



HEALTHCARE SPENDING ACCOUNT

Product Guide

Insurance & Investments
Simple. Fast. Easy.®





**Healthcare
made flexible
and easy.**

One tool, many applications

A hundred years ago, Henry Ford famously said that customers could have any colour of car they wanted—as long as it was black. To many people’s surprise, car sales skyrocketed despite the lack of choice. That was then.

Today, we take having choices for granted. Everyone is unique! And, at different ages and life stages, we may also have different health needs and priorities.

Creating a plan that satisfies everyone can be a challenge. A health care spending account can help—in three ways:

- It covers a wider variety of products and services than most standard employee benefits plans
- It covers any family member who is financially dependent on the plan member at the time the expense is incurred. This can include parents, siblings, aunts and uncles, nieces and nephews, etc., who are otherwise not covered
- With an overall maximum but no limits on individual benefits, HCSA is flexible. It helps employees protect their health—their way.

It can also add an element of cost control when used instead of traditional paramedicals and other healthcare benefits. And since it’s self-insured, customers only pay when their employees use the benefit.

Coverage at a glance

Choice of two plan designs

Balance-carry-forward	No-carry-forward
At the end of the HCSA year, employees may not have used all of their credits. Unused amounts will be carried forward for 12 months.	Allocations must be used in the HCSA year; unused credits expire at the end of each year.
<ul style="list-style-type: none"> • Sara claims \$200 in year one; \$300 is carried forward • In year two, Sara gets another \$500 • She has laser eye surgery costing \$1,000 and submits a claim • Sara is reimbursed \$800 	<ul style="list-style-type: none"> • Sam claims \$200 in year one and \$300 expires; nothing is carried forward • In year two, Sam gets another \$500. His mother, who uses a wheelchair, moves in with him • Sam has his driveway repaired so his mother's wheelchair can make it safely to the sidewalk, and he submits a claim • Sam is reimbursed \$500

Important notes

- HCSA is set at the class level.
- Claims for health care services in one plan year cannot be carried forward into the next plan year.
- In the event of retirement or termination of employment, employees have 90 days to submit claims for services received prior to retirement or termination. After the 90-day period, any unused credits will be forfeited.

HCSA design elements

Element	Detail
Credit allocation	Annual \$100-\$10,000 Annual (balance-carry-forward plans also offer a choice of semi-annual or quarterly) Single and family All classes or just some
HCSA year	Calendar or benefit
Prorating new employees	Standard (option to remove)
Grace period	Choice of 90 or 180 days
Eligible dependants	Per the Medical Expense Tax Credit under the <i>Income Tax Act (Canada)</i>

What does the HCSA cover?

The HCSA covers Items defined by the Medical Expense Tax Credit under the Income Tax Act (Canada). The list changes from time to time; today, more than 100 items are eligible for coverage. That's more than what most insured benefits cover. Plus, employees can claim expenses for any member of the family living in Canada who is financially dependant on them at the time the expense is incurred.

Sample of items covered	
Artificial eye or limb	In vitro fertility program
Braille note-taker devices	Medical marijuana
Dentures and dental implants	Nursing home
Driveway access	Orthodontic work
Hearing aids	Vaccines

When making claims, employees must certify that the person claimed for was a dependant per the *Income Tax Act* (Canada). It's important to consult the *Income Tax Act* (Canada) or a tax advisor when in doubt.

A note about medical cannabis

Since medical cannabis is an eligible expense under the Medical Expense Tax Credit, a spending account is a simple and easy way to add coverage to a benefits plan. There are now more than 350,000 registered medical cannabis users in Canada.



Submitting HCSA claims is simple, fast and easy

HCSA claims are entered via Empire Life eClaims. To submit an eClaim, employees:

1. log into the Plan Member website
2. choose "enter an eClaim" on the left of the page
3. choose the type of service, and follow the steps presented.



HCSA flexibility

One tool, many applications

Just like employees, our customers have unique needs, too! Here are just a few of the ways the HCSA can help.

Customer's Priority	How the HCSA Can Help
Add basic benefits to a new group with no prior coverage	New groups that want to add benefits slowly can opt for a minimum coverage plan and round that out with a spending account, giving employees flexibility. Since it's self-insured, customers only pay when their employees use the benefit
Attract and retain talented employees	Customers can add the HCSA to one class and not another, and get creative by tying the allocation to profits, etc. Employees rate their benefits plan more highly when they have a spending account
Build excitement about the benefits plan by helping employees address their specific health needs	The HCSA covers a wider variety of products and services than most standard employee benefits plans and has just one overall maximum. With so much flexibility and choice, it's a great way to recognize that employees may have different needs at different ages and life stages
Stabilize plan costs	HCSA can help guard against rising benefit costs if used to replace specific elements of coverage, such as paramedical and vision care

The Empire Life Insurance Company

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The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products, including mutual funds through our wholly-owned subsidiary Empire Life Investments Inc.

Empire Life is among the top 10 life insurance companies in Canada¹ and is rated A (Excellent) by A.M. Best Company². Our mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security.

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¹ Based on total assets as reported in December 31, 2019 OSFI filings.

² As at June 24, 2020. For the latest rating, access www.ambest.com.

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