recommendations made above in the areas of tobacco and e-cigarette control, access to cancer treatment and care, and protecting and improving income supports will have a significant impact in preventing cancer as well as making life easier for people living with cancer and their families. These steps will improve the health care system and allow the province of Ontario to realize a larger return on investments in terms of health care outcomes for its citizens.

We value the commitments made to addressing cancer issues and we look forward to working together on the implementation of our 2020 budget recommendations.