

Choose Cost Plus for better health benefits

Cost Plus is a tax effective way to supplement Health Care, Dental and Vision coverage that may be limited or not covered under your Group Benefits plan. As an alternative method of reimbursing medical and/or dental expenses, it's an excellent way to provide enhanced health benefits to your key plan members.

Who can be covered?

Cost Plus provides coverage for a specific class of plan members that you identify, such as managers and executives. All plan members in this specific class must be eligible for Cost Plus coverage.

Which expenses are covered?

Cost Plus supplements medical, hospital, dental and vision expenses that are not covered under the terms of your group contract. Coverage is provided for those expenses that qualify as a medical expense under Subsection 118.2(2) of the Income Tax Act (Canada).

How does Cost Plus work?

Plan members submit eligible claims to you. You must submit approved claims directly to The Co-operators on a Cost Plus claim form, including a cheque for the claim amount, the administration fee and applicable sales tax. Once you have paid the bill, you may be able to claim the total as a business expense. The Co-operators then sends your plan member a cheque for the claim*.

For example, your Group Benefits plan may cover basic dental, but not orthodontics. If an eligible plan member's child needs orthodontic treatment and your company pays the expense through Cost Plus, your company may be eligible to receive a tax deduction, which is calculated based on the amount of the expense and administration fee. The plan member could receive a non-taxable benefit. The net cost to your company could be lower after taxes. For a detailed example outlining the tax benefits and to find out which arrangement is right for your business, consult a tax advisor or accountant.

Why consider a Cost Plus plan?

There are a number of benefits to using Cost Plus claims reimbursement.

- > Cost Plus allows for the payment of expenses:
 - not covered by your group insurance contract or in excess of plan maximums
 - for employees not eligible under the contract, such as employees over the termination age or those declined for regular coverage due to poor health
 - for a broader range of dependents, as defined by Canada Revenue Agency
- > You may be able to claim the payments as a business expense. Consult your accountant or tax advisor for specifics.
- > Expenses paid by Cost Plus reimbursement are not charged to the plan, and are therefore not included in renewal rate calculations

Important considerations

While a Cost Plus plan has a number of benefits, there are important issues to consider before implementing a plan.

- > Your group must have Extended Health coverage with The Co-operators to have medical claims paid on a Cost Plus basis, and Dental coverage with The Co-operators to have dental Cost Plus claims reimbursed.
- > Claims must be incurred while your group is active and only if your group has coverage for the respective benefit.
- > It is the responsibility of the owner/proprietor to determine his/her eligibility to participate in a Cost Plus claims reimbursement plan. Canada Revenue Agency has indicated that a personal Cost Plus plan for the sole proprietor (and dependents) of non-incorporated businesses may not qualify as a Private Health Services Plan. Any contribution or premium and administration charges the owner/proprietor pays the insurance company to reimburse eligible medical and/or dental claims may not be considered an eligible tax deduction according to Canada Revenue Agency.
- > You are responsible for determining the eligibility of expenses and dependents as defined by Canada Revenue Agency. The list of eligible medical expenses and definition of dependent can be found on the Canada Revenue Agency website at www.cra.gc.ca (forms and publications, form IT-519) or by calling 1-800-959-2221.



Contact your Group Benefits Advisor for more information, or to add Cost Plus to your benefits plan.

*Benefits received by the plan member are not taxable.

This document is for informational purposes only. Please consult a professional tax advisor for specific tax situations. Group Benefits plans are underwritten by Co-operators Life Insurance Company.