



August 30, 2010

IMPORTANT UPDATE - INFORMATION RE ELIGIBLE MEDICAL EXPENSES UNDER THE INCOME TAX ACT – EFFECTIVE AUGUST 27, 2010

In our July eNews, we communicated that ClaimSecure has made the decision to continue adjudicating HSSA (Health Service Spending Account) claims status quo, until Royal Assent has been passed. This means that any claims received prior to August 27th regardless of the service date would have been processed using the pre-March 4th change date.

Effective August 27, 2010, the changes have received Royal Assent. This means that the CRA (Canada Revenue Agency) and METC (Medical Expense Tax Credit) rule changes below will apply to cosmetic claims received by ClaimSecure showing a service date March 4, 2010 or later.

The CRA/METC changes read as follows:

For expenses incurred March 4, 2010 or later, this budget proposes that expenses incurred for purely cosmetic procedures be ineligible under the Medical Expense Tax Credit except when required for medical or reconstructive purposes.

Examples of purely cosmetic procedures include but are not limited to:

- . Liposuction
- . Hair replacement procedures
- . Botox injections
- . Teeth whitening
- . Including related expenses e.g. travel

Expenses for purely cosmetic procedures may no longer be covered going forward if the HSSA is to maintain its tax effectiveness (except in Quebec where health benefits paid for by the plan sponsor are taxable).

Below is a link for the Canada Revenue Agency's listing of eligible medical expenses. These are the expenses that can be claimed through an HSSA.

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/330/llwxpns-eng.html>

