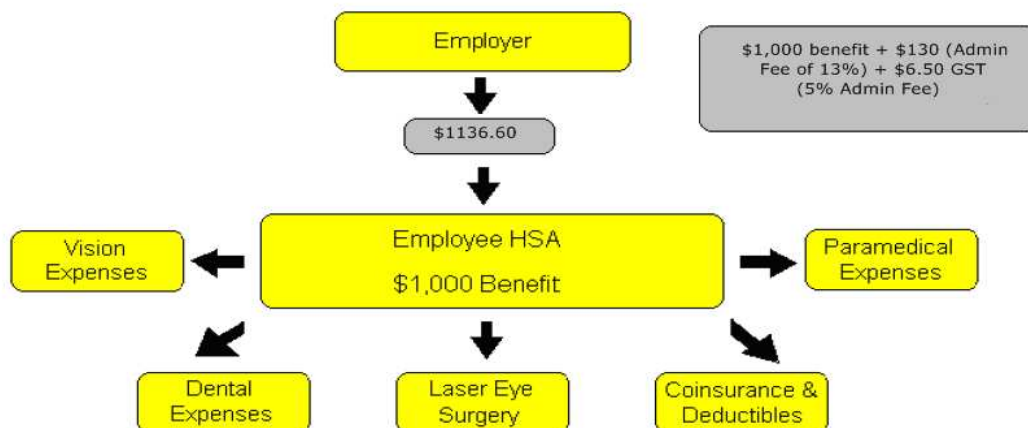




## HEALTH SPENDING ACCOUNTS- EXPLAINED

- ✘ A Health Care Spending Account (HCSA) is simply a different method of funding a benefits program. An HCSA provides increased flexibility to both employers and employees.
- ✘ The concept of an HCSA is much like a bank account as employees are allotted a set benefit each year. For example, single employees may be provided \$500 per year while employees with dependents may have \$1,000 per year.
- ✘ An HSA is best suited for cash flow benefits such as Dental or Visioncare. In larger organizations, these benefits are often predictable and employees do not incur catastrophic claims.
- ✘ Once the employer designates the funds for the HCSA, the benefit belongs to the employee for that year. The benefit level can be adjusted as required. Unlike a traditional insured plan, an HCSA provides the employer a greater level of budgetability as the premium costs are fixed.
- ✘ Employees also enjoy greater freedom over a range of eligible expenses with an HCSA. Whereas an insured plan must stipulate certain benefit levels (e.g. coinsurance, annual maximums, etc.), an HCSA's scope of coverage can be much greater, including the full range of dental expenses, visioncare, and non-traditional expenses such as laser eye surgery.
- ✘ Unlike an insured plan, any surplus generated at the end of the year, does not become the property of the insurance company. Instead, the surplus can be rolled over to future years for the employee or retained by the employer, if unused by the employee after two years.
- ✘ One point to keep in mind is that if no adjustments are made to the Health Care Spending Account benefit, the employee's level of benefit coverage will be eroded over time with increases in Dental Fee Guide and general inflation.





### **How They Work:**

- ✘ The employer allocates a certain amount of money that each class of employee can spend.
- ✘ The employer determines if employees can spend the money monthly, quarterly, semi-annually or on an annual basis.
- ✘ The employer selects the Rolling type:

#### **Rolling Contributions**

- ✘ Unused HCSA dollars can be rolled over into the next year but must be used by the end of that year.

#### **Rolling Claims**

- ✘ Claims incurred in the current year beyond the HCSA benefit amount can be paid out of the following year's benefit.

#### **No Rolling**

- ✘ Unused contributions will be forfeited at the end of the year.

- ✘ Employees spend their allocated money on the Health or Dental expenses that they desire.
- ✘ Employer contributions are not subjected to employment taxes. E.g. WCB, E.I., CPP
- ✘ HCSA's will be billed monthly in arrears. For example, the employer will be billed on the March invoice for the January HCSA paid claims.
- ✘ BBD encourages employees to register with Green Shield Canada's Plan Member Online Services. Employees can access the balance of their HCSA, as well as sign up for Direct Deposit of claims payments. Claims payments are deposited into the employee's bank account within 3 business days of the payment process date.

### **BBD offers the following Health Care Spending Account options:**

- A. Benaccount® (HCSA plus fully insured catastrophic coverage)
- B. Stand-alone HCSA (must include minimum \$100 in insured monthly premium)
- C. Top-up HCSA (can be added to insured Health and/or Dental)

In partnership with our carrier, Green Shield Canada, we are pleased to announce a revised, lower fee of 9% of claims paid, exclusive of commission. At time of quote, please tell us how much compensation you want built in. A default of 4% will be used if your quote specifications do not indicate otherwise.

BBD requires a security deposit equal to two months of anticipated claims as well as two months of the anticipated taxes on the administration fee. This deposit is fully refunded if the HCSA arrangement is discontinued. This deposit is not applied to the first months HCSA claims paid.