

ORTHODONTIC REIMBURSEMENTS

Orthodontic treatment consists of **two** distinct treatment phases. Each phase is reimbursed differently.

The **first phase** involves the installation of the orthodontic appliance. An initial fee is charged at the time of installation. This fee may be reimbursed in its entirety if the date the appliance is installed falls within the current plan year.

The **second phase**, which may stretch over several years, involves monthly adjustments to the orthodontic appliance. There is a monthly fee for the monthly adjustment of the orthodontic appliance. The monthly fees may be reimbursed as incurred during the plan year i.e. February's treatment fee in February. The logic supporting a monthly reimbursement is that the treatment is ongoing in monthly increments.

The IRS does not allow reimbursement for expenses not yet incurred. Consequently the monthly fees may not be disbursed before the ongoing treatment is incurred i.e. each month. If the annual fee is \$1200.00, then \$100.00 can be disbursed each month upon presentation of a third party receipt. (A copy of the monthly coupon used by many orthodontists fulfills the requirement.) The entire \$1,200.00 fee for the entire year cannot be reimbursed at the beginning of the plan year because the majority of the treatment has not been incurred.

Plan participants may submit a single claim for the plan year and be reimbursed each month as the expense is incurred. The documentation required is a copy of the contract or truth in lending statement and a copy of the orthodontist's ledger showing the date that the treatment started.

Please call Pat Zappa at (800) 659-0527 with any questions about orthodontic receipts and reimbursements.