

Federal Healthcare Partnership

2007–2010 Business Plan



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EXECUTIVE SUMMARY

The six permanent member departments that comprise Federal Healthcare Partnership (FHP) expend over \$2 billion annually on healthcare products and services for more than one million clients. Clearly, the FHP is a vital element of Canada's healthcare system and a provider of value to the Canadian taxpayer.

Since its inception in 1994, the FHP has implemented numerous strategies to coordinate the joint purchasing of healthcare products and services at the lowest possible cost. Today, the FHP is regarded as a vital, highly efficient team of member organizations that collectively carry out cost-saving strategies in keeping with the Government of Canada's priorities and the Treasury Board of Canada's focus on strategic planning, interoperability, and cross-jurisdictional integration.

This 2007-10 Business Plan demonstrates the FHP's commitment to meet its two objectives: to achieve economies of scale while enhancing the provision of care; and to provide strategic issues leadership. With cost efficiencies of over \$39 million in 2005-06 alone (an investment/savings/cost avoidance ratio of approximately 1:13), it is clear that the planning period reflected in this report has a foundation for success to build on.

Over the planning period, the FHP will continue to actively seek ways to increase the efficiency of activities related to the provision of healthcare products and services. It will also pursue opportunities for the mutual goals of improved healthcare and cost savings/avoidance through horizontal efforts in which collaboration is central.

The FHP delivers both quantitative and qualitative benefits to the communities and people served by its member organizations. These benefits are delivered through a series of planned and measurable activities in areas of involvement that include Pharmacy, Audiology, Dental, Vision, Oxygen, Medical Equipment Recycling, Mental Health, Health Information Management.

For the planning period, cost savings/avoidance figures illustrate a levelling-out in the second and third years, demonstrating the effectiveness of the program in achieving major quantitative benefits in early pursuit of its goals, and increased qualitative benefits as the Partnership sustains cost savings/avoidance while paving a strategic path to the future.

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1. INTRODUCTION

1.1 Purpose of this Plan

The purpose of this plan is to communicate the key business activities and strategies of the Federal Healthcare Partnership (FHP), for the period April 1, 2007 through March 31, 2010.

This *2007-2010 Business Plan* is the principal business document of the FHP. Other related documents and information are available via the FHP website at: www.fhp-pfss.gc.ca

1.2 Background

The Government of Canada purchases a wide range of healthcare supplies and services in the delivery of many of its programs. These purchases amount to approximately \$5 billion dollars per year¹ and represent thousands of items ranging from over-the-counter medications to expensive diagnostic equipment and the services of health professionals. With the potential for so many federal departments and agencies (organizations) to be involved, vital opportunities exist to maximize economies of scale and work in horizontal collaboration.

The Federal Healthcare Partnership (FHP)² was established in 1994, with the approval of the Treasury Board of Canada, to support federal organizations with common interests in relation to maximizing efficiencies and reducing duplication in the delivery of healthcare programs. At the time, individual organizations were making significant efforts to be cost effective, yet little effort had been dedicated to:

- using existing or planned work as leverage to achieve cost benefits and exploit economies of scale; or
- coordinating efforts to harmonize standards across partner organizations.

FHP was created to address these gaps. Since its creation, the FHP has established a core set of activities, and continually seeks to identify and respond to opportunities for cost reduction and program efficiencies.

¹ The figure of \$5B refers to annual federal healthcare expenditures for the nearly 30 federal organizations providing direct health services to Canadians. (Source: Canadian Institute for Health Information, *National Health Expenditure Trends, 1975–2005*, p. 135.)

² In 1994, the partnership was named the Health Care Coordination Initiative (HCCI); the change to the current name, the Federal Healthcare Partnership (FHP), occurred in 2003.

1.3 Partner Organizations

The six permanent member organizations of the FHP collectively serve more than one million federal clients. The organizations and communities they serve are:

- Health Canada (HC), Non-Insured Health Benefits Program (NIHB) – eligible First Nations people and Inuit
- Veterans Affairs Canada (VAC) – eligible Veterans
- Department of National Defence (DND) – Canadian Forces members
- Royal Canadian Mounted Police (RCMP) – regular members and eligible retired members
- Correctional Service of Canada (CSC) – inmates of federal correctional institutions and some former inmates on conditional release
- Citizenship and Immigration Canada (CIC) – refugee protection claimants, sponsored convention refugees, and individuals detained by CIC

In addition, the following federal organizations participate in the FHP in areas of shared interest:

- Public Works and Government Services Canada (PWGSC)
- Treasury Board Secretariat (TBS)
- Privy Council Office (PCO)

2. ABOUT THE FEDERAL HEALTHCARE PARTNERSHIP (FHP)

2.1 Charter

A series of strategic planning sessions in 2004/05 resulted in the drafting of the FHP Charter to strengthen the partnership by defining the FHP mandate, structure and functions. It was endorsed in early 2005 at the Deputy Minister level by the FHP's six permanent member organizations and the following sections reflect the content of that document.

2.2 Mission

The Federal Healthcare Partnership (FHP) was created to identify, promote and implement more efficient and effective healthcare programs through the collaborative effort of all member organizations. Its mission is to achieve economies of scale (while enhancing the quality of healthcare services) that could not be achieved through the efforts of the individual organizations working on their own.

The FHP represents all members in matters of a pan-Canadian nature. Such representation ensures that members with a common interest are recognized as active participants in pan-Canadian health services issues.

2.3 Objectives

The FHP has two main objectives:

- To achieve economies of scale while enhancing the provision of care; and
- To provide strategic issues leadership

2.4 Governance

The FHP's governance structure includes an Executive Committee that comprises Assistant Deputy Minister (ADM) level representation from partner organizations; a Management Committee that comprises Director General-level representation; and a Secretariat. Provision is also made in the Charter for working groups to be established based on direction from the Executive and Management committees.

2.5 FHP Resources and Funding

The operational activities of the partnership are coordinated and managed by the FHP Secretariat, which has a small permanent staff headed by an Executive Director. FHP partner organizations assign human resources to initiatives undertaken by the partnership on an *ad hoc* basis.

The Secretariat is under the purview of the Associate Deputy Minister of Veterans Affairs Canada (VAC). Funding to support the Secretariat is released through VAC based on approval from Treasury Board. FHP organizations absorb their own costs associated with participation in FHP initiatives.

3. FHP STRATEGY

3.1 Objectives

Over the three-year period 2007-2010, the activities of the FHP will be guided by the following objectives:

Objective 1: *To achieve economies of scale while enhancing the provision of care*

Performance expectations for Objective 1 are as follows:

- Cost savings/avoidance through the implementation of joint agreements with departments and healthcare providers for the purchase of goods and services;
- Additional cost savings/avoidance through economical use of departmental resources and reduced duplication of effort;
- Targeted cost savings/avoidance without compromising the quality of care to clients;
- Fewer cost increases by adopting a horizontal management approach.

Objective 2: *To provide strategic issues leadership*

Performance expectations to achieve Objective 2 are as follows:

- Better access to program information among partners;
- Increased knowledge among partners of their individual programs' cost savings/avoidance;
- More consistent and efficient management of program delivery;
- Enhanced partner capability to provide cost/benefit analysis and make interdepartmental comparisons;
- Increased awareness and understanding of industry practices;
- Improved policy development and decision-making by senior management;
- Greater access to expert knowledge;
- Streamlined operational and policy processes and enhanced collaboration
- Combined resources for joint projects;
- Identification of best practices and standards.

3.2 Business Model

The FHP's current business model is depicted in Figure 1 below. This model will continue to be refined as the business plan evolves.

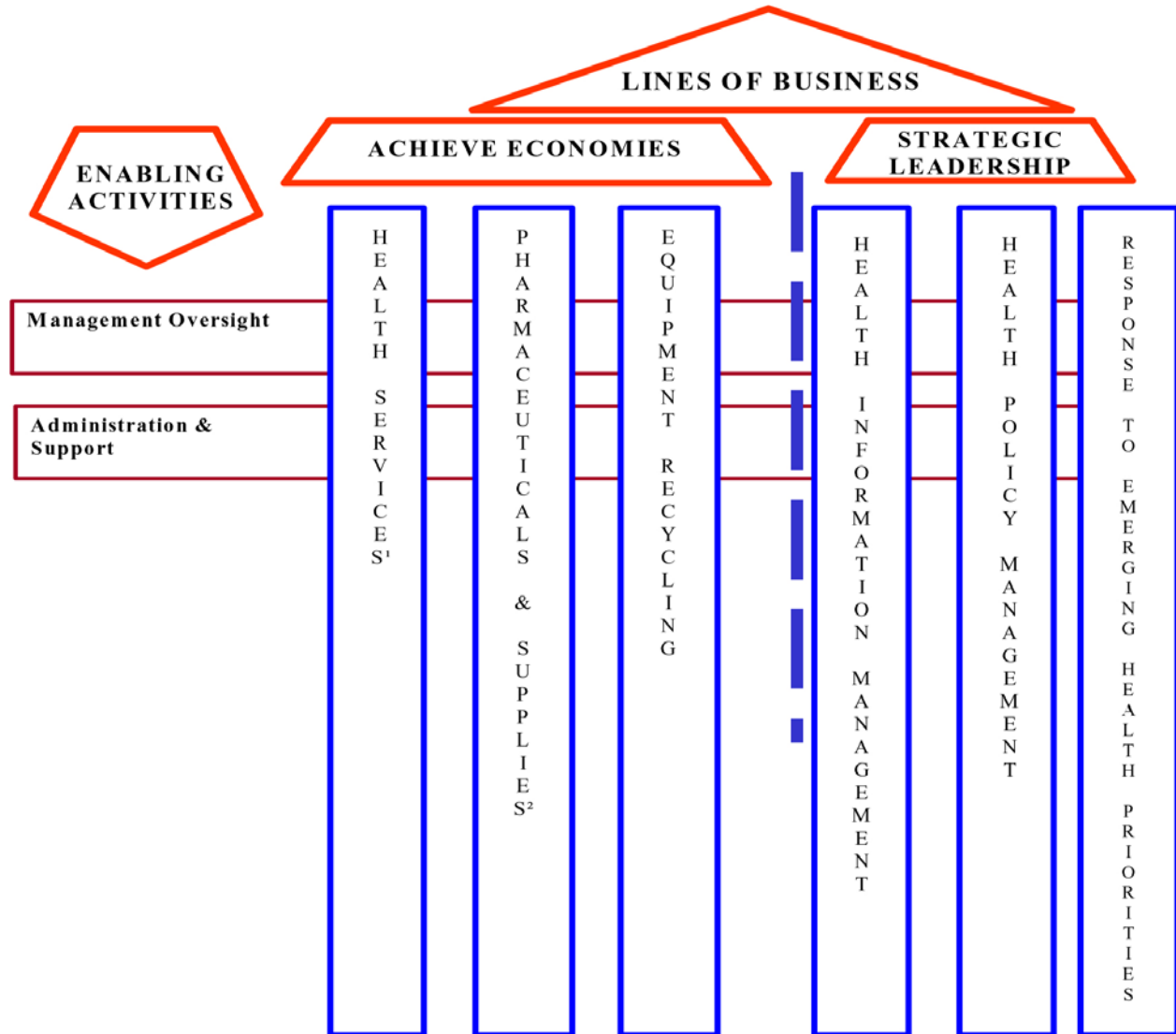


Figure 1: FHP Business Model

¹ *Health Services* comprises all FHP activities associated with the procurement delivery, and management of health services, e.g., professional services.

² *Pharmaceuticals and Supplies* comprises all activities related to the procurement, delivery, and management of drugs, healthcare products, and equipment.

3.3 Areas of Involvement

Areas of FHP involvement include the following:

- Audiology
- Health Information Management (*formerly, Information and Communications Technologies*)
- Dental
- Vision
- Health Human Resources (*formerly, Health Care Professional Services*)
- Oxygen
- Medical Equipment Recycling Program
- Mental Health
- Pharmacy (Note: Pharmacy includes ongoing collaborative activities undertaken in response to the Auditor General's 2004 recommendations concerning "Management of Federal Drug Benefit Programs")
- Federal/Provincial/Territorial (F/P/T) Representation

In addition to the above, there are routine *business planning and administrative* activities associated with the partnership.

The partners are exploring the feasibility of coordinating efforts in the emerging area of *home and continuing care*.

4. 2007-2010 PLANS

This plan follows FHP's Accountability and Performance Measurement Structure, which was developed to facilitate setting performance targets, and monitoring, measuring and reporting on performance.

4.1 Planning Assumptions

The planning assumptions on which this business plan is based are the following:

1. Qualitative and quantitative benefits result from participation in the partnership.
2. The requirement for horizontal collaboration will not diminish.
3. Planned activities will be undertaken within the established schedules.
4. Partner organizations will continue to assign the necessary human resources to support FHP initiatives.

4.2 Planned Activities

In the following table, FHP's planned activities for the period 2007-2010 are identified by area of involvement. Also identified, by activity, are the participating partner organizations.

Table: Planned Activities 2007-2010

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
Audiology				
1. Renew three-year hearing products Memorandum of Understanding with the Canadian Auditory Equipment Association for the period Nov 2/07 to Nov 1/10	✓	maintenance	maintenance	VAC, HC, DND, RCMP
2. Conduct joint policy review	✓	✓	✓	VAC, HC, DND, RCMP
3. Explore joint negotiations for service fees	✓	maintenance	maintenance	VAC, HC, DND, RCMP
Health Information Management				
1. Coordinate joint procurement of professional services	✓	✓	✓	
2. Provide strategic leadership in electronic health (E-health) strategy development and implementation	✓	✓	✓	HC, VAC, RCMP, DND, CIC, CSC & 3 observers

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
<p>Dental</p> <p>1. Continue to explore opportunities for joint work and pursue activities identified</p> <p>2. Validate status of common standards and reporting through the Federal Dental Care Advisory Committee</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>HC, VAC, RCMP, DND</p> <p>HC, VAC, RCMP, DND</p>
<p>Vision</p> <p>1. Atlantic Provinces – Annual sign-off on Letters of Understanding for fees (June 2002 – no expiry date)</p> <p>2. Quebec – Renew Joint Agreement (Feb 2006-Jan 2008) Note: Agreement not signed at time of reporting</p> <p>3. Alberta – Explore feasibility of joint negotiations</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	<p>HC, VAC, RCMP</p> <p>HC, VAC, RCMP</p> <p>HC, VAC, RCMP</p>
<p>Health Human Resources (HHR)</p> <p>Develop opportunities for collaboration and coordination in recruitment and retention of physicians in the Government of Canada. (All HHR initiatives will be part of Canada's 10-year plan to strengthen healthcare and increase the pool of available healthcare professionals.)</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>	<p>HC, VAC, RCMP, DND, CSC, TBS, PWGSC, Public Health Agency of Canada, Human Resources and Social Development Canada (HRSDC)</p>

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
Oxygen 1. Explore renewal of joint standing offer agreement (SOA) for oxygen therapy in BC 2. Review oxygen expenditures in participating provinces with a view to identifying opportunities for implementing joint SOAs or other procurement strategies to reduce expenditures	 ✓ ✓	 ✓ ✓	 ✓	 HC, VAC HC, VAC
Medical Equipment Recycling Program 1. Expand program to include regions of Canada and federal organizations not currently participating 2. Strengthen policy and procedures to promote national consistency 3. Explore feasibility of expanding program to include medical supplies and equipment not currently being recycled	 ✓ ✓ ✓	 ✓ ✓ ✓	 ✓ ✓ ✓	 HC, VAC HC, VAC, PWGSC, TBS HC, VAC

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
<p>Mental Health (subject to funding approval)</p> <p>1. Provide a structured forum to explore horizontal opportunities</p> <p>2. Gather, analyse and disseminate information. Identify gaps and approaches to dealing with gaps</p> <p>3. Develop common objectives and approaches for consideration by senior management and government</p> <p>4. Establish links between key federal and external stakeholders</p> <p>5. Evaluate overall functioning of this coordination initiative</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>VAC, RCMP, HC, DND, CIC, CSC, TBS, HRSDC, Public Health Agency, Canada Mortgage and Housing Corp, Justice Canada, Indian and Northern Affairs Canada (for 1-5)</p>
<p>Business Planning and Administration</p> <p>1. Prepare FHP <i>Annual Report</i></p> <p>2. Prepare FHP <i>Three-Year Report</i></p> <p>3. Prepare FHP <i>2010-2013 Business Plan</i></p> <p>4. Revise FHP Accountability Framework (as necessary)</p> <p>5. Complete evaluation of FHP</p>	<p>✓</p> <p></p> <p></p> <p></p> <p></p>	<p>✓</p> <p></p> <p></p> <p></p> <p></p>	<p></p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>FHP Secretariat with input from all partners (1 to 4)</p> <p>External auditor (5)</p>

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
<p>Pharmacy</p> <p>A. Lead or participate in joint negotiations:</p> <p>1. Renew Memorandum of Agreement (MOA) – Saskatchewan</p> <p>2. Renew MOA – British Columbia (feasibility and sign off in 2006-2007)</p> <p>3. Explore feasibility of joint negotiations in Alberta and Quebec</p> <p>4. Renew joint MOA – Manitoba (feasibility and sign off in 2006-2007)</p> <p>5. Renew joint MOA – Atlantic provinces (feasibility and sign off in 2006-2007)</p> <p>6. Explore feasibility of national agreement with Canadian Association of Chain Drug Stores (CACDS)</p>	<p>✓</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>HC, VAC, RCMP, DND (1)</p> <p>HC, VAC, RCMP (2)</p> <p>HC, VAC, RCMP (3)</p> <p>HC, VAC, RCMP (4)</p> <p>HC, VAC, RCMP (5)</p> <p>HC, VAC, RCMP, DND (6)</p>
<p>B. Lead or participate in federal committees:</p> <p>1. Federal Pharmacy and Therapeutics Committee</p> <p>2. Federal Drug Benefits Committee</p> <p>3. Joint Committee on Audit</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>CIC, CSC, DND, HC, RCMP, VAC</p> <p>CIC, CSC, DND, HC, RCMP, VAC</p> <p>CIC, DND, HC, RCMP, VAC</p>

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
Pharmacy (continued)				
<p>C. Complete development and implementation of measures in response to the Auditor General's 2004 recommendations concerning "Management of Federal Drug Benefit Programs":</p>				
<p>1. Develop performance measures for inclusion in departmental reports on drug benefit program performance</p>	✓	✓	✓	CIC, CSC*, DND, HC, RCMP, VAC
<p>2. Develop and implement a common set of alert messages for retail pharmacy providers</p>	✓	✓		DND, HC, RCMP, VAC
<p>3. Develop and implement quantity limits on targeted drugs</p>	✓	✓		DND, HC, RCMP, VAC
<p>4. Develop and implement a common strategy for managing privacy concerns</p>	✓			CIC, DND, HC, RCMP, VAC
<p>5. Develop and implement a common strategy for communicating drug use information to healthcare providers</p>	✓			CIC, CSC, DND, HC, RCMP, VAC
<p>6. Develop (through work of the Federal Drug Benefits Committee) and implement cost containment initiatives</p>	✓	✓	✓	CIC, CSC, DND, HC, RCMP, VAC
<p>*CSC will not be in a position to implement performance measures in the same time frame as other partners due to the absence of a central database for CSC drug benefits</p>				

Activities by Area of Involvement	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Partners
<p>Federal/Provincial/Territorial (F/P/T) Representation</p> <p>Participate in F/P/T committees and working groups:</p> <ul style="list-style-type: none"> • Advisory Committee on Pharmaceuticals • Canadian Expert Drug Advisory Committee • Canadian Optimal Medication Prescribing and Utilization Service Advisory Committee • Infoway Chief Information Officer Forum • Infoway Electronic Health Record (EHR) Blueprint Evolution Working Group • Infoway EHR Standards Steering Committee • Canadian Standards Association Z295 (Health Informatics) Working Group • Vaccine Supply Working Group • Public Health and Emergency Management Working Group • Health Goals for Canada Interdepartmental Working Group • National Pharmaceuticals Strategy 		<div data-bbox="699 562 1167 730" style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>Participation on committees/working groups is anticipated to continue. Changes may result as new groups are formed and old groups reviewed.</p> </div>		<p>FHP Secretariat and/or partner organization representatives</p>

5. FINANCIAL INFORMATION

5.1 Cost and Benefits

FHP partner representatives and Secretariat staff prepared cost estimates and cost benefit analyses for their respective organizations.

FHP Secretariat costs are those costs arising from partnership activities carried out by the Secretariat. Departmental contribution costs are those costs borne by individual organizations for their participation in FHP-related initiatives.

It should be noted that many of the costs attributed to the FHP would be incurred by the partner organizations irrespective of the partnership, for example, by negotiating agreements individually.

5.2 Quantitative versus Qualitative Benefits

The benefits realized from participation in the partnership are both quantitative and qualitative:

Quantitative Benefits

Quantitative benefits were estimated based on potential cost savings/avoidance resulting from specific activities identified by partners in the cost estimating process. These benefits are calculated through an analysis of the impact by comparison of pricing grids and consideration of changing trends.

The FHP is further able to calculate cost savings/avoidance based on experience gained during past business planning periods.

The following assumptions formed the basis of estimated cost savings/avoidance of the quantitative benefits associated with the analysis:

- Activities for each area of involvement formed the basis for estimates;
- Projected expenditures for this analysis period are expected to decrease;
- Standing Offer Agreements/Master Standing Offer Agreements, are in place for identified activities;
- Cost savings/avoidance will vary according to the date of implementation of each completed activity;
- Cost savings/avoidance are estimated to accrue at the end of fiscal years to simplify calculations.

Qualitative Benefits

Many of the benefits derived by FHP member organizations, both individual and collective are qualitative. For example, departments have strengthened inter-organization relationships both within and outside the scope of FHP activities. The benefits realized through these horizontal activities can be both directly and indirectly attributed to participation in the FHP.

FHP members have assessed the qualitative benefits realized through the efforts of the partnership, and recognize the importance of collaborative efforts and horizontal management.

FHP partners have identified the following qualitative benefits that have been realized from working together as partners in the FHP:

1. Improved decision making through:

- A more common evidence-based approach to decision-making;
- Consistent advice to senior officials and Ministers across departments, while maintaining independent decision-making by departments based on specific mandates and client needs;
- High quality business planning;
- Confidence in decisions made as a result of the provision of expert advice;
- A network of intelligence vehicles through many sources, such as the provinces, other federal departments and agencies, consultants in the private sector, and academia.

2. Cost Savings/Avoidance through:

- Economical use of departmental resources;
- Reduced duplication of effort;
- Improved awareness of departmental expenditures;
- Combined negotiation support skills resulting in improved outcomes;

3. Exchange of Information between departments which provides:

- Inter-departmental sharing of data/information and knowledge;
- A forum for information and knowledge exchange;
- Opportunities to identify benefits derived from working collaboratively;
- Greater awareness of common interests leading to partnering opportunities;
- An expanded network of contacts leading and access to expert advice.

4. Improved Information Analysis which provides:

- Uniform access to high-quality information on issues of common concern;
- Higher degree of information utilization on assets and resources;
- Wider access to research and databases;
- Improved awareness of departmental requirements and expenditures.

5. Workshops on FHP-related Issues which provide:

- Enhanced workforce skills;
- Improved analytical and negotiation capabilities;
- Streamlining of workforce methods and training;
- Exchange of knowledge between co-workers;
- Improved ability to structure and implement services.

6. Improved Program Management which provides:

- A model for horizontal management that provides true value to program delivery;
- Analysis capabilities when making interdepartmental comparisons;
- Strategic partnerships/alliances;
- Positioning for future partnership initiatives;
- Alignment with federal government priorities and objectives.

7. Enhanced Business Reputations/Image which provides:

- Strengthened bargaining position;
- Strengthened knowledge and understanding of industry practices;
- Sharing knowledge and experiences between departments provides management the capacity to correct/avoid potential problems before they arise

5.3 Cost Savings/Avoidance

Previous

	2001-02	2002-03	2003-04	2004-05	2005-06
Cost Savings/Avoidance*	\$7,400,000	\$ 11,588,000	\$ 19,916,045	\$ 19,406,608	\$ 41,911,940
FHP Secretariat Costs (actuals)	\$976,000	\$ 1,016,000	\$ 1,141,000	\$ 1,191,465	\$ 2,234,311
Total Net Savings/Avoidance	\$ 6,424,000	\$ 10,572,000	\$ 18,775,045	\$ 18,215,143	\$ 39,677,629

*Source: FHP Annual Reports for fiscal years in question.

Projected

	2007-08	2008-09	2009-2010
Cost Savings/Avoidance - estimated minimum savings*	\$ 15,845,996	\$ 6,000,000	\$ 6,000,000
FHP Secretariat Costs (forecast)	\$ 2,305,623	\$ 2,335,479	\$ 2,171,986
Total Net Cost Savings/Avoidance	<p>*Accurate forecasts at this stage of planning are difficult. However, cost savings/avoidance are expected to grow at a rate comparable to those of 2001-2006.</p> <p>The FHP Secretariat return on investment (ROI) value has been progressive since its beginning. An examination of value for dollar spent clearly indicates that risk of investment is nil and returns extremely favourable. The FHP Secretariat is a leader in horizontal collaboration initiatives, and steadily continues to provide investment value for Canadian taxpayers.</p>		

Appendix A

Departmental Expenditures—Previous Three Years

The following tables represent client numbers in partner organizations and total expenditures within each area of involvement over the past three years. The increase in expenditures underlines the importance of the FHP's involvement in collaborating to develop and implement cost-containment strategies and associated strategic planning.

Interpretation Notes for Appendix A:

DND

National Defence client numbers represent the total number of personnel in the Regular Forces and Reserves who are eligible to receive health care.

The DND figures in the table titled Pharmaceutical Expenditures include the cost of pharmaceuticals purchased by the Canadian Forces per year, plus the costs incurred to contract with pharmacists. The figures do not include costs for the military pharmacists who provide services on bases. Hence, the costs may be understated. The figures do however, include the costs of drugs purchased for inventory but not issued to clients.

RCMP

The formulae found under “# clients” for RCMP are indicative of regular members plus eligible retired members.

Department	Audiology Expenditures (\$ Millions)					
	2003-2004		2004-2005		2005-2006	
	# clients	\$M	# clients	\$M	# clients	\$M
Correctional Service	12 650	0.42	12 623	0.43	12 671	0.134
Health Canada-NIHB	749 825	2.33	764 523	2.37	779 950	2.23
National Defence	91 465	0.74	91 534	0.59	94 056	0.717
Royal Canadian Mounted Police	16 238	N/A	16 625 + 3 700 = 20 325	0.42	16 442 + 3 918 = 20 360	0.42
Veterans Affairs Canada	132 865	36.8	132 000	36.9	134 000	40.7
Totals	1 003 043	40.3	1 021 005	40.8	1 041 037	44.201

Department	Dental Expenditures (\$ Millions) (including supplies and services)					
	2003-2004		2004-2005		2005-2006	
	# clients	\$M	# clients	\$M	# clients	\$M
Correctional Service	12 650	2.8	12 623	2.8	12 671	1.717
Health Canada - NIHB	749 825	134.5	764 523	140.3	779 950	143.2
National Defence	91 465	18.6	91 534	19.4	94 056	21.4
Royal Canadian Mounted Police	16 238	8.53	16625 + 3700 = 20 325	9.1	16 442 + 3918 =20 360	10.24
Veterans Affairs Canada	132 865	18.09	132 000	19.32	134 000	19.6
Citizenship and Immigration Canada	N/A	N/A	N/A	N/A	81 264	1.1
Totals	1 003 043	182.5	1 021 005	190.9	1 122 301	197.26

Department	Oxygen & Peripherals Expenditures (\$ Millions)					
	2003-2004		2004-2005		2005-2006	
	# clients	\$M	# clients	\$M	# clients	\$M
Correctional Service	12 650	N/A	12 623	N/A	12 671	N/A
Health Canada-NIHB	749 825	1.95	764 523	2.27	779 950	2.02
National Defence	91 465	0.609	91 534	0.614	94 056	0.05
Royal Canadian Mounted Police	16 238	0.16	16625 + 3700 = 20 325	0.18	16 442 + 3918 =20 360	0.22
Veterans Affairs Canada	132 865	5.62	132 000	4.98	134 000	4.7
Totals	1 003 043	8.339	1 021 005	8.044	1 041 037	6.988

Department	Pharmaceutical Expenditures (\$ Millions) (including all drugs and related costs, medical supplies and equipment and O&M)					
	2003-2004		2004-2005		2005-2006	
	# clients	\$M	# clients	\$M	# clients	\$M
Correctional Service	12 650	17	12 623	17.2	12 671	19.45
Health Canada-NIHB	749 825	327	764 523	343.9	779 950	368.4
National Defence	91 465	31.5	91 534	36.9	94 056	37.4
Royal Canadian Mounted Police	16 238	7.5	16 625 + 3 700 = 20 325	7.7	16 442 + 3 918=20 360	8.54
Veterans Affairs Canada	132 865	111.2	132 000	118.3	134 000	123.3
Citizenship and Immigration Canada	N/A	N/A	N/A	N/A	81 264	5.7
Totals	1 003 043	494.2	1 021 005	524	1 122 301	562.79

Department	Vision Expenditures (\$ Millions)					
	2003-2004		2004-2005		2005-2006	
	# clients	\$M	# clients	\$M	# clients	\$M
Correctional Service	12 650	0.41	12 623	0.4	12 671	0.28
Health Canada-NIHB	749 825	24.4	764 523	24.6	779 950	25
National Defence	91 465	2.6	91 534	2.2	94 056	1.65
Royal Canadian Mounted Police	16 238	1.14	16 625 + 3 700 = 20 325	1.2	16 442 + 3 918=20 360	1.42
Veterans Affairs Canada	132 865	6.1	132 000	6.1	134 000	6.2
Citizenship and Immigration Canada	N/A	N/A	N/A	N/A	81 264	0.9
Totals	1 003 043	34.67	1 021 005	34.5	1 122 301	35.45

Appendix B

Estimated Expenditures for Partner Departments Working on FHP Activities

Activity	Estimated Expenditures 2007-2008	Estimated Expenditures 2008-2009	Estimated Expenditures 2009-2010
Audiology	\$ 276,062	\$ 269,167	\$ 271,340
Health Information Management	\$ 171,652	\$ 176,774	\$ 182,276
Pharmacy	\$ 406,114	\$ 411,301	\$ 416,709
Response to the Auditor General (Pharmacy)	\$ 375,622	\$ 355,744	\$ 353,246
Vision	\$ 135,002	\$ 137,107	\$ 139,280
Health Human Resources	\$ 151,280	\$ 159,506	\$ 162,903
Medical Supplies and Equipment Recycling	\$ 112,016	\$ 121,736	\$ 124,191
Home and Continuing Care	\$ 104,706	\$ 115,243	\$ 118,620
Mental Health	\$ 147,681	\$ 164,011	\$ 168,804
Total Departmental Cost*	\$1,880,135	\$1,910,589	\$1,937,369

Although departmental contributions to FHP initiatives are expected to increase slightly, a return on investment ratio of 1:19 (as was the case in FY 2005-2006) is estimated in the first year of the business planning years, and increasing steadily over the three year period.

***Note:** The "Total Departmental Cost" figures in the above table differ from those in the following table titled "Total Estimated Departmental Contributions" The above table may not include costs related to O&M, professional services, training and travel.

Appendix C

Total Estimated Departmental Contributions

DEPARTMENT	Total Estimated Departmental Contributions (including salary, O & M, professional services, training, and travel)		
	2007-2008	2008-2009	2009-2010
CSC	\$ 160,000	\$ 160,000	\$ 165,000
DND	\$ 100,000	\$ 100,000	\$ 100,000
HC	\$ 571,154	\$ 588,288	\$ 605,937
RCMP	\$ 128,760	\$ 141,636	\$ 155,799
VAC	\$ 514,250	\$ 514,250	\$ 514,250
PWGSC	\$ 106,000	\$ 81,000	\$ 68,000
TBS	\$ 7,700	\$ 7,700	\$ 7,700
CIC	\$ 208,899	\$ 208,899	\$ 208,899
Total Departmental Contributions	\$ 1,796,763	\$ 1,801,773	\$ 1,825,585
Total FHP Secretariat Costs	\$ 2,305,623	\$ 2,335,479	\$ 2,171,986
Total Investment Cost of FHP Activities	\$ 4,102,386	\$ 4,137,252	\$ 3,997,571

Note: Departmental contributions are determined by estimating the time of departmental staff spent on planned activities as well as any other costs related to these FHP activities. This includes any necessary travel expenses incurred in support of these activities. It should be noted that the great majority of these costs would exist whether or not the departments worked in partnership on these activities.

A. Cost Structure

To situate costs and benefits in an analytical framework, estimates were prepared on the basis of identified priorities being joint purchasing, joint negotiations, program management, and strategic leadership and the associated activities outlined in the Action Plan. Cost estimates were categorized under four separate cost categories as follows and rolled up:

Salary

Salary costs were developed on the basis of estimated Full-Time Equivalent (FTEs) for time spent by FHP Secretarial staff and departmental representatives involved in FHP activities as well as FHP Secretariat staff.

Operating and Maintenance

General operating and administrative costs translated to expenditures such as travel, supplies, transportation, rentals as well as other miscellaneous costs.

Professional Services

Fees for professional services and expertise contracted outside the federal public service formed this category.

Training

Training included costs associated with specific training courses and workshops relating to identified activities.

B. Cost Assumptions

The following assumptions provided the basis for preparing cost estimates:

- Projected costs reflect activities planned for the three fiscal years of this plan.
- Costs to be incurred by the FHP Secretariat in 2007-2008 represent average expenditures based on the previous three-year period, together with anticipated costs of activities and contracts;
- Inflation costs are not included for the purposes of this analysis;
- Contingency funding, if required, will be contributed by individual organizations on an *ad hoc* basis subject to the priorities of partner departments and the availability of resources;
- Departmental expenditures associated with the planned activities would exist even without the partnership. Therefore costs associated with the FHP Secretariat are only the incremental costs related to the partnership.

Appendix E

Summary of FHP Costs

Fiscal Year 2007-2008:

	Area of Involvement	Total Costs
FHP Secretariat	Total Secretariat Costs	\$ 2,305,623
Participating Departments	Audiology	\$ 276,062
	Health Information Management	\$ 171,652
	Pharmacy	\$ 406,114
	Vision	\$ 135,002
	Health Human Resources	\$ 151,280
	Medical Supplies and Equipment	\$ 112,016
	Home and Continuing Care	\$ 104,706
	Mental Health	\$ 147,681
	Response to the Auditor General (Pharmacy)	\$ 375,622
	Total Departmental Costs	\$ 1,880,135
Total Costs		\$ 4,185,758

Fiscal Year 2008-2009:

	Area of Involvement	Total Costs
FHP Secretariat	Total Secretariat Costs	\$ 2,335,479
Participating Departments	Audiology	\$ 269,167
	Health Information Management	\$ 176,774
	Pharmacy	\$ 411,301
	Vision	\$ 137,107
	Health Human Resources	\$ 159,506
	Medical Supplies and Equipment	\$ 121,736
	Home and Continuing Care	\$ 115,243
	Mental Health	\$ 164,011
	Response to the Auditor General (Pharmacy)	\$355,744
	Total Departmental Costs	\$1,910,589
Total Costs		\$4,246,068

Fiscal Year FY 2009-2010:

	Program	Total Costs
FHP Secretariat	Total Secretariat Costs	\$ 2,171,986
Participating Departments	Audiology	\$ 271,340
	Health Information Management	\$ 182,276
	Pharmacy	\$ 416,709
	Vision	\$ 139,280
	Health Human Resources	\$ 162,903
	Medical Supplies and Equipment	\$ 124,191
	Home and Continuing Care	\$ 118,620
	Mental Health	\$ 168,804
	Response to the Auditor General (Pharmacy)	\$ 353,246
	Total Departmental Costs	\$ 1,937,369
Total Program Costs		\$ 4,109,355