



**Add more flexibility to
your coverage with a
Chambers Plan
Health Spending
Account (HSA)**

Your employees are unique, with different needs and expectations of what benefit plans should offer. Health Spending Accounts are a great way to offer them more flexibility, by providing coverage for health-related expenses that may not be included in their group benefit coverage or to top up existing coverage.

Simple and effective, Health Spending Accounts can add flexibility for your employees and help give you better control over costs.



Chambers Plan
Employee Benefits

An Excellent Tool for Firms to Manage their Employee Benefit Programs

A Health Spending Account (HSA) recognizes and supports the fact that individuals have different health-related needs at different ages and life stages. With a Chambers Plan HSA, a firm can set up core benefits and enable employees to determine how best to use the HSA funds available to them.

The firm chooses the funding level(s) for each employee and costs will not exceed the total employee limits (plus administration expenses and taxes).

Claims paid under an HSA arrangement are tax deductible, just like traditional group benefit premiums and there are **no set-up fees, no annual fees and no advanced deposits**.

Choice and Flexibility for Employees

Employees can use their HSA to reimburse a wide variety of eligible medical expenses or reduce out-of-pocket costs not covered under their group plan, top up payments for services not covered by the benefits plan, or pay deductibles for covered services.

Employees can use their HSA funds to cover any expense that qualifies for the Medical Expense Tax Credit under the Income Tax Act. An HSA can also be used to cover expenses for dependents who may not qualify under your group plan, as long as they qualify as dependents under the Act.

With a **Funds Carry Over** option, employees can plan and budget for large expenditures, like orthodontic expenses, by saving funds over a two-year period.

For more information on eligibility or eligible expenses, visit <https://www.canada.ca/en/revenue-agency.html>.





Set-Up

The Chambers Plan HSA is designed to supplement, not replace, insured Health or Dental coverage. It exists alongside our insured group coverage and is not offered on a stand-alone basis.

The Plan Administrator will assign separate calendar year maximums to each employee. If they wish, they could, for example, assign limits based on single or family coverage, or one maximum can be established for all employees. Coverage is available up to \$10,000. Firms that do not include Health or Dental benefits as part of their group plan will be limited to calendar year maximums of up to \$500*. Maximums will not be prorated for new employees added to the HSA. When applying for the new employee's HSA, the Plan Administrators may indicate an amount for the current calendar year and assign a new amount for the following calendar year. Any changes to claim maximums can be submitted by the Plan Administrator through *my-benefits* under **HSA Limits**, and are solely the responsibility of the firm. Any changes to an existing HSA are effective January 1 of the following year.

Firms select one of three plan designs: No Carry Over, Funds Carry Over, or Claims Carry Over.

*In Quebec, a Health Spending Account must be provided with an Extended Health benefit.

Set-Up (continued)

No Carry Over | Employees must use their HSA funds within the calendar year, after which any unspent funds are forfeited.

Example: \$500 Allocation

	Funds	Claims	HSA Balance
Year 1 - January	Year 1 - \$500		\$500
Year 1 - January to December		\$275	\$225
Year 1 - December 31	\$225 Forfeited		\$0
Year 2 - January 1	Year 2 - \$500		\$500

Funds Carry Over | Any unused funds an employee has at the end of year one are carried forward and added to their balance for year two. Each year's balance can only be carried over for one year. Any portion of this amount which remains unused at the end of the second calendar year is forfeited. Claims may not be carried forward.

Example: \$500 Allocation

	Funds	Claims	HSA Balance
Year 1 - January	Year 1 - \$500		\$500
Year 1 - January to December		\$275	\$225
Year 1 - December 31	\$225 Carried over to Year 2		\$225
Year 2 - January 1	Year 2 - \$500		\$725
Year 2 - January to December		\$100	\$625
Year 2 - December 31	Unused from Year 1 is forfeited ($\$225 - 100 = \125)		\$500
Year 2 - December 31	\$500 Carried over to Year 3		\$500
Year 3 - January 1	Year 3 - \$500		\$1,000

Claims Carry Over | Claims that remain unclaimed at the end of the benefit year can be carried into the subsequent calendar year to be reimbursed from that year's funds.

Example: \$500 Allocation

	Funds	Claims	HSA Balance
Year 1 - January	Year 1 - \$500		\$500
Year 1 - January to December		\$850 claim \$500 Paid	\$0
Year 2 - January 1	Year 2 - \$500		\$500
Year 2 - January to December		Balance of \$850 can be submitted $\$850 - \$500 = \$350$	\$150

Claim Recoveries / Reporting

There are no set-up fees, no annual fees, and **no advanced deposits** are required.

HSA amounts are recovered by pre-authorized debit from a firm's designated account on the 10th of every month. A monthly invoice summarizes the claims paid, as well as the expenses and applicable taxes charged.

The only expenses of the HSA are an administration fee equal to 10% of paid claims, plus applicable taxes.

Taxes are levied based on the province of employment of each employee with the exception of QST (which is based on the employer's location). The figures in the table below are for illustration purposes only and any taxes will be assessed based on legislation at time of claim.

Firms adding an HSA must be registered for **my-benefits**[®] to administer their plans and access their reports.

Tax	Taxation Base	BC	AB	SK	MB	ON	QC	NS	NB PE	NL
Premium Tax	Claims & Expenses					2%	3.3%			5%
Retail Sales Tax	Claims ⁽¹⁾					8%	9%			
GST	Expenses & Premium Tax ⁽²⁾			5%			5%			
HST	Expenses & Premium Tax ⁽²⁾					13%		14%	15%	15%
QST	Expenses & Premium Tax ⁽²⁾						9.975%			

⁽¹⁾ RST applies on claims in Ontario and Quebec.

⁽²⁾ Premium tax is included in the base in applicable provinces (NL, QC, ON).

Changing Calendar Year Maximums

Canada Revenue Agency (CRA) guidelines require that limits be set before the start of every benefit year.

CRA allows changes to HSA limits in response to a life event (e.g. marriage, loss of spousal coverage) or change in employment status (part-time to full-time). Changes are effective the day the change notification is processed and cannot be retroactive.

Grace Period

Employees have 90 days after the end of a calendar year to submit claims that were incurred during that year. After this window of time, claims for the previous year will be declined.

Termination

Upon retirement or termination of employment, employees have 90 days to submit claims for services received prior to the retirement or termination date. If the firm terminates coverage, employees have 30 days to submit claims for services received prior to the termination date.



Health Spending Accounts – A powerful tool in your employee benefit design

- Complete **cost certainty** – employers only pay for the claim costs incurred plus applicable taxes
- Adds **flexibility** to your employee benefits – your employees have different health needs and priorities; an HSA provides employees more choice and flexibility
- More **coverage** – any expense that qualifies as a medical expense under the Canadian Income Tax Act can qualify for coverage under an HSA
- **Enhances existing Health or Dental coverage** – employees can use their HSA to pay for deductibles, co-insurance, or amounts above any coverage limits

Talk to your local Chambers Plan advisor about adding a Health Spending Account to your benefit plan.

