

# HEALTH CARE

## SPENDING ACCOUNT

### EMPLOYEE Q & A

#### 1. What is a Health Care Spending Account?

A Health Care Spending Account is an employee benefit that reimburses you for a wide range of health-related expenses, over and above what is provided for under your regular benefit plan. HCSAs are administered in accordance with the *Income Tax Act* (Canada).

#### 2. How does the Empire Life HCSA work?

Your employer will allocate a specified amount to each employee's account for reimbursement of eligible health and dental claims. Depending on how your HCSA is structured, you may receive your allocation annually, semi-annually, or quarterly.

#### 3. Who can be claimed as an eligible dependant?

In a HCSA, "eligible dependant", means all dependants that meet the requirements of the Medical Expenses Tax Credit (METC) as defined by the *Income Tax Act* (Canada) and amended from time to time. Eligible dependants are people who are financially dependent on you, the insured employee, and who reside in Canada at some time during the year. Eligible dependants may include dependants who may not otherwise be eligible under the extended health and dental provisions of your Empire Life employee benefits plan.

#### 4. What is an eligible HCSA expense?

In a HCSA, "eligible expenses" are expenses that qualify for the Medical Expense Tax Credit (METC) under the *Income Tax Act* (Canada), as amended from time to time. Eligible expenses include but are not limited to:

- Extended health and dental deductibles;
- Extended health and dental coinsurance;
- Vision care expenses;
- Eligible health and dental expenses for which the maximum has already been paid through your extended health or dental benefit plan during the policy year;
- Extended health and dental expenses not otherwise eligible under your employee benefits policy but that meet the requirements of the Medical Expenses Tax Credit (METC) as defined by the *Income Tax Act* (Canada) and amended from time to time.

You can read more about this on the Canada Revenue Agency website at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca). Type "eligible medical expenses" in the search field.

# HEALTH CARE

## SPENDING ACCOUNT

### 5. Can I designate payment of my benefits directly to a service provider from my HCSA?

Unlike certain benefits such as your dental coverage where you can direct Empire Life to pay your dentist directly, you cannot do this for HCSA reimbursements because the explanation of benefits would go to the provider, and it contains your confidential information. For privacy reasons, we don't do that.

### 6. How do I submit a HCSA claim to Empire Life?

Please use the form titled, *Extended Health Care Benefits and Health Care Spending Account Claim Form*, which you can download from the Plan Member website. Your employer should also have claim forms available. If you do not have access to the website, you can always call our Customer Service Unit at 1 800 267-0215 or email us at [group.csu@empire.ca](mailto:group.csu@empire.ca).

What follows are brief descriptions of the terms you will find on the form:

Section	Term	What it means
Section 1 Personal information	Group policy, Division and Certificate number	The Group policy number identifies your employer, the Division number identifies your work unit, and the Certificate number identifies you. We need all three to pay your claim and administer your benefits. You can find these numbers on your wallet card or on an Explanation of Benefits if you have submitted a claim in the past. Of course, you can always call our Customer Service Unit at 1 800 267-0215.
	Insured employee's name	This is you—the employee who works for the company that is providing the benefits through Empire Life. We would have said 'your name' but sometimes a spouse or someone else fills out the form for you.
Section 2 The claim process	Second payer	This applies to people who are covered under another benefit plan, in addition to the plan covered by Empire Life. For example, your spouse may be covered under your benefit plan as well as their own company's plan. Your spouse submits a claim to their company plan and is reimbursed 80% of the expense. You then submit the unpaid balance to Empire Life. In this instance, Empire Life would be the second payer.
	Eligible expenses	Eligible expenses are those that are eligible for the Medical Expense Tax Credit under the <i>Income Tax Act</i> (Canada). Check the CRA website to make sure you understand the most up-to-date guidelines.

# HEALTH CARE

## SPENDING ACCOUNT

Section	Term	What it means
Section 2 Payment options	If my HCSA claim is only partially paid due to insufficient HCSA credits	Some companies give employees their annual allocation in installments. You might receive credits each quarter, for example. If this is the case and you think you might not have enough credits to cover an expense, you can check this box to ask us to use future credits, when they are given to you, to pay you any unpaid balance. We make it easy – so you do not have to remember to submit a new claim in the future.
Section 3 Information about your claim		This is where you list the person or people you are claiming for, their date of birth, their relationship to you and the amount of the expense. Be sure to attach original receipts or the Explanation of Benefits if Empire Life is the second payer.
Section 4 Certification and authorization		This standard language gives Empire Life permission to administer benefits on your behalf. You also accept that you are responsible for making sure that any HCSA expenses you claim for, and any dependants you claim for qualify for the Medical Expense Tax Credit (METC) under the <i>Income Tax Act</i> (Canada).
Section 5 Direct deposit		We hope you are already taking advantage of our convenient and environmentally friendly direct deposit service. This is where you can sign up if you have not already done so (check "Register me"). If you have already signed up for direct deposit but need to change your banking information, check "Change my details". If you have already signed up and there is no change, check "Use my info on file."

If you have any questions about how to fill in the form, please call our Customer Service Unit Monday to Friday from 8:00 am to 8:00 pm eastern at 1 800 267-0215. Our customer service members will be happy to help.

## 7. What information is available on the Plan Member website?

You can refer to the Plan Member website to:

- Review your claims history;
- Download an EHB/HCSA claim form;
- View your HCSA account balance;
- Update your banking information, address or any other personal information that is not current; and
- Link to the Canada Revenue Agency (CRA) website, where you can read more information about eligible expenses.

# HEALTH CARE

## SPENDING ACCOUNT

### 8. How do I sign up for faster payment?

We encourage you to complete the direct deposit request on the bottom of the EHB/HCSA claim form or add the information yourself via the Plan Member website. If you need help, please call our Customer Service Unit at 1-800-267-0215.

### 9. What happens to my allocation if I don't use it?

The answer to that depends on the type of HCSA plan you have. If you have a no carry forward plan, you will forfeit any unused allocation at the end of each HCSA year. If you have a balance carry forward plan, any unused allocation will be automatically carried forward to the next HCSA year and will be good for a period of 12 months. Please refer to your employee booklet for plan details.

### 10. What happens if I leave my employer?

You will have 90 days from the date you leave your employer or retire to submit claims for eligible expenses incurred prior to the date of your leaving or retiring, provided the HCSA remains an active plan with your employer and Empire Life. After the 90-day period, you will lose any unused credits.

### 11. Can I submit expenses incurred before my effective date?

HCSA coverage must be in effect on the date you incur the expense in order for you to receive reimbursement.

### 12. What if my expenses exceed the credits available in my HCSA?

The answer to that depends on the type of HCSA plan you have. Please refer to your employee benefits booklet for specific plan details.

### 13. Can I co-ordinate my claims with another insurance plan?

The answer to that depends on the type of HCSA plan you have. Please refer to your employee benefits booklet for specific plan details. If your employer allows for coordination of benefits and you or your eligible dependant incur an eligible expense for which at least a portion is insured under another plan, payment of benefits will be coordinated with and/or reduced to the extent that benefits payable from all plans will not exceed 100% of the incurred expenses. For example, if your Policy includes extended health and dental coverage your claim would be reimbursed under your Empire Life extended health and dental coverage first. Then, if you also have coverage under your spouse's plan or some other plan, you would submit any unpaid balance to their plan for reimbursement. If any additional unpaid balance remains after this coordination of benefits step, you can submit a claim, including proof of claim and supporting documents from the other plan for reimbursement under your HCSA.

# HEALTH CARE

## SPENDING ACCOUNT

### 14. Where can I learn more about the Medical Expense Tax Credit (METC) under the *Income Tax Act* (Canada) pertaining to eligible medical expenses and eligible dependants?

Check the CRA website to make sure you understand the most up-to-date guidelines.

### 15. What expenses are not covered?

Eligible expenses are those that are eligible for the Medical Expense Tax Credit under the *Income Tax Act* (Canada), as amended from time to time. Examples of expenses not eligible for reimbursement under the HCSA Benefit include but are not limited to:

- premiums paid to provincial medical or hospital plans;
- medical costs for which you (or your eligible dependant) are fully reimbursed or are entitled to be fully reimbursed; and
- premiums you pay for your employee benefits with Empire Life.

You can find a complete listing of eligible expenses on the Canada Revenue Agency website at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca). Type "eligible medical expenses" in the search field.

### 16. How can I make the most of my HCSA?

There are two key points to remember: don't wait too long before you submit claims, and claim for older expenses before you claim for expenses that are more recent.

Timely submission of claims is important. It's best to submit a claim immediately after you incur the expense.

For example, if your HCSA year runs from January to December and you incur an expense on November 3, you have 90 days from December 31 to send in your claim. These 90 days are called the grace period. If you submit your claim after the 90-day grace period, you will not be reimbursed.

Submitting claims in the order you incur expenses can maximize the benefit of your HCSA.

Following are two examples of how the HCSA benefit can be maximized. Both examples assume that the HCSA is a Balance Carry Forward HCSA that runs on a calendar year with a \$100 annual allocation.

#### Example 1

- You use \$90 in year one and have \$10 carried forward to year two
- In February of year two you find a receipt from year one for \$50 and make a claim
- Since you sent in the claim within the 90-day grace period, your \$10 from year one is used to pay \$10 from the \$50 expense
- If this year one claim had been submitted in April, nothing would have been paid as it would have been outside the grace period

# HEALTH CARE

## SPENDING ACCOUNT

**Example 2** (assumes that this time expenses are submitted in a different order)

- You use \$90 in year one and have \$10 carried forward to year two
- You make a \$20 claim in January of year two (for services received in January)
- As this is a balance carry forward plan, the year one allocation is used before the year two allocation to pay for year two expenses. The balance of \$10 from year one is used to reimburse you, along with \$10 from your year two allocation
- In February, you find a receipt from year one for \$50 and make a claim
- Nothing is paid because your balance from year one is used up
- If you submitted the older claim first, you would have been reimbursed \$10 using your year one \$10, and your later claim of \$20 would have been paid only out of year two allocation

If that sounds complicated, just remember to submit older claims before newer claims.

### 17. Where can I read more about the HCSA? Is there information in my Employee Benefits Booklet?

Details specific to your plan are included in your employee benefits booklet. For additional information not found in your booklet, please call our Customer Service Unit at 1-800-267-0215 – we'll be happy to help.

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