



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

August 1, 2025

1. Background

The Canadian Psychological Association (CPA) is the national voice for the science, practice, and education of psychology in the service of the health and welfare of Canadians. With over 7,000 members, the CPA is Canada's largest national association for psychology and represents psychologists in public and private practice, university educators, and researchers, and students.

Psychologists are one of the largest group of regulated and specialized mental health providers able to diagnose and treat mental disorders, making our profession a key resource for the mental health treatment the people of Canada need. Trained extensively in research, psychologists are an expert resource for evidence-based decision-making and contributing to the country's potential and future prosperity.

2. Recommendations

At a time where the federal government is reviewing how it spends public dollars, it is critical that we invest in policies, programs, and services that can provide maximum value to the people of Canada. Knowing that there can be no health without mental health, the CPA's four recommendations pay significant health, social, and economic dividends in building a more dynamic, competitive and prosperous society, in addition to a more integrated, responsive and high performing mental health system.

- 1. That the federal government pass a companion piece of legislation to the *Canada Health Act* that expands access to, and public funding for, psychological services.**
- 2. That the federal government, working collaboratively with the provinces and territories, invest in health infrastructure funding to establish Schools of Psychology within publicly funded universities.**
- 3. 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.**
- 4. That the federal government fully implement their Budget 2024 fiscal framework for the Tri-Councils, amounting to an investment of \$1.8 billion over five years, and identify funding to recruit and retain top caliber international researchers and scientists.**

Recommendation 1

That the federal government pass a companion piece of legislation to the *Canada Health Act* that expands access to, and public funding for, psychological services.

Given the importance role that mental health plays in supporting the people of Canada in reaching their full potential, it is long overdue for the federal government to pass legislation that is complementary to the *Canada Health Act* and expands public funding for a broader array of mental health care services, including psychological services, via a ***Mental Health and Substance Use Health Care For All Parity Act***.

It is time to recognize the full value that psychologists bring in terms of their clinical expertise, noting that they are the only regulated mental health care provider, outside of physicians, who can both diagnose and treat mental illnesses. With their unique skill set and training, psychologists are experts in providing evidence-based psychological treatments and behavioural medicine, and can develop and evaluate treatment programs, conduct research, and provide consultation and/or supervision services to other healthcare providers.

Yet far too often, access to psychological care is limited or unavailable given the requirement to pay out-of-pocket or rely on restricted employer-based benefits.

Knowing that the federal government is focused on value-for-money, there is a return-on-investment (ROI) that comes from expanded access to psychological services:

- Extending universal basic mental health care (including evidence-based psychological care) to all Ontarians would save **\$1.78** for every **\$1** invested. The full economic impact of a universal mental health program would be a savings to Ontarians of nearly **\$10 billion** over the next 5 years.¹
- Studies of Canada and other jurisdictions such as the United Kingdom and France demonstrate approximately **2:1** savings for society from investment in a basic level of mental health care.²
- Cognitive-behavioural therapy (CBT) along with care management could yield anywhere from **\$0.39 to \$3.35** for every dollar spent after one year.³
- \$1 invested in mental healthcare yields, on average, **\$2** in savings to society by alleviating costs to the health system, productivity, and overall wellbeing. Public healthcare coverage for psychological care “would pay for itself”.⁴

The bottom line is that, for every public dollar invested in providing access to psychological services will reduce (or save) future levels of public spending. Equally, if not more important, is that such investments will contribute to an earlier intervention (i.e., assessment, diagnosis, and treatment planning), with the promise of better health outcomes, allowing those in need to be a contributing member of society.

¹ *Making it Right – Universal Basic Mental Healthcare for Ontario – Policy Background*. Broadbent Institute, April 2022, page 9.

² Ibid, page 5.

³ CAMH's *Mental Health Playbook for Business Leaders – Research-informed Workplace: Recommendations from Canada's Foremost Mental Health Hospital and Global Leader in Mental Health Research* (2020). Page 15.

⁴ Vasiliadis, H-M. et al. (May 2017). *Assessing the Costs and Benefits of Insuring Psychological Services as Part of Medicare for Depression in Canada*. *Psychiatric Services*, 68(9): 899-906. According to the authors, every \$1 invested into a basic mental healthcare program would yield on average \$2 in savings to society (from a low-end \$1.78 to an estimated high of \$3.15) annually.

Recommendation 2

That the federal government, working collaboratively with the provinces and territories, invest in health infrastructure funding to establish Schools of Psychology within publicly funded universities.

Canada's health workforce is currently facing growing challenges in the supply of health care professionals, 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 publicly funded primary care teams suggest that Canada also increase its supply of licensed psychologists.⁵

Currently, university programs, which train approximately 10 doctoral students in a practice specialty at once, will not have the desired effect of accelerating the number of licensed psychologists practicing in the public health system – particularly in a world where Canada graduates approximately 350 doctoral psychologists annually from accredited programs which accounts for roughly ten percent of the future supply that is needed.

In the Canadian Psychological Association's (CPA) view, it is time to re-imagine the structure in which we train and produce licensed 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 post-baccalaureate – a 30% decrease), can be of substantial benefit in accelerating the supply of psychologists to meet the public's increasing demand for mental health care. It is equally important that this training be accessible, especially to diverse and equity-deserving populations, whose access to graduate psychology training may be limited by systemic factors.

While the training of health professionals is a provincial and territorial responsibility, there is an opportunity for the federal government to play a strong supportive role in the establishment of new schools of psychology. The CPA was pleased to see that the federal government, as part of its 2025 election platform, committed \$4 billion to construct and renovate community health care infrastructure, of which mental health care services were explicitly identified. This could play an important role in expanding the supply of psychologists in providing better mental health care to the people of Canada.

Support for a forward-looking innovative-based solution would: (1) significantly accelerate the training and number of practicing psychologists in Canada; (2) support the advancement of team-based models of care; (3) increase timely access to evidence-based psychological services; and (4) improve health outcomes.

⁵ Is one who has regulatory authority, via their Provincial and/or Territorial College of Psychology, to practice psychology.

Recommendation 3

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.⁶

The 2024 Benefits Canada Healthcare survey data underscored the need for employers to do more in terms of investing in their employees, consider:

- The average annual maximum for mental health counselling was \$1,743; down from \$2,006 (13%) in 2022.
- 25% of employers have an annual maximum for mental health counselling between \$0-\$500, 31% between \$500-\$999, 31% between \$1,001-\$5,000; 11% exceeding \$5,000 (including 4% with a maximum of \$10,000 or more). 2% did not answer the question.
- 36% of plan members with a diagnosed mental health condition were more likely to stop treatment until the benefit year resets.

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;⁷ an amount necessary for the average person to successfully complete a course of psychotherapy.

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 retaining and attracting current/new talent; and (4) strengthen the alignment of tax policy with employee health and economic prosperity and productivity policies.

⁶ Canadian Psychological Association. *Employees, Employers & the Evidence – Making the Case for Expanding Coverage for Psychological Services in Canada*. May 2023.

⁷ *Shaping group benefits: Employer insights that are helping guide the plans of the future*. Sun Life, 2020.

Recommendation 4

That the federal government fully implement their Budget 2024 fiscal framework for the Tri-Councils, amounting to an investment of \$1.8 billion over five years, and identify funding to recruit and retain top caliber international researchers and scientists.

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 increased 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.

However, as the current administration in the United States has cut funding for science and research – leading to layoffs, termination of grants, and budget cuts – Canada is in a position to potentially gain top caliber American researchers and scientists. While the federal government's funding investments outlined in Budget 2024 offer improvements to our research funding programs, it is not enough to make Canada competitive in securing top international talent. To enhance Canada's productivity and competitiveness, the federal government will need to increase its investments in research funding and offer more stable, long-term funding opportunities.

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 this suite of investments, Budget 2024 also announced the creation of a Capstone Research Funding Organization (CRFO) of which the CPA has provided its constructive views to the Minister of Innovation, Science and Industry. It is critical that the CRFO 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.