

Dear Participant:

The Medical Reimbursement/Flexible Spending Account is a plan that pays for medical expenses incurred during the plan year. This means that the treatment has to occur during the plan year, not be paid for during the year. In the case of orthodontic treatment, which can span more than one plan year, only the portion of the orthodontic charges that pertain to treatment in the current plan year can be claimed. **This is the amount charged for treatment for current plan year services, not the amount paid.** An example is listed below.

In October 1998, Sally contracts with her orthodontist to have the orthodontist work on her child's teeth. During the first visit (November) the child will be X-rayed and fitted for braces. During the second visit (December), the braces will be installed. During 15 subsequent monthly visits, the braces will be adjusted. Eventually (18 months after the first visit, if all goes as planned) the braces will be removed, and perhaps a retainer will be fitted for use thereafter. For these services, Sally pays \$3,000 on the date of the first visit.

In the above example, it is clear that the entire \$3,000 cannot be reimbursed as a 1998 plan year expense, because in 1998 Sally's child was not provided with all the medical care that gave rise to the expense. How much of the \$3,000 can be reimbursed as a 1998 plan year expense? Sally needs to ask her orthodontist to apportion the \$3,000 to the office visits her child makes over the contract's 18-month period. If the orthodontist estimates that one third of the total time that he or she will spend with the child (and one third of the expense for supplies) will occur during the first two visits (both in 1998), and that the remaining; time and expenses will be spread evenly over the remaining months, then it seems reasonable that \$1,000 of the \$3,000 could be reimbursed as a 1998 expense, \$1,500 as a 1999 expense, and \$500 as a 2000 expense. The orthodontist's letter apportioning the expenses should be attached to the reimbursement request form.

**Please resubmit your claim with the letter from your orthodontist apportioning the expenses attached. Upon receipt, your claim will be processed.**

If you have any questions, please feel free to contact us at (408) 288-4447.

Sincerely,

Teresa Guevara  
Administration