



Medical & Dental Spending Account (MDSA) Advantages



Employer	Employee
<p>1. Employer contribution costs can be pre-determined and fixed.</p>	<p>1. <b>Much broader basic health and dental expenses can be claimed</b> under a “Medical Dental Spending Account”, based on the definition of eligible claims under a “Private Health Services Plan” per Federal <i>Income Tax Act</i>, Sec. 118.2 (2) and IT-519R2 (limited only by employer funds contributed to MDSA)</p> <p><b>For example:</b></p> <ul style="list-style-type: none"> <li>• <b>Laser eye surgery</b></li> <li>• <b>Major restorative dentistry</b></li> <li>• <b>Orthodontic services</b></li> <li>• <b>Cosmetic surgery</b></li> <li>• <b>Cosmetic dentistry</b></li> </ul> <p>(No deductible, no co-insurance – benefits are limited only by employer contribution amount)</p>
<p>2. <b>Future employer MDSA costs not impacted</b> by health and dental claims experience.</p>	<p>2. Under MDSA coverage can be <b>provided to extended family members</b> and for whom the employee claims a tax deduction.</p>
<p>3. <b>Internal equity</b> - all employees are treated equally in terms of employer contributions regardless of marital status.</p>	<p>3. <b>All employees receive same employer contribution:</b> Employees with family members, and those with high medical/dental expenses, are no longer subsidized by other employees.</p>
<p>4. <b>No employer involvement</b> in health and dental claims.</p>	<p>4. <b>Direct submission</b> of health and dental claims to Green Shield Canada and use of their Pay-Direct drug/dental card <b>ensures confidentiality</b> of health information.</p>
<p>5. <b>Employees are required to become directly involved in the management of their health and dental expenses and the timing of expenditures.</b></p>	<p>5. <b>Unused MDSA balances can be carried forward</b> to next Plan Year and will be used first. At the end of the second year following any unused balances forfeited to employer.</p>
<p>6. The employer has <b>flexibility to vary contributions by class</b> of employees.</p>	<p>6. Employer contributions to MDSA <b>do not constitute a taxable benefit</b>, and all <b>claims paid are tax-free benefits</b> (except for Quebec residents).</p>
<p>7. Cost sharing is normally arranged such that <b>employees pay the cost of the Supplementary EHC + Dental Program.</b></p>	<p>7. Employees purchase the Supplementary EHC Program via payroll deduction to cover health expenses other than those covered by the MDSA, e.g. Out-of-Country; semi-private hospital; prescription drugs; etc.</p>
<p>8. The <b>Employer need no longer be concerned</b> with plan design and can better meet specific needs of each employee.</p>	<p>8. The <b>Employee controls allocation</b> of funds within the MDSA to meet personal needs each year.</p>