

### How does a Health Care Spending Account (HCSA) work?

Employers choose a specific dollar amount to contribute annually to each employee's individual account. The contribution must be the same for every employee in a given class.

The employee is able to use the amount allocated to his or her Health Care Spending Account (HCSA) to pay for eligible extended health and dental care expenses including:

- expenses not covered by the core benefit plan;
- to pay for co-insurance amounts; or
- to top up the core benefit plan when the maximum benefit amount has been paid.

### What are the advantages of HCSAs?

- ✓ **Employer Advantage** – When HCSA guidelines are followed, contributions are tax deductible to the employer.
- ✓ **Employee Advantage** – Expenses not covered by a benefit plan must be paid by employees with after-tax dollars. HCSAs pay for eligible health and dental care expenses with pre-tax dollars, which goes further than if the employee had received the same compensation in the form of salary or wages.

### What types of expenses can be paid using HCSA funds?

Any expense stated in Income Tax Bulletin IT-519R2 "Medical Expenses" under Section 118.2(2) of the Income Tax Act can be paid with HCSA funds. Expenses paid using HCSA funds cannot be claimed as a medical expense on the employee's personal income tax return.

To view eligible HCSA expenses, visit the Canada Revenue Agency's website at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

### Can HCSA funds be used by anyone other than the employee?

HCSA funds can be also be used by the employee's spouse or other dependents who are covered for benefits under the employee's Office Supervisory Plan.

### What happens to unused balances?

The unused balance of an annual allocation may be carried over for a maximum of one calendar year. Unused balances in the account for more than two calendar years are forfeited back to the employer.

### What happens if we join *Health SolutionsPlus* part way through the year?

Annual allocations will be pro-rated if the company or any employees join part way through a calendar year. For example:

*Employee A, with an annual allocation of \$500, joins on the plan on October 1<sup>st</sup>. He would have an allocation of \$125 for the period of October 1<sup>st</sup> to December 31<sup>st</sup>, then an additional \$500 January 1<sup>st</sup>.*

### Where can the *Health SolutionsPlus* Visa® card be used?

The *Health SolutionsPlus* Visa card can be used at all approved providers, which may include:

- ✓ Pharmacies
- ✓ Dental clinics
- ✓ Vision centres
- ✓ Paramedical practitioners

### **Can I submit a claim to my HCSA without using my *Health SolutionsPlus* Visa card?**

Claims can be made online through Great-West Life's self-help website, GroupNet for Plan Members. Registration instructions can be found on the Mercon website at [www.merconbenefits.com](http://www.merconbenefits.com). Claims can also be made via mail using a HCSA claim form. Please contact Mercon if you require a HCSA claim form.

Payment is subject to review by Great-West Life.

### **Are employees able to track the balance of *Health SolutionsPlus* accounts?**

Employees can track their account balance and submit claims through Great-West Life's self-help website, GroupNet for Plan Members.

### **Can *Health SolutionsPlus* be coordinated with another benefit plan?**

HCSA funds should be used only once all other coverages have been exhausted. If an employee is covered under the Office Supervisory Plan, as well as through a spousal plan, the claim must go through those plans first. Any outstanding balance may then be submitted to the HCSA for reimbursement. The *Health SolutionsPlus* Visa card can be used once the claim has been coordinated through all applicable benefit plans.

### **What safeguards are in place to prevent misuse of the *Health SolutionsPlus* Visa card?**

The card will not work at automated teller machines (ATMs) or stores that do not offer eligible goods and services, such as restaurants, bookstores and gas stations.

Great-West Life performs random claim audits, requesting paper copies of receipts for expenses. Attempts to use the card for non-healthcare products and services may result in the employee's card access being suspended and notification of misuse being sent to Mercon.

### **How do employers pay for the *Health SolutionsPlus*?**

Employers will receive a monthly invoice from Great-West Life that includes the total dollar value of claims from the previous month, plus an administration fee and a claims administration fee of 5%.

To determine the applicable administration fee for your Office Supervisory group, please contact Mercon.

### **How is the initial deposit, or "float" calculated?**

The float is equal to one-twelfth of the annual value of HCSA funds for all employees. For example:

*Company A has 10 employees for whom they contribute \$500 each in HCSA funds (\$5,000 annual total). Therefore, the float would be equal to \$416.67 (1/12<sup>th</sup> of \$5,000).*

The float is recalculated annually to maintain one-twelfth of the annual value of HCSA funds for all employees.

### **Can an employee continue to use the *Health SolutionsPlus* Visa card once he or she has been terminated from the Merit Benefit Plan?**

It is essential that you advise Mercon Benefit Services of an employee's termination date at the earliest possible opportunity. This ensures that the employee does not have continued access to incur expenses using the *Health SolutionsPlus* Visa card.

Delaying notification or failing to notify Mercon of an employee's termination may result in additional charges on the company's invoice.

For more information about *Health SolutionsPlus*, contact Mercon Benefit Services at 780.455.5845 (Edmonton), 1.877.263.7266 (toll-free), or email us at [mercon@merconbenefits.com](mailto:mercon@merconbenefits.com).