



Flexible Benefits NEWSLETTER

April / May 2005

PURCHASING ELIGIBLE OVER-THE-COUNTER (OTC) PRODUCTS USING YOUR FLEXIBLE SPENDING DEBIT CARD JUST GOT EASIER!

A new process has been established with Walgreens that allows for the auto-substantiation of eligible OTC purchases made with your flexible spending debit card.

What is auto-substantiation?

Auto-substantiation is a process by which an eligible OTC purchase, made with a flexible spending debit card, is electronically and automatically validated at the point of service.

Benefits

What does this mean for flexible spending debit card holders? When you use your flexible spending debit card to purchase eligible OTC products at Walgreens, in most cases you will not be required to submit receipts to validate such purchases. Additionally, your FSA eligible items are highlighted on your Walgreens receipt, making record keeping that much easier.

The new auto-substantiation process will further enhance your flexible spending debit card experience by simplifying the purchase process and reducing the number of letters from CONEXIS requesting receipts to validate the eligibility of your OTC purchases.

If the card system is unable to automatically substantiate a card transaction, you must substantiate the transaction with a valid receipt (as described below).

When you use your flexible spending debit card to purchase OTC products:

Keep Your Receipts

Please keep all of your OTC receipts just in case a transaction cannot be validated electronically, and be aware that the receipt must contain the following:

- Date of Purchase
- Name of Item, i.e. Nyquil or "Cold Medicine"
- Cost of the Item

Per IRS requirements, you may be required to obtain a doctor's note to substantiate "dual-purpose" over-the-counter medicines.

A partial list of eligible OTC medicines and "dual-purpose" items are available at www.CONEXIS.org.

USE YOUR FLEXIBLE SPENDING ACCOUNT (FSA) TO PAY FOR DENTAL CARE SERVICES, NOT COVERED BY YOUR CURRENT MEDICAL OR DENTAL PLAN

Yes! It's true. If you or a family member needs dental care not covered by your current plan, you could save 30%* or more on eligible dental services such as orthodontia using your FSA.

If you're planning to use your FSA to pay for orthodontia expenses, here is some important information that will help you save and walk you through the claims reimbursement process.

Plan Ahead

Paying for orthodontia expenses through your FSA is a great way to save a lot of money, but it does require careful planning. Meet with your service provider to discuss all proposed treatment and thoroughly review your orthodontia contract prior to putting any money in an FSA for orthodontia expenses. Know all of the terms of the contract, specifically in regards to cost, the timing of payment and the duration of the orthodontia treatment. This information factors into the requirements for reimbursement of such expenses through your FSA account.

Required Details and Documentation

CONEXIS requires detailed information for all orthodontia claims, including:

- Total cost of the treatment
 - ✓ Initial expenses (i.e. Banding Fee's)
 - ✓ Monthly charges based on total duration of treatment
- Duration of orthodontia treatment (Beginning Date & Ending Date)
- Provider name
- Patient name
- Amount not paid by health/dental insurance (EOB)

Reimbursement

Under FSA regulations, an expense must be incurred before reimbursement is provided. However, payment for orthodontia services typically does not match the provision of those services. As such, two reimbursement options are available: "Lump Sum" and "Monthly".

Example (24 Month Orthodontia Contract/Cost = \$3, 000, plus \$500 in initial expenses)

In this example, monthly expenses will be \$125 ($\$3,000/24$ months = \$125) except for the first month when there is an additional \$500 charge for initial expenses (banding).

Treatment Start Date: August 1, 2005, estimated completion date: July 31, 2007 (24 months total) Plan Year: January – December.

Lump Sum Approach Example

Documentation must include treatment start date, anticipated treatment end date, **proof of payment**, and completed claim form.

2005 - Fees associated with initial treatment (i.e. banding) expense + fees incurred within the 2005 plan year. 5 mos. of 2005 (Aug, Sep, Oct, Nov, Dec) X \$125 = \$625 + \$500 for initial treatment.	\$1,125
2006 - Fees considered incurred within the 2006 plan year (\$125 x 12)	\$1,500
2007 - Fees considered incurred within the 2007 plan year (7 mos. X \$125)	\$875
Treatment completed at the end of July 2007	
Total Orthodontia Treatment Expense	\$3,500

*Savings will vary depending on your current annual tax bracket.

Monthly Approach Example

A treatment plan or itemized statement and a completed claim form is required with the initial contract/banding claim. For ongoing monthly claims, an itemized statement from the provider and a signed claim form is required.

August 2005 - August Initial Treatment (i.e. Banding) Expense	\$500
August 2005 - August Regular Monthly Expense	\$125
September 2005 – December 2005 - Participant submits a \$125 claim each month (4 mos x \$125). Four separate claims.	\$500
2006 - Regular Monthly Expenses - Participant submits \$125 claim each month - (12 mos X \$125). Twelve separate claims.	\$1,500
2007 - Regular Monthly Expenses - Participant submits \$125 claim each month - (7 mos X \$125) - Seven separate claims.	\$875
Treatment completed end of July 2007	
Total Orthodontia Treatment Expense	\$3,500