

Private Health Services Plan

Pacific Employee Benefits

A **Private Health Services Plan** is a cost effective, tax efficient means for Corporations to cover health and dental expenses or supplement existing group insurance benefits for their employees.

Working as a stand alone plan or with your existing group benefits coverage, a PHSP can:

- Provide reimbursement to your employees for their medical expenses
- Cover items not covered or paid for under a current group insurance program,
- Reimburse costs incurred for medical expenses to employees,
- Create a tax deductible business expense

What is PHSP?

PHSP is a tax-effective means of covering Health, Dental or Vision Care expenses. When properly set up, a Private Health Services Plan (PHSP), recognized by Canada Revenue Agency (CRA), allows businesses to deduct health-related expenses eligible under the Income Tax Act. Eligible PHSP charges are treated the same as group insurance premiums; a deductible business expense. PHSP reimbursements paid to individuals are not taxable in the hands of the employee who receives them (except in Quebec where provincial taxes apply).

PHSP covers all supplies and services considered eligible medical expenses under the Canadian Income Tax Act. You designate the spending limits and you and your employees receive 100% coverage for all eligible expenses to that limit with no monthly premiums. This could include prescription drugs, dental, vision, orthodontic treatments, the co-insurance amounts you are responsible for, or expenses that may be in excess of limits under your current group insurance program.

PHSP Feature Highlights

- Expenses/ costs are known upfront
- No initial set up fee
- No monthly premiums
- Employer has the option of different employee classes with different spending limits
- Employees are reimbursed for qualifying expenses
- 10% Adjudication fee is charged on eligible claims (HST is charged on adjudication fee only)
- Benefit levels can be prorated for the plan's first year
- Plans are based on a calendar year

What is an allowable expense?

Attached is a list of eligible expenditures

