



## **HEALTH SPENDING ACCOUNT (HSA) and PERSONAL SPENDING ACCOUNT (PSA) Management and Exempt FREQUENTLY Asked QUESTIONS**

The following information is intended to answer some common questions you may have about your non-taxable Health Spending Account (HSA) and your taxable Personal Spending Account (PSA).

### **What is a Health Spending Account (HSA)?**

The HSA is an individual employee account which is funded by Mount Royal University. The major attraction of a spending account is that you can direct your allocated dollars, tax free to reimburse for health and dental expenses not covered by any other health plan(s).

### **What is a Personal Spending Account (PSA)?**

The PSA is also an individual employee account which is funded by MRU; however, this is a taxable reimbursement of approved expenses. The PSA has a vast variety of expenses that can be reimbursed.

## **Eligibility**

### **Who is eligible for an HSA or PSA?**

Full-Time Management and Exempt Staff. Employees need to be eligible for the Mount Royal University Benefit Plan (working 35 hours or more per week), but do not need to be participating in our Extended Health Care or Dental plans.

### **When am I eligible for the HSA?**

Eligible new employees will receive \$1,000 HSA credit dollars three months after their commencement of employment. This amount will be prorated if your benefits begin after July 1 of any calendar year. All employees get an HSA for their first year with benefits but will get the option to split their HSA credits between an HSA or PSA in subsequent years.

### **Who can I cover through my HSA or PSA?**

You may cover expenses for yourself, your spouse, your children and any other dependants. Under the HSA (PSA) plan only, eligible dependents are expanded to include a “dependent” of the individual for a particular taxation year if the following conditions are met:

- a) The person must be the child, grandchild, parent, grandparent, brother, sister, uncle, aunt, niece or nephew of the individual or of the individual’s spouse
- b) The person must be dependent on the individual for support at some time in the year; and,
- c) The person must be a resident of Canada at some time in the year. This residence requirement does not apply if the person is the child or grandchild of the individual or of the individual’s spouse

**What happens to my HSA (PSA) if I terminate my employment or transfer to an employee category within Mount Royal University that does not have HSA as a benefit?**

If you terminate your employment or transfer to another employee category within Mount Royal University that does not have HSA, you lose your credits upon termination or transfer.

All claims with a date of service prior to your termination date can be submitted for payment within 90 days of the date of termination of insurance.

**How does HSA (PSA) work?**

Our HSA (PSA) plan year is based on a calendar year. At the beginning of our HSA plan year, January 1<sup>st</sup>, eligible employees will be allotted \$1,000 in HSA credit dollars. If your benefits are starting after July 1<sup>st</sup> your HSA dollars will be prorated to \$500. The credit dollars can be used to reimburse employees for the purchase of any eligible health care expenses that may not be covered or are limited under either you or your spouse/partner's employee group benefit plan (core plan).

HSA (PSA) credit dollars must be used within a 24-month period, starting January 1<sup>st</sup> and ending December 31<sup>st</sup>, of the following calendar year. That is, a maximum amount of \$1,000 may be carried forward from one calendar year to the next calendar year, for a total maximum amount of \$2,000 in any 24-month period. Beyond the 24 months, any unspent HSA (PSA) dollars will be forfeited. Any eligible expenses cannot be carried forward into the new HSA (PSA) plan year.

**There is a 90-day grace period from January 1<sup>st</sup> – March 30<sup>th</sup> of each year in which any claims incurred on or prior to December 31<sup>st</sup> of the previous calendar year can be submitted for reimbursement.**

**How do I convert my HSA to a PSA?**

In November of every year you will be given the option to convert some, none or all of your HSA credits into a PSA. You will receive an email from [benefits@mtroyal.ca](mailto:benefits@mtroyal.ca) around the first week of November and all you need to do is complete the survey with your choices. If you do not make a choice the default will be all of your \$1,000 will be in your HSA. The combined total of your HSA and PSA will be \$1,000.

**Expenses**

**What types of medical-related expenses are eligible through my HSA?**

Your HSA may be used only for eligible medical and dental expenses incurred during the plan year on your behalf or on behalf of an eligible family member.

Examples of commonly used HSA expenses include:

- Amounts in excess of limits under your Extended Health and Dental plans
- Amounts not covered under your Health or Dental plans

- Employee paid health and dental premiums. If you are on MRU's Extended Health and Dental plans you can make a claim for your portion of the premiums that were deducted from your Pay. Under the Health Spending Account Claim e-claim scroll down to the bottom section and select Health and Dental Premiums. Claim one line for each month (combining Health and Dental Premiums) i.e. January 1, February 1, etc.

For a more comprehensive HSA expense list, refer to the link to the CRA website (under Health Spending and Personal Spending Account heading on benefits web page). If your claim is an eligible expense under the Income Tax act it is eligible as an HSA claim.

**Are there certain types of expenses that would not be covered under my HSA?**

Yes. Any expenses not recognized as eligible as a deduction under the Income Tax Act are not accepted. Some examples are drugs purchased without a prescription from a doctor, fitness club membership, golf memberships and daycare. Some of these expenses could be covered if you allocate your credits to a Personal Spending Account (PSA). For more information please see the list of PSA eligible expenses.

**What is covered under my PSA?**

Anything from Gym equipment to RESP's. You can find a comprehensive list on the Health Spending and Personal Spending Account heading on the benefits web page.

**Will I be taxed on my HSA payments?**

No. The HSA is not a taxable benefit because the eligible expenses adhere to CRA's guidelines.

**When will I be taxed for my PSA claims?**

Currently we are adding the taxable benefit twice a year, but will be doing it quarterly starting in 2023. Please watch any benefit updates for more information. We add the taxable benefit during the year to your pay so that you will not end up with tax owing when you file your taxes.

**How long do I have to use my credits?**

Any credits remaining in your account at the end of the plan year (December 31<sup>st</sup>) may be carried forward for one more plan year. **Due to income tax rules, any credits remaining in your account after 2 plan years are forfeited.**

**Claims**

**When should I submit HSA claims for reimbursement?**

You are required to submit your receipts for any expenses within 90 days of the end of the plan's year, which means that you must have your eligible claims received at Sun Life by **March 30<sup>th</sup> each year**. *We strongly recommend sending in receipts immediately after you incur the expense.* It is important to be aware that you can only carry over credits for one year, after that the unused credits are forfeited. Therefore, expenses should be submitted immediately to avoid forfeiture of credits.

**Can I make the claims on-line?**

Yes, you will find that most claims can be made either on-line or through the Sun Life mobile APP. If for some reason you are unable to make a claim on-line or through the mobile APP, HSA Extended Health Care, HSA Dental and PSA claim forms are available on the Sun Life website or MRU website.

**How do I claim for my HSA expenses? (If you coordinate benefits with another plan, see the next question).**

Before submitting any claims to your HSA, make sure all other plans have paid their share of any eligible expenses. If our Sun Life plan is the only coverage, you will be asked if you want to put the balance of your claim through your HSA when you do an on-line claim submission or a claim on the mobile APP. If your claim is made directly by the provider you can go on the website (or APP) and find the claim and then request anything that was not covered to be put through your HSA.

**How do I claim for my expenses if I have coordination of benefits?**

HSA are designed to complement your core benefit plan, and therefore require that you access all other benefit plans before submitting expenses to them for payment. Once your claims have been processed by both plans, if there is still an amount that has not been paid you can put the remainder through your HSA either by an on-line claim or with the mobile APP.

**Do PSA claims have to go through core benefit plans first?**

No, because PSA claims are not expenses that are covered through your Health and Dental plans you can make the claim directly through your PSA either on line or through the Sun Life APP.

**If my health or dental claim isn't 100% covered, will Sun Life automatically pay the rest from my HSA?**

Sun Life can only pay a claim from your HSA if you authorize it. You can request the HSA be used for any claim that you are making on-line or with the Mobile APP.

**Can my pharmacist or dentist submit my HSA claim electronically?**

No. Pharmacists and dentists (or any healthcare providers) do not have the authority to access your HSA. Once the claim has been processed you can go onto the Sun Life APP or [mysunlife.ca](https://mysunlife.ca) and find the claim and then request the balance go through your HSA.

**Do I have a claiming deadline?**

You have **90 days** from the end of the HSA (PSA) plan year (**December 31<sup>st</sup>**) to submit HSA (PSA) claims for expenses incurred during that plan year (January to December).

You should always submit your claims as soon as possible during the same HSA plan year in which you paid the expense.

**When I have an expense which I know is not covered through my core benefit plan(s), why do I still need to send these expenses to insurance companies for a rejection letter?**

Your HSA requires that all other core benefit plans be accessed prior to forwarding them to your HSA. Through this process, an Explanation of Benefits (EOB) statement declining the claim is produced. This ensures that all efforts have been taken to pay the expense through the core plan.

**What if the receipt does not have my name on it? Will Sun Life accept it as proof of payment?**

Cash register receipts without your full name on them are not acceptable. Sun Life is required to verify you are the recipient of the service or product.

**How do I know how much money is left in my HAS (PSA)?**

You can also check your account through the Sun Life member secure site (if you have registered) at [mysunlife.ca](https://mysunlife.ca) or you can also see it on the Sun Life mobile APP or you may call Sun Life Customer Service to check the balance of your account at **1.800.361.6212** toll free.

**Customer Service**

**Who do I call if I have questions or inquiries?**

Sun Life can answer your HSA (PSA) questions including ones specifically related to your account such as:

- How many credits do I have in my account?
- Is a certain expense covered?
- Why wasn't an expense I submitted paid?

You can contact Sun Life Customer Service at: **1.800.361.6212** toll free.

You will require Plan #100602 for Extended Health, Dental and HSA, as well as your Member No. (employee ID # available on your Campus One Card). The plan number of the Personal Spending Account (PSA) is 151002 and again your employee ID is your member number for all Sun Life benefits.

If you require assistance related to your Health or Dental coverage, please e-mail [benefits@mtroyal.ca](mailto:benefits@mtroyal.ca).