

The Federal Government & Mental Health Policy... Preparing for the Next Federal Election – A Policy Primer

December 2024

Background

As we move closer to the next federal election, which will occur before the end of 2025, the Canadian Psychological Association (CPA) understands how important it is for all federal political parties to develop and fine tune their own set of policy proposals that cover a wide range of issues that are important to Canadians.

It is the collection of these policy proposals that will form the basis of their political platform and are often presented in the form of a document (for Election 2021 think of the Liberal Party of Canada's *Forward. For Everyone.*, the Conservative Party of Canada's *Recovery Plan*, the New Democratic Party of Canada's *Ready for Better*, Le Bloc Québécois' *Plateforme Politique Bloc 2021*, or the Green Party of Canada's *Platform 21 – Be Daring*).

In the view of the CPA, psychological research and the **mental health** of the people of Canada are amongst those issues where the federal government can play a significant leadership role in advancing our collective health and well-being.

To contribute to each political party's policy development process, the CPA has identified four policy areas: (1) improving and expanding publicly-funded access to psychological services; (2) improving employer-based coverage for psychological services; (3) increasing the number of practising clinical psychologists; and (4) increasing our investment in psychological research, where a post-election federal government can play a vital leadership role in improving the mental health and well-being of the people of Canada.

Moving forward, the CPA looks forward to discussing these, and other issues with all national political parties. For more information about the policy backgrounders, please contact policy@cpa.ca.

1. Improving and Expanding Publicly Funded Access to Psychological Services

Policy Issue: How can the federal government play a strong leadership role in supporting the provinces and territories to improve timely access to publicly insured psychological services (e.g., diagnostic assessments or psychotherapy)?

Policy Recommendation: The federal government passes a companion piece of legislation to the *Canada Health Act* called the *Mental Health and Substance Use Health Care For All Parity Act* – which equally values mental health and physical health.

Rationale

Through the Canada Health Transfer (CHT), the federal government will provide the provinces and territories with \$52 billion (2024/25) in cash to be distributed on an equal per capita basis and invested in each of their health systems. The CHT provides long-term, predictable funding and supports the principles of the Canada Health Act (CHA). However, mental health care services are only covered by the CHA if they are provided by a doctor or in a hospital, with the remaining services lying outside of the Act. Recent publicly available data suggest that Canada's public mental health investments account for roughly 5% of provincial-territorial health budgets,¹ which is significantly below the recommended 12% by the Royal Society of Canada.² Clearly, there is room to do more.

With strong federal leadership much more could be accomplished by creating a separate envelope of funding for mental health care services embedded within new legislation called the *Mental Health and Substance Use Health Care For All Parity Act*. The legislation would identify a clear set of objectives and accountabilities (e.g., guiding principles, performance indicators, national standards) that would need to be followed by the provinces and territories to receive ongoing federal funding.

Specifically, the Mental Health and Substance Use Health Care For All Parity Act would accomplish the following:³

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 provinces and territories to expand access to mental health care services (e.g., diagnostic assessment and psychological treatment).
4. Include clear mutual accountabilities between the federal government and the provinces and territories, 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.

In meeting the objectives of the *Act*, it is understood that it will require sustained investment from the federal government, along with additional financial support from the provinces and territories to ensure the people of Canada have timely access to improved and expanded mental health and substance use health care services they need, when they need it.

As the 2nd *Annual Mental Health – Substance Use Health Report Card* clearly identifies,⁴ governments are failing to address the inequities in Canada’s mental health and substance use health care systems, and targeted, long-term, sustainable funding is long overdue.

2. Improving Employer-Based Coverage for Psychological Services

Policy Issue: How can the federal government encourage employers to increase their benefit coverage for psychological services?

Policy Recommendation: The federal government introduces a sliding scale tax credit for employers.

Rationale

For most Canadians, they either access mental health care services through their family doctor, a psychiatrist, a hospital-based psychologist, some degree of benefit

coverage provided by their employer, 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.⁵

The CPA strongly believes there is an opportunity for the federal government to play a leadership role to more effectively align tax policy with mental health policy that will incent employers to increase the level of coverage for mental health care services, and better access to care, consider:⁶

- **500,000** Canadians in any given week miss work due to mental illness.⁷
- The annual economic cost of mental health problems is \$51 billion of which **\$20 billion** stems from the workplace.⁸
- Mental health accounts for **30%** of short- and long-term disability claims and **70%** of workplace disability costs.⁹
- The highest average employee out-of-pocket expenditure was for mental health therapy (**\$1,739**).¹⁰
- The average annual maximum for mental health counselling was **\$1,627** in 2023; **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.
- Fewer small to medium-sized companies (**19%**) increased their coverage for psychological services than large organizations (**54%**). Just **13%** of organizations with less than 50 employees increased their coverage, while **50%** with more than 1,000 employees did so.¹¹
- **77%** of workers in Canada have a moderate to high mental health risk, with anxiety and isolation being the lowest mental health sub-scores for more than two years.¹²
- **73%** of young Canadians (18-34) and **69%** of those 35-44 years of age are significantly more likely to leave their current employer for another that is offering what they would consider better benefits, with mental health (**88%**) being the most important.¹³
- **80%** of employees (whether they receive psychological services or not) felt that the coverage through their extended health plan was inadequate.¹⁴
- **75%** of employees feel they cannot afford to access mental health services as frequently as they need them with coverage from employee benefits.¹⁵
- **32%** of Canadian employees say cost/affordability is the top barrier getting mental health support.¹⁶
- **87%** of employers reported that timely access to mental health services provided by psychologists was “extremely important” or “very important”.¹⁷

- 77% of employees in Canada have a moderate to high mental health risk, with anxiety and isolation being the lowest mental health sub-scores for more than two years.¹⁸

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;¹⁹ 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 attracting and retaining current/new talent; and
4. strengthen the alignment of tax policy (in this case, via a sliding scale refundable tax credit²⁰), with employee health and economic prosperity and productivity.

With the understanding that small and medium-sized employers would have fewer degrees of financial flexibility compared to larger employers,²¹ it is proposed that a sliding scale tax credit would have greater proportional benefit for smaller and medium-sized employers.²²

The CPA notes that for every dollar invested in workplace cognitive-based therapy (CBT) can return roughly \$1.79 per participating employee after one year.²³

A recent survey noted that 42% of senior leaders/decision-makers were very familiar with the data/evidence on return-on-investment (ROI) for psychological services, and 60% were very confident that coverage for psychological services provided a good ROI.²⁴ More broadly, Deloitte Canada found that companies with mental health programs in place for one year had a median annual return on investment of \$1.62 for every \$1 invested; it increases to \$2.18 if the programs have been in place for at least 3 years.²⁵

The CPA also believes enhanced employee benefit coverage for psychological services has other direct and indirect (economic) benefits for employees, employers, governments, and the public, including:

1. Providing accelerated access to mental health care in relation to the public system
2. Reducing the financial burden of employee out-of-pocket payments
3. Contributing to quicker return to work/functional status
4. Contributing to increased worker productivity
5. Contributing to increased employee and employer earnings and tax revenue
6. Reducing the number and cost of employee disability claims and employer disability costs
7. Contributing to a reduction in public disability costs (e.g., claiming the disability tax credit)

Given the focus that has been placed on the mental health of workers, several employers have increased coverage for psychological services via their extended health benefits plan and this is to be applauded.²⁶ However, despite the many reasons to offer extended health benefit coverage for psychological services, not every employer has the ability and/or financial flexibility to do so.

The federal government can play a significant role in actively incenting employer behaviour through the tax system.

3. Increasing the number of practising clinical psychologists

Policy Issue: How can the federal government support increasing the number of clinical psychologists practicing in Canada?

Policy Solution: By working collaboratively with the provinces and territories in establishing a Health Human Resource Infrastructure Fund that supports the creation of Schools of Psychology linked to publicly-funded universities.

Rationale

Many Canadians have complex mental health 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, critically evaluate literature and scientific evidence, develop and evaluate programs and interventions, develop psychological tests, oversee mental health research projects, and provide consultation or supervision services to other mental health providers on the team. Outside of physicians (e.g., a psychiatrist), psychologists are the only licensed mental health professionals that can diagnose and treat a mental health condition.

The primary differences between psychologists and other mental providers lies in their scope of practice and expertise. Psychologists are trained not only in service delivery (e.g., psychotherapy, family therapy) but also in assessment, differential diagnosis, treatment planning and evaluation, consultation, supervision, and research. Table 1 provides a summary of scope of practice, by select profession.

	Physicians	Psychologists	Counsellors, Psychotherapists & Social Workers
Formulate/ communicate a diagnosis	Yes	Yes	No
Administer/ interpret psychological tests	No ¹	Yes	No ¹
Provide psychotherapy	Yes	Yes	Yes
Provide counselling or other forms of mental health treatment	Yes ²	Yes	Yes ³
Prescribing authority	Yes	No	No
Program evaluation	No	Yes	No
Develop treatment plans	Yes	Yes	No
Regulated profession	Yes	Yes	Yes*

¹Although Psychiatrists, Physicians and other service providers can administer basic screening instruments for mood, anxiety and other psychological symptoms, the administration and interpretation of more complex psychological tests (e.g., to measure learning, memory, personality, cognitive functioning) is typically done by psychologists.

²Data indicates that while physicians and psychiatrists can provide psychotherapy, only 3% of non-psychiatry physicians and 27% of psychiatrists provide this service (Source: Kurdyak et al. (2020). Physician-based availability of psychotherapy in Ontario: a population-based retrospective cohort study. CMAJ Open. DOI: [10.9778/cmajo.20190094](https://doi.org/10.9778/cmajo.20190094)).

³Psychotherapy is a restricted activity in Ontario and Quebec, meaning that only members of specific professions can provide it.

*Social workers are typically licensed provincially through Colleges of Social Work. Psychotherapists are licensed in two provinces (Ontario and Quebec). Counsellors are typically certified through a national body (the Canadian Counselling and Psychotherapy Association).

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 should require that Canada also increase its supply of registered psychologists.²⁷ This is particularly relevant where only 62% of family doctors have the skills to treat a patient with a mental illness (i.e., anxiety or mild to moderate depression), and 19% to manage substance use issues,²⁸ compounded by long wait lists to see psychiatrists.

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, in order to increase supply, the structure in which registered psychologists are trained needs to be re-imagined. 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*. Working closely with the provinces and territories, there is an opportunity to be innovative and provide time-limited and focused dollars to ensure that Canada has the human resource capacity to meet the mental health care needs of Canadians in the future.

4. Increasing Investment in Psychological Research

Policy Issue: What should the federal government do to support psychological research?

Policy Recommendation: Implement the federal government's Budget 2024 increases, totaling \$1.8 billion over the next 5 years, to the Canadian Institutes of Health Research (CIHR), the National Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC); continue to implement a Capstone Research Funding Organization (CRFO) to provide better coordination across the Tri-Councils.

Rationale

Psychology is the scientific study of the mind and human behaviour and is a key discipline in the study of behavioural science. Psychology strives to:

- Describe people's behaviours, as well as the behaviours of sub-groups of peoples, to identify normal and abnormal behaviour and gain insight into people's thoughts and actions.
- Explain why people think and react as they do, and understand what influences their personalities and states of mind.
- Predicting how behaviours will appear in the future by observing past behaviours, and better understand why, when, and how behaviours might appear in the future.
- Changing or positively influencing people's behaviours to improve their lives.

In addition to the role that psychology plays in diagnosing and treating those with mental health problems, psychological research is at the centre of many of the societal issues that individuals, families, communities, employers, schools, and governments are wrestling with; consider: people's health and well-being, climate change, human rights and social justice violations, evolving workplaces, resilience, vaccine hesitancy and uptake, technology and artificial intelligence, abuse and harassment, sport performance and misinformation.

Increasingly, psychologist researchers are being asked to lead and/or contribute to these issues. Psychological research is inherently inter-disciplinary, making it particularly well-positioned to assist decision-makers in understanding and addressing a range of complex issues impacting the social, mental, and physical well-being of the people of Canada.

In Budget 2024, the federal government announced a multi-year series of investments for CIHR, NSERC and SSHRC, totaling \$1.8 billion over 5 years. It also announced a significant increase in scholarship funding for master's (to \$27,000), doctoral (to \$40,000) and post-doctoral fellowships (to \$70,000). Together, these investments are

essential if Canada is to attract and retain the best and brightest researchers. Research is the driver of discovery and innovation, and these investments will continue to propel Canada forward.

The federal government also announced the creation of a Capstone Research Funding Organization (CRFO) to oversee the alignment and integration of the Tri-Councils. CPA has offered the following perspective:

- Support for fundamental and investigator-driven research must continue to be cornerstone of the federal research support system
- The Tri-Councils should maintain autonomy and decision-making authority within the new structure.
- Building the new CRFO will require new funding that is outside of the Budget 2024 fiscal framework.
- The governance structure should include proportionate representation from the Tri-Councils.
- The peer review process should remain at the core of any new programming and strategic initiatives.

In the view of the CPA, to be competitive in recruiting and retaining top caliber researchers, Canada must: (1) support a strong science culture that funds academic research to investigate fundamental questions; drives innovation, transforms knowledge, and ground-breaking discoveries; and (2) supports the training of highly qualified people deployed across all sectors of society and the economy.

Research is the oxygen of an evidence-based approach to policy and decision-making. It plays an essential role in better understanding the world around us, improving Canadians' overall quality of life and standard of living, and effectively positioning Canada when it comes to economic competitiveness and future prosperity.

In a world that is increasingly dependent on the creation and ownership of new knowledge, Canada must ensure that it is investing the necessary resources to ensure that it has a high-functioning research eco-system that positions Canada for unparalleled success.

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About the CPA

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 more than 7,000 members, the CPA is Canada's largest association for psychology and represents psychologists in public and private practice, university educators and researchers, as well as students. Psychologists are the country's largest group of regulated and specialized mental health providers, making our profession a key resource for the mental health treatment Canadians need.

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- ¹¹ MHCC/CPA. *Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives*. Pages 7-9. June 2022.
- ¹² Telus Health. *Mental Health Index*, May 2024.
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- ¹⁴ Mental Health Commission of Canada/Canadian Psychological Association. *Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives*. Pages 6-7. June 2022.
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- ¹⁸ Telus Health. *Mental Health Index*, May 2024.
- ¹⁹ *Shaping group benefits: Employer insights that are helping guide the plans of the future*. Sun Life, 2020.
- ²⁰ A tax credit is a financial benefit provided by the government. It is an amount that reduces the dollar amount of taxes owed.
- ²¹ Among those employers citing finances as a reason for not increasing coverage (e.g., difficult financial situation, could not afford premium increases, employees could not afford premium increases), there was more than a sixfold difference between small to medium-sized organizations (13%) than large (2%). *Mental Health Commission of Canada/Canadian Psychological Association. Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives*. Pages 7-9. June 2022.
- ²² For purposes of this note, a small business has 1-99 employees, a medium-sized business has 100-499 employees, and a large business has 500+ employees. *Key Small Business Statistics*. Innovation, Science and Economic Development Canada. 2022.
- ²³ *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*. Centre for Addiction and Mental Health, 2020. Page 15.
- ²⁴ Mental Health Commission of Canada/Canadian Psychological Association. *Extended Mental Health Benefits in Canadian Workplaces: Employee and Employer Perspectives*. June 2022.
- ²⁵ Deloitte Insights. *The ROI in workplace mental health programs: Good for people, good for business*. November 2019.
- ²⁶ For a list of organizations go to the CPA's report *Employees, Employers & the Evidence – Making the Case for Expanding Coverage for Psychological Services in Canada*, pages 13-15. May 2023.
- ²⁷ A registered psychologist is one who has regulatory authority to practice psychology.
- ²⁸ Canadian Institute for Health Information. *How Canada Compares – Results from the Commonwealth Fund's 2019 International Health Policy Survey of Primary Care Physicians*. January 2020.