

# HSA HEALTH SPENDING ACCOUNT

An  
**affordable**  
employee benefit  
**solution**



## What is a Health Spending Account?

A **Health Spending Account (HSA)** is a unique and effective way to offer employees the benefits they want using pre-tax dollars. Employees can choose where their HSA benefit dollars are spent, customizing their plan to their specific needs.

The HSA account is funded through employer contributions, and can be used by employees for medical expenses and health costs not covered under their basic or provincial health plan. Employees are allocated a specific sum of money at the beginning of each year on a pre-determined deposit schedule (ie. Quarterly, semi-annually).

## Advantages

- Adds flexibility to your group plan
- Controls health plan costs
- Creates a competitive advantage by offering existing and potential employees more benefits compared to other companies
- Is an alternative to adding new benefits to the plan's coverage
- Allows for additional funds for emergency situations
- Employer contributions associated with the plan may be tax deductible
- Encourages employee accountability on the use of health care funds
- Accommodates diverse employee needs

## Who is eligible?

- Anyone eligible for group plan coverage through your organization
- Anyone who has opted out of the group plan due to spousal coverage

*Please note: As an employer you have the ability to limit eligibility.*



Providing full coverage for every possible health benefit is unrealistic for most organizations.

Health Spending Accounts provide coverage to meet plan members' unique and varying health care needs.

For more information, please contact your Medavie Blue Cross representative.



[www.medavie.bluecross.ca](http://www.medavie.bluecross.ca)

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[MedavieSmallSteps.com](http://MedavieSmallSteps.com)

# Two management options

## Eligible expenses

include health and dental expenses not covered by the group plan.

These expenses include:

- Medical fees (except cosmetic procedures) not covered by the group plan
- Some medical devices, drugs and hospitalization fees
- Laser eye surgery
- Insulin, oxygen and liver extract, as prescribed by a physician
- Acupuncture and chiropractic services
- MRI exams conducted at a private clinic
- Expenses incurred outside the country in excess of the coverage from your provincial plan or travel health insurance
- Transportation and travel costs while receiving necessary medical care
- Expenses from home renovations or vehicle modifications due to disability

## Credit carry forward

- On January 1, or on the policy's effective date, a pre-determined allocation is credited to the employee's "account".
- The plan is designed to allow the transfer of any unused credits into the next year.
- At the end of the second year, any unused credits from the first year are forfeited.
- Claims are to be submitted by the employee during the year incurred.
- Employees have a period of 60 days\* following the end of the first year to submit unpaid claims from the previous year. For example, employees who incurred expenses in one year can submit a claim for this expenditure up until February 28 of the following year. These claims will be paid by remaining HSA balance.

\*May vary by group

Example:

Date	Allocated Credit	Amount Reimbursed	Balance
January 1, 2012	\$800		\$800
February 7, 2012 (claim filed)		\$150	\$650
May 4, 2012 (claim filed)		\$200	\$450
January 1, 2013 (new allocation)	\$800		\$1250*
January 1, 2014 (new allocation)	\$800		\$1600**

\* Credit carried forward (\$800 + \$450).

\*\* The \$450 carried forward from 2012 is forfeited.

## Claims carry forward

- On January 1, or on the policy's effective date, a pre-determined allocation is credited to the employee's "account".
- Funds not used in the year they were allocated are forfeited.
- Claims not reimbursed in the first year can be carried forward into the second.
- Employees have a period of 60 days\* following the end of the year to submit unpaid claims from the previous year. These claims will be paid by the previous year's remaining HSA balance. If claims exceed the remaining previous year's balance, the current year's balance will be used.

\*May vary by group

Example:

Date	Allocated Credit	Claim Amount	Amount Reimbursed	Balance
January 1, 2012	\$800	\$1000	\$800	\$200
January 1, 2013	\$800		(\$200)*	\$600**
January 1, 2014	\$800			\$800*

\* Reimbursement of claim carried forward from January 1, 2012.

\*\* The \$600 balance from 2013 was not used during the one year period and is forfeited at the end of 2013.

## Reimbursement

- First, if the employee's claim is eligible under their basic group plan, they submit their claim form with receipts through their group plan for reimbursement.
- Any unpaid or ineligible expenses may then be processed through their HSA.
- When their claim is paid, an explanation of the benefit(s) is printed indicating the amount paid as part of their health or dental coverage, the amount paid from their HSA, and the remaining HSA account balance.

**Please note:** If the employee has health coverage under another plan (for example, a spouse's plan), they must submit their claim under that program before a claim for reimbursement is made under the HSA.

## The Medavie Blue Cross program provides:

- Comprehensive group statements
- Payments for both the regular health program and the HSA on one cheque or by direct deposit
- HSA claim forms
- Information on HSA balances:
  - On each cheque issued
  - At any of our Quick Pay® locations (Atlantic Canada and Quebec)
  - Through our Contact Centre at 1-888-873-9200
  - On the cardholder section of our website: [www.medavie.bluecross.ca](http://www.medavie.bluecross.ca)