

Health Spending *Account*



An Affordable Benefit Solution Meeting Employees'
Unique Health Care Needs

A Health Spending Account (HSA) is a unique and effective way to offer employees the benefits they want using pre-tax dollars.¹ 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.

Two Management Options

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 days² 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.

EXAMPLE

Date	Allocated Credit	Amount Reimbursed	Balance
January 1, 2019	\$800		\$800
February 7, 2019 (claim filed)		\$150	\$650
May 4, 2019 (claim filed)		\$200	\$450
January 1, 2020 (new allocation)	\$800		\$1,250*
January 1, 2021 (new allocation)	\$800		\$1,600**

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

** The \$450 carried forward from 2019 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 days² following the end of the year to submit unpaid claims from the previous year against that year's balance. These claims will be paid by the previous year's remaining HSA balance. For claims exceeding the remaining previous year's balance, the current year's balance will be used.

EXAMPLE

Date	Allocated Credit	Claim Amount	Amount Reimbursed	Balance
January 1, 2019	\$800	\$1,000	\$800	\$200
January 1, 2020	\$800		(\$200)*	\$600**
January 1, 2021	\$800			\$800

* Reimbursement of claim carried forward from January 1, 2019.

** The \$600 balance from 2020 was not used during the one year period and is forfeited at the end of 2020.

¹ Expenses are taxable in Quebec.

² May vary by group.



Eligible Expenses

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

These expenses are based on Canada Revenue Agency (CRA) guidelines and 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
- 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

Reimbursement Process

- First, the claim must be submitted under the employee's group plan.
- Any unpaid or ineligible expenses may then be processed through their HSA*.
- When a claim is paid, an explanation of the benefit(s) is provided indicating the amount paid as part of their health or dental coverage, the amount paid from their HSA, and the remaining HSA account balance.

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

Administration Options

Automatic Reimbursement

- HSA funds are applied automatically to any eligible unpaid portion of claims* - no need for the employee to submit an HSA claim form.

Reimbursement Upon Request

- The employee chooses when their HSA funds are used, either by indicating on the benefit claim form whether any unpaid claim reimbursements should be paid from their HSA, or by submitting an HSA form.

* For Pay Direct Claims, HSA reimbursement is only provided once the employee has accumulated \$20 or more in eligible expenses

PAPERLESS CLAIMS

Combined with features including direct deposit and eClaims, Automatic Reimbursement for HSA is the easiest and most convenient way to ensure your plan members enjoy full advantage of your investment in an HSA program.



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

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.



Design Flexibility

- Options to exclude:
 - Specific benefits
 - Canada Revenue Agency (CRA) dependents
 - Regular benefit plan participants (spouse/dependent children).

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