Frequently Asked Questions about the Health Care Spending Account
Rolling Type: None

What is a Health Care Spending Account?

A Health Care Spending Account (HCSA) is a benefit program that provides increased flexibility for employers and employees. Like a bank account, HCSA's are allotted a defined amount of funds each policy year (January 1 to December 31).

Example: Single employees receive $500 per year, while families may have $1,000 per year.

Who manages the HCSA?

The Health Care Spending Account is administered and maintained by BBD Inc., while claims adjudication and reimbursement is processed by Green Shield Canada.

What is covered by the HCSA?

- You can be reimbursed from the HCSA for costs that are eligible through your group insurance plan that may not be fully covered.
- You can be reimbursed from the HCSA for medical, hospital, drug or dental costs which are recognized as eligible medical expenses under the Income Tax Act. A list of these services is on the Canada Revenue Agency's Website, http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/330/llwbl-eng.html
- You can be reimbursed for costs incurred during the current calendar year from the defined funds deposited in your HCSA for the current year.

What is not covered by the HCSA?

- Expenses for purely cosmetic procedures, including any related services and other expenses such as travel, **incurred after March 4, 2010**, are no longer an eligible expense. Both surgical and non-surgical procedures purely aimed at enhancing one's appearance are a non-eligible expense. However, if the expense is considered necessary for medical or reconstructive purposes, such as surgery to address a deformity related to a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease, it will continue to be covered.

Examples of expenses that are non-eligible include the following:

- Liposuction;
- Hair replacement procedures;
- Botox injections; and
- Teeth whitening.

- Any cost that is not recognized as an eligible expense under the Income Tax Act

How many credits are in my HCSA?

$_____ per calendar year.

For new Employees, initial HCSA credits will be pro-rated based on the first of the month after their effective date.

How can obtain the balance of my HCSA?

1. Sign up for Green Shield Online;
2. By Calling Green Shield Customer Service 1-888-711-1119

How do I submit a claim?

Employees will receive a Benaccount ID card which can be used to file claims electronically for prescription drugs and dental visits, up to the available balance in the employee's HCSA account. When a prescription is filled at the pharmacy, the ID card is presented to the pharmacist. If the $1,000 deductible on the catastrophic plan has not been satisfied, the pharmacy may receive a message from Green Shield stating that the claim has been denied and you will have to pay the pharmacy for the prescription. The claim has only been denied under the catastrophic plan but has been sent electronically and will be paid out of the HCSA if there is a contribution balance. There is no need to file any paperwork and the employee will receive reimbursement by cheque or direct deposit..

What should I do if my eligibility date is not the 1st of the month and this is my first month (or part month) with coverage?

Your HCSA allotment becomes available on the first of the month after your effective date.

Where should I submit my expenses first?
If you have a fully insured health and dental plan, through yourself or your spouse, the plan will be first payor, any remaining balance can then be processed through your HCSA.

When submitting claims through your HSCA, it is recommended that you check either of these options on the Green Shield HCSA Claim form:

- I want my eligible expenses paid from my Green Shield health plan or dental plan **first** and any unpaid portions of my eligible expenses paid from my HCSA.
- I want all my eligible expenses paid from my Green Shield health plan or dental plan **first,** and then any unpaid portions of my eligible expenses paid from my other Green Shield #_____ and if still unpaid portion remaining, paid under my HCSA.

When should I submit my claims, is there a cut off date for claims at the end of the year, and how long do I have to submit my claims from the prior year?
Claims incurred near the end of the calendar year should be submitted immediately to ensure that they are processed before the year end (January 1 to December 31) grace period deadline; BBD's standard is 90 days. Please check your Benefit booklet for your group's grace period under the heading Health Care Spending Account.

Is there a special claim form for the HCSA?
Yes. It can be found on BBD's website www.bbd.ca and clicking on Plan Member, then Forms.

If my spouse has a HCSA too, can I direct any unpaid balance of a claim to be considered under his/her HCSA?
Yes, as long as all parties are covered under the benefit plans, they are able to coordinate coverage between their HCSA plans.

Why was my claim declined?
Your claim could be denied if:

- it is not an eligible expense under the Income Tax Act;
- received after the deadline for submissions;
- you have already claimed in excess of the allotted amount for the year; or,

When do I get more HCSA credits?
The HCSA benefit year is January 1 to December 31. The frequency of HCSA credits depends on your Allotment Type; this is found in your benefit booklet under the heading Health Care Spending Account.

- Annual: A lump sum is deposited on January 1st.
- Semi-Annual: You will receive half of your annual amount in January and the remaining amount in July.
- Quarterly: You will receive a quarter of the total amount in January, 25% in April, 25% in July, and the remainder in October.
- Monthly: You will receive a twelfth of the total amount on the 1st of every month until the end of the calendar year.

Note: Claims are paid out based on the amount of funds available in your HCSA. If a claim is submitted mid year and there is no money in the account, it will be held until your next allotment is added.

What happens if all the annual contributions aren't used?
The employer determines the "rolling type" as follows:

a) **Rolling Contributions** – unused HCSA contributions can be rolled over into the next year but must be used by the end of the 2nd year. CRA guidelines state that HCSAs must be set up with an element of risk therefore the "use it or lose it" concept applies i.e. if the employee doesn't use their previous year's contributions by the following year, they lose those contributions and those contributions are kept by the employer.
b) **Rolling Claims** – claims incurred in the current year beyond the HCSA contribution amount for that year, can be carried forward into the following year and paid using the following year's contributions. Again CRA element of risk guidelines apply so If those claims are more than the following year's contributions then any claim balance from that previous year will be lost.
c) **No Rolling** – unused contributions or unpaid claims will not be rolled over into the next year and any unused contributions are kept by the employer.

What is a "submission grace period"?
A submission grace period is the amount of time an employee has into the next calendar year to submit their current year's claims (under Rolling Contributions) or to use their current year's contributions (under Rolling Claims) before they are lost (forfeited). The timeframe is set up by the employer and can be 30, 60 or 90 days. For example if a plan

is set up with a 90 grace period, claims/contributions for the current calendar year must be submitted/used by March 31st of the following year.

What is a "termination grace period"?

The "termination grace period" is the amount of time an employee has to submit their HCSA claims once they are cancelled from the benefit plan. The timeframe is set up by the employer and usually coincides with the submission grace period. The standard submission and grace period is 90 days.

If you have any other questions, please contact your Client Service Representative at BBD or consult your Group Benefits Booklet.

Ontario Office: Toll Free: 1-888-272-0413

The above information is for general reference only. Changes to interpretations, conventions, and legislation or individual company policies may affect these guidelines. Please check with your insurance carrier or plan administrator for further information.