

**ProfMed PHSP Administrators Inc.**  
**Administration Agreement**  
**Cost Plus Plan**

**Administrator and Trustee:** ProfMed PHSP Administrators Inc. ("Plan Administrator/Trustee")  
#1220 – 800 West Pender Street  
Vancouver, BC V6C 2V6

**Policy Holder Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Corporate Fiscal Year End:** \_\_\_\_\_

**Insured:** The employees of the Policyholder and their eligible dependants as determined by the policyholder (the "Insured") and the prevailing legislation. This policy is available and offered to all employees of the Policyholder by virtue of their terms of service and employment. Depending on the nature of employment and scope of employee's duties and responsibilities, these benefits may be apportioned differently, amongst different classes of employees. The terms of coverage are specified below.

**Administrator's Fee:** ProfMed Preferred Client Rate:  
7.5% of annual claims paid to a maximum of \$20,000  
5% on the next \$20,000 of annual claims paid  
3.5% on annual claims paid over \$40,000

Initial Setup Fee:  
\$250.00

**Taxes:** Where applicable, Goods and Services Tax (GST) and/or, Harmonized Sales Tax (HST) and/or Provincial Sales Tax (PST) will be added to the Administrator's Fee.

**Plan Start Date:** The Administrator and the Policyholder agree to establish and administer the Private Health Services Plan ("Plan") on the terms specified herein, effective as of \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Initial \_\_\_\_\_

## **TERMS:**

1. **Coverage:** The employer hereby applies for and sets up a Private Health Services Plan with the plan trustee as defined in The Income Tax Act of Canada ("ITA") and appropriate IT Bulletins ("Attached"). The type of Plan set up is defined as a "cost plus plan" plan and covers all hospital, medical and dental expenses of the Insured ("Claims") that qualify as such expenses under the ITA and are not prohibited by law.

The employer warrants that the benefits arising from the establishment of the Private Health Services Plan will be offered unconditionally to all employees of the policyholder. There may be different levels of benefits offered to different employees or employee groups dependent on the nature of their employment within the company and their respective roles and responsibilities within the organization of the employer. Benefits and limits set for each employee group appear on the attached Employee Enrollment Form.

2. **Claim Approval and Submission:** The administrator, on receipt of a claim from an employee of the policyholder, shall determine whether the claim is for an expense covered by the plan.
3. **Claims and Fee Payment:** Initial set up fee is payable in advance of any claim reimbursements. Upon receipt of an eligible claim, the administrator shall issue payment for the claim by cheque directly to the individual insured and shall provide notification of such payment to the policyholder. The administrator may deduct the fee from the contributions at the time the cheque for the claim is issued. There is no annual filing fee other than the initial set up fee
4. **Termination Prior to the Term Date:** The administrator or the policyholder may terminate this agreement on thirty, (30), calendar days' written notice to the other party at the address indicated.
5. **Tax Treatment:** The characterization of the contributions and the claims paid under the ITA is a matter to be assessed solely by the policyholder and the administrator.
6. **General:** This agreement is governed under the laws of British Columbia. If any provision of this agreement is found by a court of competent jurisdiction to be unenforceable then such provision shall be severed and the remaining terms and covenants shall be unaffected and enforced to the greatest extent permitted by law. No amendment of the agreement shall be valid unless in writing and signed by the policyholder and the administrator. Words imparting the singular number include the plural and vice versa as required by the context. The Summary forms part of this agreement.

## **UNDERSTANDING:**

1. This benefit is offered to me as an employee and not as a shareholder;
2. This plan has been offered to all my employees;
3. My employees have accepted / rejected the benefits offered under the plan;
4. The level of reimbursement of claims for employees is set out in the "Employee Enrollment Form";
5. The benefits are offered to me as a corporate executive in a senior position within my corporation; and,
6. Benefits offered to me must be commensurate with "non-connected" executives having similar positions of authority, roles and responsibilities within arm's length private and public corporations.

Initial \_\_\_\_\_

**DISCLOSURE STATEMENT:**

A Private Health Services Plan is governed by the Tax Act and Interpretation Bulletins. There is always a risk that Revenue Agency can disallow any claims (particularly on the basis of them being “unreasonable”).

Based on our interpretation of the legislation, as supported by relevant case law, the plan must be set up as an arm’s length transaction and should be offered to ALL EMPLOYEES (including shareholders). ProfMed will adjudicate the reasonableness of all claims and will be fairly conservative in that interpretation.

Policyholders should note that there is always interpretation risk. We therefore recommend that you discuss this structure with your accountant before proceeding.

ProfMed offers a very competitive solution and service, which is set up in accordance with the prevailing guidelines and our best practices. We cannot, however, give any warranty or opinion as to whether the Canadian Revenue Agency will allow the claims or not.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Name and Title of Employer

\_\_\_\_\_  
Employer Signature

\_\_\_\_\_  
ProfMed PHSP Administrators Inc.

Initial \_\_\_\_\_