

The Health Spending Account

ANSWERS TO
YOUR QUESTIONS



What is a Health Spending Account?

A Health Spending Account (HSA) is an add-on to your group insurance plan. The idea is pretty simple: at the beginning of each reference year, your employer deposits a certain number of credits in your HSA that you and your dependents can use to pay for health or dental expenses that aren't covered by your provincial health insurance plan or any other group insurance plan.



Submitting claims using your HSA

Any applicable coordination of benefits¹ (COB) should be submitted before you claim amounts under your HSA. This will allow you to make the most of your group insurance benefits.

¹ For more information on the coordination of benefits, refer to the *Coordination of benefits* brochure available on our secure site.

Situation 1

Eligible health expenses	\$100
Amount paid by your plan	\$50
Amount paid by your spouse's plan (COB)	\$30
Amount paid by your HSA	\$20
Total reimbursement	\$100

Situation 2

Eligible health expenses	\$100
Amount paid by your plan	\$50
Amount paid by your spouse's plan (COB)	Not submitted
Amount paid by your HSA	\$50
Total reimbursement	\$100

In both cases, the total reimbursement covers 100% of the eligible expenses. But Situation 1 makes optimum use of your HSA by also coordinating your benefits with your spouse's plan. Situation 1 uses fewer HSA credits, so you'll have more left over to use for future claims.

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Depending on the type of expenses incurred, there are several ways you can submit your claim:

- Dentists, vision care specialists, and other health professionals registered in the TELUS Health eClaims program: You don't have to do anything. Eligible expenses will automatically be submitted to your HSA for reimbursement. If you don't want to automatically apply these expenses to your HSA, you must call our Client Relations Centre (CRC) to let us know.
- Dentists, vision care specialists, pharmacists, and other health professionals NOT registered in the TELUS Health eClaims program: You'll have to pay the amount not covered by your base plan, and then submit a claim for reimbursement under your HSA via one of the following methods:
 - Via the **secure site**, by checking the appropriate box
 - Via the **Omni mobile app**, by activating the HSA option
 - By mail, by completing the "Health Spending Account" section of one of the following forms: **Claim for Health Care Benefits (19132A)** or **Claim for Dental Care Expenses (19110A)**



Unused credits at the end of the reference year

The period during which credits are available varies depending on your HSA plan. Your employer decides how unused credits are managed. See your employee booklet for more details on how your credits are managed and when they can be used.

Credits can be managed in a number of ways:

- **Credit carry-forward**
Any credits that haven't been used during the year for which they were intended are carried forward to the following year (any credits **carried forward** that have not been used by the end of that second year will be lost).
- **Expense carry-forward**
Any expenses that aren't reimbursed in full during the year in which they are incurred can be carried forward and paid with the credits available the following year. Any unused credits will be lost.
- **No carry-forward**
Any unused credits at the end of the year will be lost.

Example of how the credit carry-forward method is calculated

Credit carry-forward				
Reference years	1	2	3	4
Credits carried forward	\$-	\$200	\$300	\$500
HSA credit allocation	\$500	\$500	\$500	\$500
Balance at the beginning of the year	\$500	\$700	\$800	\$1,000
HSA claims	\$300	\$400	\$100	\$1,200
Balance at the end of the year	\$200	\$300	\$700	\$-
Amount lost	\$-	\$-	\$200 ²	

² With the credit carry-forward method, credits carried forward from one year to another are always used first. Of the \$300 carried forward from year 2 to year 3, only \$100 was claimed under the HSA. The unused credits (\$200 in this example) would be lost at the end of year 3 because you cannot carry credits forward more than once.

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Example of how to expense carry-forward method is calculated

Expense carry-forward			
Reference year	1	2	3
HSA credit allocation	\$500	\$500	\$500
Balance at the beginning of the year	\$500	\$500	\$500
Expenses carried forward from the previous year	\$-	\$300	\$-
HSA claims	\$800	\$150	\$600
Balance at the end of the year	\$-	\$50	\$-
Amount lost	\$- ³	\$50 ⁴	\$-

Using your credits

Based on your needs and those of your eligible dependents, the credits available in your HSA can be used to cover a number of different types of expenses, including:

- Certain health and dental expenses that aren't covered under your group insurance plan
- Deductibles and co-insurance
- Health and dental expenses above the maximum covered under your group insurance plan
- A portion of your premium contribution for extended healthcare and/or dental benefits

Your plan may include restrictions.

See your employee booklet for more details.

Eligible health and dental expenses

Eligible expenses are defined by the Canada Revenue Agency (CRA). For a complete list of eligible expenses, visit the CRA website at cra-arc.gc.ca, and enter "eligible medical expenses" in the site's search engine. For more details, click on the Income Tax Folio S1-F1-C1, Medical Expense Tax Credit link on the web page.

Checking your HSA balance

Your HSA balance is debited each time a claim is paid. You can check your HSA balance three different ways:

- **Log on to the secure site at desjardinslifeinsurance.com/planmember** and click on **Access our online services** and then under **Your account**, select **Health Spending Account**
- Access your file online using the **Omni mobile app** and select **Health Spending Account** from the menu bar
- Refer to the **explanation of benefits** that's produced and posted on the secure site each time a claim is processed (if you don't have access to the secure site, or if you haven't signed up for direct deposit, you can refer to the explanation of benefits that will be sent to you by mail)



³ The \$800 claimed in year 1 was not reimbursed in full. The remaining \$300 in expenses can be carried forward to the following year.

⁴ The balance of credits remaining at the end of a year cannot be carried forward to the following year; it will automatically be lost at the beginning of the next year.

Advantages

The HSA allows you to:

- Get reimbursed for a wider range of products and services than those covered under your basic plan to give you a healthcare plan that better suits your needs
- Determine what you'd like to spend your credits on (Canada Revenue Agency rules apply)
- Benefit from preferential tax treatment, since HSA credits used to pay for health and dental claims are a non-taxable benefit (except in Quebec, where expenses paid through an HSA are subject to **provincial** income tax, but not federal income tax)

Eligibility criteria

To be able to use your HSA credits, the products and services received must:

- Be eligible for the Medical Expense Tax Credit under Canada's *Income Tax Act*
- Not be fully covered by a private or government plan
- Have been prescribed by a healthcare professional (certain exceptions apply)

About Desjardins Insurance

Desjardins Insurance offers a wide range of flexible life insurance, health insurance and retirement savings products, and ensures the financial security of millions of Canadians through its offices across the country. It has been providing innovative services to individuals, groups and businesses for over a century. Desjardins Insurance is part of Desjardins Group, the largest financial cooperative in North America.

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