



VitaFlex Orthodontia Claims An Important Briefing on a Complex Subject

Why is orthodontia so complicated?

For the purposes of an 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 an 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."

How do I determine how much to set aside in my FSA for orthodontia?

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 will have 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 (for e.g. 24 months)
7. Insurance Information

The deposit fee or up-front fee is considered incurred on the date that the braces are put on (unless the entire treatment fee is paid up-front) and the monthly payments would be determined by dividing the balance due by the number of months of the estimated treatment time. Please refer to the example below for more detail.

Example of Orthodontia Claim

Maggie starts treatment on June 24, 2010. 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. The monthly amount that is eligible would be \$100 per month for 20 months. This is calculated by taking the balance (\$2,000) and dividing it by the number of months of estimated treatment time (20 months). The amounts eligible for the 2010 and 2011 Plan Years are listed below. Note: The remaining \$200 from the original \$2,000 would be eligible in the 2012 Plan Year.

Amount Eligible in the 2010 Plan Year	
Up Front Fee incurred on 6/24/10	\$600
6 months of treatment (July through December)	\$600
Total Eligible for 2010 Plan Year	\$1,200

Amount Eligible in the 2011 Plan Year	
12 months of treatment (January through December)	\$1,200
Total Eligible for 2011 Plan Year	\$1,200

What is the difference between a payment plan and a treatment plan?

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.

What if my orthodontist doesn't provide Treatment Plans?

Most orthodontists do provide treatment plan documentation. However, it is not required that all the elements of required documentation come on one single sheet of paper. If you have the financial terms on a financial agreement and a separate document indicating the treatment start date and duration, submitting these two documents is sufficient. Another option is to submit the "Orthodontia Expense Claim Form" (Claim Form – Orthodontia) available at 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.

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

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 off the out of pocket portion in 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.

What if I pay the entire cost of my treatment up-front?

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 is **not** considered to be an up-front fee and will be reimbursed over the course of the treatment time. 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 cost of the treatment over the number of treatment months.

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

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 course of the treatment time. 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.

What if I have further questions?

Please contact the Vita Service Center at (800) 424-3052 or flex@vitamail.com with any further questions regarding orthodontia claims.