

**Written Submission for the Pre-Budget
Consultations in Advance of the 2019 Budget**

By: JDRF Canada

- **Recommendation 1:** That the government amend the *Income Tax Act* to clarify that carbohydrate calculation is part of calculating insulin dosage and therefore an eligible activity when qualifying for the Disability Tax Credit (DTC) and to reduce the number of hours spent on eligible activities from 14 to 10.
- **Recommendation 2:** That the government amend the *Canada Disability Savings Regulations* to protect Canadians' investments in Registered Disability Savings Plans (RDSP) by removing requirements that government contributions be repaid when DTC eligibility is lost (except in cases of fraudulent activity).
- **Recommendation 3:** That the government implement a national diabetes strategy (Diabetes 360°) with specific outcomes for type 1 diabetes and include new funding for research aimed at curing, preventing and treating the disease.
- **Recommendation 4:** That the government support the creation of a national diabetes registry for patients with type 1 diabetes.
- **Recommendation 5:** That the government ensure that various types of insulin are included under any National Pharmacare program.

Type 1 diabetes (T1D) is a devastating, potentially fatal, autoimmune disease which affects an estimated 300,000 Canadians. The disease strikes children and adults suddenly, causing the body’s immune system to attack and destroy the insulin producing cells in the pancreas, leading to a lifetime of daily injections or infusions of insulin. Those with T1D must carefully manage their blood sugar levels or risk hospitalization and complications, such as kidney failure, blindness, nerve damage, amputation, heart attack and stroke.



RECOMMENDATION 1

That the government amend the Income Tax Act to clarify that carbohydrate calculation is part of calculating insulin dosage and therefore an eligible activity when qualifying for the Disability Tax Credit (DTC) and to reduce the number of hours spent on eligible activities from 14 to 10.

In May of 2017 the Canada Revenue Agency began denying the Disability Tax Credit (DTC) to adults claiming for insulin therapy. The following December, the Minister of National Revenue rescinded the directive of May 2017 and committed to review all diabetes DTC claims and appoint a Disability Advisory Committee.

In 2018, JDRF heard from many grateful supporters who had previously been denied the DTC indicating their claims have now been approved. However, it appears there may be close to 1,000 Canadians with diabetes whose denials have not been reversed. According to the Government of Canada’s website, “The purpose of the DTC is to provide for greater tax equity by allowing some relief for disability costs, since these are unavoidable additional expenses that other taxpayers don’t have to face.”

While JDRF appreciates the government’s efforts to address the denials, there remain some significant and long-standing restrictions around eligibility that continue to make it difficult for Canadians with T1D and others to access this small, but necessary measure of tax relief.

The Government of Canada has repeatedly stated its intention to increase the number of people eligible for the DTC. It should begin by addressing the 14 hour rule, which has always been arbitrary, and move to reduce the number of hours required for life-sustaining therapy from 14 to 10. Another example is carbohydrate calculation, which the CRA’s DTC Operations Manual has misclassified as a dietary restriction and therefore something excluded under the Act. It is impossible to calculate an appropriate dosage of insulin without factoring in carbohydrates. Each and every insulin dose needs to be customized, and determining carbohydrate intake is critical to getting it right.



RECOMMENDATION 2

That the government amend the Canada Disability Savings Regulations to protect Canadians' investments in Registered Disability Savings Plans (RDSP) by removing requirements that government contributions be repaid when DTC eligibility is lost (except in cases of fraudulent activity).

The Registered Disability Savings Plan (RDSP) was created to help those with disabilities save for their “long term financial security”. Investments in RDSPs are matched, up to three to one, with government contributions. Funds may be withdrawn after 10 years and can be used for any purpose. Currently RDSP eligibility is contingent upon eligibility for the DTC. With the requirement to reapply for the DTC every few years, some recipients lose their DTC status before 10 years have passed, requiring them to close their account and repay all government contributions. As loss of DTC status does not mean a change in a person's actual circumstances, they may well face the same financial challenges and need for long-term financial security.

In terms of eligibility for DTC, parents of type 1 children may claim the hours that they and their child spend managing insulin therapy. Some of the children who qualify for the DTC and RDSP will lose their eligibility for both when they reach adulthood. Families who invest in good faith in an RDSP should not have to face the prospect of repaying government contributions when their child turns 18.

JDRF believes that Canadians' investments in RDSPs should be protected against clawbacks when DTC status is lost (except in cases where claimants have acted fraudulently).



RECOMMENDATION 3

That the government implement a national diabetes strategy (Diabetes 360^o) with specific outcomes for type 1 diabetes and include new funding for research aimed at curing, preventing and treating the disease.

The Government of Canada has the chance to play a critical leadership role alongside provincial, territorial and municipal partners and diabetes stakeholders in supporting the Diabetes 360^o initiative which aims to develop a pan-Canadian strategy for diabetes. Type 1 and type 2 diabetes are very different diseases and will require different approaches within any national strategy. Efforts to prevent type 2 diabetes will include diet and lifestyle interventions that do nothing to prevent type 1, a non-preventable autoimmune disease for which there is no known cure. For T1D, prevention means focusing on research to understand what triggers the destruction of the body's insulin producing cells.

Recommendation 3 continued

Now is a pivotal time for diabetes research with drugs that aim to prevent or reverse the loss of beta cell function, beta cell encapsulation technologies which allow insulin-producing cells to be introduced to the body while protecting them against immune response and new artificial pancreas technologies that promise life-changing improvements in the day to day management of T1D. Each new discovery adds to our understanding of what's necessary to stop the immune response that causes T1D, restore the body's ability to produce insulin and improve the quality of life of Canadians living with the disease.



RECOMMENDATION 4

That the government support the creation of a national diabetes registry for patients with type 1 diabetes.

Canada should recognize the importance of technology and data by creating a national diabetes registry of all patients with T1D, along the lines of those developed by Australia, England and Wales, Scotland, Sweden and the US.

These registries help to improve understanding of the disease and determine the effectiveness and value of interventions for patients. Much of the current understanding of the epidemiology of diabetes is based on such registries. One of the weaknesses in current Canadian diabetes data through the Canadian Chronic Disease Surveillance System is that it does not distinguish between type 1 and type 2 diabetes. It will be critical in establishing a national registry to identify whether patients have type 1 or type 2 diabetes. Implementation of a Canadian registry is an important step in improving patient outcomes and reducing health care costs.



RECOMMENDATION 5

That the government ensure that various types of insulin are included under any National Pharmacare program.

JDRF welcomes the government's recently announced plans to study the creation of a National Pharmacare Program. While insulin is covered for many Canadians under various private, employer and targeted provincial drug programs, there are still too many who fall through the gaps. A population based study in Ontario that tracked 600,000 patients found that roughly 830 young and middle-aged patients die each year from lack of access to insulin.

As we approach the 100th anniversary of Sir Frederick Banting and Dr. Charles Best's discovery of insulin, Canada should move to cover the costs of this life-sustaining medication under pharmacare. As there have been a number of advances in insulin types since the first insulins were made available, from fast-acting, to long-acting to glucose responsive insulin, all types should be included.

ABOUT JDRF CANADA

JDRF is the leading global organization funding type 1 diabetes research. JDRF's goal is to progressively remove the impact of type 1 diabetes from people's lives until we achieve a world without this disease. JDRF collaborates with a wide spectrum of partners and is the only organization with the scientific resources, regulatory influence, and a working plan to better treat, prevent, and eventually cure type 1 diabetes. JDRF is the largest charitable supporter of type 1 diabetes research. For more information, please visit jdrf.ca.