Written Submission to the Standing Committee on Finance and Economic Affairs:
2022 Ontario Pre-Budget Consultations

Nestlé Health Science

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About Nestlé Health Science

Nestlé Health Science (NHSc), a division of Nestlé Canada, offers nutritional therapies that change the way we approach the management of health. Our vision reflects our focus on the needs of the people we serve – namely consumers, patients, and the doctors, nurses, healthcare specialists and caregivers who play a role in the management of their health.

Through our portfolio of consumer and medical nutrition brands, every day we address the specific nutritional needs of thousands of patients in Ontario. Approximately 65,000 claims for NHSc medical nutritional products were made through the Ontario Drug Benefit Program in 2021. NHSc has over 80 FTEs working in Ontario with a focus on serving some of the most vulnerable patient populations in the province and country. Through its Scientific Affairs and Technical Applications Units, NHSc also conducts research and development activities in Ontario to innovate towards the latest in nutritional science for better patient outcomes. NHSc products currently serve Ontario patients in the following areas:

- Pediatric Care and Inborn Errors of Metabolism
- Gut Health and Impaired Digestion
- Metabolic Health
- Acute Care
- Vitamins and Health Supplements
- Adult Medical Care

Nestlé's Strong Domestic Roots

- Canadians first saw the Nestlé name on canned milk products imported from Europe in 1887. Manufacturing began in Canada in 1918 with the purchase of a small milk factory in Chesterville, Ontario. Four years later, the company was incorporated as Nestlé's Food Company of Canada Limited

- Today, Nestlé in Canada employs approximately 3,700 people in various manufacturing, sales and distribution sites across the country, with the home office located in North York, Ontario
- $483 million spent with Canadian suppliers
- $45 million in annual local dairy purchases

Summary of Recommendation

We recommend the province launch a formal review and consultation of the medical nutrition product reimbursement process under the Ontario Drug Benefit Program

Issue 1 – An outdated policy is bad for patients and health sciences sector

There are a number of categories with maximum price reimbursement that the Ontario government will allow for nutrition products and these maximums per 1000 kcal have not changed for over 20 years. These maximum amounts have been defined decades ago under decision criteria that are now outdated and have not evolved with the latest in nutritional science and innovation.

Consequences of Inaction

- An outdated valuing system based on calories does not reflect the latest nutritional science and hinders patient access to new, innovative, products that can better meet nutritional needs.
- In most cases, the maximum pricing of nutritional product categories has not been reviewed in decades, and this does not account for annual rises in the price of ingredients, labour, supply chain shortages, etc. Sector is disincentivized from investing in innovation and R&D to bring new products to market, thereby decreasing competitiveness as well as patient outcomes.
- Falling behind other jurisdictions, like Alberta and Quebec, who have mechanisms to value new nutrition innovations beyond1000 kcal.

Issue 2 – Not all calories are created equal

Medical Nutrition products are reimbursed per 1000 kcal regardless of whether the patients need or benefit from calories. This policy does not account for patient nutritional needs nor the intent of the product. In some disease areas, extra calories are viewed as unnecessary, undesirable, or may even cause harm to patients. Significant innovations in medical nutrition without very high calorie content can contribute to better patient outcomes, yet are penalized with a lower reimbursement price than less appropriate higher calorie alternatives.

Consequences of Inaction

- Health sciences sector is incentivized to continue selling high calorie products, regardless of patients' nutritional needs, health outcomes, and intent of product.
- High calorie products are 'rewarded' regardless of evolving nutritional science, which hinders patient access to new, innovative, lower-calorie products.
- Disproportionate impact on at-risk and vulnerable health populations who rely on the medical nutrition product program.

A formal consultation on the current policy can help address these and other potential issues.

Key objectives of a consultation could include:

1. Understanding the nutritional needs of the at-risk and vulnerable health population requiring medical nutrition support, with a focus on health outcomes
2. Reviewing medical nutrition reimbursement pricing mechanisms to ensure alignment with latest nutritional science and innovation.
3. Exploring how other jurisdictions have structured their medical nutrition product reimbursement policies.

4. Seeking input on health innovation, new product development and patient access to medical nutrition products.

Why Now:

- Current program has not been reviewed for over 20 years
- Improve the lives of patients, especially among at-risk and vulnerable populations
- Encourage more investment and R&D in Ontario's health sciences sector
- Provide a mechanism for industry and other stakeholders to discuss product development and innovation
- Ensure evidence-based decision based on the latest nutritional science