

Budget 2025: Federal Government Proposes Changes to Veterans and RCMP Medical Cannabis Benefits

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On November 4, 2025, the Government of Canada tabled [Budget 2025: Canada Strong](#) (Budget 2025) in the House of Commons,¹ introducing a series of measures to reduce government expenditures and deliver on the Government of Canada's Comprehensive Expenditure Review (CER). Among the measures introduced under Budget 2025 is an adjustment to the Cannabis for Medical Purposes benefit program administered by Veterans Affairs Canada (VAC) and the Royal Canadian Mounted Police (RCMP). This proposed change is projected to generate approximately \$4.4 billion in savings over four years.²

Background

VAC first reimbursed a veteran for medical cannabis in 2007 on compassionate grounds.³ In 2014, the benefit program expanded significantly following regulatory changes under the *Marihuana for Medical Purposes Regulations* (MMPR),⁴ which allowed for easier access to marijuana. The MMPR was subsequently repealed and replaced in 2016 by the *Access to Cannabis for Medical Purposes Regulations* (ACMPR). In 2018, the ACMPR was integrated into the *Cannabis Act* and the *Cannabis Regulations*, which now govern cannabis use for medical purposes.

In 2016, VAC established a reimbursement cap of three grams per day under the policy and fixed the reimbursement rate at \$8.50 per gram.⁵

To qualify for reimbursement, eligible individuals under the VAC and RCMP programs must:⁶

- Provide a medical document completed by a healthcare practitioner;
- Submit a confirmed registration document issued by a federally licensed producer; and
- Purchase cannabis exclusively from a federally licensed seller (with the exception of seeds and plants) authorized in accordance with the *Cannabis Regulations*.⁷

Medical cannabis reimbursements have grown rapidly in recent years. The number of veterans benefitting from the Cannabis for Medical Purposes benefit program increased from 37 in 2011-2012 to more than 27,000 in 2024-2025.⁸ In the last fiscal year, VAC reimbursed more than 30,000 kg of cannabis, amounting to nearly \$245 million.⁹

Changes Under Budget 2025

As discussed, both the VAC and RCMP programs currently reimburse medical cannabis at a rate of \$8.50 per gram,¹⁰ Under the Budget 2025 proposed adjustment, this reimbursement rate will be transitioned to a rate of \$6.00 per gram.¹¹ This adjustment is part of a broader fiscal strategy, outlined in the CER, which aims to reduce government spending and reallocate savings toward long-term investments in Canada's economy.¹² Overall, the CER aims to achieve \$60 billion in savings and new revenues over the next five years.¹³

Notably, Budget 2025 does not propose any changes to the Cannabis for Medical Purposes benefit program beyond the reduced reimbursement cap. Eligible individuals who currently purchase medical cannabis at or below \$6.00 per gram will not be impacted by this change.¹⁴

What's Next?

Budget 2025 must still pass a vote in Parliament in late November. If approved, the new reimbursement rate will take effect as part of the government's broader fiscal strategy.

If you have questions about how Budget 2025 may impact you or your organization, please contact a member of the Cassels [Cannabis Law Team](#).

¹ Government of Canada, *Budget 2025* (November 2025), online: <https://budget.canada.ca/2025/home-accueil-en.html> ("Budget 2025").

² Budget Canada, p. 209, "5.1 Spending Less to Invest More".

³ Veterans Affairs Canada, *Cannabis for Medical Purposes* (5 August 2025), online: <https://www.veterans.gc.ca/en/about-vac/reports-policies-and-legislation/departamental-reports/cannabis-medical-purposes> ("VAC").

⁴ VAC, "Timeline"; Canada Gazette, *Marihuana for Medical Purposes Regulations*, Canada Gazette, Part I, Volume 146, Number 50 (15 December 2012), online: <http://gazette.gc.ca/rp-pr/p1/2012/2012-12-15/html/reg4-eng.html>.

⁵ VAC, "Overview".

⁶ Veterans Affairs Canada, *Reimbursement Policy for Cannabis for Medical Purposes*, (17 October 2019), online: <https://www.veterans.gc.ca/en/about-vac/reports-policies-and-legislation/policies/reimbursement-policy-cannabis-medical-purposes>.

⁷ Cannabis Regulations, SOR/2018-144, online: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2018-144/>.

⁸ StratCann, "Canada's Budget 2025 Includes Goal of Saving \$4.4 Billion in Medical Cannabis Benefits," StratCann (5 November 2025), online: <https://stratcann.com/news/canadas-budget-2025-includes-goal-of-saving-4-4-billion-in-medical-cannabis-benefits/>.

⁹ VAC, "Statistics".

¹⁰ Budget 2025, pp. 322 & 329, "Annex 3: Comprehensive Expenditure Review: Planned Reductions by Organisation".

¹¹ Budget 2025, pp. 322 & 329, "Annex 3: Comprehensive Expenditure Review: Planned Reductions by Organisation".

¹² Budget 2025, p. 205, "5.1 Spending Less to Invest More".

¹³ Budget 2025, p. 15, "Introduction".

¹⁴ Budget 2025, pp. 322 & 329, "Annex 3: Comprehensive Expenditure Review: Planned Reductions by Organisation".

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