What is a Health Care Spending Account?

A Health Care Spending Account (HCSA) is a **non-taxable**[1], defined-contribution plan where an employer decides on a yearly amount to provide employees for eligible medical expenses.*

Because employers set an annual allotment per employee, HCSA's offer cost-predictability, leaving little room for surprise expenses. Meanwhile, employees gain added flexibility by being free to utilize their HCSA dollars on what matters most to them.

**as determined by the Canada Revenue Agency (CRA)*

What is covered by a Health Care Spending Account?

The Canada Revenue Agency (CRA) has a long list of eligible expenses, but here's a list of some common uses:

- Ambulance services
- Specific Cancer treatments
- Crutches
- Dental services
- Registered Massage Therapists
- Hearing aids
- Heart monitoring devices
- Medical cannabis
- Pacemakers
- Vision care

Who is it for?

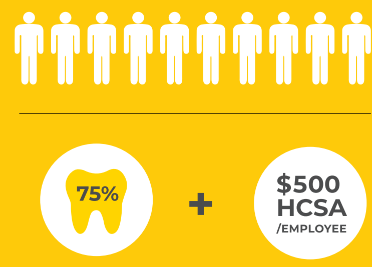
HCSA's work well for a variety of workplaces and demographics because of the freedom given to employees to choose how to spend their dollars, and the cost-predictability provided to employers. Workplaces with multiple generations, all with different wants and needs, can find a wide range of coverage in an HCSA.

1 | Non-taxable - at tax time, employers can add their total HCSA spend, plus applicable taxes and admin fees, as a incentive on their T4.
2 | Auto-coordination - allows for employees to have their HCSA dollars automatically used when a balance is left owing. Availability of auto-coordination may differ by carrier or practitioner.

How does it work?

Although HCSA's offered from various suppliers will work differently in terms of how and when they are paid out and the method in which they are adjudicated, most work the same way.

Let's do an example!



An employer of a small business with ten employees offers traditional benefits, including 75% dental coverage, and an HCSA. They set their annual HCSA allotment to $500 per employee. **Here's what a claim might look like:**

An employee, David, visits the dentist for a root canal and receives a bill for $1,000. The Dental benefit covers 75% of the cost ($750), leaving $250 for David to pay out-of-pocket. David elects to use his HCSA to pay for the remaining $250. This can either be done automatically through **auto-coordination**[2], or David can pay and submit a claim.

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What is a Wellness Spending Account?

A Wellness Spending Account (WSA), also known as a Personal Spending Account (PSA), are a **taxable benefit**[1] that provides additional health and wellbeing options beyond what is covered under a traditional benefits plan.

What is covered by a Personal Spending Account?

A WSA is not regulated, and so the options for coverage are almost limitless! Employers decide what will be covered under their WSA and can set as many parameters (or as few) as they wish. Some carriers limit what can be covered under a WSA, but some common eligible expenses are:

- Personal training and consultation
- Gym, fitness centre and annual memberships
- Childcare
- Eldercare
- Hobby and general interest classes
- Education fees, tuition and books
- Smoking Cessation Programs
- Safety equipment
- Alternate transportation
- Legal services
- ... and more!

Who is it for?

WSA's work well for employers looking to offer some additional perks to their employees aimed at keeping them happy and healthy. A WSA can also keep an employer competitive in the job market by attracting and retaining top employees.

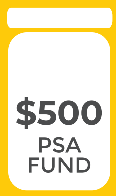
1 | Taxable benefit - considered part of an employee's total compensation package. WSA dollars will need to be included on an employee's T4.

How does it work?

An employer sets a dollar amount per employee for eligible expenses (as determined by the employer).

We'll use $500 for this example.

An employee, Marie, joins her local gym and purchases an annual membership for $375.



Marie chooses to utilize her WSA dollars to pay for the membership and processes a claim for $375.

The claim is submitted electronically and claims are paid within the 2-4 business days, Leaving Marie with $125 in her WSA to use on other eligible expenses.