

Potential Impacts of reciprocal tariffs imposed by Canadian and US Governments on health products, and applying more broadly to health system

Summary of input from 26 Children's Healthcare Canada Executive Leaders

Presented by Emily Gruenwoltd to Minister Holland during the February 19, 2025, Tariff Roundtable Discussion

Thank you for the opportunity to participate in this roundtable. My name is Emily Gruenwoltd. For those I haven't met, I am the CEO of Children's Healthcare Canada and the Executive Director of the Pediatric Chairs of Canada. It is a privilege to join this discussion related to potential impacts of tariffs on health systems serving children. To give you a sense of the significance of this issue to our members, I wanted to share that since the time I received your invitation yesterday, we received 26 unique emails from executive leaders of CHC and PCC member organizations. The US Canada relationship and the impact of reciprocal tariffs is high on the list of things keeping child health leaders up at night.

For the purposes of our conversation today, I have organized their concerns and recommendations into three categories: Impacts on the operations of healthcare delivery organizations, impacts on child health research and impacts on children, youth and their families.

Let me begin by emphasizing that tariffs applied to health products including drugs, devices, and technologies supporting the delivery of healthcare services would be devastating, and potentially life threatening.

Impacts on operations of healthcare delivery organizations

Quite simply, tariffs will increase the costs of doing business. The weak Canadian dollar is already impacting the purchasing power of healthcare delivery organizations. The application of tariffs would further increase the costs of doing business (food service, equipment purchase, EMR implementation and maintenance, facility renewal, etc) and create measurable opportunity costs, limiting our ability to invest in life-saving research and development, recruit and retain a highly skilled workforce, and right-size health systems for a growing population of children and youth. This is particularly true for members and families in the far north where costs are already significantly higher.

Specific examples

- **Imported Equipment and Medications:** Tariffs may raise the cost of critical equipment used to care for children (e.g., ventilators, wheelchairs, feeding tubes, OR devices (implants and other required products, such as valves, graphs, specialized medications like Ensure or Boost).)
- **Electronic Medical Records (EMRs):** Many healthcare institutions in Canada rely on U.S.-based companies (such as Epic and Cerner) for their electronic medical record systems. Tariffs could increase the costs of implementing and maintaining these systems, which are critical to healthcare delivery.
- **Food Service:** Tariffs on food prices will have a significant impact on healthcare organizational budgets.
- **Facility renewal** – in our efforts to right-size, there are some significant infrastructure renewal projects underway (including, for example projects at CHEO, SickKids, Stollery, IWK, etc) where the construction costs (or ongoing maintenance) will increase with tariffs.
- **Access to pediatric drugs and devices:** Tariffs may disincentivize producers to serve the pediatric market which is much smaller, and yield smaller margins. Pediatric formulations are a good example. Tariffs applied directly to pharmaceuticals (while unexpected) could have life-threatening consequences for those unable to bear these costs.
- **Logistical Costs:** Even with supply chain management contracts in place, when contracts come up for renegotiation, suppliers may not be able to offer reasonable pricing due to tariffs, leading to escalated costs. This could disrupt the flow of necessary medical supplies, impacting day-to-day healthcare delivery and making certain treatments more expensive.
- **Alternative Suppliers:** In Quebec, for instance, health organizations are already being asked to assess their suppliers and determine if there are Canadian alternatives that can mitigate the impact of U.S. tariffs. However, even Canadian suppliers may still rely on U.S. parts and components, meaning the tariff burden would still apply.
- **Balancing Multiple Pressures:** Pediatric healthcare leaders, like those across the broader healthcare system, are already balancing numerous challenges—access

to care, human resources, financial sustainability, and meeting growing consumer expectations. The introduction of tariffs adds another layer of complexity, distracting healthcare leaders from their core mission of providing high-quality care and exacerbating existing operational pressures.

Research & Innovation:

- **Research Reagents & Supplies:** Many reagents used in pediatric biomedical research come from the U.S. The increased costs from tariffs could result in rising expenses for research labs, potentially delaying progress of life-saving research in pediatric healthcare.
- **Slower Access to Innovations:** The U.S. is a major player in the development and innovation of pediatric health products. Tariffs could limit Canadian institutions' ability to access cutting-edge medical technologies and treatments, delaying the availability of new treatments for children in Canada. This could impact pediatric care, especially for those with rare or complex conditions.

Impacts on children, youth and families (Socio-economic impacts)

- **Family Financial Stability:** The increased costs due to tariffs—whether for medications, medical supplies, or care—could exacerbate family stress and impact access to care. Even if families have insurance or are on public plans, they often still bear a portion of the cost. This could lead to financial strain on households and increase food insecurity, housing instability, and difficulty accessing necessary medical treatments.
- The socio-economic impact is significant, as it could worsen mental health issues, contribute to family stress, and increase incidents of abuse or mistreatment, similar to the challenges seen during the COVID-19 pandemic.
- Our ability as a healthcare system to meet the social/psychological needs of families are limited with hundreds and thousands of vacancies across the country for social workers, counsellors, etc.
- The role of programs introduced by this govt including the school food programs, Canadian Child Benefit program (income supplements) and GST rebate programs become even more important and a policy tool to support families weather this uncertainty.

Conclusion & Recommendations:

- **Monitor Tariff Exemptions:** It's critical to ensure that medical devices and essential supplies remain exempt from tariffs to avoid further pressure on healthcare systems and to ensure access to care.
- **Federal & Provincial Coordination:** Both levels of government must assess the full impact of tariffs on families, food costs, healthcare, and infrastructure, and work together to mitigate the effects through targeted programs and support.
- **Economic Foundations for Child Health:** Efforts to strengthen and sustain child health systems, particularly in light of economic uncertainty, should remain a priority to protect future generations and ensure equitable access to healthcare.
- **Alternative Suppliers & Negotiation:** Governments and healthcare systems should continue exploring Canadian suppliers and work to secure long-term contracts that minimize the impact of tariffs on medical equipment and medications.
- **Support for Research:** Given that many critical research supplies come from the U.S., any tariff increase should be evaluated for its potential impact on pediatric biomedical research. Steps should be taken to mitigate delays in life-saving discoveries.

In sum, U.S. tariffs, coupled with Canada's own reciprocal tariffs, create a layered economic impact on pediatric healthcare, research, and families. The increased costs across the healthcare supply chain, from medications to medical technology, could hinder the delivery of care and innovation, placing vulnerable children at risk of delayed treatments and innovations. Moreover, the broader socio-economic impacts are far-reaching, affecting not only healthcare systems but family stability and mental health as well. Policymakers must consider these interconnected effects and take steps to mitigate them through strategic exemptions and support measures.