

Health Spending Accounts: Are you Providing your Employees with Health Care Flexibility?

Health Spending Accounts are a practical, cost-effective way to meet the changing needs of today's employers and employees.

What is a Health Spending Account?

Health Spending Accounts generally complement a group benefits plan, providing employees with a pre-determined dollar amount of reimbursement for a wide range of expenses outside of their insured benefits, or beyond the plan maximums. Health Spending Accounts are funded with pre-tax dollars through employer contributions and are administered by the insurance company according to Canada Revenue Agency guidelines. They provide the perfect mix of flexibility and cost containment, adding value to group plans without adding costs.

Added Flexibility

With Health Spending Accounts, employers can offer the flexibility in health care choices that their employees want, while holding plan costs at a level that is affordable. Health Spending Accounts reimburse employees for many health-related expenses not covered by provincial health coverage or by a typical group plan. Best of all, Health Spending Accounts provide employees with the individuality of coverage they desire.

Cost Containment

Health Spending Accounts help contain costs in two ways. Firstly, employees become more aware of health care costs as responsible plan consumers managing their own benefit dollars. Secondly, the employer pays only for the expenses that are incurred, and to a pre-determined limit per employee.

Tax Advantages

Health Spending Accounts provide a way for companies to deliver tax-effective compensation to their employees, using pre-tax dollars. At the beginning of the year, the employer decides on the amount to be available per employee in the Health Spending Account. Because these dollars are directed to the account before income tax is deducted, compensation provided through these accounts goes much further than if employees were to pay for health-related expenses themselves.

Expanded Eligibility

The CRA's broad definition of 'dependent' permits employees to cover expenses for extended family members – a perfect solution for employees wanting to cover expenses for family who would not otherwise be eligible under their benefit plan.

Please call us at 604-688-5559 to learn more about Health Spending Accounts.