

Health Spending Account Q&A

What is a Health Spending Account (H.S.A)?

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

Who is eligible for a Health Spending Account (H.S.A)?

In the Flex Benefits Plan, you may be eligible for a Health Spending Account. There are 2 ways of having a Health Spending Account:

A. Leftover Employer Credits

If the Employer Flex Credit exceeds the overall cost of your chosen Flex Benefits, these leftover credits will be put into a Health Spending Account.

B. Target Amount

An Employer Flex Credit is used to pay for a portion of your overall benefit cost. This credit pays Health and Dental premiums first. When the Employer Flex Credit for your Flex Group Benefits is used to pay for Life Insurance, LTD, AD&D and/or Dependent Life premiums, these benefits become a taxable benefit. You will see on your pay a taxable benefit amount and you pay income tax on the portion of the benefit premiums that the employer pays.

You have the option of paying all or some of the premiums for these benefits yourself. If you do opt to do this, the Employer Flex Credit will go into a Health Spending Account and this will reduce your taxable benefit.

If you do not have leftover Employer Flex Credits or a taxable benefit, you would not qualify to contribute to a Health Spending Account. To see if you have a taxable benefit, you can review your Benefits Confirmation Statement. On the last page there is a taxable benefits section. If you need to request a Benefits Confirmation statement – please email MyHR@halifax.ca

Or, refer to our interactive Benefits Calculator to see if you have leftover credits that can be added to a H.S.A via:

intranet.halifax.ca/BusinessUnits/HumanResources/TotalCompensation/NUBenefits.html.

Example

Joan has Life Insurance, AD&D, LTD and Dependent Life coverage with HRM, her health and dental is covered under her spouse's plan. Her monthly benefit costs are:

| | |
|-------------------------------|----------|
| Flex Life Insurance | \$21.55 |
| Flex LTD | \$75.56 |
| Flex Dependent Life | \$6.00 |
| Flex AD&D | \$1.30 |
| Total Monthly Premiums | \$104.41 |

Joan gets an Employer Flex Credit of 1.93% of her annual salary:

| | |
|---|----------|
| Total Monthly Employer Flex Credit | \$129.36 |
|---|----------|

A. The amount of the Flex Credit exceeds the overall cost of Joan's benefits. These leftover credits are deposited into a Health Spending Account for Joan to use.

Annual H.S.A contribution based on her leftover credits would be:

Employer Flex Credit (\$129.36) – Total Monthly Premiums (\$104.41) = \$24.95/ Month
\$24.95 Monthly leftover credits x 12 months = \$299.40 annual H.S.A deposit

B. Due to the Employer Flex Credit paying premiums for Life, LTD, Dependent Life and/or AD&D, Joan also has a taxable benefit of the total Monthly premiums that the employer pays for these benefits.

In Joan's case the Employer is paying fully for these benefits at \$104.41 and that is the amount of her monthly taxable benefit. Although, Joan does not have a payroll deduction for her group benefit costs, she is paying the taxes on \$104.41 and that is included in her taxable income for the year.

Instead of having this taxable benefit, Joan has decided to pay the premiums for her insurance costs herself for a total cost of \$104.41 per month via payroll deductions. The whole Employer Flex Credit is going to be put into a Health Spending Account.

Joan's H.S.A for the year will now be:

\$104.41 Monthly x 12 Months = \$1,252.92

Leftover Credits H.S.A (\$299.40 annual) + \$1,252.92 = Total Annual H.S.A deposit is \$1,552.32

To select this option on your Flex Enrollment form on Page 4, select a Target amount and indicate you'd like the full taxable benefit amount in an H.S.A:

| | | |
|--------------------------------|--------------------------|---|
| Health Spending Account | | |
| <input type="checkbox"/> | Total amount of \$ _____ | Full amount of taxable benefits _____ for H.S.A |

C. Joan decided to keep her leftover credits in her H.S.A. However, she would like to target an additional amount to her H.S.A. She does not wish to put the whole amount of her taxable benefit into an H.S.A but has decided to have a payroll deduction for benefits of an extra \$25 per pay (\$50/month).

By doing this Joan's taxable benefit is reduced to \$54.41 / month and there is \$50 per month going into the H.S.A.

Joan's H.S.A for the year in this case is:

\$50 Monthly x 12 Months = \$600

Leftover Credits H.S.A (\$299.40 annual) + \$600 = Total Annual H.S.A deposit is \$899.40

To select a specific target amount on your Flex Enrollment form on Page 4, select as follows with the specific amount:

| Health Spending Account | |
|--------------------------|--|
| <input type="checkbox"/> | Target an amount of _____ \$25.00/Pay Period _____ for H.S.A |

By what date do I need to use my money and how long is it good for?

Each year, an H.S.A deposit occurs on April 1st. For any eligible expenses incurred from April 1st to the following March 31st, you have until **May 30th** to make a claim. For example, claims for expenses incurred between April 1st, 2021 – March 31st, 2022 must be submitted to Blue Cross no later than May 30th, 2022.

If you do not make any claims within that one-year period, your H.S.A deposit will move over for one more year. If you do not make any claims within the two-year period, your unused funds will expire. For example, any funds remaining from the April 1st, 2021 deposit will carry over to the 2022 plan year. If the funds are not used by March 31st, 2022, they will be forfeited. Please note, claims are always applied against your oldest Flex Credits first.

How can I check my H.S.A balance?

- On the Medavie Mobile app - just tap "My Benefits Usage" and select "Health Spending Account"
- On each direct deposit statement received from Medavie Blue Cross
- Call the Blue Cross Service Line 1-888-873-9200
- Visit <https://www.medaviebc.ca/en/members>

How can I spend my money?

H.S.A accounts follow Canada Revenue Agency rules about expense eligibility and claim deadlines which must be followed. If the expense is something which you can claim as a medical expense through CRA, it would be an eligible H.S.A expense. If you do claim something through your health spending account, you cannot also claim this as a medical expense on your taxes.

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-330-331-eligible-medical-expenses-you-claim-on-your-tax-return/details-medical-expenses.html>

How do I find out if something is an eligible expense under my H.S.A?

Please refer to the Blue Cross H.S.A Eligible Expense Guideline attached.

Whose expenses can I claim under my H.S.A?

Employees can submit expenses incurred for themselves and eligible dependents.

Please request a Flex Group Benefits Enrollment Form at MyHR@halifax.ca to update your dependent information. You may also find this form on the Intranet:

http://intranet.halifax.ca/BusinessUnits/HumanResources/TotalCompensation/documents/FlexEnrolmentFormNonUnion_UPDATE2021.pdf

How does my H.S.A work with other health coverage I may have?

In order to preserve your H.S.A money, submit all of your claims to any other coverage first (e.g. a spouse's plan), then claim the remainder under your H.S.A. When submitting this claim include a copy of the receipt of service and a statement of what the other plan covered and the difference you are claiming.

How do I make a claim to my H.S.A?

There are several ways to make a claim, an H.S.A claim can be made by the employee only. Refer to the following link on ways to make a claim: <https://www.medaviebc.ca/en/members/submit-a-claim>.

Are Personal Protective Equipment (PPE) expenses eligible under H.S.A?

Yes, PPE surcharges from both health and dental care professionals are considered eligible under Health Spending Account.

Key Dates to Remember

- 1) Any claims for qualifying expenses incurred between Apr 1, 2021 - Mar 31, 2022 should be submitted to Medavie Blue Cross by May 30, 2022.
- 2) You cannot submit expenses incurred between Apr 1, 2021 - Mar 31, 2022 after the May 30, 2022 deadline.
- 3) If you had left over credits from the 21/22 fiscal year, those credits are rolled over to the next fiscal year, and combined with your credits for the 22/23 fiscal year.
- 4) Any claims for qualifying expenses incurred between Apr 1, 2022 - Mar 31, 2023 must be submitted to Medavie Blue Cross prior to May 30, 2023. These expenses will be applied against the 21/22 roll over credits first, and then against the 22/23 credits.
- 5) Any unused 21/22 credits will roll over for one additional fiscal year, and will expire at May 30, 2023.



HSA - EXPENSE ELIGIBILITY

Eligible expenses are reasonable medical expenses not reimbursed by any government sponsored or private health care plan. Eligible expenses can also include expenses incurred outside your province of residence, deductibles, co-payments, and amounts above plan maximums.

COMMON ELIGIBLE EXPENSES

| | | | |
|--|---|--|--|
|  Attendant Care (requires certification of need from physician) | <ul style="list-style-type: none"> Services provided in Home, Retirement Home, Nursing Home or Group Home | Includes Fees from: <ul style="list-style-type: none"> - Personal Care Worker - Registered Nurse - Respite Care | Includes Fees for: <ul style="list-style-type: none"> - Food Preparation - Housekeeping - Laundry Services |
|  Dental Services (excluding teeth whitening and cosmetic veneers) | <ul style="list-style-type: none"> Diagnostic Services (x-rays) Dentures Orthodontics | <ul style="list-style-type: none"> Preventive Services, such as: <ul style="list-style-type: none"> - Recall Examinations, - Polishing and - Application of Fluoride | |
|  Diagnostic Services* | <ul style="list-style-type: none"> Diagnostic, Laboratory, Radiological Tests and Scans | | |
|  Drugs | <ul style="list-style-type: none"> Drugs requiring a prescription and/or dispensed by a pharmacist, physician or practitioner* | <ul style="list-style-type: none"> Fertility Treatments Flu Shots Insulin* Liver Extract Injections* | <ul style="list-style-type: none"> Smoking Cessation Drugs* Vaccines Vitamin B12 Injections* |
|  Facility Care (excluding television rentals and phone fees) | <ul style="list-style-type: none"> Convalescent Care Home Hospital | <ul style="list-style-type: none"> Nursing Home Psychiatric Facility | <ul style="list-style-type: none"> Substance Abuse Facility |
|  Medical Devices and Services* | <ul style="list-style-type: none"> Air Conditioners (required for severe chronic ailment, disease or disorder) Artificial Eyes and Limbs Blood Transfusion Fees Breast Prosthesis Cochlear Implants Crutches Diabetic Supplies | <ul style="list-style-type: none"> Electronic Bone Healing Devices Electronic Speech Synthesisers Hearing Aids Heart Monitoring Devices Needles and Syringes Ostomy Supplies Oxygen Equipment Physician Fees | <ul style="list-style-type: none"> Prosthetics Repairs to Eligible HSA Devices Respirators Scooters Trusses Walkers Wheelchairs (excluding accessories) |
|  Medical Practitioner Services | <ul style="list-style-type: none"> Acupuncturist Athletic Therapist Audiologist Chiropodist/Podiatrist Chiropractor Dental Hygienist Dentist | <ul style="list-style-type: none"> Dietician Homeopath Massage Therapist** Naturopath Occupational Therapist Osteopath Personal Care Worker* | <ul style="list-style-type: none"> Physiotherapist Psychiatrist Psychologist Registered Nurse Social Worker Speech Therapist |
|  Medical Transportation Services | <ul style="list-style-type: none"> Ambulance Services Bone Marrow Transplant Charges (patient and donor), such as transportation charges and meals and expenses | <ul style="list-style-type: none"> Meals and Transportation Expenses, when patient transportation is required (plus one attending person - if required) | <ul style="list-style-type: none"> Organ Donor Charges (patient and donor), such as transportation charges and meals and expenses |
|  Miscellaneous | <ul style="list-style-type: none"> Health and Dental Plan Premiums (private insurance) | <ul style="list-style-type: none"> Home or Vehicle Modifications, when required for disabled persons | <ul style="list-style-type: none"> Seeing Eye Dog Charges |
|  Rehabilitative Training | <ul style="list-style-type: none"> Lip Reading | <ul style="list-style-type: none"> Sign Language | |
|  Vision Care | <ul style="list-style-type: none"> Contact Lenses Eye Examinations | <ul style="list-style-type: none"> Laser Eye Surgery | <ul style="list-style-type: none"> Prescription Lenses and Frames |

* Prescription required

** For therapeutic massage services only

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COMMON INELIGIBLE EXPENSES

- Adoption Fees
- Athletic or Fitness Club Fees
- Cosmetic procedures aimed at purely enhancing appearance, such as:
 - Augmentations
 - Botox Injections
 - Hair Replacement Procedures and Supplies (ex. hair plugs, hair extensions)
 - Laser Hair Removal
 - Liposuction
 - Tattoo Removal
 - Teeth Whitening
- Cosmetics and Hygiene Products, such as:
 - Contact Lens Solution
 - Lotions and Creams
 - Make-up
 - Sunscreen
 - Toothpaste
- Dietary Supplements, such as:
 - Food (except when required for enteral feeding)
 - Minerals and Supplements
 - Meal Replacements
- Esthetic Massage Therapy, such as:
 - Aromatherapy Massage
 - Body Wraps
- Fees for missed appointments
- Health Programs (ex. Weight loss program fees)
- Home Appliances, such as:
 - Air Conditioners
 - Air Purifiers
 - Dehumidifiers
 - Fans
 - Humidifiers (except when required for CPAP machines)
- Hot Tubs and Saunas
- Life and Disability Plan Premiums
- Over the counter medications, such as:
 - Acid Controllers
 - Allergy Medications
 - Cough and Cold Items
 - Creams and Lotions
 - Digestive Aids
 - Herbal Remedies
 - Pain Relievers
 - Smoking Cessation Products
 - Vitamins
- Personal Response Systems (ex. Lifeline and Health Line Services)
- Shoes (off-the-shelf or athletic)
- Sports Equipment, such as treadmills

