

Flexible Spending Account
Automatic Monthly Reimbursement for Orthodontia

Claims Submissions

To receive automatic monthly reimbursement, submit a completed Orthodontia Automatic Monthly Reimbursement Claim Form to Sheffield, Olson & McQueen. Attach the contract/treatment plan that you obtain from your orthodontist. Be sure that the documentation includes: the total cost of the treatment, amount paid by any other plan, estimated number of months of treatment, the date treatment begins and the amount of the down payment, as well as the complete name, address and telephone number of the orthodontist. You are required to submit only one claim form for the entire treatment period of the orthodontia.

Monthly reimbursement will be made automatically after the 15th of each month.

Caution should be exercised when making your annual election to account only for orthodontia expenses that will be *incurred within that plan year.*

How are Orthodontia Claims Reimbursed?

The reimbursement schedule will typically follow the payment schedule set up by the orthodontist. This usually involves a lump sum charged for the initial services (often called a banding fee) followed by monthly payments. You can be reimbursed for up to 30% of the total orthodontia fee for the cost of the initial services.

A common feature of orthodontics is the requirement by the orthodontists of payment in advance (often to receive a discount) for a period of treatment that lasts 18 or more months. Because you can be reimbursed only for expenses that are actually incurred during the plan year, the expense will be divided over the period during which services are rendered.

For example, 25% of the total orthodontia fee might be allocated toward the initial services (spacers, banding, etc). You will be reimbursed this 25% soon after the treatment begins. The remaining 75% will be divided by the number of months of treatment. A fee of \$3,600 for treatment lasting 18 months would be reimbursed in one payment of \$900 (25% of \$3,600) and monthly reimbursements of \$150 each month for 18 months. See Example 1.

If orthodontic treatment began prior to the current plan year and you have not been reimbursed pre-tax for the cost of the initial services, the total orthodontia fee will be divided by the number of months of treatment. The result is the amount payable during any month of the plan year in which treatment is provided. For example, in a full plan year, a fee of \$3,600 for treatment lasting 18 months could be reimbursed at the rate of \$200 per month, for treatment rendered while enrolled under the plan. See Example 2.

**Please note that if you are reimbursed by an insurance company for any of the orthodontic charges, that reimbursement amount will be subtracted from the total treatment cost.

For how many months will I receive reimbursement checks?

You will be reimbursed only for services that are provided during the plan year you are enrolled under. If the treatment period is longer than 12 months you will most likely be reimbursed for the expenses over two or more plan years. In Example 1, the employee will be reimbursed \$150 each month for the 18 months, beginning January 2007 and reimbursement will end June 2008, assuming the employee enrolls for the subsequent plan year.

Example 1: Treatment that will be gin in the current plan year

Date Treatment Began:	A	January 1, 2007
Total Cost of Treatment	B	\$3,600
Amount Paid by Other Plan or Insurance	C	\$0.00

Remaining Employee Cost	D	\$3,600
Number of Months of Treatment	E	18

**Dollar Amount of Reimbursement
For Initial Services/Banding (F)**

Employee Cost	D	\$3,600
Reimbursement Level (up to 30%)	E	x25%
Dollar Amount of Reimbursement (DxE)	F	\$900

Remaining Employee Costs (G)

Employee Costs	D	\$3,600
Reimbursement for Initial Services	F	-\$900
Remaining Employee Cost	G	\$2,700

Monthly Reimbursement Amount

Remaining Employee Costs	G	\$2,700
Number of Months of Treatment	E	18
Monthly Reimbursement Amount (G/E)	H	\$150

Example 2: Treatment that has begun prior to plan year

Current Plan Year is 2007

Date Treatment Began:	A	February 1, 2006
Total Cost of Treatment	B	\$3,600
Amount Paid by Other Plan or Insurance	C	\$0.00

Employee Cost	D	\$3,600
Number of Months of Treatment	E	18

Monthly Reimbursement Amount

Employee Costs	D	\$3,600
Number of Months of Treatment	E	18
Monthly Reimbursement Amount (D/E)	F	\$200

*** Reimbursement will be made only for the monthly expenses incurred while enrolled in the plan. In this example, the 18 month treatment plan will end July 2007 and therefore monthly reimbursements will end July 2007.