

Guide to **Health Care Spending Accounts**

2021 | EBOOK

A Health Care Spending Account (HCSA) is a non-taxable, defined-contribution plan where an employer decides on an amount to provide employees with for eligible health expenses. HCSA's are an increasingly popular alternative to traditional health and dental plans.

Have a question about anything you read in this e-book?

[Contact us](#), and we'll be happy to provide the answer.



What is a Health Care Spending Account?

A Health Care Spending Account (HCSA) is a method of funding health and/or dental benefits that provide increased flexibility to both employers and their employees.

The concept is simple: employees (and their eligible dependents) are allotted a set amount of funds each year. The employees then have the freedom of spending the HCSA funds to best suit their needs. They aren't restricted by the common elements of a traditional insured plan such as plan design, co-insurance, and deductibles.

Who is Eligible?

If you are an incorporated business, you qualify for a HCSA.

Speak to your Advisor for more details on eligibility requirements.

Sources

[“A Health Care Spending Account is Your Best Friend!”](#)
[Benefits by Design](#) (2019).

What does it cover?

A

- Acoustic coupler
- Air conditioner
- Air filter, cleaner or purifier
- Alcohol and drug treatment centre expenses
- Altered auditory feedback device
- Attendant Care expenses
- Audible signal devices

B

- Baby breathing monitor
- Bathroom aids
- Blood transfusion fees
- Bone growth/osteogenesis stimulate (bone conduction receiver)
- Braces for a limb
- Braille note-takers
- Braille printers
- Breast prosthesis

C

- Cancer treatment
- Catheter supplies
- Cochlear implants
- Colostomy / ileostomy / ostomy items
- Contact lenses, prescription
- Crutches

D

- Dental services
- Diabetic supplies
- Diagnostic tests
- Diapers or disposable briefs
- Drugs

E

- Elastic support hose
- Electronic speech synthesizers
- Extremity pumps
- Eye exam and diagnostic tests
- Eye patch
- Eyeglasses, prescription

F

- Fertility treatments

H

- Hearing aids or personal assistive listening devices
- Hospital bed

I

- Infusion pump
- Iron lung

K

- Kidney Dialysis Machine

L

- Laboratory tests
- Laser eye surgery
- Lift or transportation equipment

M

- Medic Alert Jewelry
- Medical items
- Medical cannabis

HCSAs are regulated by the Canada Revenue Agency (CRA), and only expenses listed as eligible by the CRA can be covered by an HCSA.

N

Nurse

Optometrist services

Organ transplant

Orthopedic shoes, boots,
and inserts

Pacemaker

Phototherapy equipment

Plano sunglasses

Physician fees/charges for
medical services

Premiums

Pressure pulse therapy devices

Professional therapists

Prosthetic devices

Reading services

Real-time captioning

Rehabilitative therapy

S

School for persons with an
impairment in physical or mental
functions

Scooter

Service animals

Sign language interpretation
services

Spinal brace

Stair lift

Standing devices

Talking textbooks

Teletypewriters or similar devices

Television closed caption
decoders

Training

Travel expenses

Truss

Tutoring services

V

Vaccines

Vehicle modifications

Visual or vibratory signaling device

Vitamin B12

Voice recognition software

Volume control feature

W

Walking aids

Water filter, cleaner or purifier

Wheelchairs and wheelchair carriers

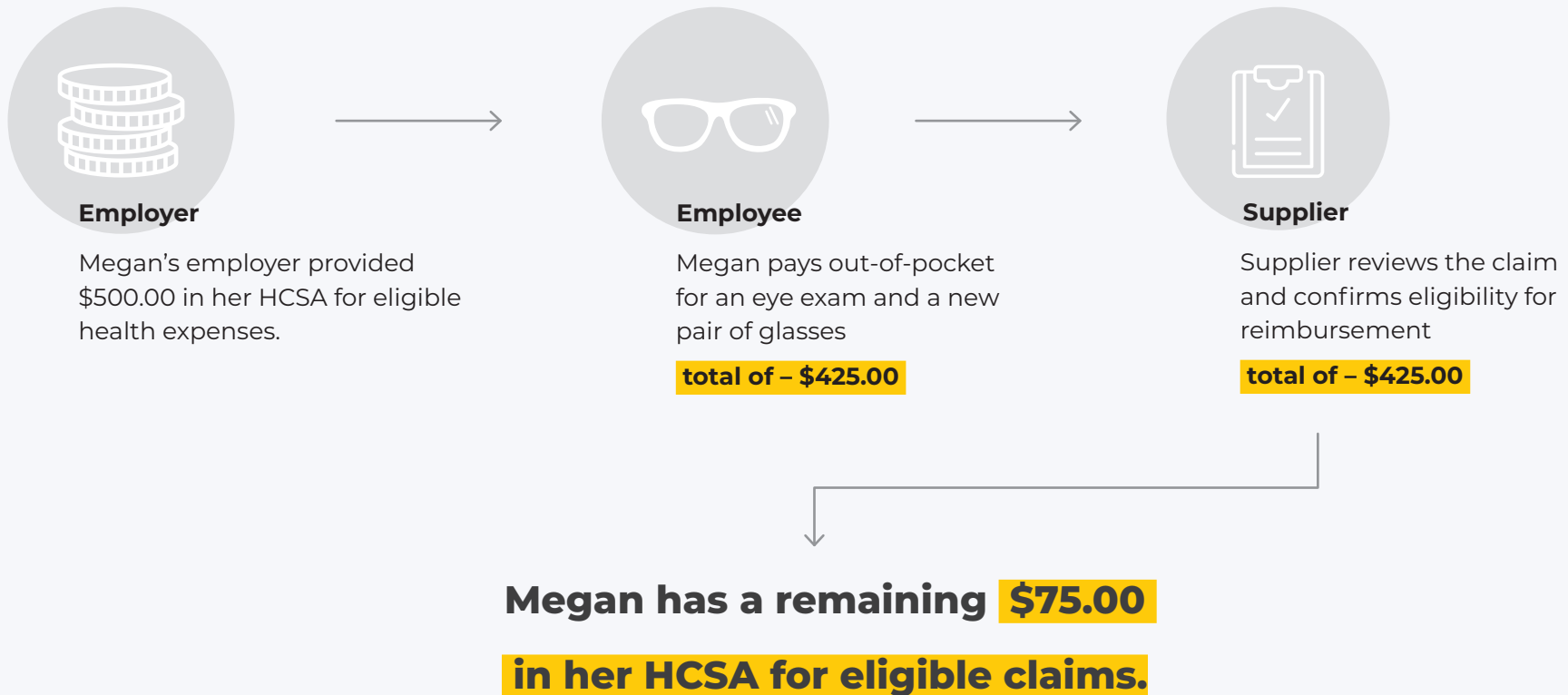
Whirlpool bath treatments

Wigs

This list is based on a selection of Canada Revenue Agency (CRA) guidelines and may not be complete. Please visit the CRA website for a full list of eligible expenses.

How Does it Work?

Megan's employer provides her with a \$500.00 Health Care Spending Account (HCSA) allotment annually.
Let's take a look at the process of submitting a claim.



What are the Benefits of a Health Care Spending Account

Employer	Employee
The employer determines the amount to allocate to each employee within a class.	Employees enjoy the freedom of spending the HCSA funds to best suit their needs.
The employer selects how often the funds can be made available to their employees (i.e., monthly, quarterly, semi-annually, or annually)	Employees aren't restricted by the common elements of a traditional insured plan such as plan design, co-insurance, and deductibles.
Employer contributions are not subject to employment taxes (i.e., WCB, EI, CPP)	Employees who already have Health and/or Dental coverage through their spouse can use their HCSA contributions to cover any deductibles, co-insurance, or eligible fees not covered by their spouse's plan.
Since the maximum amounts are set at the beginning of each year, HCSA's provide employers with a greater level of budgetability than traditional plans.	Claims are filed electronically, eliminating the need to submit a paper claim.

Employees are reimbursed via direct deposit.

What's Next?

Health Care Spending Accounts (HCSA) provide flexibility and choice when it comes to health and dental coverage. Talk to your group insurance Advisor about the cost-effectiveness of a HCSA to see if it's right for you and your business.

Don't have an Advisor? We will help you find one.

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