CANADIAN DENTAL ASSOCIATION
ASSOCIATION DENTAIRE CANADIENNE

Submission to The Department of Finance Canada
2021 Pre-Budget Consultations

Submitted by the Canadian Dental Association

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Executive Summary

The Canadian Dental Association (CDA) is the national voice for dentistry, dedicated to the promotion of optimal oral health and to the advancement and leadership of a unified profession. CDA is a federation of Canada's provincial and territorial dental associations, representing over 21,000 practising dentists from coast to coast to coast.

The COVID-19 crisis has been, and will continue to be, one of the most transformative and impactful forces on Canadians' health and economic security.

CDA is pleased to present the following recommendations – which we believe will serve Finance Canada as it seeks guidance on how to build a more competitive, more innovative and more inclusive Canada once the COVID-19 pandemic is under control.

Recommendation 1: **A long-term approach to fund public oral health programs provided at the provincial and territorial level through a dedicated funding envelope of $3 Billion in the Canada Health Transfer.**

Healthy citizens lead to productive businesses, growing economies, and thriving communities. Canada has one of the best oral health care delivery systems in the world, with care primarily delivered through dental clinics. Unfortunately, not all Canadians enjoy this excellent access to dental services.

Solutions to the access to oral health care issue are complex, however, and no single organization, government agency, or community can be expected to solely address oral health challenges of certain groups of Canadians. Within this context, it is important to recognize that there is a growing need to fund targeted provincial oral health programs, and it is vital that the federal government collaborate with provincial and territorial governments to ensure that these programs are appropriately prioritized and funded. At present, public programs in Canada represent only 6% of total spending on oral health.

Over the past decade, a steady erosion of funds to existing oral health care programs across the country has created an environment where the needs of vulnerable groups are no longer adequately met. These groups include children, seniors in long-term care, low-income Canadians and persons who face physical, developmental, and cognitive barriers.

Further, the current investment in existing programs is, at times, profoundly misaligned with the cost of providing care, especially for complex cases. In Ontario, social assistance programs cover less than 42% of the cost for providing general dentistry, and closer to 30% for dental specialists. Funding for these programs is not growing (not even at the rate of inflation) and as a result, spending envelopes for public programs that remain stagnant are actually shrinking as the cost of delivering this care continues to increase. With current oral health programs not keeping pace with the rising costs associated with providing care, provincial governments are increasingly placing the cost-burden of caring for these patients on the dentist.

In the context of COVID-19, these pressures are already being raised significantly, especially as the cost of providing care in an environment that is safe for the community continues to rise, and as more Canadians may need to make use of public plans to address the oral health needs of their families.

As part of any new health-related funding to the provinces through the Canada Health Transfer, the Federal government must deploy a targeted investment of $3 Billion annually to adequately fund existing or lapsed oral health programs administered by provinces and territories. This would help to alleviate pressure on programs which have seen a degradation in funding levels and would also help to renew oral health programs previously cancelled under budget constraints. Expanding existing programs to include more Canadians is the path forward.

Recommendation 2: An expansion of the Canada Emergency Business Account (CEBA) to $80,000, with up to half of that amount being forgivable.

From a financial perspective, dentistry is almost entirely a fixed cost business. The debt-to-finance ratios for dental practices is significant. The financial impact of the COVID-19 crisis was felt particularly acutely by dental practices in the short-term through extended shutdowns. This downtime, where many fixed costs remained while there was no revenue, effectively pushed all dental practices into their own liquidity crisis.

In the mitigation phase, the CEBA loan was essential to help bridge the liquidity gap for many businesses that were forced to shutter for months through the COVID-19 crisis. It helped to allow these offices to stay afloat and worked in conjunction with the Canada Emergency Wage Subsidy (CEWS) to help offices keep their valued team members employed. It also helped to work through the initial administrative issues with the Canada Emergency Commercial Rent Assistance (CECRA) program.

The second round of the CEBA loan introduced in Fall 2020, which included a top-up of $20,000 and a $10,000 increase in the forgivable amount, was welcomed. However, given the magnitude of the problem and the longer-term effects on the financial well-being of Canadians, our concern is that there are a significant number of dental practices that will see a short-term liquidity issue devolve into a longer-term solvency issue.

As such, an additional round of access to the CEBA loan, up to a maximum of $80,000, would assist some of these practices as they attempt to maintain their operations and build their long-term resiliency to the changes in the economy. To help sustain these businesses through what is likely to be a profoundly difficult economic context, a larger portion of this expanded CEBA loan – up to half of the borrowed amount – should be forgivable to help businesses adapt and remain resilient to the current financial and public health challenges without adding to a growing debt load.

Recommendation 3: Provide accelerated capital cost allowances to help defray the capital costs associated with greater safety requirements for workspaces and patient care areas in light of COVID-19.

Dental offices were required to adapt to new or interim regulatory protocols as they reopened across the country. For many offices, this required making physical changes to their offices to ensure that they could provide enhanced levels of protection to their patients and their staff, including creating separation between patients, retrofitting dental operatories, or addressing airflow within in the office, among other modifications.

This initial outlay of capital to make these changes came at a time when dental offices were closed, and as noted above, may have faced short-term liquidity issues. These investments provided some short-term stimulus for certain businesses. However, a long-term financial strategy is warranted for small businesses to succeed in a post-COVID-19 period.

An ability to recapture some of these costs through an accelerated capital cost allowance would help to address and alleviate some of the short-term challenges that front-line health care professionals faced in ensuring Canadians' health and well-being. These should be retroactive to the start of 2020, or at least March 1, 2020.

Recommendation 4: Continued, active and dynamic support for access to personal protective equipment (PPE), particularly N95 respirators, that recognizes the specific challenges of dental offices.

Dental offices are essentially mini-outpatient hospitals, and like any hospital offering outpatient care, they have strict infection prevention and control procedures and protocols. Personal protective equipment (PPE) is mandatory for the provision of oral health care. A functioning dental practice depends on the ability to purchase reliable and cost-effective medical grade items including N95 respirators, level 3 surgical masks, gloves and gowns.

CDA recognizes the multidimensional challenges that have led to the problems with the availability of PPE, with the current and unprecedented demand for these materials being exacerbated by ongoing problems in supply chains, especially in China for masks and Malaysia for gloves.

Although dentistry had initially hoped that access to PPE through our traditional sources would improve as supply chains re-opened or new supply chains emerged, this has not happened to the degree necessary and therefore supplies are, at times, tenuous.

Dental offices require the same PPE that are now being used by a growing number of large government entities and public services. The result is that the supply of PPE remains uncertain with orders delayed, difficulties to access, and at suddenly increased prices due to the rise in demand.

CDA recommends that the government, through the Public Health Agency of Canada, work with the provincial chief medical officers and their respective dental directors to ensure that dentists have continued access through provincial stockpiles to a more stable supply of PPE, especially medical-grade masks, N95 respirators, and gloves. This assistance should remain dynamic, to adjust to the actual state of PPE availability as it evolves in the coming years.

Recommendation 5: Support to help more Canadian businesses provide Extended Health Care benefits.

The COVID-19 pandemic has taken its toll on the health of Canadians, including our oral health, our physical health and our mental well-being. The need for extended health care services has likely never been greater.

At a time of economic uncertainty, the stability of extended health care benefits, often provided by employers, is essential to ensuring the health and well-being of Canadians. The government should work with stakeholders to look for ways to encourage employers or plan sponsors to maintain or enhance their extended health care benefits, and to offer similar incentive to Canadians who may choose to sponsor their own benefits. This would help Canadians access needed dental, psychological, vision, chiropractic and physiotherapy services after a time of severe stress.

CDA thanks the Department of Finance Canada for their consideration.
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