



Frequently Asked Questions

What is a Private Health Services Plan?

Under a Private Health Services Plan (PHSP), health care expenses are classed as a tax-free medical plan reimbursement, and not a taxable benefit to the employee. The PHSP and any expense incurred for its operation become a tax deductible expense to the business. The employer must have an obligation under the employment contract to reimburse the eligible medical expenses of its employees and this implied by signing a PHSP Master Contract with Canadian HealthCare Administrators Inc. (CHCA).

A PHSP, with its broader scope of eligible expenses and tax effective payment of health and dental items, can be a valuable component of your company's health care plan. This structure can cover deductible and/or provide reimbursement for expenses that are not considered eligible by a group insurance program.

A major benefit of a PHSP is to improve employees' access to supplemental health care. Absent the favourable tax measures that exist within the PHSP regime, employees would be required to fund supplemental health care using personal, after-tax, funds. In many cases, a PHSP will make available health care that employees might not otherwise obtain.

How Does It Work?

The employer and CHCA enter into a Private Health Services Plan Master Contact. The employer then identifies the employees and they submit registration forms for themselves and their dependents.

After the employee has paid the medical or dental expense, they submit the receipts and claim form to the company. The employer forwards the claim and receipts with a cheque for the claim, the administration fee and applicable taxes to CHCA. After verification of receipt eligibility, CHCA issues a cheque to the employee for the amount of their claim. The company receives a receipt for the total amount of the claim and expenses.

An employer's contributions to a qualifying PHSP are a deductible expense for the employer and do not constitute a taxable benefit for the employee. PHSP's therefore, convert what is often a non-deductable, personal expense into a fully deductible business expense without creating a corresponding personal taxable benefit.

What Does The Plan Cover?

The PHSP is legislated by the Income Tax Act in subsection 118.2(2) and the Interpretation Bulletin (IT-519R2). The expenses are eligible for reimbursement are the same as those for the Medical Expense Tax Credit. A list of eligible expenditures has been attached.

Are There Any Limits to the Amount I Can Claim?

If you are an owner of an unincorporated business, the deductible limits per year are \$1,500 per adult and \$750 per child. For an incorporated business, there are no limits that may be deducted annually but they must be reasonable. Employers will be denied any portion of their contribution that is determined to be unreasonable in the circumstances.

How Do I Qualify?

You qualify if you operate a business and a T-4 is provided to you by your company. The size of the business is not important. You can be the sole shareholder/employee or have a company with numerous employees.



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It Legal?

Yes! Our Private Health Services Plan adheres to all provision of the Income Tax Act of Canada. It is structured to qualify as a "Private Health Service Plan" as defined by subsection 248(1) of the Income Tax Act of Canada. The enabling legislation is discussed in Interpretation Bulletin IT-339R2. Further information on the PHSP can be found in CRA Interpretation Bulletins IT-85R2, IT-339R2 and IT-519R2.

How Much Can I Save?

The CHCA Plan allows for medical services to be paid for with pre-tax dollars. The plan member can save the taxes that would have been paid if the services were paid for outside of the CHCA Plan. Please see the examples.

What If I Already Have a Healthcare Plan?

The CHCA Plan, in most cases, will compliment an existing medical benefits plan by offering a broader spectrum of coverage or by covering up the 'patient pays' portion of prescription drugs.

Can My Family Be Covered?

Yes, your family can be covered. Any member of an employee's household with whom the employee is connected by blood relationship, marriage, common-law relationship or adoption may be covered.

What Are the Premiums?

There are no premiums. The CHCA Private Health Services Plan operates by the employer reimbursing employees for eligible medical expenses as outlined in the employee master file. For each claim submitted by the employee to CHCA, there is a 10% administration fee. The Employer pays a one-time enrollment fee to CHCA.