

Federal Health Claims Processing Services (FHCPS)

Issue

Veterans Affairs Canada (VAC), the Canadian Armed Forces (CAF) and the Royal Canadian Mounted Police (RCMP) provide a wide range of health benefits and services to Veterans, their families, and eligible serving members of the CAF and RCMP, as specified under their respective legislation. Since 1989, the FHCPS contracts have been VAC's key delivery vehicle for administering health care authorizations and claims processing to Veterans. Since 1999, CAF and RCMP have partnered with VAC to leverage the services provided under the FHCPS contract for the reimbursement of health care benefits available to their eligible members, such as visits to a psychologist or physiotherapist, medications, and medical equipment, etc.

A project is underway to procure the next contract because the current FHCPS contract, awarded to Medavie Blue Cross, is set to end in July 2026.

Context

This project will procure and implement the next FHCPS contract, ensuring continued delivery of health benefits and services to Veterans, their families, and members of the RCMP and CAF. The current FHCPS contract was awarded January 2014 by Public Services and Procurement Canada (PSPC) and is expected to end July 31, 2026. VAC is the Project Authority for the FHCPS contract.

Health care benefits and services provided under the next FHCPS contract will include the same benefits and services the current contract provides, with some new features/services, such as: improved online digital services, updated requirements (e.g. accessibility, cyber security) to meet Government of Canada and industry standards, a new toll-free line to contact the Contractor directly, improved services for Out-of-Country participants, Veteran and Indigenous participation plans, contract management tools to support contractor performance and enhanced data analytics capability to inform program and service delivery decisions.

Key Data and Next Steps

The current FHCPS contract is valued at \$421M, and provides services to about 302,000 FHCPS Participants (VAC, CAF and RCMP) and 322,000 registered health care providers. In 2023-24, there was about \$1.3B in annual Program expenditures. VAC is the main user of the contract, accounting for approximately 82% of the value of the contracted services per year.

A Treasury Board Submission will seek project approval/expenditure authority and funding approval for VAC and contracting approval for PSPC to award the next contract. Work is underway to support contract award, expected in February/March 2025, with the implementation phase to start shortly after, where VAC and the contractor will work together

to prepare for the contract to become operational in 2027. To ensure continuity of services, an extension of the current FHCPs contract will be sought until the next contract goes live.