

Health Spending Accounts



FLEXIBILITY AND CHOICE FOR YOU AND YOUR EMPLOYEES

As employers compete for an ever shrinking employee talent pool, a Health Spending Account (HSA) can provide employers a valuable tool for attracting and retaining employees by adding flexibility and choice to their benefit program.

In today's multi-generational workforce, employers are challenged to provide a benefit plan that can address the diverse range of wants and needs of today's employees. Giving employees a **choice** of where they can spend their benefit dollars **increases their value** of the benefit plan.

Whether it's paying for health related expenses that are not covered under their current health or dental benefits, or to supplement existing coverage, HSAs are an easy way of adding flexibility that employees value while keeping plan costs at a predetermined, manageable level.

MAXIMUM BENEFIT® HEALTH SPENDING ACCOUNT

- ✓ Available in conjunction with our self-funded benefit programs or on a stand-alone basis.
- ✓ Maximums can be prorated on a monthly or quarterly basis, or not at all.
- ✓ Plans can be set up requiring expenses be claimed within a calendar year or plans can include carry-over provisions.
- ✓ Funded in the same manner as your Maximum Benefit self-funded health and dental plans.
- ✓ HSA claims can be automatically coordinated with traditional health and dental claims.
- ✓ Online claim submission.

WHAT EXPENSES CAN BE CLAIMED UNDER THE HSA?

Any eligible medical expense that qualifies as a tax credit, as defined under Section 118 of the Income Tax Act, can be reimbursed from the HSA. In general terms, eligible expenses include any costs associated with the diagnosis, treatment, cure or prevention of a disease or illness. Ineligible expenses would include items or services that are merely beneficial to general health such as vitamins or gym memberships.

DO ALL EMPLOYEES NEED TO PARTICIPATE?

All employees are eligible to participate in Health Spending Accounts, or you can limit the option to employees of a defined class of your existing benefit program.

CAN WE ADD A HEALTH SPENDING ACCOUNT ON A STAND-ALONE BASIS?

Maximum Benefit does offer HSAs on a stand-alone basis if the plan offers a minimum of \$75,000 or more of total coverage. For example, 75 employees, each with a HSA limit of \$1,000 per family, equals a total coverage of \$75,000.

Firms electing a stand-alone HSA can enhance the plan's coverage by also providing Travel Health coverage (100% participation by employees is required).

Stop Loss coverage is not available with any type of Health Spending Account.

HOW ARE MAXIMUMS SET?

Maximum Benefit HSAs stipulate a family calendar year maximum. Calendar year maximums can vary by class, division, or certificate and can be amended, if desired, on the policy anniversary.

The maximums can be prorated on a monthly or quarterly basis, or not at all. The proration can be applied to any class within the plan, though you cannot stipulate different prorations within the same benefit plan.

WHAT HAPPENS TO UNCLAIMED BALANCES?

Claims are applied to calendar year maximums based on the incurred date of the eligible expense (a 2016 expense is applied to the 2016 maximum). Eligible expenses must be claimed within the calendar year in which they are incurred unless the employer adds a carry-over provision.

THERE ARE TWO CARRY-OVER PROVISION OPTIONS:

1 | Carry over of any unused portion of the maximum that is not used within the calendar year.

Employee has used \$800 of a \$1,000 calendar year maximum; the balance of \$200 can be used towards the next year's calendar year maximum, allowing \$1,200 for the following calendar year. If the additional \$200 is not used by the end of the second calendar year, that additional amount is lost.

2 | Carry over of expenses from the previous calendar year into the next calendar year.

Employee has incurred an expense in the existing calendar year and has already reached their calendar year maximum. The expense can be carried over to the following calendar year and paid from that year's maximum. Expenses may only be carried over towards the following year's maximum.

Employers may include either carry-over provision in their plan design, but not both, and options can only be changed once a year at January 1st. Should a carry-over provision be elected, Canada Revenue Agency requires that the provision be made available to all employees covered by the HSA.

Choice, simplicity, and cost control – let your Maximum Benefit advisor show you how a Health Spending Account can add value to your benefit program.

EXAMPLES OF ELIGIBLE EXPENSES

- Fertility Treatments
- Laser Eye Surgery
- Orthodontic Services
- Rehabilitative Therapy
- Guide and Hearing-ear Dogs
- Vision Expenses

Visit us online at maximumbenefit.ca

