

Excontractual/Cost-Plus Claims

What are Excontractual/Cost-Plus Claims?

The Excontractual/Cost-Plus claim payment arrangement allows business owners to pay for health and dental expenses incurred by Executive-level employees (i.e. owners or key employees) which may not be fully covered (or not covered at all under their organization's bClear Employee Benefit Extended Health or Dental Care coverage).

Why would an employer want to use Cost-Plus?

Cost-Plus provides a tax advantage to the employer and the employee. On the one hand, the employer can write off the cost of the claim(s) as a business expense at the Corporate Tax Rate. On the other hand, the employee receives a non-taxable benefit and is reimbursed for his/her out-of-pocket health care expense. Otherwise, the employee would have to pay the expenses with out-of-pocket (after-tax) dollars, and not be reimbursed.

Cost-Plus is an attractive option for employers wishing to improve benefits for Executive-level employees and attract and retain these individuals to their organization. However, to ensure compliance with CRA, it is recommended that the employer provide Cost-Plus to all employees who fit into the specified category, i.e. Executives and that Cost-Plus benefits are not provided solely to shareholder employees.

What type of expenses are eligible?

- Medical and dental expenses that are not covered or only partially covered under your organization's **bClear benefitr** Extended Health or Dental Care coverage as defined in the Income Tax Act. For example, incurred expenses above specified coverage maximums could be claimed as a Cost-Plus expense. This could include:
 - Orthodontic expenses exceeding the lifetime maximum
 - Paramedical expenses which were not covered because the individual's plan limit was exceeded
- Medical and dental expenses that are not covered under **bClear benefitr** Extended Health or Dental Care coverage including:
 - Cosmetic dental work
 - Cosmetic surgery that is medically required or Laser eye surgery

How does an employer set up a Excontractual/Cost-Plus Claims?

The employer completes and signs an Excontractual Claims Agreement and submits a onetime setup fee to **bClear benefitr**.

- 5–9 employees \$100
- 10–24 employees \$150
- 25+ employees \$300

How does an employer submit a Cost-Plus Claim?

The claims submission process is very straightforward. The employer:

- Receives original receipts and/or the original Pacific Blue Cross Explanation of Benefits (EOB) Form from the employee
- Completes a bClear Excontractual Claims Form (available from the **bClear benefitr** office)
- Cuts a cheque for the total claim amount, plus the 10.0% administration fee and HST (on administration fee) payable to Pacific Blue Cross
- Sends the cheque, the Excontractual Claims Form and all original receipts/EOB Forms to the **bClear benefitr** office. Reimbursement will be made to the employer.

bClear benefitr

Suite 120 – 4401 Still Creek Drive
Burnaby, BC V5C 6G9

Phone: 604 296 3240

Toll-Free: 1 855 9bclear

Should you have any questions, please contact us.



Please return form and payment to:

bClear benefitr

Suite 120 – 4401 Still Creek Drive

Burnaby, BC V5C 6G9

Excontractual/Cost-Plus Claims

bClear Benefits Program—Excontractual Claims Agreement

The following group requests to be enrolled for Excontractual claims effective on _____ under **bClear benefitr** and acknowledges the terms described herein:

Group Number

Group Name

A set up fee in the amount of \$_____ is due. All excontractual claims will be subject to an administration fee of 10% and HST (on the administration fee) (to a maximum of \$500 per claim).

The intent of this product offering is to be made available to all employees of a given class. All employees within the class must have access to this benefit. It is recommended that each employer have an internal policy specifying what classes are eligible to submit excontractual claims and an annual limit to which employees are entitled to submit.

To ensure compliance with Canada Revenue Agency rules, employers must abide by the following:

- Employer must provide excontractual claims to all employees who fit into a specified class category and not exclusively to owner/shareholder employees across classes.
- All employees that have access to excontractual claims must be aware of the terms and conditions of coverage.
- Claims can only be submitted for employees and their dependents that are covered under **bClear benefitr** at the time the expense was incurred.
- Claimants are only covered and entitled to reimbursement for allowable expenses that qualify as medical expenses pursuant to subsection 118.2 (2) of the Income Tax Act (Canada).
- It remains the sole and absolute responsibility of the employee/claimant and/or the employer/Group Policyholder to consult with their legal and/or tax advisors to evaluate the cost plus payment request and understand the tax impact to both the employer/Group Policyholder and the employee/claimant.

bClear benefitr does not accept any responsibility for determining whether or not any claims for payment will be accepted by the Canada Revenue Agency as eligible expenses under a Private Health Service Plan or any liability relating to the same.

Print Name & Title

Authorized Signature

Date

Please return the completed form and a cheque for the set-up fee to:

bClear benefitr

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Burnaby, BC V5C 6G9

Phone: 604 296 3240

Toll-Free: 1 855 9bclear



Please complete and return this form to:

bClear benefitr

Suite 120 – 4401 Still Creek Drive

Burnaby, BC V5C 6G9

Excontractual/Cost-Plus Claims

AUTHORIZATION FOR PAYMENT OF EXCONTRACTUAL CLAIMS

Employee: _____ Date (MM/DD/YY): _____ / _____ / _____

PBC Group Number: _____ ID/SIN #: _____
(PBC)

_____ hereby authorizes Pacific Blue Cross to arrange payment for the enclosed claim(s).
(company name)

The original receipts and/or the original Explanation of Benefits form from Pacific Blue Cross are attached and it is understood that Pacific Blue Cross will retain these receipts.

- Eligible expenses must be incurred while the individual is enrolled with Pacific Blue Cross and must be eligible under Canada Revenue Agency's Income Tax Act, Part 1, Medical Expense Credit.
- Both your company and the member must have active coverage with Pacific Blue Cross.
- Claims that are eligible under an Extended Health or Dental plan must first be submitted through the member's benefit plan.
- All original paid receipts or explanation of benefits from PBC or any other carrier must be submitted with this form. Receipts will not be returned. Keep a copy of the receipts for your records.

Payment is to be forwarded to _____
(Member)

Please find enclosed our cheque payable to Pacific Blue Cross in the amount of \$_____ which represents:

- A. Claims(s) _____
 - B. Administration (10.0%) _____ (maximum \$500.00)
 - C. HST (on Administration) _____
(= B x .12)
- TOTAL = A + B + C _____

Employer Authorization

bClear benefitr Authorization

Pacific Blue Cross Authorization

Please complete and return this form to:

bClear benefitr

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Burnaby, BC V5C 6G9

Phone: 604 296 3240

Toll-Free: 1 855 9bclear