

BRICKLAYERS & ALLIED CRAFTWORKERS INSURANCE BENEFIT TRUST FUND
OF ALBERTA AND SASKATCHEWAN

HEALTH SPENDING ACCOUNT

JANUARY 2009

What Is a Health Spending Account (HSA)

The Board of Trustees is pleased to announce that effective March 1, 2009 a \$500 HSA deposit will be established for all members who had at least 12 uninterrupted months of benefit coverage as of December 31, 2008 (that is, they were covered for benefits every month in 2008). If you did not work for a participating employer in every month of the 2008 calendar year, you may still be eligible for the HSA deposit if you were covered because you had the required number of hours in your hour bank account or because you made self-payments after your hour bank was depleted. This credit may be used to reimburse health-related expenses not covered by the Benefit Plan provided you continue to be eligible for Benefit coverage (including coverage maintained through the use of bank hours or by making self-payments).

Generally, any expense that would be considered deductible on your income tax return would be eligible for reimbursement. These could include charges such as co-payment amounts, orthodontia for adults, vision care expenses that exceed the Benefit Plan's maximum, and many other expenses.

The money credited to your HSA is not taxed either when it is deposited or when you receive your reimbursement. Reimbursements you receive from the HSA do not have to be claimed for income tax purposes. However, expenses which are reimbursed through the HSA cannot also be claimed as deductions on your tax return.

How The HSA Works

When you have a health care expense, you pay the provider for the service or product -- just as you do now. Next, you submit your claim for reimbursement to any applicable insurance plan(s). Any amount that is not paid by the insurance plan(s) could then be eligible for reimbursement from the HSA. Reimbursements will be paid to you directly; they cannot be paid to providers of care.

Income Tax Implications

You should note that any balance remaining in your HSA after December 31, 2009 can be carried forward one additional year until December 31, 2010. **However, if you lose eligibility for coverage by this Plan for any reason prior to December 31, 2010, any balance remaining in your HSA at that time will be permanently forfeited.** In accordance with restrictions imposed by the Income Tax Act, any unused balances as of December 31, 2010 cannot be carried forward further and would be forfeited at that time. You thus have 21 months over which you can use the HSA to cover up to \$500 of eligible expenses not otherwise covered by this Benefit Plan.

Eligible Expenses

Some expenses which will qualify for reimbursement from your HSA include:

- Deductibles
- Co-Payments
- Vision Care above Plan benefits
- Hearing Care above Plan benefits
- Dental expenses above the Plan benefits
- Other medical and dental expenses not covered by the Plan as permitted by the Canada Revenue Agency

Expenses reimbursed may be for either you or your dependents. However, if the expense is for a dependent, he or she must be registered in the Plan for the expense to be considered eligible.

Receiving Reimbursement

On the claim forms that are provided for regular Benefit Plan expenses, a new box has been added which asks if you want unpaid expenses to be reimbursed from your HSA. If you do, you should tick this box. (See examples below).

All information required for a regular claim will also be required for a reimbursement from your HSA. That is, you should attach your original bill or receipt clearly indicating:

- the person receiving the service,
- the type of service or supply,
- the name and address of the person providing the service or supply,
- the amount charged, and
- the date the service was provided.

Submit the claim and the supporting documentation to Funds Administrative Service (FAS) as you would normally. Keep a copy of everything you send for your own records.

FAS will reimburse the expenses under the regular Benefit Plan coverage first. Any expenses not fully reimbursed will then be paid from your HSA account, up to the amount you have remaining in that account.

Example 1

James is single and has \$300 in his HSA on October 31, 2009. In November, he purchases a pair of prescription eyeglasses for \$600. When he submits his claim and his receipt to FAS, he "ticks" the box indicating that he wishes to have any portion of the claim which is not covered by the Plan to be paid from his HSA. FAS processes the claim and determines that the Plan covers \$500 of the expense. However James is eligible to be reimbursed for \$600 as FAS draws the remaining \$100 from his HSA. The remaining balance in James' HSA account is \$200 and he has up until December 31, 2010 to make use of this balance.

Example 2:

Bob is married and has \$250 in his HSA on December 31, 2009. Both he and his spouse have their own benefit plans. Bob's spouse has a medical condition requiring prescription drug treatments that cost \$2,000 per year. After submitting their receipts to both plans, they have \$250 remaining in unpaid costs (one plan covered \$1,000 and the other covered \$750). Bob subsequently submits another claim to FAS and has the remaining \$250 reimbursed from his HSA.

Additional Information

If you require any assistance with the paperwork involved in applying for HSA benefits as described above, please feel free to call Funds Administrative Service, they will help you to complete it. They would also be pleased to answer any questions you may have concerning this new benefit.

Throughout the year, if you want to check how much money there is remaining in your HSA, you can contact Funds Administrative Service Call Centre at 1-800-770-2998 or (780) 452-5161.

The Board of Trustees is very pleased to make this additional coverage available to you.