

# Healthcare Spending Accounts (HCSA) for Groups

If you want to set up a benefits plan for your employees but want to avoid annual price increases, Healthcare Spending Accounts are for you.

An HCSA is a pre-determined amount of money provided to employees each benefit year for coverage of their medical and dental expenses. It can be as big or as small a part of your group benefits plan as you want. The plan will cover Canada Revenue Agency approved health and dental expenses, reimbursed at 100% up to the total dollar amount available in the HCSA. It is a “defined contribution plan”, where the employer’s cost for that benefit is fixed. HCSA plans can be set up for groups as small as one business owner.

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## Benefits of HCSAs

- ▶ Control your costs (eliminate budgetary surprises!)
- ▶ You define how to compensate the groups within your group
- ▶ Fully tax-deductible expense to the company
- ▶ Benefits received by employees are tax-free
- ▶ Complete claim flexibility for employee, no internal maximums or deductibles
- ▶ Can be used to reward seniority, encourage higher sales revenues, or retain key employees



## What Expenses Are Eligible for Coverage?

Any item that qualifies for the Medical Tax Credit is eligible for HCSA coverage – a broader definition than that of any conventional employee benefits plan. For example:

- ▶ Prescription drugs
- ▶ Paramedical services (massage therapy, physiotherapy, etc.)
- ▶ Eye glasses or laser eye surgery
- ▶ Medical appliances
- ▶ Major dental including dental implants
- ▶ Orthodontics for children or adults

## What Happens to Unspent Funds?

Most employers choose to carry the balance forward, meaning excess funds simply roll over into the following year. However, if you still have unspent funds from year one at the end of year two, the remaining carry-forward amount is returned to the company. With traditional insurance plans, unspent funds go into the pocket of the insurance company.

An **HCSA** allows you to have complete control over your costs while allowing your employees to have the best possible flexibility.

the  
benefits trust

3800 Steeles Avenue West  
Suite #102W  
Vaughan, Ontario  
L4L 4G9

Phone: (416) 498-7723  
Toll Free: (800) 487-2993  
Fax: (905) 264-1123

[www.thebenefitstrust.com](http://www.thebenefitstrust.com)

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to find out more.