



**2025 Pre-Budget Consultation
Submission to the House of Commons Standing Committee on Finance**

August 2, 2024

1. Background

The Canadian Psychological Association (CPA) is the national association for the practice, science, and education of psychology in Canada. With more than 7,000 members and affiliates, the CPA is Canada's largest association for psychology and represents psychologists in public and private practice, private industry, academia, and research, as well as students. For more information, please visit www.CPA.ca.

2. Recommendations

Knowing that there can be no health without mental health, the four recommendations can pay many health, social, and economic dividends in terms of building a more dynamic and prosperous society, and a more integrated and responsive mental health system.

1. **That the federal government table and pass a companion piece of legislation to the *Canada Health Act* called the *Mental Health and Substance Use Health Care For All Parity Act* with earmarked funding.**
2. **That the federal government provide eligible employers with a tax credit up to 25% to defray some of the costs of expanding employer health benefit coverage for psychological care.**
3. **That the federal government, working collaboratively with the provinces and territories, establish a time-limited Health Human Resource Infrastructure Fund to support the creation of Schools of Psychology within publicly funded universities.**
4. **In creating a Capstone Research Funding Organization (CRFO), the federal government must: (1) ensure the Tri-Councils maintain autonomy in decision-making; (2) provide new funding outside of the announced fiscal framework for the Tri-Councils; (3) support fundamental and investigator-driven research as a cornerstone of the federal research support system; (4) provide a governance structure that is representative across the Tri-Councils; and (5) rely on the peer review process as part of any new programming and strategic initiatives.**

Recommendation 1

That the federal government table and pass a companion piece of legislation to the *Canada Health Act* called the *Mental Health and Substance Use Health Care For All Parity Act* with earmarked funding.

While the federal government tabled a ten-year funding agreement to the Provinces and Territories (PTs) in 2023, the CPA and national mental health community were deeply disappointed that it did not contain a long-promised *Canada Mental Health Transfer* by the sitting government, valued at \$4.6 billion over 5 years. The purpose of the transfer was to ensure that, at a minimum, there was a dedicated portion of federal funding that would be invested in improving and expanding mental health services in Canada.

While the federal government set aside an additional \$2.5 billion over each of the next 10 years to the PTs to address four priorities including mental health, a review of the bilateral agreements tell us that on average, only **16%** of all federal monies (with a high of 75% [Yukon], 25% [Alberta], 24% [Ontario], and 0% in PEI, Manitoba, and British Columbia) are being invested in mental health and substance use health activities – given the urgency these issues demand this borders on shameful. While the recently announced Youth Mental Health Fund is welcomed, it is important to keep in mind that it is time limited beginning with a modest investment of \$50 million in 2024/25. Clearly, so much more could be accomplished with strong federal leadership.

The CPA supports The Royal Society of Canada’s recommendation that the federal government, in conjunction with the PTs, increase funding for mental health and substance use to at least **12%** of their health budgets.

Recent publicly available data suggest that Canada’s public mental health investments account for roughly 5% of its total health budgets.¹ Clearly there is room for all levels of government to do **much** more to improve and expand timely access to mental health care in Canada (including psychotherapy provided by psychologists).

Knowing that federal funding for mental health is not covered by the *Canada Health Act*, the CPA and the Canadian Alliance on Mental Illness and Mental Health (CAMIMH) continue to call on the federal government to introduce a companion piece of legislation called the ***Mental Health and Substance Use Health Care For All Parity Act*** which would do the following:²

1. Enshrine in federal legislation the provision of, and timely access to, inclusive and accessible mental health and substance use programs, services, and supports that are equally valued to those provided for physical health problems and conditions.
2. Ensure that a full array of publicly funded and evidence-based mental health and substance use health programs, services, and supports are available to Canadians on an equitable basis, when and where they need it, and extend beyond traditional hospital/physician settings (as set out in the *Canada Health Act*).
3. Embed an appropriate and sustainable envelope of federal funding for the PTs to expand access to mental health care services (e.g., diagnostic assessment and psychological treatment).

¹ Institute for Health Economics. *IHE Mental Health In Your Pocket – A Handbook of Mental Health Statistics (2019)*.

² CAMIMH. *From Out of the Shadows and Into the Light*. June 2021.

4. Include clear mutual accountabilities between the federal government and the PTs, as well as meaningful national health system performance indicators.
5. Recognize the fundamental importance of investing in health promotion, prevention, education, and the social determinants of health.

Recommendation 2

That the federal government provide eligible employers with a tax credit up to 25% to defray some of the costs of expanding employer health benefit coverage for psychological care.

In Canada, access to mental health care services, such as psychological services, are provided through a combination of programs, services, and supports covered by the public, and more significantly through the private sector.

Those who require mental health care either have some coverage through their employers' extended health benefit plan and/or pay out-of-pocket. Those who cannot afford to pay for private psychological care face long wait lists, may get less than optimal care, or do not get care.³

The 2023 Benefits Canada Healthcare survey data underscored the need for employers to do more in terms of investing in their employees, consider:⁴

- The average annual maximum for mental health counselling was \$1,627; down from \$2,006 (23%) in 2022.
- 28% of employers have an annual maximum for mental health counselling between \$0-\$500, 25% between \$501-\$1,000, 23% between \$1,001-\$5,000, and 7% exceeding \$5,000. 5% did not answer the question.
- 12% of employers do not provide any coverage for mental health counselling.

A large portion of employer coverage falls short of the CPA's recommendation that employers provide their employees with \$3,500-\$4,000 per year in stand-alone coverage for psychological services;⁵ an amount necessary for the average person to successfully complete a course of psychotherapy.

Furthermore, fewer small to medium-sized companies (1-499 employees) increased their coverage for psychological services than large organizations (500 or more employees; 19% vs. 54%, respectively). More specifically, just 13% of organizations with less than 50 employees increased their coverage, while 50% with more than 1,000 employees did so.⁶

Given the high level of support by employees for increased coverage for psychological services, combined with the low level of employer coverage for psychological services and the low uptake of health benefit coverage by small to medium-sized businesses, the CPA's recommendation was designed to have the federal government: (1) provide a tax incentive for employers by defraying some of the cost in increasing employee coverage for psychological care; (2) accelerate employee access to care, treatment, and return-to-work; (3) support employers in attracting and retaining current/new talent; and (4) tighten the alignment of tax policy with employee health and economic prosperity and productivity.

³ Canadian Psychological Association. *Employees, Employers & the Evidence – Making the Case for Expanding Coverage for Psychological Services in Canada*. May 2023.

⁴ 2023 Benefits Canada Healthcare Survey.

⁵ *Shaping group benefits: Employer insights that are helping guide the plans of the future*. Sun Life, 2020.

⁶ MHCC/CPA. *Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives*. Pages 7-9. June 2022.

Recommendation 3

That the federal government, working collaboratively with the provinces and territories, establish a time-limited *Health Human Resource Infrastructure Fund* to support the creation of Schools of Psychology within publicly funded universities.

Many Canadians have complex needs that are most optimally met by the services of psychologists who have the expertise to conduct comprehensive assessments to develop and determine a mental health diagnosis, provide evidence-based treatment for mental disorders, develop and evaluate programs, and provide consultation or supervision services to other mental health providers on the team. Outside of physicians, psychologists are the only licensed mental health professionals that can diagnose and treat a mental health condition.

Canada's health workforce is currently facing growing challenges in the supply of health workers, including psychologists. The existing and anticipated mental health needs of the public – which remain above pre-COVID prevalence rates – and the growing consensus for governments to invest and grow the number of primary care teams will require that Canada also increase its supply of registered psychologists.⁷

Currently, university programs, which train up to 10 doctoral students in a practice specialty at once, will not have the desired effect of accelerating the number of licensed psychologists available to the public.

In the CPA's view, it is time to re-imagine the structure in which we train and produce registered psychologists. Building professional Schools of Psychology – like Schools of Medicine, Nursing, and Dentistry – with larger class sizes and shorter time to graduation (5 years vs. 7 years), can be of substantial benefit in accelerating the supply of psychologists to meet the public's increasing demand for mental health care.

The federal government has previously invested in creating additional health training facilities (such as faculties of medicine, via its *Health Resources Fund Act* of 1966, and the Hospital Infrastructure Program of 1948) in addition to its recent investments in supporting the creation of *Health Workforce Canada*.

The CPA believes there is an equally important opportunity for the government to play a leadership role in accelerating the transformation of the system by supporting the infrastructure that is needed to train qualified psychologists.

It is equally important that this training be accessible, especially to diverse populations, whose access to graduate psychology training may be limited by systemic factors.

⁷ A registered psychologist is one who has regulatory authority to practice psychology.

Recommendation 4

In creating a Capstone Research Funding Organization (CRFO), the federal government must: (1) ensure the Tri-Councils maintain autonomy in decision-making; (2) provide new funding outside of the announced fiscal framework for the Tri-Councils; (3) support fundamental and investigator-driven research as a cornerstone of the federal research support system; (4) provide a governance structure that is representative across the Tri-Councils; and (5) rely on the peer review process as part of any new programming and strategic initiatives.

In Budget 2024, the federal government made important multi-year investments that significantly increased base funding for the Tri-Councils (i.e., CIHR, NSERC, and SSHRC), as well as increases in scholarship funding for master's and doctoral students, and post-doctoral fellows. These announcements are applauded and signal a brighter future for the research community in Canada.

In the view of the CPA, for Canada to be competitive in recruiting and retaining top caliber researchers, we must support a strong science culture that funds academic research to investigate fundamental questions; drives innovation, transformative knowledge, and ground-breaking discoveries; and supports the training of highly qualified people (HQP) deployed across all sectors of society and the economy.

As part of these suite of investments, Budget 2024 also announced the creation of a CRFO of which the CPA has provided its views to the Minister of Innovation, Science and Industry, and are included in our recommendation above.

It is critical that the CRFO should be open, transparent, and communicative with the research community on the decisions they are taking. The CRFO provides an important opportunity to improve the coordination, alignment, and harmonization of opportunities across the Tri-Councils, and with the Canada Foundation for Innovation.

CPA looks forward to contributing to this dialogue and to hearing more details from the federal government at the time of its Fall Economic Statement.