

Briefing

Compliance News Affecting Benefit Plans

February 2025

Federal News



How the Government of Canada's Interpretation of the *Canada Health Act* Could Impact Virtual Care

The federal government has released its [interpretation](#) of the *Canada Health Act* (CHA) to address whether primary healthcare providers other than doctors can charge for medically necessary care.

In a letter to all provincial and territorial Ministers of Health, the federal government has indicated that it will release the *Canada Health Act (CHA) Services Policy* to ensure Canadians do not pay for medically necessary care out of pocket. This could potentially impact Canadians' access to employer-sponsored virtual care. Currently, most employer-sponsored health benefit plans offer access to virtual care to their members.

What is the *Canada Health Act*?

The CHA is Canada's federal legislation for publicly funded healthcare insurance. The CHA establishes the criteria and conditions related to insured health services that the provinces and territories must satisfy to receive funding from the federal government. The goal is to ensure that patients cannot be charged out of pocket for medically necessary care offered by doctors and hospitals.

In recent years, there has been a significant increase in the number of Canadians accessing health services through virtual care companies. These entities provide medically necessary services to Canadians for a fee. To get around CHA restrictions, patients are matched with health providers located in a different province. Demand for these services has increased significantly since the onset of the COVID-19 pandemic.

What may change?

In 2023, the Federal Health Minister [indicated](#) that the government could claw back health transfer payments to provinces that allow patients to be charged for medically necessary care. Enforcement of the CHA would effectively prohibit employer-sponsored benefits plans from covering virtual healthcare.

The *Canada Health Act (CHA) Services Policy*, which will come into effect on April 1, 2026, ensures that medically necessary services are covered by provincial or territorial healthcare plans. The policy establishes criteria and conditions that provinces and territories must meet to receive full federal cash contributions from the federal government.

Those who support the *Canada Health Act (CHA) Services Policy* believe:

- Individuals with access to healthcare through employer-sponsored plans should not have preferential access to care over individuals who rely on government-sponsored care.
- Canadians should not be paying out of pocket for medically necessary care.

Opponents of the *Canada Health Act (CHA) Services Policy* argue that employer-sponsored virtual healthcare:

- Provides access to health services for individuals who do not have a family physician
- Reduces or eliminates visits to the emergency room and walk-in clinics
- Reduces strain on the healthcare system, allowing easier access to care for individuals who rely on government-sponsored care

Next steps

The *Canada Health Act (CHA) Services Policy* comes into effect April 1, 2026 and benefit plans should evaluate whether changes will be required.



Segal can be retained to work with plan sponsors and their legal counsel on determining the implications. For assistance or if you have questions about the anticipated changes to the CHA, contact your Segal consultant or [get in touch via our website](#).

To receive future issues of Segal's *Briefing* and other publications, [join our email list](#).

Follow us: 

This publication is for informational purposes only and does not constitute legal or tax advice. You are encouraged to discuss the issues raised here with your legal, tax and other advisors before determining how the issues apply to your specific situations.