



# VitaFlex Medical Reimbursement Account Orthodontia Guidelines

## Overview

For the purposes of a Flexible Spending Arrangement (FSA) plan, the IRS considers an expense to be incurred when the service that gives rise to the expense takes place, **not** when a participant pays for or is billed for the expense. Since orthodontia treatment is ongoing, and most orthodontists do not bill for specific dates of service, it is necessary to prorate the total out-of-pocket orthodontia expense over the entire treatment period to determine how the expense is “incurred.” This is completely different from every other type of eligible medical service and is the main reason why orthodontia reimbursement is more complicated than standard claim processing.

## Example of an Orthodontia Claim

Maggie starts treatment on June 24, 2011. The total amount charged is \$3,600 and her dental plan is covering \$1,000. The up-front fee is \$600 and the estimated length of treatment time is 20 months. Based on the assumptions provided above, the monthly amount that is eligible for reimbursement would be \$100 per month for 20 months. This is calculated by taking the total outstanding balance of \$2,000 (\$3,600 total cost - \$1,600 insurance payment and up-front fee) and dividing it by the number of months of estimated treatment time (20 months). Once the per month eligibility amount is determined, this amount can be allocated to the remaining months left in the Plan Year to determine how much is eligible for reimbursement in 2011 and 2012. A breakdown of the eligible reimbursement amounts for the 2011 and 2012 Plan Year’s is described below. **Note: The remaining \$200 not reimbursed in 2011 or 2012 would be eligible in the 2013 Plan Year.**

Amount Eligible in the 2011 Plan Year	
Up-Front Fee incurred on June 24, 2011	\$600
6 Months of Treatment (July through Dec.)	\$600
<b>Total Eligible in the 2011 Plan Year</b>	<b>\$1,200</b>

Amount Eligible in the 2012 Plan Year	
12 Months of Treatment (Jan. through Dec.)	\$1,200
<b>Total Eligible in the 2012 Plan Year</b>	<b>\$1,200</b>

## Frequently Asked Questions

**Q: How much should I set aside for my orthodontia treatment?**

**A:** The first step in determining the amount that would be eligible for reimbursement is to request a Treatment Plan from your orthodontist. A Treatment Plan must include all of the following information:

1. Patient Name
2. Orthodontist Name
3. Amount Charged
4. Deposit Fee (Up-Front Fee)
5. Banding Date (date that the braces are put on)
6. Estimated Amount of Treatment Time (e.g. 24 months)
7. Insurance Information

**Q: What is the difference between a payment plan and a Treatment Plan?**

**A:** A payment plan is a financial agreement in which the terms of the financing of treatment are explained. A financial agreement alone is typically **not** sufficient documentation for an orthodontia claim. By contrast, a Treatment Plan includes financial information as well; however it also contains information regarding the estimated length of treatment and the starting date of the treatment. Without the important information of treatment start dates and length of treatment, it is not possible to determine when the claim is “incurred” according to IRS guidelines.

**Q: What if my orthodontist doesn't provide Treatment Plans?**

A: Most orthodontists do provide Treatment Plan documentation. However, it is not required that all necessary information be provided on one document. If you have the payment terms on a financial agreement and a separate document indicating the treatment start date and duration, submitting these two documents together is sufficient as well. Another option is to submit the "Orthodontia Expense Claim Form" (Claim Form – Orthodontia) available at [www.vitaflex.net](http://www.vitaflex.net), under "Forms/Links". This form outlines all the necessary information and allows the orthodontist's office simply to complete the applicable parts of the form and sign it. Then, you sign the form as the participant and this completed form satisfies all the requirements for your Orthodontia Treatment Plan.

**Q: What if the payment I make each month is more than what is incurred each month?**

A: You can only be reimbursed up to the amount considered to be incurred during the Plan Year, even if your payment plan requires that you pay a greater amount during this time. In the example provided above, the participant is incurring \$1,200 in orthodontia expenses throughout the Plan Year. If this participant had a payment plan that required that he or she pay the out-of-pocket balance over 18 months, the participant would pay a total of \$1,333.32 during the Plan Year ( $\$2,000/18 \text{ months} = \$111.11$  monthly payment,  $\$111.11 \times 12 \text{ months} = \$1,333.32$ ). Even though the participant will pay \$1,333.32 during the Plan Year, he or she will only be able to submit \$1,200 as this is the amount considered to be incurred (per the Treatment Plan), as opposed to paid, throughout the course of the Plan Year. The additional amount paid would be eligible for reimbursement out of the next Plan Year.

**Q: What if I pay the entire cost of the orthodontia treatment up-front?**

A: A deposit or up-front fee is considered to be incurred on the date that the braces are put on. However, if you pay for the full cost of the treatment in one payment at the beginning of the treatment, this will **not** be considered an "up-front" fee and will **not** be treated the same as a standard deposit fee. Instead, the full amount of the payment will be reimbursed over the entire course of treatment, effectively making the up-front fee equal to \$0. When calculating how much reimbursement you are eligible to receive for the orthodontia treatment, we will assume a zero dollar up-front fee and prorate the full cost of the treatment over the number of treatment months.

**Q: Will I need to submit anything else in order to receive reimbursement for my orthodontia claim?**

A: Yes, you will need to submit proof of payment in order to be reimbursed for your orthodontia services. As noted above, we will use the treatment plan to calculate how much reimbursement you are eligible to receive in each Plan Year over the full course of treatment. You can receive reimbursement up to the amount for which you are eligible in any given Plan Year based on the amount that you have paid to the orthodontist.

## Contact VitaFlex

Please contact VitaFlex if you have any questions. We can be reached via e-mail at [flex@vitamail.com](mailto:flex@vitamail.com) or over the phone at (650) 966-1492 or (800) 424-3052. Additional information can also be found on our website at [www.vitaflex.net](http://www.vitaflex.net).