

Tax Incentives for Personal Health Plan Members

Tax season can be daunting, even in the best of times. For many, an investment in your health with a Personal Health Plan or Employee Benefits plan can help protect you throughout times of uncertainty, change, and even offer potential tax savings for you.

The Canadian Revenue Agency adopted a less restrictive position regarding which Personal Health Plans are considered eligible. They now consider a plan to be eligible if all or a substantial amount of the premiums paid under the plan relate to medical expenses that are eligible for the [Medical Expense Tax Credit](#). To be considered as substantial, the CRA refers to approximately 90 percent or more, whereas previously it had to be 100%.

Example:

Richard and Pauline have reviewed their medical expenses and decided that the 12-month period ending in 2021 they will use to calculate their claim is July 1, 2020 to June 30, 2021. They had the following expenses:

Richard – \$1,500 (Personal Health Plan & Additional medical expenses)

Pauline – \$1,000 (Additional medical expenses not covered under health plan)

Total medical expenses = \$2,500

Either Richard or Pauline can claim this amount on line 33099 of their tax return (Step 5 – Federal tax).

Pauline's net income (on line 23600 of her return) is \$32,000. She calculates 3% of that amount, which is \$960. Because the result is less than \$2,397, she subtracts \$960 from \$2,500. The difference is \$1,540, which is the amount she could claim on her tax return.

Richard's net income is \$48,000. He calculates 3% of that amount, which is \$1,440. Because the result is less than \$2,500, he subtracts \$1,440 from \$2,500. The difference is \$1,060, which is the amount he could claim on his tax return.

In this case, it is better for Pauline to claim all their expenses under her personal return.

Your accountant may be familiar with how the Medical Expense Tax Credit works; however we think it's important you're aware of what costs are eligible, and how a Saskatchewan Blue Cross Personal or Group Plan can potentially give you a tax break!

What type of plans are excluded?

Payments of premiums for private health service plans may qualify if they meet certain criteria, while others are excluded. It is important to know if any of your payments are eligible towards this credit.

Plans that are paid by an employer and most mandatory provincial health plans are not eligible to be claimed as health expenses.

Can I claim my Saskatchewan Blue Cross Personal Health Plan?

Yes, you can! To claim the payments of your health plan premium, simply include them with your other eligible medical expenses and claim the credit on line 33099 of your return. If you have an accountant that processes your return, you can point out that you would like to ensure any medical expenses, including your SBC Personal Health Plan are included.

My employer doesn't cover 100% of my premium, can I claim my premiums paid?

If you are paying premiums under a plan managed by your employer, you will find the exact amount paid on your [T4 Statement of Remuneration](#) slip in Box 85 of the "other information" section. If you do not have the information on a T4 slip, keep your receipts to be able to prove the amounts you paid in the event of a CRA audit.

I'm retired, but my previous employer still pays for my health plan. What can I claim?

If you have retired or left a job where your employer still pays for your health plan premiums, you will receive a [T4A Statement of Pension, Retirement, Annuity and Other Income](#) slip with the amount shown in Box 135.

Still unsure of whether your plan qualifies for the Medical Expense Tax Credit? Check out and compare it to the list of [eligible medical expenses](#) from the CRA's website!

Can I get reimbursed for medical expenses not covered under my plan?

To receive a credit, these unreimbursed medical expenses must exceed a certain threshold. For the 2020 tax year, it is \$2,397 or 3% of net income.

This includes all eligible medical expenses not covered by your health insurance plan. For example, Saskatchewan Blue Cross offers \$400 per year for chiropractor visits; however if you spent \$600, you can claim \$200.

Who should claim the credit?

Either spouse can use the family's combined medical expenses, however in most cases the lower earning spouse can claim the credit because the threshold is lower.

This credit may result in a small tax break for you and your family, however for those having significant out of pocket expenses this credit may make a big difference.

I own a business and pay for my employees' Personal Health Plans, can I claim these premiums?

Yes, a self-employed individual can claim a Personal Health Plan for themselves and their immediate family members on their personal tax return. Deductibility is limited to \$1,500 for each self-employed person and members of their household that are over the age of 18.

All things considered, it is a good idea to talk to your tax accountant about any questions you have. At Saskatchewan Blue Cross we take pride in the value we bring to our customers, and we hope sharing tips like this are helpful in highlighting all the benefits associated with taking care of yourself!