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Projecting the Cost of the Interim Federal Health Program



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

In response to a request by the Standing Committee on Health, this report projects the fiscal cost of the Interim Federal Health Program and details some of the key cost drivers.

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Highlights

The Interim Federal Health Program (IFHP) provides limited and temporary healthcare coverage to some groups of foreign nationals who are not eligible for health insurance from provinces or territories.

PBO estimates that total IFHP costs will reach almost \$1.0 billion in 2025-26 and rise to over \$1.5 billion by 2029-30. PBO projects that annual growth in IFHP costs will average well below the average growth observed over the past five years, reflecting both a moderated increase in the number of beneficiaries and a more gradual rise in average annual costs.

Budget 2025 indicated that a “modest co-payment model” will be introduced to the Interim Federal Health Program for supplemental health products or services. This change to the program is not reflected in our projection. Including this new measure would reduce our estimate of the total cost for the IFHP program.

Summary

The Interim Federal Health Program (IFHP) provides “limited and temporary healthcare coverage to some groups of foreign nationals who are vulnerable and disadvantaged, and who are not eligible for health insurance from provinces or territories.”

Between 2020-21 and 2024-25, the cost of the program grew from \$211 million to \$896 million as both the number of beneficiaries and the cost per beneficiary increased significantly. PBO estimates that total IFHP costs will reach almost \$1.0 billion in 2025-26 and rise to over \$1.5 billion by 2029-30 (Table S-1).

Table S-1

Projected IFHP cost, millions of dollars

	2025-26	2026-27	2027-28	2028-29	2029-30
Total cost	989	1,104	1,232	1,376	1,522

Source:

Immigration, Refugees and Citizenship Canada and Office of the Parliamentary Budget Officer.

We project that average annual growth for IFHP costs will be 11.2 per cent between 2025-26 and 2029-30, well below the 33.7 per cent average growth observed over the past five years. This slower growth reflects both a moderated increase in the number of beneficiaries and a more gradual rise in average annual costs.

Budget 2025 indicated that a “modest co-payment model” will be introduced to the Interim Federal Health Program for supplemental health products or services. This change to the program is not reflected in our projection. Including this new measure would reduce our estimate of the total cost for the IFHP program.

Analysis

On November 20, 2025, the [Standing Committee on Health \(HESA\)](#) requested the Parliamentary Budget Officer conduct a “fiscal analysis of the Interim Federal Health Program to project future expenses and assess the drivers behind recent significant cost and usage increases”.

The Interim Federal Health Program (IFHP) provides “limited and temporary healthcare coverage to some groups of foreign nationals who are vulnerable and disadvantaged, and who are not eligible for health insurance from provinces or territories.”¹

The IFHP has two main objectives, providing limited and temporary healthcare coverage (including basic, supplemental and prescription drug benefits) to eligible groups in Canada, and covering some pre-departure medical services for eligible groups outside of Canada. In general, coverage ends when a beneficiary either becomes eligible for provincial or territorial health insurance, the beneficiary leaves Canada, their refugee claim is withdrawn or abandoned, or they are not eligible to be referred to the Immigration and Refugee Board (IRB) and are not eligible to apply for a pre-removal risk assessment (PRRA).²

IFHP offers beneficiaries basic health benefits (such as doctor visits, hospital care, lab tests), supplemental health benefits (such as prescription medication, vision care, urgent dental care) and in some cases, pre-departure medical services. The extent and duration of coverage vary depending on the circumstances of the beneficiaries.

Between 2020-21 and 2024-25, the cost of the program grew from \$211 million to \$896 million as both the number of beneficiaries and the cost per beneficiary increased significantly.

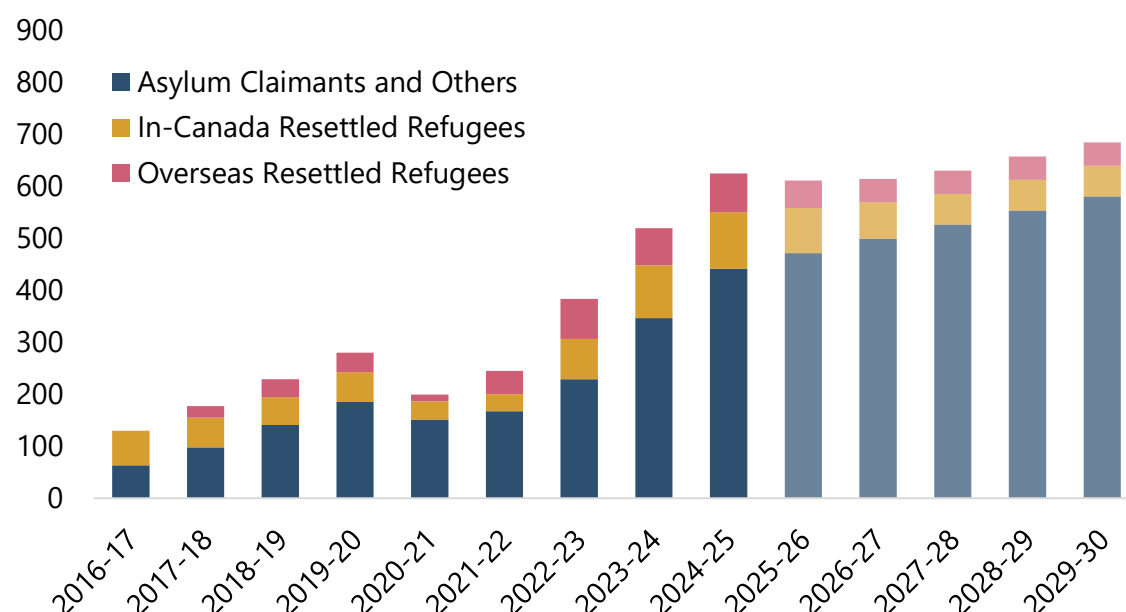
Beneficiaries

Most eligible beneficiaries can be categorized into one of the following groups³:

- Asylum claimants
 - Asylum claimants receive basic and supplemental coverage for the full duration of the refugee determination process, from the point of making their claim until they become eligible for provincial or territorial health insurance as a protected person or, in the case of unsuccessful claimants, leave Canada after exhausting all avenues of appeal.
- In-Canada resettled refugees
 - Resettled refugees receive coverage of basic benefits until they transition onto their provincial or territorial health insurance plan (typically up to three months after arrival in Canada). They also receive supplemental coverage while they are receiving income support through the Resettlement Assistance Program (or its equivalent in Quebec) or while they are under private sponsorship (typically 12 months).
- Overseas resettled refugees
 - These categories refer to beneficiaries receiving pre-departure medical services.

In recent years, the number of beneficiaries has increased considerably (Figure 1). The rising volume of asylum claims, along with the longer duration of eligibility caused by extended determination times, has been an important growth driver in recent years.

Figure 1
IFHP beneficiaries, thousands



Source:

Immigration, Refugees and Citizenship Canada, Immigration and Refugee Board of Canada, Office of the Parliamentary Budget Officer.

Note:

The projection period covers fiscal years 2025-26 to 2029-30.

Over the past year, the intake of asylum claims moderates, but remained above processing and determination capacity. In 2025, 108,060 claims were referred to the Refugee Protection Division (RPD), down from 190,483 in 2024.⁴

Given the significant uncertainty surrounding annual intakes of new asylum claimants, our projection assumes that future intakes will remain close to current levels. We also assume that processing and determination capacity will stay near current levels, which results in continued growth in the number of beneficiaries within the asylum claimant and other categories.

Growth in the resettled refugee categories in recent years reflected increasing targets for permanent resident admissions. However, beginning in fall 2024, the Government announced reductions in permanent resident admissions, with the target for resettled refugee admissions decreasing from 49,115 in 2024 to 38,350 in 2025. Our projection for the number of resettled refugees IFHP beneficiaries is aligned with the admission target

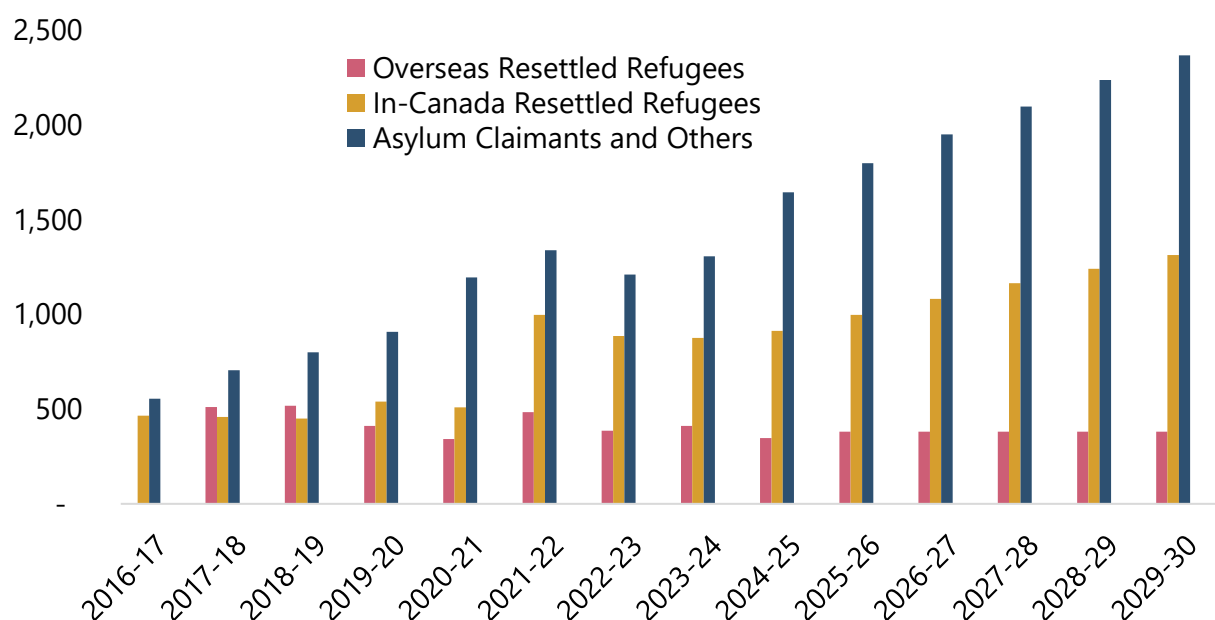
of 29,300 outlined in the 2026-2028 Immigration Levels Plan, published on November 6, 2025.

Overall, we project the number of beneficiaries will continue growing and reach over 680,000 eligible beneficiaries in 2029-30.

Costs per beneficiary

Given the differences in the type of coverage, the annual average cost varies across categories of beneficiaries. In 2024-25, the annual cost associated with an eligible beneficiary in the asylum claimant and others category was \$1,645 versus \$347 for overseas resettled refugees (Figure 2).

Figure 2
Annual average cost per beneficiaries



Source:

Immigration, Refugees and Citizenship Canada, Office of the Parliamentary Budget Officer.

Note:

The projection period covers fiscal years 2025-26 to 2029-30.

Since 2016-17, the cost per in-Canada beneficiary has increased at a significant pace. However, annual costs per beneficiary remain well below average public healthcare expenditures for core age Canadians.⁵

Our projection assumes that the growth of the annual costs for in-Canada beneficiaries will remain elevated but will moderate over the projection horizon as it converges toward the annual growth of per capita healthcare expenditures for core age Canadians. It was assumed that cost for overseas resettled refugees would remain near current levels.

Overall, we project that the annual cost per IFHP beneficiary will increase from its 2024-25 level of \$1,363 to \$2,148 by 2029-30.

Total projected cost

Based on the projected number of beneficiaries and the cost per beneficiary outlined above, PBO estimates that total IFHP costs will reach almost \$1.0 billion in 2025-26, rising to over \$1.5 billion by 2029-30 (Table 1). We assume administrative and other expenditures to be 3.4 per cent of the total program costs, based on historical trends.

Table 1

Projected IFHP Cost, millions of dollars

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Source:

Immigration, Refugees and Citizenship Canada, Office of the Parliamentary Budget Officer.

We project that growth in IFHP costs will average 11.2 per cent annually over 2025-26 to 2029-30, well below the 33.7 per cent average growth observed over the past five years. This slower growth reflects both a moderated increase in the number of beneficiaries and a more gradual rise in average annual costs.

Budget 2025 measure: IFHP co-payments

As part of the Government's Comprehensive Expenditure Review (CER) announced in Budget 2025, IRCC indicated that some of its savings would be realized by introducing a "modest co-payment model" to its Interim Federal Health Program for supplemental health products or services (such as prescription medication and dental care).⁶

Additional information has since been published on IRCC's website, which states that as of May 1, 2026, beneficiaries will be responsible for paying \$4 for each eligible prescription medication filled or refilled under the IFHP, and 30 per cent of the cost of all other eligible supplemental health products and services, including dental care, vision care, counselling and assistive devices.⁷

PBO did not include this change in this cost estimate, due to data and time limitations of meeting the Committee's request. Including this new measure would reduce our estimate of the total cost for the IFHP program.⁸

Uncertainty

Projecting the number of annual beneficiaries receiving the IFHP benefits is highly dependent on estimating both the annual inflows and outflows of beneficiaries receiving the IFHP.

Our projection for inflow of beneficiaries is consistent with the Government's Immigration Levels Plan (ILP) and PBO's demographic projection used in our economic model. However, annual intake of asylum claimants and refugees is difficult to forecast and can be significantly affected by sudden geopolitical events.

The number of beneficiaries exiting the program depends on the processing capacity of several organizations—most notably the Immigration and Refugee Board (IRB)—and its ability to hear cases and process potential appeals. If inflows rise without a corresponding increase in processing capacity, the average duration of IFHP coverage will increase.

Growth in the cost per beneficiary is driven primarily by the utilization and uptake of IFHP benefits, which vary according to individual health needs. Additional upward pressure comes from inflation in health system costs and possible changes to provincial and territorial fee schedules.

Note

¹ [Interim Federal Health Program Policy](#).

² A more complete description of the program, including program scope, eligibility, coverage and benefits, can be found on the Department of Immigration, Refugees and Citizenship Canada's [website](#).

³ Other types of beneficiaries include victims of human trafficking and family violence and individuals who have been granted eligibility at the Minister's discretion. More details regarding eligibility can be found on the Department of Immigration, Refugees and Citizenship Canada's [website](#).

⁴ [IRB – Recent Trends](#).

⁵ This refers to total public health expenditure per capita for Canadians between the age of 1 and 59 as presented in The Canadian Institute for Health Information's 2025 [National health expenditure trends](#).

⁶ [Budget 2025](#).

⁷ [Changes to the Interim Federal Health Program](#).

⁸ In IRCC's response to IR0869, they indicated that their preliminary estimate "for the introduction of co-payments and certain targeted controls on supplemental health benefits is \$126,801,780 in 2026-27 and \$231,939,512 ongoing."

