



## **PRIVATE HEALTH SERVICE PLAN**

### *A BENEFIT OPTION FOR UNINSURED PATIENTS WHO OWN OR WORK FOR A SMALL BUSINESS*

In our society, there is a trend towards entrepreneurship and self-employment. Therefore there are more people who do not have access to group dental plans. A private health services plan (PHSP) (aka. Health and welfare trust) will help fill that void for small business owners and their employees, and families.

What is a private health services plan?

In its simplest form it permits an employer to reimburse an employee for the cost of most dental, medical or hospital care. Such reimbursements by the employer are not taxable employee benefits, so these expenses should not be used in calculating the employees personal taxes. The employer is generally entitled to a business expense deduction for the full amount of healthcare expenses for the employee.

A major benefit is that almost all medical expenses for the owners/key employees of incorporated/small businesses and their families can be paid by their businesses as business expenses. It can also be used as a benefit to attract, reward, and keep good employees. A small business can self-administer the plan, which greatly reduces costs and allows for more flexible benefits, or they can have third party companies manage it for you

Why not just purchase a group dental plan with defined benefits?

The major differences between a group dental plan (eg. Pacific Blue Cross, Green Shield or Sunlife) and a PHSP are as follows:

- PHSP has only a one time set up fee and then a pay-as-you-use system whereas group plans require monthly premiums to be paid. That is, if you are not using the PHSP, it has no fees.
- PHSP allows the employer to define the benefits and the amounts whereas group plans will define your benefits and amounts based on how much you are willing to pay for your plan.
- PHSP pays 100% of your cost of treatment whereas most group plans will only pay a percentage of the treatment cost or have a user fee.

**\*\*Please discuss this with your accountant to see if it is a viable option for your business\*\***