



# Health Spending Account Non Taxable

## Frequently Asked Questions

Human Resources

The following information is intended to answer some common questions you may have about your non-taxable HEALTH SPENDING ACCOUNT (HSA).

### **What are the advantages of my new HEALTH SPENDING ACCOUNT?**

- Your new HEALTH SPENDING ACCOUNT adds significant value to your benefits plan, and provides many advantages.
- The primary benefit is that it provides for payment of eligible health-related expenses with pre-tax dollars.
- Depending on the tax bracket you are in, you can realize considerable savings by paying for health expenses through your HEALTH SPENDING ACCOUNT by using pre-tax dollars.
- Your HEALTH SPENDING ACCOUNT provides you with the flexibility to cover a much wider range of medical and dental benefits than are covered under your core benefit plan.
- A HEALTH SPENDING ACCOUNT can pay for your share of medical and dental premiums, co-insurance amounts, deductibles and any other eligible medical expenses that may not be fully covered under your core benefit plan.
- A HEALTH SPENDING ACCOUNT also provides the ability to cover dependents that may not be covered under your core benefit plan.

### **Using Your Account**

### **What types of medical expenses are eligible through my HEALTH SPENDING ACCOUNT (HSA)?**

- A listing of eligible expenses is with this package of information as a separate document. This listing is an example of medical and dental expenses that would be eligible for deductions under the Income Tax Act as issued by Canada Revenue Agency.
- Alberta Blue Cross monitors changes to the Canada Revenue Agency lists and have a current listing on their website under your Spending Account site page. However, you should be cautioned that the listing does change and any large expenses you may be planning to put through your HEALTH SPENDING ACCOUNT should be verified for eligibility prior to proceeding.

### **Can I claim for Over-The-Counter (OTC) drugs through my HEALTH SPENDING ACCOUNT (HSA)?**

- It depends; under normal circumstances Canada Revenue Agency guidelines do not consider over-the-counter drugs to be a tax-exempt expense. However, exceptions will be made if over-the-counter drugs are prescribed by a medical practitioner or dentist and recorded by a licensed pharmacist.

### **Are there certain types of expenses that would not be covered under my HEALTH SPENDING ACCOUNT (HSA)?**

- Yes. Any expenses not recognized as eligible deductions under the Income Tax Act are not accepted. Some examples are drugs purchased without a prescription from a doctor or dentist, fitness club memberships, golf memberships and daycare.



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### Claims

**How do I claim for my expenses?** (If you coordinate benefits with another plan, see the next question.)

- Other than claims submitted electronically by your dentist or pharmacist you must submit a claim form. Complete Health Spending Account claim form, attaching all original receipts and any Explanation of Benefit (EOB) statements that indicate payment from other carriers. Check the box on the form if you wish to have the items checked against the Core Plan first. Claims may be dropped off at any of the Alberta Blue Cross offices throughout the province, or mailed to the address on the claim form.
- You are required to submit your receipts for any expenses within fifty-nine (59) days of the end of the plan's year, which means that your eligible claims must be **received** by Alberta Blue Cross by February 28th each year. We strongly recommend sending in receipts immediately after you incur the expense. It is important to be aware that you can only carry over expenses for one year. Therefore, expenses should be submitted immediately as carry forwards are paid out first in the following year.

**How do I claim for my expenses if I have coordination of benefits?**

- Health Spending Accounts are designed to complement your core benefit plan, and therefore require that you access all other benefit plans before submitting expenses to them for payment. Once your claims have been processed by both plans, you attach your Explanation of Benefits statements (EOB) from Alberta Blue Cross and/or the other insurance company and submit them with a Health Spending Account claim form.

**Can I submit claims dated prior to opening my HEALTH SPENDING ACCOUNT (HSA)?**

- No, only claims incurred after the HEALTH SPENDING ACCOUNT effective date may be submitted for reimbursement.

**Can the health service provider be paid directly from my HEALTH SPENDING ACCOUNT, so that I do not have to pay money out of my pocket?**

- No, Canada Revenue Agency stipulates that you must be the recipient of reimbursement from your HSA, not providers of services.

**What if I send in original receipts for payment through my core benefit plan? Are photocopies of receipts acceptable?**

- Photocopies of receipts are not acceptable; only original receipts will be considered eligible for reimbursement.
- If the original receipt was sent in for payment through your core benefit plan with Alberta Blue Cross (and you have no coordination of benefits), Blue Cross will facilitate payment through your HEALTH SPENDING ACCOUNT automatically as they already have the original receipt on file.
- If you have coverage through another benefit carrier as well (coordination of benefits) then the original receipts have likely been sent in and kept by that carrier.
- Alberta Blue Cross then requires the Explanation of Benefits (EOB) statement that you received showing the amount paid from the other carrier.



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**Why do I receive a rejection letter for expenses I have submitted, when I just want to claim them through my HEALTH SPENDING ACCOUNT (HSA)? I already know that I'm not covered for these expenses through my core plan.**

- Your HSA requires that all other core benefit plans be accessed prior to forwarding them to your HSA.
- Through this highly automated process, a rejection letter and Explanation of Benefits (EOB) statement are produced.
- This ensures that all efforts have been taken to pay the expense through your core plan and lets you know that claims have been received and are now being forwarded to your HSA for processing. It is important that you are aware of the status of your claim and what claims have been forwarded to your account.

**I would like to save my HEALTH SPENDING ACCOUNT (HSA) to pay for a particular expense, rather than have every expense claim being paid out automatically.**

- Those who do not want any balance automatically paid out must complete the "Health Spending Account Discretionary Claiming Decision Form" (one is provided in your package).
- We will then notate this in the system so your expenses are only paid out of your HSA when you submit them manually.
- This choice may be made once only prior to each benefit (calendar) year.
- To submit for specific items directly to your HSA that are not covered under your Core Plan, use the Blue Cross Health Spending Account Claim Form which is enclosed and you will find on the Benefits website and the Blue Cross site.

**When do I get paid for claims that I have submitted?**

- If the total amount of eligible expenses reaches \$100.00 prior to the end of the quarter, then it will be processed in the payment run in the month following the end of the month in which the \$100 was accrued. The expenses submitted must be eligible for payment through HSA.
- HEALTH SPENDING ACCOUNT (HSA) reimbursements less than \$100.00 are processed the month after the quarter ends (April, July, October, January). You must have dollars available in your account.
- The total expense must be higher than the \$5.00 minimum (to keep administration costs down as Alberta Blue Cross will not process an amount less than \$5.00, except at the end of the policy year).

**I incurred a medical expense while vacationing outside the province. How should I submit a claim for this expense?**

- Claims for out-of-province medical expenses should be submitted first to your provincial healthcare plan, then to any supplemental health benefit plan (Core Plan) under which you are covered, and finally to your HSA. As this process may take some time, you should remember HSA deadlines and forfeiture rules.

**How will I know the balance of my HEALTH SPENDING ACCOUNT?**

- Every quarter you will receive an HSA statement highlighting any transactions and the balance in your account. You will also receive a statement if you exceed the \$100.00 threshold.
- You may also check online at any time once you are registered and received your password from Blue Cross. The online statements are by far easier to follow than the printed statements.



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### Allocation Contributions

#### How will I know when to enroll?

- The Spending Account Package is made up of two accounts, a non-taxable Health Spending Account (HSA) and a taxable Wellness Spending Account (WSA).
- Annually you will receive a lump sum amount to allocate into these two accounts in a way that meets your specific needs.
- You will be required to **complete and submit the form provided** for you to advise Human Resources of your allocation choice.
- Information regarding deadlines will be sent out each year in November.

#### When is the money put into my HEALTH SPENDING ACCOUNT? Will it change during the year?

- Contributions will be made to your account on an annual basis.
- The total amount of your annual contribution is deposited at the beginning of the benefit year.
- Your account is based on a calendar year (January to December).
- Any changes would take place in consultation with your benefits committee and you.

#### How long do I have to use my dollars?

- You can carry your expenses forward for one year after the year in which you incur your expenses for the HSA only.
- Unused dollars are forfeited at the end of each benefit year.

#### What happens to any dollars that are forfeited at the end of the year?

- When unused dollars are forfeited they revert to the University. Canada Revenue Agency regulations for administration of a Spending Account do not allow employers to pay out unused dollars to each employee who had an unused amount.
- We will meet with your Benefits Committee each year to determine the best way to handle the total surplus for your group. They will in turn give you the information and get your feedback if necessary on the best option.

#### I have been allocating funds to my HEALTH SPENDING ACCOUNT to pay for certain medical expenses. However, circumstances have changed and I will no longer incur these expenses. Can I withdraw this money?

- No. Canada Revenue Agency requires that there be an "element of risk" in order for the plan to receive favorable tax treatment, this risk being the possibility of forfeiting unused funds.

#### If I have more health-related expenses during the year than I anticipated, can I increase the amount of my HEALTH SPENDING ACCOUNT contributions?

- Not in that year. Canada Revenue Agency requires that you make an irrevocable election to your SPENDING ACCOUNTS on an annual basis, which can be neither increased nor decreased. You may carry forward your expenses into the next year only.



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### Eligibility

#### **Who can I cover through my HEALTH SPENDING ACCOUNT?**

- You may cover expenses for yourself, your spouse, your children and any other dependants. A dependant is considered any person for whom you may claim medical tax credits as determined by the Income Tax Act in that year.
- If you can claim for a dependant under taxation guidelines, then that dependant is eligible under your HSA.

#### **What happens to my HEALTH SPENDING ACCOUNT if I terminate my employment, or transfer to a classification within the University that does not have HSA as a benefit?**

- If you terminate your employment or transfer to an employee group within the University of Lethbridge that does not have HSA, you lose your dollars upon termination or transfer.
- All claims with a date of service prior to the end of the termination or transfer can be submitted for payment within the next 30 days. After 30 days, claims will not be processed.

While the accounts and information are being set up with Blue Cross, please contact:

Adriana Ota	<a href="mailto:adriana.ota@uleth.ca">adriana.ota@uleth.ca</a>	332-4428
Laurie Maye	<a href="mailto:laurie.maye@uleth.ca">laurie.maye@uleth.ca</a>	329-2753

if you have any additional questions or would like more information.

Once you are signed on with Blue Cross as a member through the University, you will be able to check your Core Plan and Spending Accounts online with Alberta Blue Cross [www.ab.bluecross.ca](http://www.ab.bluecross.ca) Online Services (once you have registered and received your password), or you may call Alberta Blue Cross Customer Services at 328-6081 from Lethbridge and area, or 1-800-661-6995 toll-free from anywhere in Alberta. (We recommend the local Lethbridge office.) We highly recommend registering for online services for up-to-date information and your Extended Health and Dental plan information.

**The information provided here serves as a guide only and should not be interpreted or followed as a contract or agreement. Exact terms and conditions of the group benefits program are described in more detailed contracts and other documents. Where questions of interpretation arise, these contracts and other documents will be referred to.**