

Announcement

3-4-2011



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Clarification on Orthodontic Payment Plans

- A participant claiming orthodontia expenses under their Flexible Spending Account (FSA) can receive advance payment (allowed under §1.125-5(k)(3) of the 2007 Proposed Regulations) or can be on a payment plan with a payment period that coincides with the period during which services are provided (as required under §1.125-2(b)(6) of the 1986 Proposed Regulations). However, post payments (payments made after the final service date per the orthodontist's contract has occurred) are not an eligible FSA expense.
- Because someone has had braces off does not necessarily mean that services are no longer being incurred. Example: braces are put on in 2009, removed in 2010 and the last appointment is in April 2011 after several 2010 appointments. Thus, services were incurred during three consecutive plan years (2009, 2010 and 2011). The participant can be reimbursed for any of those 3 plan years for those services. However, payments made after the final April appointment (in this example) are not reimbursable.

New Regulation on Breast Pumps and Related Supplies

- On February 10, 2011 the IRS issued Announcement 2011 – 14 ruling that breast pumps and supplies that assist lactation are medical care under § 213(d) of the Internal Revenue Code because, "like obstetric care, they are for the purpose of affecting a structure or function of the body". Expenses paid for breast pumps and supplies that assist lactation are now FSA eligible expenses.
- Prior to this announcement, Breast Pumps were eligible for reimbursement under a Flexible Spending Account (FSA) only if substantiated with a doctor's letter that the pump was necessary to treat a stated, specific medical condition.

As always, should you have any questions, please feel free to contact us.