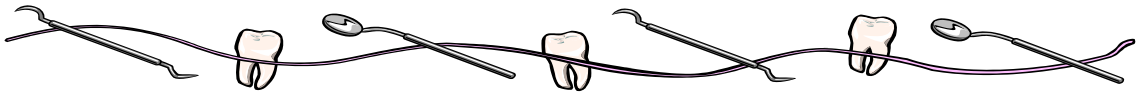
# Using your Medical FSA
# for Orthodontic Expenses

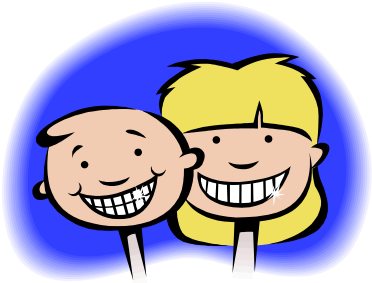


***Information for Participants:***

If you are considering using the Medical Expense Flexible Spending Account (FSA) for orthodontics expenses, understanding how FlexComp determines your eligible expenses is very important. This document will explain how FlexComp establishes your eligible expenses and assist you with planning for and claiming orthodontics expenses.

After reading the following pages, we suggest that you ask your orthodontist to complete the Orthodontics Worksheet (the last page of this document). This form will serve two purposes. First, it can help you project your eligible expenses for the Plan Year. Second, if you decide to utilize the Medical FSA, it can be used by our claims personnel to assist with expense verification.

We recommend that you fax us the Orthodontics Worksheet prior to making your election for the Plan Year. We can help you "pre-qualify" your expenses so that you will know how much of your orthodontics expense is eligible for reimbursement during the plan year, and when the expenses can be reimbursed.



***Special Note:***

Unless we have documentation that gives us primarily the same information requested on this form (such as an Explanation of Benefits from your Dental Carrier), claims for orthodontics expenses may be pended until this information is received.

We require the following information from your service provider before any reimbursements can be made:

- Total amount charged for orthodontic treatment
- Expected amount of insurance reimbursement
- Total estimated treatment time
- The date treatment began (the date of application of appliances)

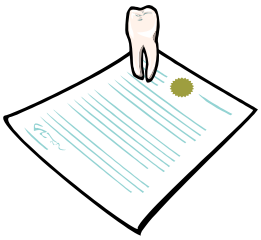
*phone: 251.666.1999*
*800.340.8077*

*p.o. box 91566*
*mobile, al 36691-1566*

*fax: 251.666.0101*
*800.329.3539*

***Explanation:***

Paying for orthodontics expenses is often more like buying a car than buying medical services. Orthodontists have developed financing arrangements that allow for a "payment plan" that generally lasts about as long as the treatment. Most require a down payment. Some send you a monthly statement that shows your monthly payment, and some actually give you "payment coupons", like a bank or mortgage company does. Some charge "interest" if you finance your treatment, others give a discount if you pay the entire cost of treatment up front.
Either way, it can make planning for using a Flexible Spending Account a bit more confusing.

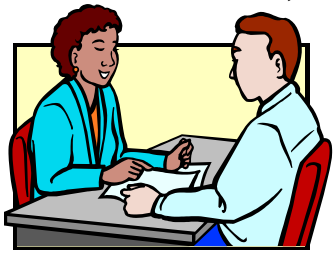


In order for an expense to be eligible through an FSA, the SERVICE MUST HAVE BEEN RENDERED, not necessarily paid for. <u>This means that you can only be reimbursed for services as they are rendered, even if you paid for them in advance.</u>

***Examples and Options:***

Ms. Jane Doe has a child that needs orthodontics treatment. She has taken the child to an orthodontist for an evaluation. During this evaluation she learns that her child's treatment is expected to last eighteen months, and that the total fee for the treatment is going to be $2400. The orthodontist gives her three "payment plan" options.

***<u>Option 1: Pay for entire treatment up front and receive a $400 discount.</u>***
If Ms. Doe chooses to do this, her expenses are eligible through the FSA *as the services are rendered, even though she is paying for them in advance.*



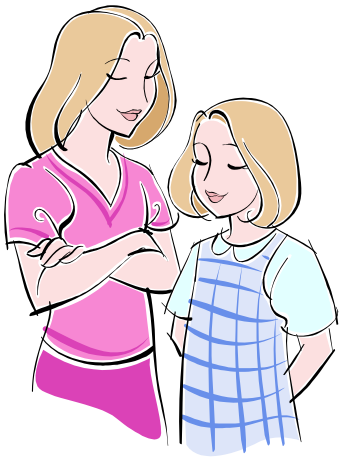
The information requested on the form will be used to determine how much can be reimbursed at any given point. The $2000 expense ($2400 minus the $400 discount) has to be broken down and attributed to the services that will be rendered over the eighteen months. For example, the orthodontist may indicate that the charge for the application of the braces is $800, and that the monthly adjustments are attributable to the $1200 balance. Therefore, Ms. Doe can be reimbursed for $800, after the braces have gone on, and for $66.67 ($1200 divided by 18 months) per month over the eighteen months of treatment. It does not matter that Ms. Doe paid the entire fee up front.

***Option 2: Finance the Full Treatment Cost over the Estimated Treatment Time:***

If Ms. Doe decides to utilize the financing plan through the orthodontist, the same thing has to happen. Expenses must be broken down and attributed to the services as they are rendered. In this case, the "down payment" is usually equal to the charge for application of the braces, and the monthly payments are attributable to the charge for the monthly adjustments.

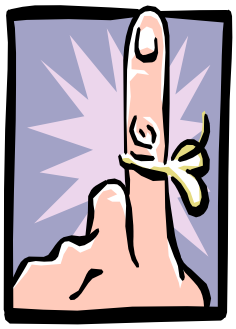
***Option 3: Finance Treatment Cost Over A Time Period That's Not the Same as The Treatment Time:***

This is often the best choice for families that know they are going to have two or more children in braces at the same time. Ms. Doe has two children, both of whom are going to need orthodontic treatment. She may decide she wants to pay for her first child's eighteen months of treatment over a twelve month period of time. That way, she won't have two monthly payments when the second child begins treatment. In this case, during the time period that both children are being treated for orthodontics, her monthly eligible expense for orthodontics may actually be MORE than her monthly payment to the orthodontist.



***Things To Remember:***

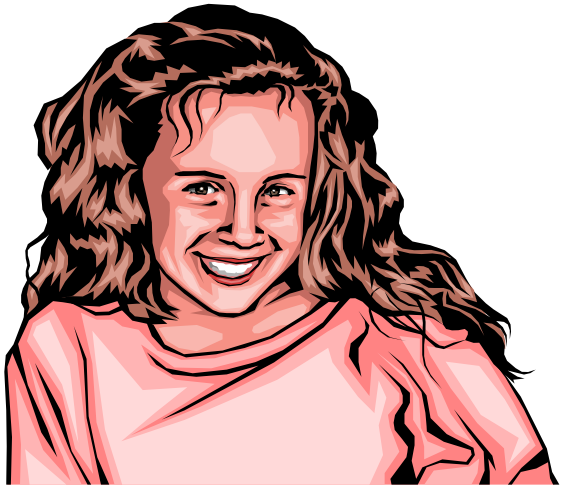
(1) Remember reimbursements from a FLEXIBLE SPENDING ACCOUNT can only be made AFTER a service is rendered.



(2) The information on the form must come from an "independent third party". Generally this means, that the IRS won't let us just "take your word for it". We must have documentation from the orthodontist or the insurance company (if you have coverage).

(3) Orthodontic treatment generally lasts a long time, sometimes two or more years. **Remember, when planning for these expenses, to only include the value of the expenses that will be RENDERED during the PLAN YEAR.**

(4) Your orthodontist is a specialist who will prepare a treatment plan that is in the best interest of the patient. In some cases, treatment needs to begin immediately, due to the nature of the problem that is being corrected. However, sometimes it can be postponed or carefully planned so that you can take maximum advantage of the FSA by beginning treatment at the beginning of a plan year. You may want to talk with your orthodontist about the FSA option available to you, and find out if treatment can begin at a time that will allow you to take the best advantage of the FSA. But by all means, **FOLLOW THE ADVICE OF YOUR ORTHODONTIST! The dental health of your family is worth it.**



flexCOMP

Return By Fax To:
FlexComp Administration Services, Inc.
(800) 329-3539 or (251) 666-0101
Questions? Call FlexComp at (800) 340-8077 or (251) 666-0101

## Section I: Patient Information

Patient Name: _____ Date of Birth: _____

Responsible Party: _____ Diagnosis: _____

## Section II: Financial Information

(1) The total cost of treatment is expected to be: $ _____

(2) The Primary Insurance Carrier is expected to pay: $ _____

(3) The Secondary Insurance Carrier is expected to pay: $ _____

(4) "Out-of-Pocket" expense to responsible party: $

(5) Date Treatment Bean or is Expected to Begin: _____/_____/_____

## Section III: Expenses

| Amount Charged or Percentage of Total Treatment | Procedures: | Has this procedure been preformed? If "YES", list Date of Service. YES | NO |
|---|---|---|---|
| | for Pre-treatment (X-rays, molds, spacers) | | |
| | for Application of the Appliances | | |
| | for Ongoing Treatment | | |
| | for Removal of Appliances | | |
| | for Post-treatment (retainers, positioners, etc.) | | |
| | for Other Expenses (please explain on separate sheet) | | |
| | **TOTAL(**this should equal 100% or the amount listed as the Total Cost of Treatment) | | |

## Section IV: Other Information

Estimated Treatment time is _____ months.

We offer a _____% discount if all fees are paid in advance.

| | YES | NO |
|---|---|---|
| Will there be additional charges if treatment time is longer than estimated? | | |
| If the total fee is paid in advance, and treatment must stop due to extenuating circumstances (i.e. transfer, disability, death) will a prorated refund be made? | | |

## Section V: Service Provider Information and Signature

*The information provided above may be used as a planning tool, and is not a contract for services. The above estimates are reasonable for client use in benefit planning and documentation. I understand that I may be asked for additional information and documentation as services are rendered.*

Provider Name: _____ Phone Number: _____

Provider Address: _____ Fax Number: _____

_____ Contact Person: _____

_____ _____

Signature Date Signed