

Sample Employee Benefit Booklet Describing a Health Spending Account

Purpose

The purpose of this medical and dental benefit plan (Plan) is to assist Members with the financial cost of their health expenses. You decide which health care products and services to purchase and then are reimbursed with funds deposited to the Plan by your Plan Sponsor.

Participation

Eligible Members may participate at the beginning of the Eligibility Period. Participation terminates on the last day the Member qualifies as an Eligible Member.

Employees who work and reside in Quebec must be covered by a separate drug plan that meets the requirements of Regie de l'assurance-maladie du Quebec (RAMQ).

Your participation in the Plan ends on the earliest of the date you no longer qualify as an Eligible Member, or the date this Plan or contract is cancelled.

Plan Changes

The Deposit Schedule and other Plan details may be changed at any time by giving Members 30 days written notice at their last known address. The Plan may be changed without notice in order to comply with existing or new legislation governing "Private Health Services Plan" as outlined in the Income Tax Act, Regulations and Interpretation Bulletins (IT-339).

Funding - Deposits

At the beginning of each calendar year the Plan Sponsor will determine the amount and frequency of contributions (Deposits) to your Member Benefit Account (MBA) within the Plan. The Deposit balance of your MBA is used to

reimburse you for eligible health expenses that you incur during the calendar year that the deposit is made.

Deposits to your MBA are lost if they are not used during the calendar year that they are made. If your plan uses the Deposit Carry-forward Method, then the unused Deposits are carried forward one year and lost at the end of the year following the calendar year that the Deposit was made.

Expense Reimbursements - Claims

Mail your original receipts, along with a completed claim form, to the Plan Administrator (Benefits Interface, Inc.). Claims should be submitted monthly, and must be received by the end of the calendar year in which the product or service was purchased.

Claims are paid from the Deposit balance in your MBA. Claims that exceed the Deposit balance of your MBA will be partially reimbursed. Any unpaid portion of a claim will automatically be paid with Deposits received later in the calendar year.

The stub of your claim cheque will show the Deposits made since your last cheque, the balance in your MBA, the unpaid claim balance (that will be paid with future Deposits) and the amounts that will expire if not used by certain dates.

If your Plan uses the Claim Carry-forward Method, then the claims that are not reimbursed during the year incurred can be reimbursed with Deposits made during the calendar year following they year they were incurred.

If at the end of the calendar year, you have eligible claims that can not be reimbursed due to insufficient deposits, than an income tax receipt will be issued to you.

Dependants

Expenses may be for you, your spouse, your child, grandchild, parent, grandparent, brother, sister, uncle, aunt, niece or nephew (if dependent on you for support and a resident of Canada at any time during the year) as defined by the Income Tax Act.

Claims Address

Benefits Interface, Inc.
P.O. Box 30
Newmarket, ON L3Y 4W3
(905) 387-5830
claims@benefits.org
www.benefits.org/member/

Currency Exchange Rate

Purchases made in a foreign currency will be reimbursed in Canadian funds based on the exchange rate that was in effect on the date of the purchase.

Taxation

Employer contributions (Deposits) and health expense reimbursements (Claims) are not subject to Federal Income Tax (IT470).

Co-ordination of Benefits

To the extent permitted by law, this plan is the last payer. Claims are not eligible until the Member and dependants have exhausted coverage through all public, group and individual insurance or benefit plans.

Governing Jurisdiction

The governing jurisdiction is Ontario, Canada.

Claims – Expense Reimbursement

The eligibility of expenses is governed by section 118 of the Income Tax Act and Interpretation Bulletin IT-519 (as revised).

Reasonable and customary charges for the following products and services may be claimed through the Plan if they are required to treat an illness or injury of the Member or eligible dependant, incurred while covered and submitted during the calendar year incurred.

Prescription Drug Expense

- medicine or drugs purchased by you, as prescribed by a medical practitioner and recorded by a licensed pharmacist (medicine not dispensed by a pharmacist cannot be claimed)

Dental Care Expense

- preventive, diagnostic, restorative, orthodontic, and therapeutic care provided by a Medical Practitioner

Vision Care Expense

- eyeglasses (lenses and frames) and contact lenses prescribed by a Medical Practitioner
- surgery performed by a Medical Practitioner
- guide dog under certain conditions
- artificial eye

Diagnostic Service Expense

- laboratory, radiological and other diagnostic procedures or services used for maintaining health, preventing disease or assisting in diagnosis or treatment as prescribed by a Medical Practitioner

Medical Practitioner Fees Expense

Fees charged by the following Medical Practitioner for diagnostic, therapeutic or rehabilitative services performed within the scope of their licence as issued by the governing jurisdiction in the location that the service is performed:

- acupuncturist
- audiologist
- chiropodist
- chiropractor
- dental hygienist
- dental mechanic
- dentist
- denturologist
- dietician
- medical doctor
- naturopath
- nurse (or full-time practical nurse)
- occupational therapist
- oculist
- ophthalmologist
- optometrist
- osteopath
- pharmacist
- physician
- physiotherapist
- podiatrist
- psychoanalyst

- psychologist
- speech-language pathologist
- therapist (or therapist)

Ambulance Expense

- ambulance charges to or from a public or licensed private hospital

Hospital Expense

- payments to a public or licensed private hospital

Nursing Home Expense

- fees paid to a nursing home for the full-time care of a patient, who has a severe and prolonged mental or physical impairment and will be dependent upon others for now and the foreseeable future

Hearing Care Expense

- hearing aid devices including the maintenance, repairs and supplies
- hearing-ear dog under certain conditions

Speaking Care Expense

- laryngeal speaking aid devices including maintenance, repairs and supplies

Medical Supply Expense

- diapers, disposable briefs, catheters, catheter trays, tubing or other products required by a person who is incontinent by virtue of illness, injury or affliction
- ileostomy or colostomy pads

Support Device Expense

- crutches or walker
- wheelchair (manual or motorised)
- brace for a limb (made to order)
- truss for hernia
- spinal brace (made to order)
- artificial limb
- reasonable expenses relating to renovations or alterations to a dwelling of a patient who lacks normal physical development or has a severe and prolonged mobility impairment

Private Insurance Premium Expense

- premiums paid to another Private Health Services Plan (such as travel health insurance or semiprivate hospital insurance)

Other Medical Expenses

The current Revenue Canada Income Tax Act Interpretation Bulletin number 519 explains less common expenses that are eligible for reimbursement under certain conditions.

Appeal Process

A receipt that has been declined may be resubmitted with additional support documentation. If the resubmission is declined then the Member may resubmit the claim along with a written opinion from Revenue Canada stating that the expenditure qualifies as a medical expense under paragraph 118.2(2) of the Income Tax Act.
