

Get maximum coverage through a Health Care Spending Account

Your Health Care Spending Account (HSA) is an effective way to extend your health or dental coverage.

The HSA is like a bank account. You use the money in your account to cover any expenses left over after you've submitted claims through other benefit plans. These could include deductibles or co-payments you would otherwise have to pay, as well as expenses not covered under any other plan.

Expenses reimbursed through the HSA must qualify under the federal Income Tax Act as medical, vision or dental costs. This includes everything from prescription drugs and adult orthodontia to seeing-eye dogs and organ transplants. Your local Revenue Canada District Office can provide a complete list of qualifying expenses.

Costs that wouldn't be covered include: those that private insurers are not legally allowed to cover, services or supplies you're entitled to for free; and any part of an expense that can be paid under another group plan or government plan.

The HSA covers you and your eligible dependents. If your dependent children are no longer eligible for basic health benefits because of student age restrictions, they can qualify under the HSA. And, individuals who don't qualify for coverage under a regular group plan can still qualify under the HSA if they are entitled to claim a medical expense tax credit for them under the federal Income Tax Act.

Rollover

If you don't spend all the money in your HSA by the next enrollment, it remains in your account for the following year. If you haven't spent them by the second enrollment, you lose them.

The HSA is more tax effective than using cash, since you're not taxed on the money you deposit in your HSA. If you cashed it in, you'd pay income tax, so money goes farther in an HSA.

Administrative Cost

Typically Insured plans have administration fees between 20% to 35%. Health Care Spending account claims are administered for a fee of 15%.

Frequently Asked Questions about Health Care Spending Accounts

What is a Health Care Spending Account (HSA)?

A Health Care Spending Account is a benefit provided by your employer that allows you to deposit a certain amount of your paycheck into an account before paying income taxes. Then, during the year, you can be directly reimbursed from this account for eligible health care and dependent care expenses.

Why should I participate in a Health Care Spending Account when I already have health insurance?

By participating in a Health Care Spending Account, you pay for health care expenses with pre-tax dollars. You save a percentage of each dollar you spend on eligible medical, dental and vision services that are not fully covered or are ineligible for payment under your health care plan.

Can I participate in a Health Care Account even if I am not covered under my company's health insurance plan?

Out-of-pocket expenses incurred by you, your spouse, or any dependent that you claim on your income tax returns are eligible for reimbursement whether or not you or they are insured through your company.

How much may be contributed to a Health Care Spending Account each year?

The employer sets the maximum amount contributed each year to your HSA. Generally this amount ranges from \$1,000 to \$5,000.

What types of expenses can be reimbursed from a Health Care Spending Account?

Your local Revenue Canada District Office can provide a complete list of qualifying expenses. Some include:

- Any legally insurable expense
- Prescribed drugs
- Medical supplies
- Private or Semi-private hospital
- Paramedical: chiropractic, massage, and physiotherap
- Basic dental procedures: cleanings, fillings, scaling
- Major dental procedures: crowns, bridges, inlays
- Orthodontics
- Vision care

What if I don't use all of the money in my Health Care Spending Account by the end of the year?

If you don't spend all the money in your HSA by the next enrollment, they remain in your account for the following year. If you haven't spent them by the second enrollment, you lose them.

You may also have the option to roll unused money into an RRSP.

BENEFIT COMPARISON

Standard Benefit Program

Life Insurance: \$25,000

AD&D: Same as Life Insurance

Dependent Life: Spouse: \$5,000
Child: \$2,500

Weekly Indemnity: 66.67% Weekly Earnings
Elimination: 0 Acc. / 8 Sickness
Benefit Period: 17 Weeks

Long Term Disability: 66.67% Monthly Earnings
Elimination: 17 Weeks
Benefit Period: To Age 65

Extended Healthcare: Ded.: \$25/\$50
Co-insurance: 100%
Hospital: Semi-Private
Drugs:
Co-insurance: 80%
Deductible: \$0
Delivery: Drug card
Paramedical: \$500 per year
Vision Care: \$150 / 24 months

Dental Care: Ded.: Single \$25, Family \$50
Basic: 80% - Co-insurance
Maximum: \$1,500
Recall: 6 months
Scaling Units: 10
Fee Schedule: Current

Health Spending Account

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Extended Healthcare & Dental:
- \$2,000 per person per year
- No deductibles
- No Co-insurance
Coverage: Any Legally Insurable Expense
Examples:

- Drugs
- Vision Care, contact lenses
- Chiropractic
- Acupuncture
- Massage Therapy
- Routine Dental Services
- Major Dental Services
- Orthodontics, Dentures
- Braces, Crowns, Bridges
- Artificial Limbs

- Blood sugar measuring devices
- Wheelchairs
- Electronic speech synthesizers
- Seeing eye dogs
- Ambulance
- Whirlpool Baths
- Iron Lungs
- Artificial Kidney Machines
- Pacemakers
- Dermatologist
- Podiatrist
- Registered Nurse