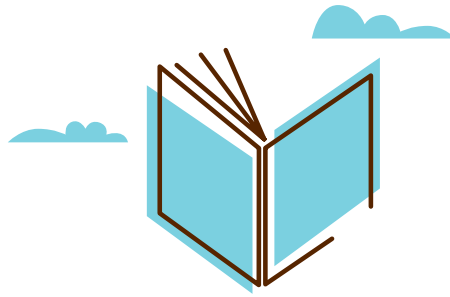




health spending account guide



introduction

Your health spending account (HSA) is a tax-effective, flexible complement to your regular group benefit plan, providing you with additional choice for managing your health-related expenses.

A health spending account (HSA) is offered by employers and administered by the Alberta School Employee Benefit Plan (ASEBP).

Essentially, your HSA works like a bank account. Your employer will deposit money in the form of credits into your HSA. The amount of credits you receive is determined by your employer. You can use these credits to pay for eligible health-related expenses for you or your eligible dependants. This makes your HSA a flexible complement to your regular ASEBP benefits. It also provides you with a tax advantage because HSAs use tax-free dollars to pay eligible expenses. Expenses may qualify for HSA if they are considered eligible as an individual medical expense tax credit under the *Income Tax Act* (Canada) 118.2 (1).

Eligibility

HSAs are part of a negotiated agreement between ASEBP and your employer. Your employer enrolls employees who are eligible for an HSA. ASEBP does not apply any eligibility guidelines.

If you are unsure whether you have an HSA, please refer to your ASEBP ID card, the Coverage section of your My ASEBP account (www.asebp.ab.ca/myasebp) or contact your employer or an ASEBP Benefit Specialist.

As part of your enrolment for ASEBP benefits, your employer will provide you with a copy of our resource sheet *How to Get Started with Your Health Spending Account* and a copy of this guide. These resources will provide you with all of the information you need to use your HSA.

Dependants

You can use your HSA to pay for eligible health-related expenses for your dependants.

The *Income Tax Act of Canada* establishes the criteria for determining eligible dependants. In general, these definitions are broader for an HSA than for a traditional benefit plan. To verify dependant eligibility, please contact the Canada Revenue Agency (CRA).

HSA Packages

HSAs are offered in two different packages. The package you participate in is decided by your employer.

- **Package 1:** Credits are deposited at a frequency determined by your employer. Eligible expenses will be processed for payment every two business days. Under normal circumstances, you can expect payment within a week of expense submission.
- **Package 2:** Credits are deposited annually and expenses are paid semi-annually.

If you are unsure which package you participate in, please refer to the View HSA Activity section on your My ASEBP account at www.asebp.ab.ca/myasebp.

HSA Plan Year

The HSA plan year is from September 1 to August 31 every year and is followed by a 60-day run-off period, which ends on October 30.

You will receive a fixed amount of credits during the course of the HSA plan year, as determined by your employer. Your employer determines the frequency at which credits are deposited. These credits may be a flat amount, a percentage of your salary or a combination of the two and are available to reimburse you for eligible expenses that are incurred during that HSA plan year. There are specific rules that allow you to carry forward unused credits into the next HSA plan year. See the Carry Forward Rule section for more information.

Run-Off Period

On August 31, the end of the HSA plan year, you have an additional 60 days (September 1 to October 30) to submit any expenses that were incurred during that HSA plan year. This 60-day window is referred to as the run-off period. Once the run-off period has ended, you can no longer submit any expenses for that HSA plan year. Expenses cannot be carried forward into subsequent HSA plan years. See the Carry Forward Rule section to learn more about final processing at the end of an HSA plan year.

Your account will also enter a 60-day run-off period if your HSA is terminated at any point during the year—for example, if your employment with your current school jurisdiction terminates.

Carry Forward Rule

Under an ASEBP-administered HSA and the *Income Tax Act of Canada*, an HSA must include an element of risk for it to maintain its tax exempt status. Consistent with this, your unused HSA credits will be carried forward for one HSA plan year. If you do not use these credits in the second HSA plan year, they will expire and be forfeited back to your employer. ASEBP monitors this and reports any forfeited balances at the end of the HSA plan year.

Credits are identified as 'Credits Carried Forward from Previous Year' when you view your account balances in My ASEBP (see Monitoring Your HSA Balance) and will only become available after the run-off period and eligible expenses have been paid for the previous HSA plan year. Credits are tracked on a "first in, first out" basis to minimize the risk of forfeiting credits. That means credits carried forward from a previous HSA plan year are used to reimburse expenses before the current year's credits are used.

Expenses are only valid in the HSA plan year they were incurred and cannot be carried forward if there are insufficient credits available to pay for them in full.



Special Circumstances

TERMINATION OF EMPLOYMENT, END OF CONTRACT, OR RETIREMENT

If your employment is terminated by resignation or dismissal, you retire or your contractual arrangement comes to an end, your HSA/WSA will end on the date of termination or retirement or on the end date of your contract. You have a run-off period of 60 days from your termination date to submit expenses incurred in the HSA plan year up to the date of termination/retirement. After your expenses are paid, any unused credits will be forfeited.

UNPAID LEAVE OF ABSENCE OF 30 DAYS OR MORE

While on your leave, your HSA is still active and available for you to use for the remainder of the current HSA plan year. Most employers will not deposit any new credits into your HSA during your leave.

If you receive HSA credits during your leave, then your HSA operates the same as when you are actively at work. If in doubt, check with your employer or employee group representative.

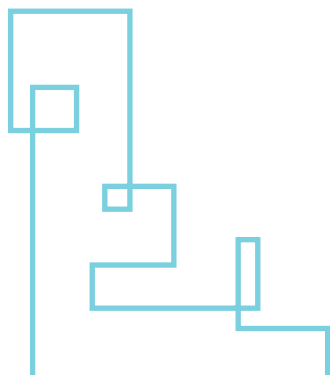
If you are still on leave at the end of the HSA plan year (August 31), your account will terminate and enter a 60-day run-off period during which time eligible expenses incurred in that HSA plan year

can still be submitted. Following the end of the run-off period, your account will remain closed until you return to work. Expenses submitted after the run-off period will not be reimbursed. Your HSA credits will still be subject to carry forward and forfeiture rules.

IN THE EVENT OF YOUR DEATH

Your HSA terminates on the date of your death. No further HSA credits will be allocated after that date.

Your dependants or beneficiaries will have a run-off period of 60 days to submit expenses incurred up to the date of death. After that time, any unused credits will be forfeited. Special handling is required in this circumstance, please contact an ASEBP Benefit Specialist for more information.



submitting expenses

Eligible Expenses

Expenses may qualify for HSA if they are considered eligible as an individual medical expense tax credit under the *Income Tax Act* (Canada) 118.2(1). ASEBP is not in a position to confirm the expenses allowable under the Act; however, the CRA provides a list of eligible medical expenses based on their interpretation of the Act on their website, <http://www.cra-arc.gc.ca/medical/>. (Note: This link may not open directly when using Internet Explorer. If the link does not open, copy and paste the link in your browser.)

If a medical expense qualifies as an eligible claim through your ASEBP group health, dental or vision care plan, then it is eligible for your HSA. The majority of medical expenses that qualify for an HSA fall under this category.

ASEBP may request additional information for submitted expenses and will reject claims for expenses that are non-health-related. If your claim is unique in nature and you are unsure whether it is eligible, we advise you to contact a tax advisor.

Service Date

An expense is considered to be incurred on the date the service or supply was provided.

If submitting an expense for a service (e.g. acupuncture), the service date refers to the date that the service was provided, and the receipt should reflect this date.

a note about retaining receipts

ASEBP may randomly review expense submissions both before and after payment has been made. By agreeing to the declarations when submitting expenses online, you agree to provide ASEBP, upon request, the receipts and/or Explanation of Benefits statements which support your expenses. It is recommended that all receipts and Explanation of Benefits statements be retained for at least seven years.

If submitting an expense for an item (e.g. eyeglasses), the service date refers to the date the member is first in possession of the item, and the receipt should reflect this date.

Expenses submitted are only eligible if the service date falls within the start and end dates of the HSA plan year.

Expense Submission

Expenses are submitted online via your My ASEBP account, www.asebp.ab.ca/myasebp.

HSA expenses can be submitted any time during the HSA plan year but must be submitted by the end of the run-off period.

Once the run-off period has expired, expense submissions for that HSA plan year will no longer be accepted.

Getting Paid

HSA Package 1

- Eligible expenses will be processed for payment every two business days. Under normal circumstances, you can expect payment within a week of expense submission.
- A number of factors contribute to the length of time between submission and payment of expenses, including: expense verification, receipts (when requested), availability of credits, timing of roll-over of credits, accuracy of banking information and the electronic fund transfer policies of your bank or credit union.

HSA Package 2

- Eligible expenses will be reimbursed to the maximum of your available credits within 30 days of the semi-annual submission deadline (February 28/29 and October 30).

At the end of the HSA plan year, you will be reimbursed for all eligible expenses submitted up to the balance of remaining credits in your account. Expenses submitted during the 60-day run-off period following the end of the HSA plan year will be reimbursed to a maximum of your remaining credits provided the expenses were incurred during the HSA plan year.

If you submit eligible expenses that exceed the total amount of credits available in your HSA, ASEBP will issue a partial payment up to the amount of credits available. Any unpaid portion of the expense will carry forward to the next payment cycle. If the expense amount exceeds the amount of credits remaining at the end of the HSA plan year, the remaining expense amount will not be paid. **Unpaid expenses do not carry forward to subsequent plan years.**

Expense reimbursements are deposited directly into your bank account. Cheques are not issued. To ensure we have your current banking information, log in to your My ASEBP account, and visit the Manage Banking Details page in the Profile section.

Maximizing Your Reimbursement

You can maximize your reimbursement of eligible health-related expenses by taking full advantage of your benefit plan and HSA with these steps:

1. CHECK YOUR BENEFIT PLAN

The CRA requires that you exhaust benefit coverage first. If you have an expense that is covered as part of your Extended Health Care, Dental or Vision Care benefits, submit the expense to your benefits first.

If the expense is incurred by a dependant that has their own coverage (e.g. spouse), then that dependant must submit to his or her employer's plan before submitting any remaining expense to ASEBP.

2. CHECK YOUR OTHER COVERAGE

If you are covered as a dependant or spouse with another benefits plan, you may qualify to submit your expense as a claim under that plan as well. Doing this is referred to as coordination of benefits. You can read more about this on our website, https://www.asebp.ab.ca/member-resources/cob_overview.html.

3. SUBMIT THE EXPENSE TO YOUR HSA

Once you have coordinated all of your benefit options to pay your expense and have verified that you have a valid HSA expense, submit any outstanding balance to your HSA via your My ASEBP account, www.asebp.ab.ca/myasebp.

The easiest method to submit expenses to your HSA is through your Claims History on My ASEBP. If you have out-of-pocket costs for services covered by your Extended Health Care, Dental or Vision benefits, the Claims History page will allow you to transfer the unpaid amount to your HSA. If needed, you can edit the amount claimed to your HSA if the claim was partially paid by another plan.

It is your responsibility to **submit only eligible expenses** and only the amount your or your dependant's benefits didn't cover.

EXAMPLE OF HOW TO MAXIMIZE YOUR BENEFIT REIMBURSEMENT

Your daughter requires orthodontic services which will cost \$4,000. You have Dental Plan 3 with ASEBP, an HSA with a balance of \$800 and are also covered by your spouse's dental coverage. Here's how you can maximize your reimbursement amount.

	Plan	Submitted	Paid	Remaining
Step 1	Your ASEBP coverage	\$4,000	\$2,400	\$1,600
Step 2	Spouse's coverage	\$1,600	\$1,000	\$600
Step 3	Your HSA	\$600	\$600	\$0

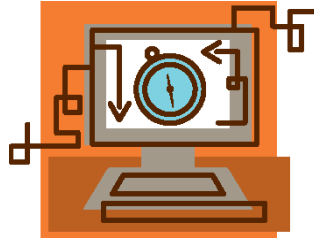
Your HSA will have \$200 in remaining credits.

Monitoring Your HSA Balance

You can track the current balance and activity (i.e. employer credits, expenses and payments) of your HSA by accessing your My ASEBP account, www.asebp.ab.ca/myasebp.

Up-to-date HSA activity is available online to view/print at any time. Approximately 90 days after the end of the HSA plan year, an annual statement will be available online, summarizing activity for the entire HSA plan year, including any applicable credit forfeitures or credit carry forward information.

If you need assistance with understanding the number of credits that are in your HSA, or if you feel that some credits are missing, please contact your employer. Contact an ASEBP Benefit Specialist with questions about payments or submitting expenses.



online HSA services

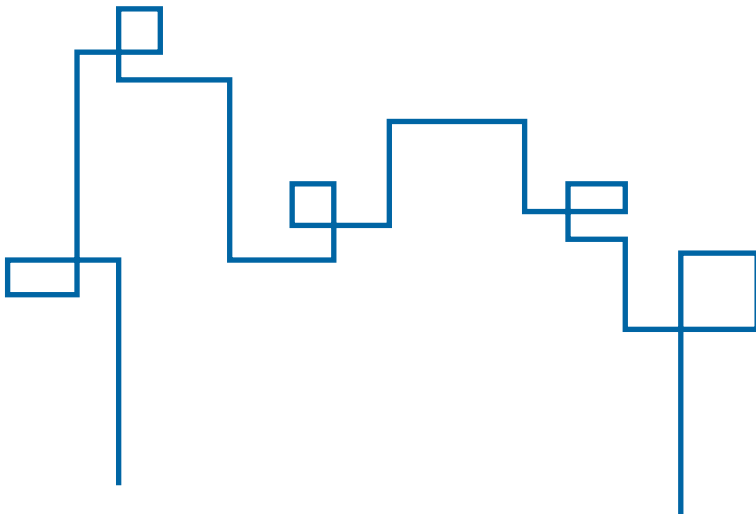
Log in to your My ASEBP account or download the ASEBP Mobile app to access HSA features such as:

- Expense submission
- Expense eligibility and payment information
- Credit deposit and balance monitoring
- Annual statements
- View/print activity
- Confirm/update banking information

Haven't Registered Yet?

Simply visit www.asebp.ab.ca/myasebp and:

1. Click **Register** on the right side of the screen.
2. Enter your **ASEBP ID number, date of birth and section code**. Your ASEBP ID and section code can be found on your ASEBP benefits card.
3. Read the Terms and Conditions of Registration and click **I Understand**.
4. Enter your personal email address, create a password and select security questions. Then click **Create Profile**.
5. You will receive a confirmation email asking you to confirm your registration. Click on the link in this email to complete your registration.





Contact ASEBP

If you have any questions, please contact
an ASEBP Benefit Specialist:

Phone: 780-438-4545

Toll-free: 1-877-438-4545

Fax: 780-438-5304

Email: benefits@asebp.ca

Visit us: Allendale Centre East

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Office hours: Monday to Friday, 8 a.m. to 4:30 p.m.