

Health Tips & News

Cosmetic Procedures: Health Spending Account and Cost Plus Claims

The March 4, 2010 Federal budget included a proposed change to the definition of the Medical Expense Tax Credit specific to cosmetic procedures. The change was approved on March 22, 2010, removing tax assistance for cosmetic procedures under the Income Tax Act.

The change

Expenses for cosmetic procedures incurred after March 4, 2010 no longer qualify for the Medical Expense Tax Credit unless they are required for medical or reconstructive purposes. As a result, cosmetic procedures are no longer eligible for coverage under private health services plans such as health spending accounts (HAS) and cost plus plans.

A list of all procedures covered under the Medical Expense Tax Credit can be found online at the Canadian Revenue Agency website. Should you have any other questions pertaining to this change, please contact our office.

Manulife's view on the issue:

In August, 2008, we revised our definition of eligible expenses under our HCSA and Cost Plus products to:

Expenses covered under a Health Care Spending Account:

- Must be Extended Health Care and Dental Care expenses that qualify as a medical expense under section 118.2 (2) of the Canadian Income Tax Act and Regulation 5700, as amended from time to time, or Extended Health Care and Dental Care expenses that Manulife Financial deems an eligible medical expense under a Private Health Services Plan or a Group Accident and Sickness plan.

Based on the expansion of our definition of eligible expenses under HCSA and Cost Plus there is no change in our admin practices of adjudication of expenses considered cosmetic in nature. Our position aligns with SunLife, however it differs from Great West Life, as GWL has tied its definition of eligible expenses to section 118.2(2) of the Income Tax Act exclusively.

The 2010 federal budget speaks to the removal of cosmetic procedures as eligible expenses as defined by section 118.2(2) of the Income Tax Act.

The METC and PHSP remain separate sections of the Income Tax Act – they are not linked and as such Manulife's position remains status quo.

Quote of the month:

Think of all the beauty that's still left in and around you and be happy!

-Anne Frank

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