

Health Spending Account

OPT FOR FLEXIBILITY



LaCapitale
Insurance and
Financial Services



HEALTH SPENDING ACCOUNT

WHETHER THEY WORK FOR A COMPANY OR AN ORGANIZATION, EMPLOYEES ALL HAVE UNIQUE AND VARIED INSURANCE NEEDS.

An HSA offers a lot of flexibility, because it enables insureds to, based on their needs, use the sums made available to them to pay for certain expenses¹ that may or may not be reimbursed under their group insurance plan or that may not be reimbursed under the public health insurance plan of their province of residence.

The policyholder decides the amount to be granted and the access date. The amount may be granted in full at the beginning of the year or released in increments at various intervals (quarterly, semi-annually, etc.).

An HSA is generally fully financed by the policyholder:

- Risk fully assumed by the policyholder
- Amount charged to the policyholder by the insurer:
 - Full amount of benefits
 - + administration fee
 - + applicable taxes
- Terms and conditions of the account determined by the policyholder, based on the options available for the segment in which its group belongs
- More generous, flexible offer

The amounts reimbursed through an HSA are considered as a taxable benefit at the provincial level for insureds who are Quebec residents only. The taxable benefit must include the administration fee and taxes charged. The employer is responsible for producing these tax statements.

1. Medical expenses eligible for a tax credit under the Income Tax Act
More information on eligible medical expenses is available at www.cra-arc.gc.ca



WHAT ARE THE ADVANTAGES?

First and foremost, the flexibility that it allows! An HSA can totally replace a traditional health insurance plan or be the ideal complement to one. With an HSA, you get increased protection, as well as extra funds to cover unexpected expenses. Insureds are therefore better equipped to handle healthcare expenses.

WHO IS ELIGIBLE?

All employees who are eligible for the company's group plan, whether they are participants, have opted out or are disabled.

The policyholder itself can define the eligibility criteria.



DEFERMENT OPTIONS

DEFERMENT OF **UNUSED BALANCE**

This option allows for management of the **unused balance** from the previous year.

- On January 1 of each year, on the effective date of the policy or in accordance with the frequency agreed upon, the predetermined amount is made available to the employees.
- In situations where the full amount is not used during a given year, the balance may be carried forward to the following year.
- If the amount has not been used by the end of the second year, it is forfeited.
- Employees must submit all claims for benefits during the year in which the expenses were incurred. Employees have a 90-day grace period* following the end of the year in which to submit benefit claims not paid in the previous year.

* This period may vary from one group to another.

Example of deferment of **unused balance**

2018 (first year)			
Amount made available for 2018	\$1,000		
Expenses reimbursed in 2018		\$600	
2018 balance			\$400
Balance deferred to 2019			\$400
2019			
Balance deferred from 2018	\$400		
Amount made available for 2019	\$1,000		
Total amount available for 2019	\$1,400		
Expenses reimbursed in 2019		\$300	
2019 balance			\$1,100
Balance deferred to 2020 (the remaining \$100 from 2018 can no longer be deferred)			\$1,000

DEFERMENT OF **EXPENSES NOT REIMBURSED**

This option allows for management of excess **expenses not reimbursed** from a previous year.

- On January 1 of each year, on the effective date of the policy or in accordance with the frequency agreed upon, the predetermined amount is made available to the employees.
- With the expense deferment option, claims for benefits that have not been paid during a given year may be deferred to the subsequent year.
- Amounts that are not used during the year in which they have been made available are forfeited.
- Employees have a 90-day grace period* following the end of the year in which to submit benefit claims not paid in the previous year.

* This period may vary from one group to another.

Example of deferment of **expenses not reimbursed**

2018 (first year)			
Amount made available for 2018 expenses	\$1,000		
Expenses incurred in 2018		\$1,500	
Expenses reimbursed under the HSA in 2018		\$1,000	
Expenses incurred in 2018, to be deferred to 2019			\$500
2019			
Amount made available for 2019 expenses	\$1,000		
Expenses incurred in 2018 and deferred to 2019		\$500	
Expenses incurred in 2019		\$400	
Total expenses reimbursed under the HSA in 2019 (\$500 + \$400)		\$900	
HSA balance at the end of 2019 (\$1,000 – \$900)			\$100*

* The unused HSA balance at the end of 2019 may not be used to cover expenses incurred in 2020.

REIMBURSEMENT

- For expenses that are eligible under their basic group plan, employees submit their claim along with the relevant receipts, as per the usual procedure.
- If any expenses are not reimbursed or not eligible, the employees may claim them under their HSA.
- Employees may request reimbursement of expenses by completing the paper form, which they can access in the Client Centre using their La Capitale mobile app. They can simply indicate that they want the expenses to be reimbursed under their group plan, their HSA, or both. Eligible expenses under the group plan will first be reimbursed under the plan, and any excess will be deducted from the HSA.
- Following receipt of their reimbursement, employees receive a detailed benefit statement, showing the amount paid under their Health or Dental Care coverage and the amount deducted from their HSA. They can check their HSA balance in the Client Centre.

IMPORTANT

Employees who have coverage under another group health plan (e.g. that of their spouse) must submit their claim under that plan before having it processed under their HSA.

OUR OPTIONS

Options	Number of participants		
	2 to 50	51 to 5,000	5,001+
Expanded definition of dependents under the Income Tax Act (ITA)	✓	✓	✓
Inclusion of employees who are exempted from coverage under the group plan	✓	✓	✓
Dependent coverage according to coverage status (Individual, Single-Parent, etc.)	Family only	As elected	As elected
Fixed amount	✓	✓	✓
Amount according to participant's status	N/A	✓	✓
Coverage amount – Extended health care – Dental care – Prescription drugs	N/A	✓	✓
Personalized amount (e.g. based on a percentage of salary)	N/A	✓	✓
Deferment of unused balances/deferment of expenses not reimbursed/no deferment	No deferment or deferment of unused balances	As elected	As elected
Allocation frequency: annual, semi-annual, quarterly and monthly	Annual only	As elected	As elected
Prorating of allocation as of: – Current month – Following month – Day X of the following month	With or without prorating calculated for following month	As elected	As elected
Eligible expenses according to the ITA (+ over-the-counter drugs)	✓	✓	✓
Possibility of shortening the list: – Exclude private health insurance premiums	✓	✓	✓
Possibility of shortening the list: – Exclude prescription drugs and/or – Exclude extended health care and/or – Exclude vision care and/or – Exclude dental care and/or	N/A	✓	✓

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