

LIVING IN

Retirement



Health Allowance For Retirees



YOUR HEALTH ALLOWANCE

We are committed to your health and well-being, both while you are an employee and during your retirement years. That's why we offer a post-retirement Health Allowance. We provide this important benefit to you at no charge, so you can cover your Protection Plan premium. Any remaining amounts go into a Health Care Spending Account (HCSA) that you can spend on eligible health care expenses at your discretion.

Health Allowance

Service Credit

Your Service Credit is the total amount of time you've worked for the Church, whether in Canada, the U.S.A. or abroad. If you leave Church employment and you are later re-hired, the prior period may be included in your Service Credit.



Protection Plan

- Pays for major medical needs
- \$1,500 annual deductible
- Does not cover dental claims
- Your Health Allowance pays for the Protection Plan premium
- Any remaining amounts are deposited to your Health Care Spending Account.



Health Care Spending Account (HCSA)

- Amount is based on Service Credit years
- Pays for expenses and services not covered by the Protection Plan
- May be used for dental, vision and other eligible medical expenses

Eligibility

To be eligible to receive these post-retirement benefits, you must:

- 1** Be an active employee with at least 15 years of Service Credit on the day you retire, and;
- 2** Have worked at least 1,000 hours in each of the two previous years immediately before your retirement date.

If your age plus Service Credit totaled 70 points or more by January 1, 2006, the Health Allowance program does not apply to you. You are eligible to participate in a grandfathered plan. Please refer to the *Planning for Retirement* booklet for more details.



This booklet provides information about the Seventh-day Adventist Church in Canada (the Church) Health Allowance for Retirees, effective January 1, 2006. In the event of a discrepancy between the information provided in this brochure and the official plan documents, the latter shall prevail.

Calculating your Health Allowance

Your Health Allowance has two components: An **Annual Allocation** and an **Additional Allocation**. Both allocation amounts depend on your family status (yourself only, or you plus eligible dependants such as a spouse or child/children) at the time the amounts are being calculated. The Additional Allocation is calculated based on your Service Credit above 15 years. Combined, the two allocations equal your Total Annual Health Allowance amount:

$$\begin{array}{c} \mathbf{1} \\ \text{Annual} \\ \text{Allocation} \end{array} + \begin{array}{c} \mathbf{2} \\ \text{Additional Allocation} \\ \left(\begin{array}{c} \text{Years of} \\ \text{Service} \\ \text{Credit} - 15 \end{array} \right) \times \left(\begin{array}{c} \text{Additional} \\ \text{Allocation} \\ \text{Factor} \end{array} \right) \end{array} = \begin{array}{c} \text{Total} \\ \text{Annual} \\ \text{Allocation} \end{array}$$

Future increases

Your Health Allowance increases by 2.5% each year* (rounded up to the nearest dollar once multiplied by the number of years) to help keep pace with rising health care costs.

The table below outlines the value of your Health Allowance, including the 2.5% annual increase up to 2033, as of 2023.

Year	Annual Allocation		Additional Allocation for each year of service	
	No dependants	Family	No dependants	Family
2023	\$760.80	\$1,521.62	\$38.05	\$76.08
2024	\$779.82	\$1,559.66	\$39.00	\$77.98
2025	\$799.32	\$1,598.65	\$39.98	\$79.93
2026	\$819.30	\$1,638.62	\$40.98	\$81.93
2027	\$839.78	\$1,679.59	\$42.00	\$83.98
2028	\$860.77	\$1,721.58	\$43.05	\$86.08
2029	\$882.29	\$1,764.62	\$44.13	\$88.23
2030	\$904.35	\$1,808.74	\$45.23	\$90.44
2031	\$926.96	\$1,853.96	\$46.36	\$92.70
2032	\$950.13	\$1,900.31	\$47.52	\$95.02
2033	\$973.88	\$1,947.82	\$48.71	\$97.40

*Increases are subject to change based on plan costs.



Health Allowance calculation examples

Pat, Chris and Alex each retire in 2023. Their Health Allowance amounts are different because of the amount of Service Credit they have and their family status at the time their Health Allowance amounts are calculated.

Year	Pat	Chris	Alex
Family status	No dependants	No dependants	Family
Service Credit	15 years	25 years	25 years
Annual Allocation	\$760.80	\$760.80	\$1,521.62
Additional Allocation	\$0 (Pat does not have more than 15 years of Service Credit)	\$38.05 x 10 years = \$380.50	\$76.08 x 10 years = \$760.80
Total Allocation for 2023	\$760.80	\$1,141.30	\$2,282.42
Rounded amount (rounded up to next higher dollar)	\$761	\$1,142	\$2,283

Premiums and deductibles explained

- A premium is the cost to purchase insurance coverage. The Health Allowance pays 100% of the insurance premiums under the Protection Plan.
- A deductible is the amount you must pay out-of-pocket or through other insurance before you can be reimbursed for future expenses. In 2023, the annual deductible is \$1,500 for each covered person.

Your Protection Plan

The Protection Plan provides financial protection in case of a major medical emergency, including significant drug expenses, lengthy hospital stays and private duty nursing. When you retire, the Health Allowance pays the annual Protection Plan premium. In 2023, the premiums are \$250 for a retiree only and \$500 for a retiree and one or more eligible dependants (for example, a spouse or dependent child/children).

Due to rising health care costs, premiums are expected to increase over time. In the event premiums increase faster than expected, the Church will, as part of its regular review policy, revisit the Protection Plan and Health Allowance, as necessary.

Annual deductible

Before expenses may be reimbursed through the Protection Plan, you must first meet the annual deductible. In 2023, the annual deductible is \$1,500 for each covered person. This means all Protection Plan claims must be paid out-of-pocket or through your HCSA, up to \$1,500 for yourself and each of your eligible dependants, before you can receive reimbursement from the Protection Plan.

*Only eligible expenses contribute toward reaching the annual deductible limit.

Eligible expense*	Reimbursement
Prescription drugs	\$10,000 annual maximum and up to \$8/dispensing fee
Private duty nursing	\$10,000/year
Semi-private hospital	\$150/day to a maximum of 60 consecutive days
Physiotherapist	\$1,000/year
Medical equipment	\$1,000/year
Hearing aids	\$1,000/5 years
Local ambulance	No maximum



HEALTH CARE SPENDING ACCOUNT (HCSA)

Your HCSA works much like a bank account that you use to pay for health and dental care expenses not covered by the Protection Plan, provincial health plans, or any other benefit plans available to you. You pay for your health-related items up-front and are reimbursed from your HCSA balance. Protection Plan premiums may vary from year to year. You must use your HCSA to pay for the Protection Plan premium.

- **Use it to cover you and your dependants.** You can use your HCSA toward expenses for eligible family members.
- **Use it for eligible health care expenses,** including prescription drugs, dental and vision care, paramedical practitioners, orthopaedics and medical equipment.
- **It is tax-free.** The HCSA is a tax-free benefit (except for provincial income tax in Quebec), which means that you pay for your health-related expenses with pre-tax dollars.
- **Carry it forward.** You may carry forward unused amounts for up to one year. In other words, if you do not spend all of the funds in your HCSA, you may apply the remaining amount towards expenses the following year. If you do not use this amount by December 31 of the second year, it will be forfeited.

Simplified Health Allowance calculation examples

Pat, Chris and Alex, from the previous example, each have different health-related issues. Pat had drug claims of \$10,000 in the year. Chris had \$1,400 of hospital claims (8 days at \$175 per day) and \$800 of physiotherapy claims. Alex had \$1,000 in claims for hearing aids.

Here's how the Health Allowance helps each person:

Note: Protection Plan premium shown as of 2023. This amount may vary in the future.

	Pat	Chris	Alex
Medical expenses a	\$10,000	\$2,200	\$1,000
Medical expenses eligible under the Protection Plan b	\$10,000	\$2,000	\$1,000
Amount paid by the Protection Plan = (b) - \$1,500, if (b) is more than \$1,500 c	\$8,500	\$500	\$0
Amount left to pay = (a) - (c) d	\$1,500	\$1,700	\$1,000
Health Allowance Allocation e	\$761	\$1,142	\$2,283
Protection Plan premium f	\$250	\$250	\$500
Health Allowance Allocation available after Protection Plan premium paid = (e) - (f) g	\$511	\$892	\$1,783
Amount paid by HCSA = lower of (b) and (g) h	\$511	\$892	\$1,000
Amount paid by member = (a) - (c) - (h) i	\$989	\$808	\$0
Comments	Large claim with significant portion of costs paid for by plan.	Hospital claims exceed \$150/day maximum.	\$783 in unused HCSA funds. Allocation is carried forward one year.



COORDINATION OF BENEFITS

Keeping costs down

The Church provides the funds for your HCSA, but your HCSA funds are directly related to Protection Plan premiums. Premiums are based on what it will actually cost to provide coverage, so if premiums go up, the remaining funds for your HCSA will go down.

You can help keep the Protection Plan premiums in check by being proactive:

- Maintain a healthy diet and exercise regularly
- Visit your doctor and dentist at least once a year to verify your good health
- Ask your pharmacist to fill your prescriptions using generic medication, if possible
- Where appropriate, ask for multiple refills at one time to save on dispensing fees
- Compare pharmacy dispensing fees to ensure you are getting the best value

Sign up for direct deposit

Get reimbursed even faster! Complete the Direct Deposit Request Form by visiting the Health Benefits Administration site at adventist.ca/hba.

If your spouse has coverage under another employer's insurance plan, you may be eligible to coordinate your benefits. In such a case, your spouse's health care plan might pay for the portion of your medical expenses not covered under the Protection Plan. Likewise, your benefits can help top up any costs not entirely covered under your spouse's plan.

If you are also covered by your spouse's plan, please follow these steps to be reimbursed for any amounts not 100% paid by the Church's plan:

- 1** Submit your claim to the Health Benefits Administration office (address below). Doing so will apply the eligible claim amounts against the \$1,500 annual Protection Plan deductible. Eligible amounts above the deductible limit will be automatically reimbursed to you.

Do not request the use of your HCSA at this point, as the portion that is not covered may be covered by your spouse's plan.

- 2** After you receive your cheque and/or explanation of benefits, submit a claim to your spouse's plan to cover any amount that wasn't paid.
- 3** If there are still some expenses not covered after submitting to both plans, and you have an HCSA with a positive balance, you may follow the HCSA claims process described below.



YOUR HCSA CLAIMS PROCESS

After you have considered your spouse's plan, your health-related expenses can be claimed under your HCSA.

To be reimbursed for health care expenses under the HCSA, you'll need to do the following:

- 1** Complete the two-page claims form, including necessary signatures. These forms can be found on the Health Benefits Administration site at adventist.ca/hba.
- 2** Attach an original receipt or an Explanation of Benefits statement, if applicable, for each claim (you should keep photocopies for your records).
- 3** Mail your claim and original receipts to:
Health Benefits Administration, 1148 King Street East, Oshawa, ON L1H 1H8

You can expect to receive reimbursement promptly after we receive your completed form.



SUBMITTING CLAIMS FOR DEPENDANTS

If you have children covered under both your and your spouse's plans, you must first submit their claims to the insurance company of the spouse whose birthday falls first in the year, and then submit any unpaid portion to the other person's plan.



FREQUENTLY ASKED QUESTIONS

What are the key features of the Health Allowance program?

Eligible retirees are granted an annual Health Allowance that increases depending on how much Service Credit you have and your family status. The amount granted is applied first to your Protection Plan premium. The remainder of the Health Allowance amount is applied to your HCSA to help you pay for medical and dental expenses not covered under the Protection Plan.

The Protection Plan provides financial protection in case of major medical issues, up to plan limits. Once you pay all eligible Protection Plan claims out-of-pocket or through your HCSA, up to the \$1,500 per-person deductible, the Protection Plan covers certain excess expenses.

How long does it take to be reimbursed for HCSA expenses?

It takes about one week to process your claims and issue a reimbursement cheque or direct deposit. Please be sure to include all receipts and properly completed forms to speed up the process.

Do I need to submit my receipts even if my claim will be denied because I haven't reached the deductible?

Yes. Eligible expenses you submit may count towards reaching the \$1,500 deductible in a calendar year. Once the deductible level is reached, any eligible expenses are paid from the Protection Plan. Also, if you have coordination of benefits with your spouse, your expenses need to be processed by our claims department before your spouse's plan will pay for them.

What if I don't use all of my HCSA funds?

Unused HCSA funds are automatically carried forward to the following year. If you do not use this amount by December 31 of that year, it will be forfeited.

Can I carry forward my HCSA expenses?

No. You cannot carry forward any expenses from one year to the next. If you do not have enough money in your HCSA to cover your eligible expenses, you must pay the remainder out-of-pocket. The deadline to submit claims for each year is March 31 of the following year.

How will I know what is and isn't an eligible HCSA expense?

For a complete, updated list of eligible HCSA expenses, visit the Canada Revenue Agency website at cra-arc.gc.ca/medical.

What does my provincial medical plan cover?

Wherever you live in Canada, you are entitled to government-provided health care services and access to prescription drugs. Although coverage varies somewhat by province, in general, the following services are included free of charge: hospital stays, lab services, doctors' visits, surgical procedures, and more. Please refer to your provincial government website for further details.

What happens to my Health Allowance if I move outside of Canada?

If you move outside of Canada, you will not be eligible for the Church Health Allowance. In that case, we recommend that you enrol in a comprehensive medical insurance program in your new country to ensure you and your family are covered in your new location.

Can I claim expenses from outside Canada under the HCSA?

Yes. According to the Canada Revenue Agency's list of Medical Expense Tax Credits, you are eligible for reimbursement for items or services obtained outside of Canada.

My claim was rejected. Can I appeal this decision?

For a claim to be reimbursed, it's important to know that it must first be considered an eligible expense that qualifies for reimbursement under the Canada Revenue Agency's list of eligible HCSA expenses, or per the terms of the Protection Plan.

When a claim is rejected, we will provide an explanation for declining the claim. If, upon review of the explanation, you feel that the decision was based on incomplete or incorrect information, you may contest the claim by mailing or emailing an appeal to the Health Benefits Director. The appeal will be reviewed by the Health Benefits Director and potentially by the Health Benefits Committee. You will be notified of the final decision.

Please note that the Health Benefits Committee meets four to six times per year, so it is possible for the appeal process to take a few months. In addition, if your appeal is a request for an exception to the rules of the Protection Plan or HCSA, please be aware that the Church strives for an equitable, fair and Canada Revenue Agency-compliant delivery of the benefits plan. Granting exceptions and straying outside the plan can compromise the tax-favoured status of our plan.

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MORE INFORMATION



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retirement@adventist.ca



905-433-0011

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