

## **The Best Kept Secret for Managing Healthcare!**

Benefits and healthcare expenses are a factor in everybody's budget, whether you add it in or not. For those of us with employers, we often take the coverage for granted. As I and many of my clients live in Ontario, we have "OHIP", which is supposed to cover everything. Isn't it? Whether in Ontario or any other province, the truth is our "healthcare system" doesn't cover everything, and when incurring medical expenses there are often surprises.

I'll never forget many years ago, getting an invoice for the ambulance service that carried my mother to the hospital after a life-threatening accident. We were dealing with so many other issues ensuring she got appropriate care, it didn't seem important, but we were certainly surprised as this was before the times when we started hearing about the many cutbacks in the healthcare services when you know you'll have to pay for extras.

How do you deal with benefits coverage? What are your options?

There are traditional benefits plans and with many of these, some benefits stop at age 65. Depending on your age, this is the first item you must watch for. The benefits can cover you for many items, such as special health services, like dental, paramedical (massages and various therapies), vision care and sometimes even hospital coverage to upgrade your room. Some of the coverage is really a reimbursement plan such as dental & vision care, since the usage defines the rates for next year. Some of the areas covered are true insurance for catastrophes such as life insurance or hospital coverage. There are pros and cons to this type of insurance. The downside is there may be exclusions, and the rates get more expensive as you age. They seldom cover 100% of all items, therefore, you still incur some costs. Also, you may be covered for items you don't really need, as it is a "benefits" package.

For those with custom needs, one of the most unknown insurance packages is the "Health Spending Account". For somebody who is self-employed in any way, or runs his own corporation (even a holding company), this type of healthcare coverage is an option to allow you to save money towards healthcare expenses far beyond that allowed by the standard benefits plan. It can cover virtually all healthcare expenses through this account as long as you contribute sufficiently to cover them. It really works like a savings account, but one that can only be used to cover your healthcare expenses. The true perk is that you can set up the Health Spending Account through your business and by contributing towards the account, can turn virtually any healthcare cost into a fully tax-deductible expense.

Let's say you spend \$500/an dentist, \$100/an prescriptions, \$300/an massage, and \$250 on facial laser treatment. With a health spending account, you would make your monthly/annual contributions to the account (Let's assume, \$100/month), then administrative costs would be deducted (remember it is an insurance policy) generally in the range of 10-12%. Then when you incur your expenses, collect your receipts and simply submit them for re-imburement. As long as you've contributed through the business, you can withdraw the funds. Note, while dentistry is generally covered by benefits packages, it is seldom covered 100%. However, specialty items

such as laser treatment for skin conditions, certain medications, or therapies are seldom covered. In addition, most companies that offer Health-Spending Accounts also offer a special package to provide emergency benefits for items such as “semi-private hospital room”, etc.

When reviewing healthcare needs, there are often issues that need a standard benefits package. If that’s your requirement; do your homework. Ensure the coverage is sufficient, there are minimal age restrictions and that the type of coverage you need is all you are paying for. If you do have special requirements, or are excluded from some items in the traditional benefits package, then look into the Health Spending Account. If you qualify, it is one of the best kept secrets of the insurance industry because of its flexibility and customization. For more information, ask your insurance advisor. These options are offered by a number of different companies, but for more information, please go to my website, [www.janinepurves.com](http://www.janinepurves.com) or [www.benecaid.com](http://www.benecaid.com).

*Janine Purves is a Senior Financial Advisor at Assante Capital Management Ltd (Member-CIPF) specializing in wealth planning for seniors, business owners, & professionals. Phone: 905-707-5220 ext. 22 E-mail: [jpurves@assante.com](mailto:jpurves@assante.com), Website: [www.JaninePurves.com](http://www.JaninePurves.com). The views and opinions expressed by the author are not necessarily those of Assante Capital Management Ltd. (Member-CIPF). Services and products may be provided by an Assante Advisor or through affiliated or non-affiliated third parties.*