



## Healthcare Spending Account Eligible Expenses

September 2007

A **healthcare spending account** allows an employer to offer an effective benefit solution while working within a budget. For ease, you may wish to think of this plan as a "pre-defined contribution" plan as the cost is specified but the coverage is flexible.

The employer designates a dollar amount that each employee may use on any CRA (Canadian Revenue Agency) eligible health and/or dental expense. The amount designated is the maximum amount that each employee may spend in a calendar year period. The employer, therefore, knows in advance the maximum potential cost to their organization. At the beginning of a calendar year, each employee is given their HCSA dollars in a designated account.<sup>1</sup> At the end of the calendar year, any unused amounts are forfeited.<sup>2</sup>

### Example 1

Employee hired January 1, 2006. They are eligible for a \$900 HCSA. On August 15, 2006, they submit a claim for \$150. A cheque is issued to the employee in the amount of \$150. Balance remaining in the employee's HCSA is \$750 (\$900 - \$150). The employee makes no additional claims for the balance of 2006. After December 31, 2006, the remaining \$750 is forfeited and the employee receives a new \$900 HCSA on January 1, 2007.

### Example 2

Employee hired June 1, 2006. They are eligible for a \$525 HCSA ( $\$900/12 \times 7$  months). On September 15, 2006, they submit a claim for \$600. A cheque is issued to the employee in the amount of \$525. Any additional claims incurred in 2006 will not be eligible for reimbursement. On January 1, 2007, the employee will receive a new HCSA balance of \$900. Any claims incurred in 2007 will be eligible for reimbursement using the HCSA balance for that year.<sup>3</sup>

## One size fits all:

- Companies with no current coverage
- Employers that must work within a budget (non-profit organizations)
- Employers with high turnover issues but still want to offer benefits
- Employers that would like to "top up" their traditional benefits with a budgeted mechanism
- Employers that may offset their traditional plan in efforts to control claims experience and premiums of the traditional plan

## Features & Highlights

- Expenses/ costs are known upfront.
- Costs will never increase unless the employer increases the benefit or additional employees are added.
- Benefit spending is flexible for each employee (the employee's choose what they use their benefits for).
- Employees may purchase other Non Provincial Accident and Sickness products such as critical illness, individual health and dental plans etc with the funds in a HCSA.
- Additional insured products such as travel or catastrophic health coverage (stop loss) may be attached to the HCSA

## Eligible Expenses

<sup>1</sup> Employees hired throughout the year are given the HCSA on a pro-rated basis.

<sup>2</sup> Forfeited amounts remain the property of the employer and can be re-imbursed to the employer/ plan sponsor at any time. Cash Balance records are maintained at all times.

<sup>3</sup> Employees have 31 days, within a new calendar year, to submit claims incurred in the prior year.



**Professional Services:** Any service performed by a qualified medical practitioner, including but not limited to the following: Acupuncturist, Chiropractor, Chiropractor, Christian Science Practitioner, Dermatologist, Dentist, Dental Hygienist, Dental Mechanic, Dietician, Gynecologist, Massage Therapist, Naturopath, Neurologist, Obstetricians, Ophthalmologist, Optician, Optometrist, Orthodontist, Osteopath, Physician, Physiotherapist, Plastic Surgery, Podiatrist, Practical Nurse (licensed), Psychiatrist, Psychologist, Registered Nurse (RN), Speech Therapist, Surgeon<sup>4</sup>

**Dental Services:** Any service performed by a qualified medical practitioner, including but not limited to the following: Dental X-Rays, Denture Repairs, Denture Replacement, Dental Examinations, Extracting Teeth, Filling Teeth, Gum Treatment, Oral Surgery, Orthodontic Treatment.

**Laboratory Examinations & Tests:** Any service performed by a qualified medical practitioner, including but not limited to the following: Blood Tests, EKG, X-Ray Examinations, Urine Tests.

**Hospital Services:** Any service performed by a qualified medical practitioner, including but, limited to the following: Anesthetist, Hospital Bills, Use of Operating Room, Vaccines, Prescription Drugs, X-Ray & Lab Fees.

**Medicines:** Any service performed by a qualified medical practitioner, including but not limited to the following: All Prescription Drugs, All Non-Prescription Medicines (over the counter) that are prescribed by a medical practitioner and recorded and issued by a licensed pharmacist at a pharmacy, Insulin and Insulin Supplies, Oxygen.

**Prescribed Medical Treatments:** Any service performed by a qualified medical practitioner, including but not limited to the following: Blood Transfusion, Organ Transplants, Nursing Services by RN, Radiation Therapy, Speech Pathology, Audiology Tests & Treatment, Whirlpool Treatments, Hydrotherapy.

**Prescribed Medical Materials & Apparatus:** Any service performed by a qualified medical practitioner, including but not limited to the following: Breast Prosthesis, Devices for Mobility Impairment, Devices for Bathtubs, Showers & Toilets, Extremity Pumps, Hospital Beds at Home, Infusion Pumps, Orthopaedic Shoes & Boots, Power Operated Vehicles, Synthetic Speech Systems & Braille Printers, Wigs Required as a Result of Medical Treatment.

**Medical Materials & Apparatus Not Requiring Prescription:** Any service performed by a qualified medical practitioner, including but not limited to: Any Materials or Apparatus Paid to a Doctor, Nurse or Hospital, Hearing Aids, Audible Telephone Systems, Artificial Limbs, Colostomy / Ileostomy Pads, Crutches, Braces, Catheters, Blood Sugar Measuring Devices Wheelchairs.

**Other Expenses:** Any service performed by a qualified medical practitioner, including but not limited to: Ambulance Charges, Home Maker Services & Home Care (no relatives), Prescription Birth Control Pills, Specialty Trained Dogs for Blind / Deaf / Impaired, Transportation & Accommodation Costs to Doctor or Hospital if not available locally (some restrictions), Co-insurance and Deductibles for Medical Expenses not Paid or Reimbursed by Employee Benefit Plans.

**Special Note:** These previously mentioned items are not a complete list of all eligible expenses; this document is intended to provide a guideline and examples of commonly claimed medical expenses. The CRA (Canada Revenue Agency) is the final authority for Income Tax purposes.

## What is not covered?

The following items are some of the items that are not covered. This list is not limited to only these items.

Air Conditioners, Humidifiers, Air Cleaners, Personal Fitness Trainers, Health/Fitness Programs Offered by resort Hotels or Health / Fitness Clubs, Illegal Operations, Maternity Clothes, Medical Expenses Reimbursed from Other Benefit Plans, Special Foods unless for treatment of a medical condition & prescribed by a medical practitioner, Provincial Health Care premiums.

<sup>4</sup> A qualified medical practitioner means a person who is authorized to practice in accordance to the laws of the province and is certified according to the practitioner's governing body.