

Executive Summary

Merck Canada (“Merck”) is pleased to contribute to the pre-budget consultation process of the House of Commons Standing Committee on Finance for the 2018 Federal Budget.

Merck is committed to addressing the significant unmet medical needs of Canadians. In Canada, Merck markets more than 250 vaccines and pharmaceutical and animal health products and is a leader in a broad range of therapeutic areas, including cardiology, infectious diseases, respiratory conditions, oncology, diabetes, virology and women’s health.

Merck employs approximately 800 Canadians across the country and our spending on R&D in Canada totaled approximately **\$60 million** in 2016. We have maintained a leading position among major investors in R&D in Canada for 20 years and will continue honouring this commitment in the future.

A main feature distinguishing Merck from other biopharmaceutical manufacturers is our strong and long-standing commitment to immunization. We are one of a few companies who remain dedicated to the complex business of researching and producing vaccines. We are committed to building upon our history of advancing scientific knowledge that will lead to major improvements in health outcomes. For instance, Merck discovered the first vaccines for measles, mumps and Human Papillomavirus (HPV) and developed ground-breaking medicines for heart disease, osteoporosis, diabetes, tuberculosis, HIV and melanoma.

This year the federal government is seeking submissions on the themes of productivity and competitiveness. In particular, the pre-budget consultation process is asking for input into measures that would help Canadians be as productive as possible in their workplaces and communities. As a research leader in the area of immunization, Merck strongly believes in the positive health and economic benefits of public vaccination. Merck is recommending a renewed Federal commitment to immunization support at the level of \$100 million annually, in the context of establishing a permanent public vaccine funding mechanism linked to the independent recommendations from the National Advisory Committee on Immunization (NACI).

In keeping with the importance of supporting productivity and competitiveness through a healthy workforce, Merck is also asking the government to fully implement the *Framework for Action Towards the Elimination of Sexually Transmitted and Blood-Borne Infections as Public Health Threats in Canada by 2030*. The Public Health Agency of Canada and various stakeholders, including Merck, were pleased to participate in consultations to solicit concrete actions for the Framework that will help make progress toward the elimination of sexually transmitted and blood-borne infections (STBBI). To have the government signal, through inclusion in Budget 2018, its support for this Framework will go a long way to achieve healthier outcomes for Canadians.

Why Vaccines Matter/Keeping Canadians Healthy

Workforce productivity is a key competitive driver and fundamental to Canada’s economic performance and future success. Keeping our workforce and population healthy is an economic imperative if we are to improve Canada’s productivity record. Illness – especially chronic disease – is a major drag on our economy, calling into focus the need to invest in healthcare interventions that support a productive labour force able to make a full contribution to economic

activity in Canada. This can also reduce the burden on other parts of the healthcare system, which will become increasingly important as the Canadian population ages.

Vaccines are an investment in prevention and the avoidance of higher-cost treatments in the future. They have proven to be effective tools to prevent disease, reduce healthcare costs and alleviate suffering. These basic preventative interventions offer economic benefits through reduced hospitalization and decreased demand for other expensive treatments including visits to emergency rooms and physicians.

In addition to playing a vital role in preventing infectious diseases, improving individual well-being and quality of life, vaccines also offer significant value to society as a whole. Immunization not only protects individuals; it protects entire populations and communities by preventing the spread of infectious disease.

The federal government recognizes the importance of the promotion of public health through immunization. The recent commitment in Budget 2016 of \$25 million to increase vaccination uptake and access in Canada is an important step in that recognition.

However, more needs to be done to address the current gap between the number of Health Canada approved and independently recommended vaccines and the financial infrastructure to ensure their use in our health system. Federal leadership in facilitating access to cost-effective immunizations would ensure that the Canadian workforce is healthier and able to work, produce, and invest.

Human Papillomavirus (HPV) and HPV Vaccine

In May 2017, the Federation of Medical Women of Canada (FMWC) announced that Canada will be the world's first country to establish an annual *HPV Prevention Week*. Merck was proud to be a part of this multi-partisan, multi-stakeholder event to promote awareness and prevention for a condition that is estimated to affect as many as 75% of sexually active men and women in their lifetime.¹

Seven HPV types (16, 18, 31, 33, 45, 52 and 58) are responsible for 90% of invasive cervical cancers in the world.² Infection with high-risk HPV types is also linked to cancers of the penis, anus, vulva, vagina, as well as mouth and throat.³ There is currently no cure for an HPV infection. Prophylactic vaccines remain the most effective way to prevent HPV infection and HPV-related diseases.⁴

In 2007, the federal government invested \$300 million to support HPV immunization programs for over 1.7 million girls across Canada. As a result, all provinces and territories initiated publicly funded HPV vaccination programs, aimed at eradicating HPV Types 16, 18, 6 and 11 related

¹ Federation of Medical Women of Canada – Canada Declares World's First HPV Prevention Week
<https://fmwc.ca/hpv-prevention-week-press-release/>

² Federation of Medical Women of Canada – HPV Prevention Week Press Release <https://fmwc.ca/hpv-prevention-week-press-release/>

³ Ibid.

⁴ Ibid.

diseases, such as cervical cancer, vaginal and vulvar cancers, and genital warts.⁵ The number of HPV-related diseases prevented as a direct result of the program has been significant.

While all provinces and territories have implemented an HPV immunization schedule for grade-school girls, immunization programs across the country are not uniform and boys are not included in all publicly funded program.

In 2007, the GARDASIL[®] HPV vaccine was not indicated or approved for use in males. Over the past few years, however, strong evidence has emerged that boys benefit as much as girls from HPV vaccination. Merck believes that there would be a significant public health benefit to expanding the program to cover school-age boys – given the demonstrated benefits of immunizing males and the link between HPV and throat, oral cavity, penile and anal cancers.

Merck recommends that the federal government, through continued policy leadership and strategic investments, work with the provinces and territories to establish ongoing funding for HPV immunization in both boys and girls. Including boys alongside girls within the HPV publicly-funded vaccine programs is a more equitable and cost effective public health policy and recognizes that both genders contribute to the transmission of HPV and should be directly protected against its related clinical manifestations.

Support for A Framework for Action Towards the Elimination of Sexually Transmitted and Blood-Borne Infections (STBBI) as a Public Health Threat in Canada by 2030

While much has been achieved to improve the quality of life of those affected by HIV, hepatitis C, and other STBBI, rates of certain STBBI continue to rise in Canada. Both the United Nations, and the World Health Organization have called on the international community to act on the elimination of STBBI as a public health threat by 2030.

In 2016 and 2017, under the leadership of the Public Health Agency of Canada (PHAC), consultations were held to solicit input for the Framework that will assist in the elimination of STBBI as a public health threat in Canada.

The goals of the Framework consist of:

1. The reduction in the number of newly diagnosed cases of STBBI in Canada;
2. Increased access to testing, treatment and care; and
3. The reduction in the health inequities, stigma and discrimination that create vulnerabilities to STBBI.

STBBI, including HIV, hepatitis B and C, and others continue to be public health concerns in this country even though they are largely preventable, treatable, and in some cases, curable. These infections can result in significant physical, emotional, social, and economic costs to individuals and Canadian society.

The draft Framework developed with PHAC is a very important step in setting out an overarching approach for Canada to do its part in ensuring there is a coordinated response

⁵ BIOTECCanada – Building on the Legacy of Vaccines in Canada: Value, Opportunities, and Challenges. Pathway to Access: Toward Sustainable Funding. 2010 http://www.biotech.ca/wp-content/uploads/2016/04/vaccines_6_2010-1.pdf

across organizations, sectors and governments. Merck participated in the development of this draft Framework and we want to see the government take action to ensure it is finalized.

However, finalization of the draft report is not enough. Therefore, **Merck recommends that in order to ensure achievement of the Framework's goals it needs to be implemented and funded appropriately.**

Conclusion

Avoidable illnesses compromise the ability of the system to deliver world-class healthcare in a sustainable manner over the long term. Illness, especially chronic disease, is a major strain on our economy. This focuses the need to invest in preventative measures in healthcare that support a productive labour force.

As a global leader in immunization research and development, Merck strongly believe in the power of vaccines to improve patient health and reduce or delay downstream health system costs. Investing in vaccines is both the right thing to do from a health population perspective and the smart thing to do from a fiscal management perspective. The upcoming 2018 budget offers the federal government an excellent opportunity to continue innovating for the future of Canada's healthcare system by expanding its current HPV immunization program.

Budget 2018 also offers the federal government a chance to implement and fund *A Framework for Action Towards the Elimination of Sexually Transmitted and Blood-Borne Infections as a Public Health Threat in 2030*. Taking achievable steps to eliminate STBBI in Canada will help further keep our population healthy and productive.

We appreciate the opportunity to share our recommendations for the pre-budget consultation. Merck would welcome the opportunity to appear before the House of Commons Standing Committee on Finance at the pre-budget consultation meetings to discuss our recommendations and respond to any questions the Committee may have.