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WHAT IS A **PRIVATE HEALTH SERVICES PLAN?**



A “cost plus” PHSP under subsection 248(1) of the Income Tax Act including Health Spending Accounts is an arrangement whereby an incorporated employer can reimburse an employee through a 3rd party plan for any incurred Health or Dental expenses that would otherwise have qualified under the “Medical Expense Tax Credit”. These expenses are fully Tax Deductible for the business, Non-Taxable to the employee and are not subject to CPP or EI remittance. There are no monthly premiums for a PHSP. One CRA requirement for a PHSP is that all full-time employees of the business must be, either enrolled on the plan or have been offered benefits under the plan but decided not to participate. Our benefit plans offer maximum flexibility and often are designed with 2 or more employee classes or levels of benefits based on occupation or “years of service”. Proprietorships have specific limitations and may not qualify for a PHSP. For your convenience in establishing a plan please complete our “fill sheet” and return to our office. One of our specialists will then contact you for a brief consultation to ensure your customized plan is fully compliant and the perfect fit for your business.

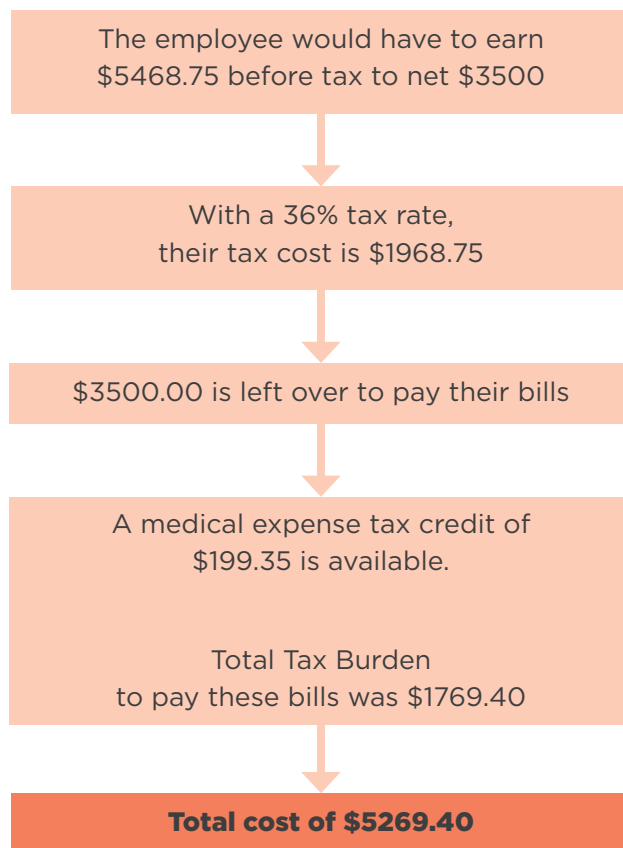
Innovative Benefits is a rapidly growing enterprise and takes pride in providing responsive and fast service coupled with knowledgeable, experienced advice in designing customized plans for our customers. Should you have any questions, please do not hesitate to contact our office.

WHAT ARE THE COST SAVINGS?

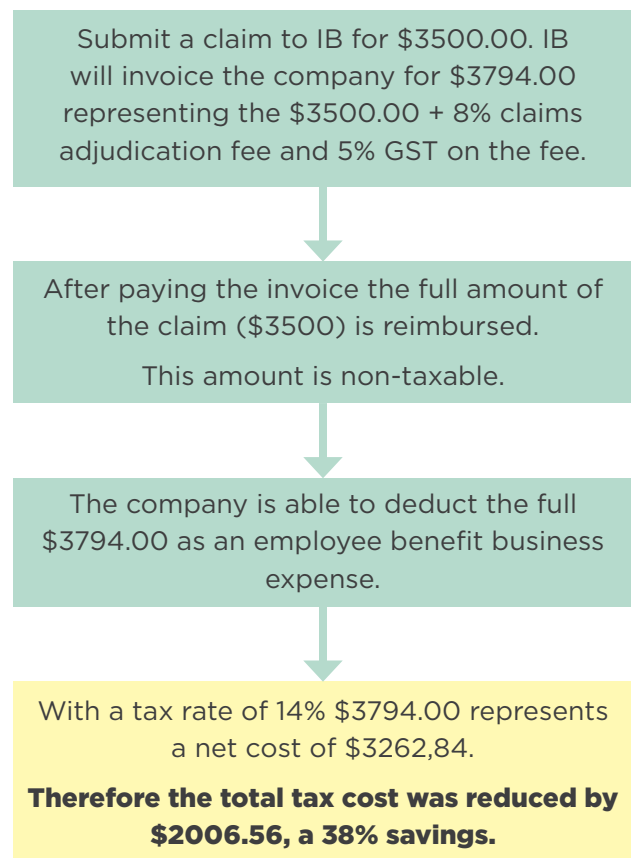
Consider the following circumstances:

- Salary \$100,000
- Personal Marginal tax rate 36%
- Corporate tax rate of 14%
- \$3500.00 combined health and dental expenditures

WITHOUT AN IB CORPORATE COST PLUS PLAN



WITH AN IB CORPORATE COST PLUS PLAN



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LIST OF ELIGIBLE EXPENDITURES GUIDELINE

Note: If you have any questions regarding eligibility of medical expenditures for tax purposes, please call Innovative Benefits Inc., or go to the Government of Canada website and look for Technical Bulletin IT519R2 <http://www.cra-arc.gc.ca/medical/>

Premiums for Health Care Plans

Premiums paid to any non-government medical or hospital care plan: Blue Cross, Sun Life, etc.

Professional Services

Any services performed by a qualified medical practitioner including, but not limited to:

Acupuncture	Neurology	Osteopathy	Psychology
Chiroprapist	Obstetrics	Pediatrics	Registered Nurse
Chiropractic	Oculist	Physician	Speech Therapy
Dental	Ophthalmology	Physiotherapy	Surgeon
Dermatology	Optician	Plastic Surgery	Vision Care
Gynecology	Optometric	Podiatry	Hearing Specialist
Massage Therapy	Orthodontic	Practical Nurse	
Naturopathic Doctor	Orthopedic	Psychiatry	

(A qualified medical practitioner is a person who is authorized to practice in accordance to the laws of the province and certified according to the practitioners governing body.)

All Dental Services

Dental X-Rays	Examinations	Crowns	Root Canals
Denture Repair	Extractions	Gum Treatment	Straightening Teeth
Denture Replacement	Fillings	Oral Surgery	(eg. Braces)

Laboratory Examination and Tests

Blood Tests	Spinal Fluid Tests	Urine Analysis	MRI
Cardiographs	Stool Examination	X-Ray Examination	CAT Scan
Metabolism Tests			

Hospital Services

Anesthesiologist	Oxygen Masks, Tent	Vaccines	Private/Semi-Private
Hospital Bills	Operating Room Fees	X-Ray Tech Room Fees	

Medications

Any over-the-counter medications prescribed by a Dentist, Medical or Naturopathic Doctor and recorded by a licensed pharmacist	Prescription Drugs Insulin or Substitutes Oxygen	Liver Extract Vitamin B-12 Diabetic Supplies
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Prescribed Medical Treatments

Blood Transfusion	Organ Transplant	Hydrotherapy	Pre & Post Natal Treatments
Bone Marrow Transplant	Insulin Treatments	Injections	Psychotherapy
Diathermy	Nursing (Registered)	Art Therapy	

Materials that are Prescribed by a Recognized Medical Practitioner:

- An external breast prosthesis
- Any device designed to assist walking where the individual has a mobility impairment
- Devices designed to assist a person to use bathtubs, showers or toilets
- Devices designed to enable individuals with a mobility impairment to operate a vehicle
- Devices used by individuals suffering from a chronic respiratory ailment
- Electronic or computerized environmental control systems
- Electronic Speech synthesizers for mute individuals
- Equipment that enables deaf or mute persons to make and receive telephone calls
- Extremity pumps or elastic support hoses to reduce lymph edema swelling
- Heart monitors or pacemakers
- Hospital bed, if required in home
- Inductive coupling osteogenesis stimulator
- Infusion pumps for diabetes including peripherals
- Monitors attached to babies identified as being susceptible to Sudden Infant Death Syndrome
- Optical scanners or similar devices to enable a blind individual to read print
- Orthopedic shoes or boots
- Oxygen tent
- Power operated guided chair installation for stairways
- Power operated lifts and transportation equipment
- Synthetic speech systems, Braille printers and large print-on-screen devices
- Syringes
- Television closed caption decoders
- Wigs if required as a result of disease, accident or medical treatment

Materials which don't require a prescription:

Any apparatus or material paid to a doctor, dentist, nurse or hospital	Hernia truss
Any device to aid the hearing of a deaf person	Iron Lung
Artificial eye or limb	Laryngeal speaking aid
Artificial Kidney Machine	Wheelchair
Blood sugar measuring device for diabetic	Crutches
Limb or spinal brace	Colostomy pads
Catheters, catheter trays, tubing, adult diapers & disposable briefs required by incontinent persons	

Other Expenditures:

Ambulance Charges	Homemaker service & home care
Prescription birth control	Reasonable costs for adapting a residence to accommodate a disabled person
Specially trained animals for assistance	Transportation, meals & accommodation for patients who need to travel for treatments
Rehabilitative therapy, lip reading & sign language training	Transportation costs to and from medical treatments that are not available within 40 km of home

The Following Expenditures would NOT be covered under this plan:

- Air conditioners, humidifiers or dehumidifiers
- Maternity clothes
- Cosmetic Surgery
- Medical Expenses for which you have been reimbursed
- Health and fitness programs or are entitled to be reimbursed from other plans
- Illegal operations, treatments or drugs
- Non-prescription birth control devices
- Teeth whitening
- Toothbrush, toothpaste, dental floss, etc.
- Over-the counter medications, vitamins and supplements, even if prescribed by a medical practitioner
- Payments to a municipality where it employed a doctor to provide medical services to the residents of the municipality.

IMPORTANT – Provincial Health Care and AB Health& Wellness, “non group” premiums ARE NOT eligible.



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HEALTH SPENDING ACCOUNTS (HSA)

OVERVIEW

Do your employee benefit plans meet yours and your employee's needs? Are you looking for more benefit flexibility for your employees and increased cost containment for your business? An Innovative Benefits Inc. HSA could be your first step towards achieving a "LEAN" benefits plan helping to contain costs, and empowering your employees, resulting in enhanced staff morale and overall value for your benefits and compensation budget.

An HSA allows you, as an employer, to set a predetermined dollar amount, which your employees can then use to pay for medical and dental expenses. All expenses that are eligible to be processed through a private health services plan are eligible for reimbursement through this benefit.

The HSA amount is selected by you, the employer, and is complementary to your standard Group Benefit Plan.

Advantages:

- You as the employer will reap the same business expense deductibility as that of a group medical & dental plan. Your "base" benefit plan - HSA outlays are not subject to Canada Pension Plan or Employment Insurance payroll deductions or remittances.
- Your employees will enjoy the same tax advantages as any health and dental plan, as all benefits reimbursed through HSA's are non-taxable to the employee.
- Can be positioned as a tax-free incentive program offered to all or separate classes already participating in your traditional benefits plan. A non-taxable HSA compares favourably to a taxable cash bonus.
- Promotes increased access to preventative healthcare resulting in awareness and reduced claims charges to your traditional plan.
- Well crafted HSA's have been proven to be a very effective tool in helping contain the rising costs of traditional health, drug and dental plans.
- An effective cost empowerment strategy that promotes ownership in the plan and encourages a shift in overall health and dental spending behaviors.
- Employees will now have the flexibility to use this predetermined amount as they see fit, rather than restrictive claims adjudication processes and being limited by the provisions of an insured contract.
- Universal benefit that all employees can utilize increasing overall value, compared to a benefit that is funded by all but can only be used by some.
- Can be an excellent alternative to vision and/or orthodontic coverage.
- Increases cost certainty for the employer, enabling more accurate fiscal budgeting.





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HOW DOES THE 'CARRY FORWARD' IN A HEALTH SPENDING ACCOUNT WORK?

A new HSA credit is allocated to each employee effective January 01. You may choose to allow one of the following carry forward provisions or you may elect not to have a carry forward provision.

Only one carry forward option can apply for each separate class or division.

1. **No Carry Forward:** After the start of a new benefit period or calendar year, an employee can no longer claim receipts from the previous year, (unless within the 30 day run off period). Any unused portion of their Health Spending Account will be forfeited, and the employee starts the New Year with their new yearly HSA limit.
2. **Credit Carry Forward:** At the beginning of a new benefit period or calendar year the employee is credited their new yearly HSA benefit that is added to the unused portion from the previous year. For example, if an employee has a \$5,000 annual limit and submits only \$3,000 for the current benefit year, \$2,000 is carried forward into the next benefit year (and is thus added on to the new \$5,000 allocation). In this example the employee would have an effective benefit limit of \$7,000 for that year. Effectively each year's annual HSA credit has a shelf life of 2 calendar years.
3. **Expense Carry Forward:** In this circumstance an employee is simply allowed to carry over old receipts from a previous year in which they reached their limit to the new benefit year. This occurs when an employee has expenses that exceed their annual HSA limit and is most common or beneficial for HSA accounts with smaller limits.

[illegible]