

Flexible Spending Account

Professional Association of Resident Physicians of Alberta (PARA)

The Flexible Spending Account (FSA) is designed to enhance your Supplementary Health and Dental benefits coverage and encourage fitness and wellness, professional development, assist with family care needs, and retirement planning. No member contribution is required. This program is fully funded by Alberta Health Services.

The FSA is an individual member account that provides benefit dollars (credits). You can direct these credits to a non-taxable Health Spending Account, a Taxable Personal Spending Account which includes wellness/fitness, professional development and/or family care, or you can also direct your funds into a Group RRSP account. Once a year you make a non-revocable allocation of your credits among these options. The plan is administered through Alberta Blue Cross (Group Plan 25000).

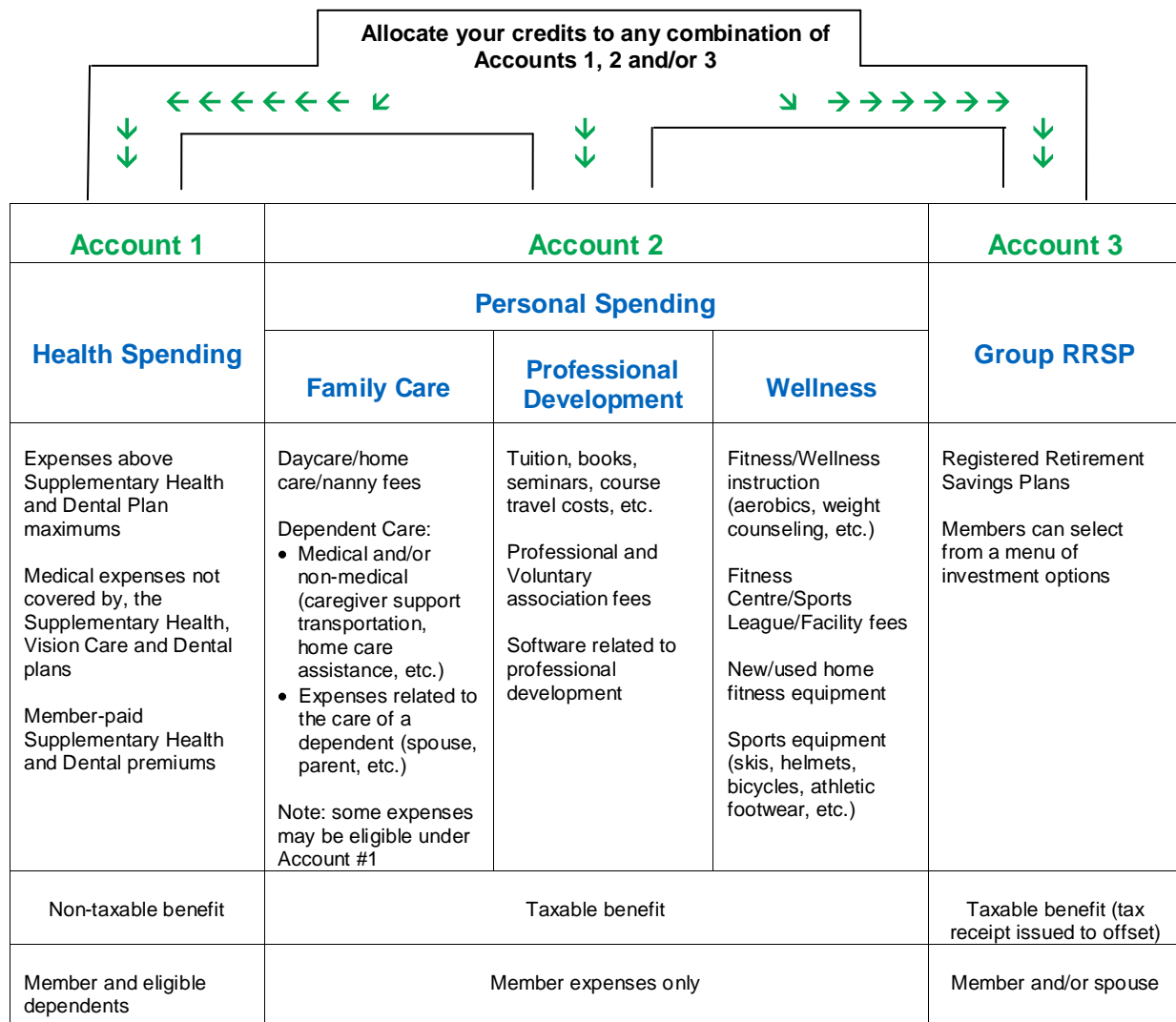
CREDITS

Each July 1, you will receive \$1,000 as outlined in your collective agreement. The plan is fully funded by Alberta Health Services. **For the 2011/2012 year you will allocate your credits in August and they are retroactive to July, 1 2011.**

These credits can be allocated to your choice of options among three accounts:

1. Health Spending Account
2. Personal Spending Account
3. Group RRSP

Note: Each year, you are required to allocate your flex credits for the next year. If your allocation instructions are not submitted by you, received and confirmed within the timeframe provided, 100% of your credits will default to your Health Spending Account.



Account 1 – These claims must meet Canada Revenue Agency (CRA) guidelines as an eligible tax-deductible expense.

Account 2 – Alberta Blue Cross issues a T4A annually for all expenses reimbursed under these categories. Original receipts can be retained, as some expenses may be eligible for personal tax relief.

Account 3 – No tax is deducted on RRSP contributions, but contributions are included on your T4 as a taxable earning. To defer paying tax, Standard Life issues tax receipts to be included when filing personal income tax statements.

Account 1: Health Spending Account (non-taxable)

The Health Spending Account is a non-taxable account. No personal income taxes are payable on these credits as long as the medical, dental, and vision expenses adhere to Canada Revenue Agency's guidelines. You may cover expenses for yourself and anyone you report on your income tax as an eligible dependent, which is defined by CRA and described later in this document.

The Health Spending Account provides coverage for medical, dental, and vision expenses not fully covered or excluded from coverage under your core benefit plan. The Canada Revenue Agency (CRA) defines non-taxable, eligible expenses under its guidelines, and these are subject to change without notice. A copy of these guidelines is available at the following link: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/330/llwbl-eng.html>.

Account 2: Personal Spending Account (taxable)

This Account is taxable because the eligible expenses do not adhere to the Canada Revenue Agency guidelines. You are taxed on the claims paid, not on the amount of credits that you allocate. A T4A taxation slip will be issued to you by Alberta Blue Cross to include on your annual tax return.

Eligible expenses for wellness, fitness, fitness equipment, sports equipment (required to participate in the sport), and professional development are applicable to you only, and not your dependents. Family care expenses (paid by you) are eligible.

Wellness

This category is intended to cover expenses that support your personal wellness and physical health. Types of expenses covered include:

- Fitness Centre fees (such as the YMCA, Spa Lady, Kinsmen Centre, etc.) – monthly or annual. When facility or league fees include both social and physical activities, only the portion of the physical activities is an eligible expense
- Sports League/Facility fees where the main focus is a physical activity (such as curling, tennis, skiing)
- Instructed classes at a fitness facility (such as aerobics classes, yoga, Tai Chi, etc.) – drop in fees or passes
- Certified Instruction for a physical activity in excess of facility fees (such as personal trainer, Canskate Program for Adults, dance lessons, etc.)
- Home exercise fitness equipment – new and used (such as treadmills, stationary bikes, weights, etc.)
- Wellness Related Programs such as weight and nutrition counseling programs (plan purchase, membership fees, etc.) and smoking cessation programs (fees for seminars, support programs, etc.)
- Sports equipment that is required for a physical activity (skis, helmets, hockey equipment, athletic footwear, etc.)

Exclusions: apparel, clothing, fees/memberships for family members, nutrition replacements, food and food supplements, services provided by a family member, golf expenses.

Professional Development

This category is intended to financially assist you if you are improving your professional development through continuing education. Types of expenses covered include:

- Tuition costs or course registration fees for courses, seminars, conferences or classes provided by an accredited educational institution for your professional development
- Books or texts required for a course, seminar, conference or class
- Professional journals, books, publications and subscriptions directly related to the enhancement of your skills, job competencies, etc.
- Professional fees or registrations and/or voluntary association fees related to your discipline
- Software related to professional development (Microsoft Office products, Anti-virus software, etc.)
- Accommodation and travel costs associated with course attendance

Exclusions: recreational/non-work related items (computer games, etc.); courses, etc. offered by a non-accredited educational institution; courses etc. for personal development; computer hardware; expenses for spouses and dependents.

Family Care

This category is intended to assist you with expenses related to family care, which includes both dependents and adults. It may include dependents that are not covered by the other benefit plans.

Types of expenses covered include:

- Child care fees – regulated and approved daycare or day home care, nannies, approved After School Care programs
- Dependent care – medical and/or non-medical expenses related to the care of a dependent child, spouse, and parent. Expenses include:
 - Medical products/supplies – drugs/supplements, walkers, medical beds, etc.
 - Non-medical products – lifts, home installed supportive aids, air filtration products, guide dogs, caregiver guides, etc.
 - Eldercare counseling
 - Homecare assistance
 - Transportation
 - Friendly visiting
 - Caregiver support programs
 - Respite/holiday and/or weekend care
 - Retirement/Nursing homes
 - Day programs
 - Long term care facilities
 - Rehabilitation centres
 - Nursing care and/or emergency care

Exclusions: services provided by a family member; domestic services such as cooking and cleaning; registration or finder fees; costs related to after school care such as field trips; camps

Note: You should first determine if expenses are eligible under CRA regulations. If they are, these expenses should be claimed under the Supplementary Health plan or Health Spending Account first. Other reimbursed expenses are deemed to be taxable. You can retain your original receipt and apply for personal tax relief, if applicable.

Account 3: Group RRSP

The Group RRSP is intended to assist members who wish to set aside additional funds for retirement. You can choose to allocate all or part of your credits to a personal or spousal RRSP.

RRSP contributions made with credits are processed in a lump sum at the beginning of the calendar year and deposited into your Group RRSP account administered by Standard Life. A selection of funds and investment mixes is available to choose from.

Although employer contributions to your RRSP are a taxable benefit, income tax deductions are not taken. Standard Life will issue annual tax receipts for your contributions to file with your personal tax returns.

It is necessary to complete an enrolment with Standard Life in order to have your funds deposited into a registered account. If your application form is not received by Standard Life within 2 months, your credits will default to the Health Spending Account.

The option of making additional contributions through payroll or in a lump sum directly with Standard Life may be available to you – check with your Benefits Representative.

You are responsible for monitoring remitted amounts as they coordinate with your allowable annual RRSP contribution room and other Canada Revenue Agency regulations.

To obtain investment information, or to view your account, please contact Standard Life at 1-800-242-1704 ext. 4000 or visit the Standard Life/AHS microsite at www.standard.life.ca/ahs.

CREDIT CARRY FORWARD

CRA guidelines allow unused credits to be carried forward for one benefit year. If not used by the end of the carry forward year, they are forfeited. Alberta Blue Cross monitors this and reports any lost balances at the end of each year. Claims are processed on a “first in, first out” basis to avoid the loss of credits.

Credits are carried forward in the same account. They cannot be transferred to another account (e.g. \$100 left in Account 2 (Personal Spending Account) will carry forward to the next year in Account 2 and cannot be transferred to Account 1 (Health Spending Account) or Account 3 (Group RRSP).

ELIGIBILITY

If you opt out of Supplementary Health and/or Dental coverage, you are still eligible for the Flexible Spending Account.

ELIGIBLE DEPENDENTS

The rule for eligible dependents for the Health or Family Care portion of this benefit program is expanded to the Canada Revenue Agency (CRA) definition of dependents; this can include dependent parents. If you normally claim the expense on a tax return, the individual would be covered through Account 1 (Health Spending Account). If you are unsure of the status of your eligible dependents, contact CRA.

ENROLMENT

A separate enrolment process is not required. This normally occurs in the month of June.

LEAVE OF ABSENCE

If you commence an approved Leave of Absence you continue to have access to your Flexible Spending Account credits, even if you cancel your Supplementary Health and/or Dental coverage during your leave. You will receive a new Alberta Blue Cross card with a new subsection.

STATEMENTS

Statements of the remaining credits in your Health Spending and Personal Spending Accounts will be attached with each reimbursement you receive. Alberta Blue Cross also generates statements each quarter, regardless of whether or not you submitted a claim, as long as there are credits remaining in the account. Separate statements are issued for Account 1 and Account 2. Statements are forwarded to your home address. Account statements are not generated if there are no credits left in that account.

You can call the Alberta Blue Cross Customer Services Contact Centre at 1-800-661-6995 at any time to check the balance of your account or view your statements on line at:

https://www.ab.bluecross.ca/online_services.html

Standard Life issues statements twice per year for Group RRSP accounts. You can check your account status at any time by calling 1-800-242-1704, extension 4000 or by visiting the dedicated microsite at: www.standardlife.ca/ahs.

TERMINATIONS

When you terminate, or move to an ineligible status, the plan ceases. Your coverage continues to the end of the month you terminate. Alberta Blue Cross must receive any claims you incurred while eligible within 2 months of your termination date.

CLAIMS

Unpaid balances for claims submitted to your Supplementary Health and Dental plans are automatically transferred to the Health Spending Account for reimbursement, provided you have credits. All other Health Spending Account eligible expenses that are not covered by your Supplementary Health, Vision Care and Dental plans can be submitted to Alberta Blue Cross for reimbursement.

Some benefit expenses are billed directly to Alberta Blue Cross such as prescriptions dispensed by a pharmacist or expenses electronically submitted by your dentist.

Members who are coordinating benefits with another insurance provider must follow the normal coordination of benefit guidelines. If any expenses still remain unpaid by either insurance company, you may submit these expenses to your Health Spending Account.

If you prefer to manually manage your accounts or if you are planning to save your credits for a particular medical or dental expense, you can turn the automatic payment feature off by completing a Request for Discretionary Payment form. By asking for discretionary payments, this means that reimbursements will only be paid if a completed claim form is submitted to Alberta Blue Cross.

The Request for Discretionary Payment form is available on *Insite*. Submit the completed form to your Benefits Representative for processing. Once the automatic payment feature has been turned off, you will need to complete a Health Spending Account claim form and attach your original receipts to make claims.

Your Flexible Spending Account year end is June 30. Alberta Blue Cross must receive your claims with 2 months of year end. (Please allow sufficient lead time for mailing and processing). Claims received after 2 months from year end will not be processed.

CLAIM PAYMENTS

All claim cheques issued by Alberta Blue Cross must be made payable to you.

Claim cheques for these accounts are produced based on the following guidelines:

- You have credits in your account.
- The expense submitted is eligible.
- Provided they are received in time, cheques for claims of at least \$300 are processed mid-month.
- Cheques for claims of at least \$50 are processed monthly, at the end of the month.
- Claims for less than \$50 accumulate to the end of the quarter and, if greater than \$15 combined, are paid; if less than \$15 they accumulate to the end of the year when they are paid regardless of the amount.

DIRECT DEPOSIT OF CLAIMS

You have the option for Alberta Blue Cross to deposit funds directly into your bank account. Sign into the Blue Cross secure website for plan members at: www.ab.bluecross.ca/online_services to complete your request online.

FORMS

All Alberta Blue Cross Claim Forms can be found at www.ab.bluecross.ca/forms.html
Standard Life information and forms are available at www.standardlife.ca/ahs

CONTACTS

You can contact **Alberta Blue Cross** via one of the following options:

Calgary: 403-234-9666

Edmonton: 780-498-8000

Toll-Free: 1-800-661-6995

Website: https://www.ab.bluecross.ca/online_services.html

Standard Life can be reached at:

1-800-242-1704 extension 4000 or Standard Life/AHS microsite: www.standardlife.ca/ahs

Visit **Insite** for more information:

<http://insite.albertahealthservices.ca/>

You may also contact your **Benefits Representative**

See *Insite* for a full list of Benefits Representatives

DISCLAIMER

This is a summary of the principal features of the plan and is presented as a matter of general information only. The contents are not to be accepted or construed as a substitute for the provisions of the Master Policies between the Policy Council of the Health Benefit Trust of Alberta and the insurers/providers of services: Standard Life, and Alberta Blue Cross.