

## HEALTHCARE SPENDING ACCOUNTS (HCSA)

Neil and Associates (2006) Inc. believes that every employee should have accessibility to the finest medical coverage at the lowest possible cost. An alternative that may be right for you and your Company is an HCSA.

Unlike traditional plans, you pay no monthly premiums – your Company sets up an account “In Trust” from which claims are paid. If there are no claims there are no costs. Enrollment is easy, paperwork is minimal and participants can use the healthcare providers of their choice.

We pay claims locally, which means quicker turn around time, more control for the employer and happier employees. Our policy is; once a claim is received it will be processed within 3 business days.

From a taxation point of view these plans are extremely efficient; benefits are tax-free to the employee and fully tax-deductible to the employer. Being there are no CPP or EI deductions on monies paid towards an HCSA it is more efficient than an increase in wages. Many employers use HCSA's for rewarding years of service i.e. 1 year \$500, 2 years \$600 and so on, amounts are generally based on the calendar year and do not carry forward.

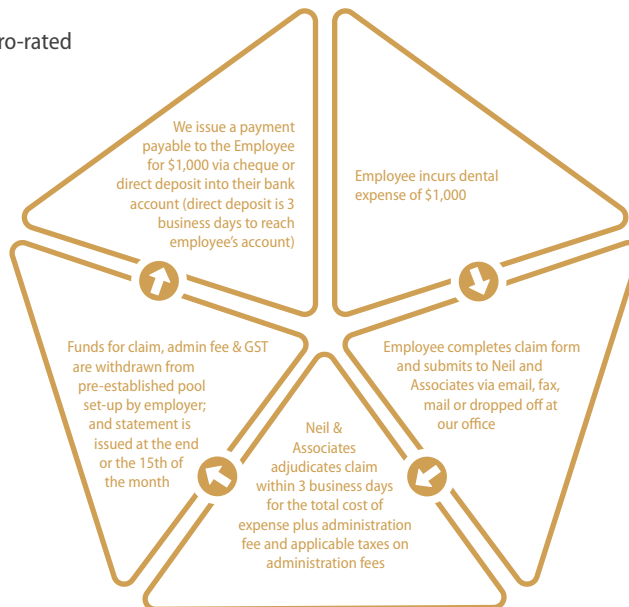
There is a 90-day grace period that takes effect at the end of the calendar year. Past 90 days into the next year claims can no longer be paid out for the prior year.

HCSA's can be designed to enhance a fully insured plan or be a stand-alone benefit plan. This account provides you with the flexibility to cover health and/or dental expenses your standard benefit plan may not cover. All medical expenses need to qualify under the Revenue Canada Agency Income Tax Act. Please visit [www.cra-arc.gc.ca/medical](http://www.cra-arc.gc.ca/medical) for a detailed list of allowable expenses.

The employer defines which employees participate in the HCSA plan and sets the level of coverage. The 3 most common plan designs used are:

1. Flat amount per year that can be pro-rated by month or semi-annually
2. Years of service i.e. 1 year \$300, 3 years \$500, etc.
3. Based on occupation i.e. Seasonal, part-time, management, etc.

**Contact us for more information or to find out if an HCSA plan is suitable for your company!**



**HCSA FLOW OF FUNDS**

