



POLICY NAME: Health & Wellness Spending Account Program

Effective Date: September 24, 2025

Policies Rescinded: 1972 – Health & Wellness Program

Document Owner: Human Resources

Required Review Date: September 2030

References:

PURPOSE

Woodlands County recognizes that supporting the health and well-being of employees and Council members contributes to organizational effectiveness, engagement, and retention. This policy establishes a flexible spending program that provides employees with annual credits for health and wellness expenses.

POLICY STATEMENT

Woodlands County supports the health and wellness of its employees and Council members by providing annual credits that can be directed toward eligible health and wellness expenses. The program is designed to:

- Promote physical, psychological, and social well-being.
- Provide employees with flexibility to meet individual needs.
- Align with industry best practices and CRA requirements.
- Ensure transparency, fairness, and fiscal responsibility.

Allocations are established by Council resolution and administered by Human Resources in accordance with this policy. Employees may elect to direct their allocations into either a Health Spending Account (non-taxable, CRA-eligible expenses) or a Wellness Spending Account (taxable, broader wellness and lifestyle expenses).

DEFINITIONS

Council – The elected Council of Woodlands County.

CAO – The Chief Administrative Officer of Woodlands County.

Director of Corporate Services – The Director responsible for oversight of payroll, benefits administration, and compliance.

Employee – Any person employed by Woodlands County on a full-time, part-time, casual, or volunteer firefighter basis, who meets eligibility requirements.

Health Spending Account (HSA) – A non-taxable account used to reimburse employees for CRA-eligible medical expenses.



Wellness Spending Account (WSA) – A taxable account used to reimburse employees for approved wellness, lifestyle, or personal development expenses.

Allocation – The annual dollar value of credits assigned to employees or Council members under this program, as directed by Council.

Carryover – The ability to transfer unused credits into the next year, subject to program limits

ADMINISTRATIVE RESPONSIBILITY

Council

- Sets allocation levels by resolution.
- Reviews allocations during compensation and benefits review cycles.

Chief Administrative Officer (CAO)

- Provides overall oversight and final dispute resolution.
- Ensures program is implemented in line with Council's direction.

Director of Corporate Services

- Administers the program on behalf of the CAO.
- Reviews and approves claims for compliance with CRA and policy.
- Provides guidance to HR/Payroll regarding taxable vs. non-taxable claims.

Human Resources / Payroll

- Tracks allocations, balances, and carryovers.
- Processes claims in accordance with deadlines and eligibility rules.
- Ensures taxable WSA reimbursements are reported on employee T4 slips.
- Communicates program rules, elections, and updates to staff annually.

Employees

- Elect allocation splits between HSA/WSA during the annual enrollment period.
- Submit receipts with claims on time and in compliance with CRA and policy rules.
- Retain responsibility for the accuracy of claims submitted.

GUIDELINES

1) Allocations

- A. Allocation levels are established **by Council resolution**.
- B. Effective January 1, 2026, allocations are:
 - a. Permanent Full-Time Employees & Council Members: \$1,150
 - b. Permanent Part-Time Employees (≥600 hrs/year): \$550
 - c. Permanent Part-Time / Casual Employees (<600 hrs/year): \$400
 - d. Volunteer Firefighters (≥100 hrs/year): \$400
- C. Allocations remain subject to Council review during regular compensation and benefits cycles.



2) Transition Rule – 2025

- A. Allocations established under the previous policy 1972 for 2025 will remain unchanged.
- B. Any allocations with a one-year carryover period will continue into 2026 to ensure employees retain the full value of their 2025 benefit.
- C. No employee will lose accrued 2025 credits as a result of adopting this revised policy.
- D. Allocations may only be directed toward eligible Health Spending Account (HSA) or Wellness Spending Account (WSA) expenses. Allocations cannot be transferred to RRSPs, TFSAs, or other financial savings vehicles.”

3) Eligibility

- A. Eligible participants include:
 - a. Permanent Full-Time and Permanent Part-Time staff.
 - b. Casual staff with ≥ 600 hours annually.
 - c. Volunteer Firefighters with ≥ 100 hours annually.
 - d. Council Members.
- B. New employees become eligible after completion of probation.

4) Dependent Coverage

- A. HSA claims may be made for the employee, spouse, and eligible dependents, consistent with CRA rules for medical expenses.
- B. WSA claims may be made for the employee, spouse, and dependent children, provided expenses meet the intent of wellness and recreation as defined in this policy.

5) Carryover & Forfeiture

- A. Unused allocations may carry forward for one (1) year.
- B. Maximum balance = two (2) years of allocation.
- C. Balances not used within the carryover period are forfeited.
- D. Upon termination, employees have 30 days to submit eligible claims.

6) Proration

- A. Employees who begin employment on or before August 31st will receive the full annual allocation for that year.
- B. Employees who begin employment after August 31st will receive a pro-rated allocation based on the number of full months remaining in the year.
- C. Employees returning from unpaid leave will have allocations pro-rated based on active months worked.

7) Eligible Expenses

- A. Health Spending Account (HSA – Non-Taxable)
 - a. Must comply with CRA’s list of eligible medical expenses.



- b. Examples: prescription drugs, dental services, eyeglasses, hearing aids, physiotherapy, paramedical services, medical devices.
- c. Can also be used for prescription drugs, insurance or treatments that are excluded from the core plan but are CRA-eligible, including high-cost medications approved by Health Canada.
- d. Eligible expenses also include premiums for private health or dental insurance plans (recognized by CRA).

B. Wellness Spending Account (WSA – Taxable)

- a. Supports broader wellness, lifestyle, and recreation.
- b. Examples: gym memberships, fitness equipment, ergonomic furniture, recreational or organized sports fees, vitamins, camping equipment, executive health plans, outdoor activity gear, personal development or wellness courses.

C. Ineligible WSA Expenses - Include but are not limited to:

- a. Alcohol, tobacco, recreational drugs.
- b. Weapons, fines, or penalties.
- c. Musical instruments (e.g., pianos, guitars).
- d. Gaming systems, luxury goods, or items not reasonably linked to health, fitness, or wellness.

8) Tax Treatment

- A. HSA reimbursements are non-taxable under CRA rules.
- B. WSA reimbursements are taxable and will be reported as a taxable benefit on employee T4 slips.

9) Claims & Deadlines

- A. Employees elect HSA/WSA split during the annual enrollment period (November).
- B. If no election is made, 100% defaults to HSA.
- C. Claims must be supported by receipts.
- D. Deadlines:
 - a. HSA: 90 days after the end of the plan year.
 - b. WSA: 60 days after the end of the plan year.
- E. Only expenses incurred up to the last day of employment may be claimed.

10) Administration & Compliance

- A. Allocations are non-transferable between employees.
- B. Allocations cannot be converted into cash payments.
- C. The County may audit claims for compliance. Fraudulent claims may result in repayment and disciplinary action.

CAO Signature



END OF DOCUMENT

Version Control

This section tracks all revisions to the policy. Administrative changes made under CAO authority must not alter the original intent of the policy and are logged accordingly. Council-approved revisions are noted with corresponding resolution numbers.

<i>Version</i>	<i>Date</i>	<i>Approved by</i>	<i>Type of Change</i>	<i>Summary of Change</i>	<i>Reference</i>
1.0	September 24, 2025	Council	New	New	C-15-323-2025