Note • Bill C-201

An Act to amend the Canada Health Act (mental, addictions and substance use health services)

Legislative Costing Note

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Bill C-201 proposes to amend the *Canada Health Act* to add mental, addictions and substance use health services to the definition of "insured health services".

If implemented January 1, 2026, PBO estimates the net federal cost of Bill C-201 would be $24.4 billion over 2025-26 to 2029-30. As health care is a provincial and territorial responsibility, the direct cost to cover these services would be borne by provincial and territorial public health insurance plans. That is, we assume that Bill C-201 shifts the financing of (existing) private spending on mental, addictions, and substance abuse health services to the public sector. Further, we assume the net federal cost will be equal to this additional cost to the public sector. At the national level, there is a modest incremental increase in spending on these services, reflecting our assumed behavioural response.[1]

Detailed 5-Year Cost

$ millions

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost	1,680	6,793	7,069	7,331	7,613	30,486
Current spending*	-300	-1,230	-1,356	-1,498	-1,656	-6,038
Net federal cost	1,381	5,563	5,713	5,834	5,957	24,448

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

· * Current spending includes direct federal spending, federal and provincial medical expense tax credit expenditures and spending on other levels of government's public sector employees.

Estimation and Projection Method

Baseline expenditures on mental health (MH) care are estimated as the sum of earnings for mental health, addictions and substance use care professionals in the public sector and private sector, including self-employed workers,[2] plus associated overhead costs.

Total spending by occupation and year were computed using head counts (services for physicians), wages or fees, and hours worked from various sources. Estimates for non-psychiatrist physicians and non-psychiatric nurses were adjusted to reflect the share of MH services. Counts of social workers and social service workers were adjusted to account only for those providing direct patient care. Counts of therapists in counselling and related specialized therapies were adjusted to reflect those providing counselling and psychotherapy services, inferred based on information from provincial colleges and professional organizations.

Direct federal spending reflected in the private sector was calculated using information provided by departments and publicly available information. Provincial, territorial and municipal (P/T/M) MH spending was assumed to be equal to Public Service Health Care Plan (PSHCP) expenditures scaled by the ratio of P/T/M public servant counts to federal public servant counts. We also estimated MH expenses claimed through the various medical expense tax credits (METC).[3]

Baseline expenditures were projected assuming no changes to the *Canada Health Act*. Occupation head counts grew with rates based on Employment and Social Development Canada's Canadian Occupational Projection System. Physicians' services were projected using 2019-2024 growth rates obtained from CIHI's National Physician Database. Wages (payments for physicians) across sectors were assumed to grow with median wage growth observed over 2019-2024. We then imposed a gap where wage growth in the private sector was assumed to be greater than that of the public sector. This gap was set equal to the 1992-2023 percentage point gap for other services by other professionals from CIHI's NHEX. Projected hours worked were set to their 2021-2024 average.

Direct federal spending was projected using growth of PSHCP claims. Projected counts of P/T/M public servants were extrapolated using their 2006-2024 average growth rate. Total federal METC tax expenditure was grown using the 2021-2026 average growth rate from the tax expenditure reports; total provincial/territorial METCs were grown using SPSD/M[4] and aligned with PBO's latest Economic and Fiscal Outlook (EFO). The amount of the METCs

associated with MH expenses was projected using the 2021-2024 average ratio of PBO's private MH expenditures (less other projected direct federal and P/T/M MH spending) to CIHI's NHEX total private health expenditures.

The net federal cost was estimated assuming Bill C-201 was implemented. We calculated a behavioural response where Canadians with unmet needs, who did not see a health care professional for their MH or substance use concerns because of cost, would utilize psychologists and therapists in counselling and related specialized therapies services at a rate consistent with the average annual hours of counselling among Canadians with unmet need who did see a health care professional.

Sources of Uncertainty

Sourced LFS data do not account for services provided in secondary jobs. PBO did not assume growth in primary care providers' time allocated to MH and addictions services (despite historical growth) to offset anticipated supply shortages reflected in ESDC head count projections. The behavioural response of greater use of MH and addictions counselling services among existing users was not included. We did not make assumptions regarding the implementation of Bill C-201, which would likely have implications for government-provider remuneration and operating arrangements (including wages, wage growth and rules/incentives for operating in the private sector) and allocation of the incremental cost between federal and provincial/territorial governments.

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Data Sources

Hours worked and head counts for mental health professionals and nurses
Labour Force Survey, Statistics Canada
Nursing in Canada, 2024 – Data Tables
Health Workforce Database
Canadian Institute for Health Information, 2024 Social Work Workforce Survey
Sources of revenue for nonprofit mental health and addictions organizations in Canada - PubMed

American Psychological Association, 2015 APA Survey of Psychology Health Service Providers
Health Workforce Database, Canadian Institute for Health Information
Nova Scotia College of Counselling Therapists. Accessed November 2025
College of Registered Psychotherapists of Ontario. Accessed November 2025
Federation of Associations of Counselling Therapists – Manitoba. Accessed November 2025
The Association of Counselling Therapy of Alberta
BC Association of Clinical Counsellors

Wages for employees (excluding physicians)
Labour Force Survey, Statistics Canada

Fees for self-employed mental health care professionals
Psychotherapy Cost in Canada (2025). Accessed November 2025
Association of Psychology, Newfoundland and Labrador. Accessed September 2025
Psychological Association of Prince Edward Island. Accessed September 2025
Association of Psychologists of Nova Scotia. Accessed September 2025
College of Psychologists of New Brunswick. Accessed September 2025
Ordre des psychologues du Québec; The Montreal Therapy Centre Inc.; Accessed September 2025
Ontario Psychological Association, 2024 Ontario Psychological Services Report
Manitoba Psychological Society. Accessed September 2025
Psychology Association of Saskatchewan. Accessed September 2025
Psychologists' Association of Alberta. Accessed September 2025
Good Caring Canada, Cost of Therapy with a Psychologist in Canada (2025). Accessed September 2025

Payments, services provided for physicians
National Physician Database, Canadian Institute for Health Information

Overhead costs for employees
CMA Physician Workforce Survey, 2017

Direct federal spending and medical expense tax credit expenditures
Information Requests 0853, 0854 and 0866
Express Scripts NIHB Annual Reports
Canadian Institute for Health Information, National Health Expenditure Database (NHEX), National Health Expenditure trends 2025
Finance Canada tax expenditure reports
SPSD/M v. 30.3
PBO Economic and Fiscal Outlook, September 2025

Number of federal, provincial, territorial and municipal public servants
Statistics Canada. Table 14-10-0202-01 Employment by industry, annual

Head count growth
Canadian Occupational Projection System (COPS), Employment and Social Development Canada

Wage growth
Labour Force Survey, Statistics Canada
Canadian Institute for Health Information, National Health Expenditure Database (NHEX), National Health Expenditure trends 2025
Government of Canada Job Bank[5]

Behavioural response
Statistics Canada's Canadian Mental Health Access to Care Survey, 2012 (Microdata)

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[1] Total national spending is projected to increase by $897 million over 2025-26 to 2029-30 as a result of Bill C-201, with the annual increment (associated with the behavioural response) growing at 0.9 per cent annually.

[2] Based on the 2021 National Occupation Classification (NOC), mental health workers include:

- NOC 31200: Psychologists
- NOC 41300: Social workers
- NOC 41301: Therapists in counselling and related specialized therapies
- NOC 42201: Social and community service workers

Mental health nurses include:

- NOC 31301: Registered nurses and registered psychiatric nurses
- NOC 31302: Nurse practitioners
- NOC 32101: Licensed practical nurses

MH physician costs include all billing from psychiatrists and all billing for psychotherapy/counselling services from other physicians.

[3] This was done by multiplying the METC expenditures from Finance Canada's tax expenditure report or Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) by the calculated proportion of total private health expenditures from the Canadian Institute for Health Information's (CIHI) National Health Expenditure Trends (NHEX) that are MH services (less other existing direct federal and P/T/M MH spending) as estimated by PBO.

[4] This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer and the responsibility for the use and interpretation of these data is entirely that of the PBO.

[5] We transition 2021 NOC codes to their 2016 equivalents for a consistent series. See Statistic Canada's Correspondence tables.