



# Multnomah County Employee Benefits

## **Guide to MERP**

January 1 through December 31

### **Medical Expense Reimbursement Plan (MERP)**

ADMINISTERED BY:

PacificSource Administrators  
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## INTRODUCTION

This guide contains information about the **Medical Expense Reimbursement Plan (MERP)** offered by Multnomah County and administered by PacificSource Administrators. **MERP** is a plan for saving taxes on eligible but uninsured health care expenses and operates under guidelines set by the Internal Revenue Service (IRS). Nothing herein is intended as legal, accounting, or tax advice. For such services, you should consult a professional who can review your individual circumstances and provide appropriate advice.

## PLAN PROVISIONS

**Eligibility:** All benefit eligible full-time and part-time permanent employees who are scheduled to work 20 or more hours per week are eligible provided they complete and return an enrollment form within 31 days of initial eligibility or during annual Open Enrollment. A new enrollment form must be completed each plan year, as re-enrollment is not automatic. New hires and newly eligible employees have 31 days from the date of hire or change in eligibility to enroll for participation in a partial year. Employees who do not complete and return an enrollment form by the deadline must wait until Open Enrollment for the next plan year or experience an IRS recognized Family Status Change Event that would allow mid-year enrollment.

**Leave of Absences:** You may continue your MERP participation during a leave of absence that qualifies under the Family Medical Leave Act (FMLA). To continue your participation, you must pay your contribution amount while you are on an FMLA leave of absence. However, pretax payroll contributions will end on the date your regular pay ends; you can make after-tax payments if you stop receiving a paycheck. If you decide not to continue your MERP coverage during your FMLA leave of absence, you will not be entitled to reimbursement for expenses incurred during your leave. If you take a non-FMLA leave of absence which causes your payroll deduction to end, or continue on leave after your FMLA period has expired, your MERP participation will end. You will receive an offer to continue participation through COBRA.

Upon your return to work, you must complete a new enrollment form to resume your MERP participation. There are specific guidelines which regulate your annual goal upon re-enrollment. You will not be able to submit expenses incurred during your leave unless you enroll in MERP COBRA and make contributions during your leave period. Please contact the Employee Benefits Office for more information.

**Participation Period:** The **MERP** plan year begins January 1, and ends December 31. If you enroll after January 1 due to a recognized status event or change in your eligibility, you will be notified of the effective date of your coverage and it will continue through December 31. In order for you to receive reimbursement, covered services must be incurred during the plan year and while you are an active participant in the plan and submitted for reimbursement prior to the claim filing deadline of March 31. Generally, "incurred" means the date the service was rendered, not the date you paid for the service. There are some exceptions for certain expenses paid for orthodontia and OB/Pre-natal care. Please contact PacificSource Administrators for more information.

**Contribution Limits:** You can set aside a minimum of \$240.00 during this plan year and up to a maximum of \$2,650.00 during this plan year into your **MERP** account.

**Separation of accounts:** **MERP** and the Dependent Care Assistance Plan (DCAP) are separate accounts. If you are participating in both accounts, your contributions will be specifically earmarked for each account. Funds designated for **MERP** cannot be shared with DCAP; and funds designated for DCAP cannot be shared with **MERP**.

**Use It or roll over up to \$500:** If you allocate more money than you need during the plan year, any remaining money in your account (above \$500 for MERP) is forfeited. FSA MERP balances up to \$500 can carry over from one year to the next. It is important to be conservative with your expense estimates and contribution allocations, since over estimations can cause you to forfeit funds. You can carry balances from your account forward from month to month, but any unused/unclaimed money (over the \$500 rollover limit) in the account by the end of the plan year will be forfeited.

Only expenses incurred while you are a participant can be reimbursed from your **MERP** account. You have three months after the plan year ends to file claims incurred during the plan year. The deadline for filing claims for this plan year is **March 31**. Terminated Employees are not eligible for the \$500 MERP rollover option. Employees called to active military duty may be permitted to take a taxable distribution of all or part of their unused MERP balance in certain circumstance. Contact PacificSource Administrators if you would like more information.

**Social Security (FICA) Taxes:** Neither you nor the County pays Social Security Taxes (FICA) on **MERP** contributions. While this does increase your take-home pay, it may lower your Social Security benefits in the future.

**Discrimination Testing Requirement:** The Internal Revenue Service provides that all **MERP** programs must run nondiscrimination tests to assure that the plan does not favor highly compensated employees (HCEs). The definition of HCEs is determined by the IRS, may change annually, and the County must abide by their definition. In the event the plan is found to be discriminatory in favor of HCEs, all HCEs participating in the plan will lose the tax advantages associated with the plan.

The County will run these nondiscrimination tests at various times throughout the plan year. If you are a highly compensated employee and impacted by the results of these tests, you will be notified. The County may reduce or stop contributions for the HCEs at anytime, if deemed necessary to pass the nondiscrimination testing.

**Changes in Election:** According to IRS rules, once you begin depositing **pre-tax** wages into your account, your election amount must remain in effect for the rest of the plan year. If you have a qualified change in family status, you may be allowed to make a change to your original election during the plan year.

Each plan year, employees have a new opportunity to enroll in the **MERP** plan and elect an annual goal contribution.

**Changes in Family Status:** You may be allowed to change your MERP participation if you have an IRS qualified family status change. Qualified family status changes are defined by the IRS and include the following:

- Marriage, divorce, legal separation or annulment.
- Death of a spouse or child.
- Birth or adoption of a child.
- Loss/Gain of coverage as a result of a participant's or spouse's change in employment status, increase/reduction in hours, or unpaid leave.
- Taking of an unpaid leave of absence by a participant or spouse in excess of 31 days.

To make a change to your election, contact the Employee Benefits Office. You will be sent a **MERP** Enrollment Change Form that must be completed, signed, and returned to the Employee Benefits Office within 90 days of the qualified family status change. Your requested enrollment change must be on account of and consistent with the family status change. For example, if you adopt a child, you can increase your **MERP** contribution, but you cannot decrease the amount.

**Reimbursable Health Care Expenses:** You can use the money in your **MERP** account to help pay for any expenses that the IRS considers legitimate tax-deductible health care items. You, your spouse (as defined by the IRS), or any person who qualifies as your dependent under federal income tax rules may incur expenses. Only expenses not reimbursed from any other source are eligible for reimbursement from your **MERP** account. Also, you cannot be reimbursed for any expenses you or your dependents have claimed as a deduction on your federal or state income tax returns. Some eligible expenses include expenses for medical care as defined under Section 213(d) of the Internal Revenue Code, as amended. See the list of examples of eligible expenses on page 6.

**Ineligible Expenses:** You may not be reimbursed for any expenses that are incurred before or after your active participation in the plan. Active participation is the time you are making plan contributions. If you stop participation, you will not be reimbursed for services incurred after your last contribution **IRS guidelines generally do not permit expenses of domestic partners, partners in civil unions or their child dependents to be reimbursed from your MERP account.\***

*\*Expenses of domestic partners who qualify as dependents under IRS rules might be eligible for **MERP** reimbursement. Consult your tax advisor to determine if your domestic partner qualifies.*

**Deposits:** Deductions are taken each pay period and forwarded to PacificSource Administrators for deposit into your individual account.

**Manual Reimbursement Requests:** When you have an eligible expense, you need to submit a reimbursement request to PacificSource Administrators, as well as provide documentation of your expenses to receive reimbursement. This can be submitted online, using the MyFlex portal. Visit <http://psa.pacificsource.com/flex> to log-on to your MyFlex account

If you prefer, you can instead submit your reimbursement request by fax or mail to PacificSource Administrators. Reimbursement forms will be included with your confirmation materials or may be obtained by visiting <https://multco.us/benefits/flexible-spending-savings-plan-forms>.

Documentation of expenses must be included with the form and may include an itemized bill or receipt for payment. Please make a copy of your reimbursement request and receipts, as PacificSource Administrators cannot return these documents. Submit completed reimbursement requests with appropriate documentation to:

**PacificSource Administrators**  
**PO Box 2797**  
**Portland OR 97208**  
**or Fax to (866) 446-6090**

Regardless of the method used, reimbursement requests are processed daily by PacificSource Administrators. Checks are typically issued within 72 hours after the request is processed, and should reach you within one week. Reimbursement may be delayed if all required information is not included with the reimbursement request. If your reimbursement request exceeds your account balance for **MERP**, you will be advanced the reimbursement amount up to your total annual contribution amount.

**Direct Deposit of Manual Reimbursement Requests:** Direct deposit of your reimbursements is available. The Authorization for Electronic Funds Transfer (EFT)/Direct Deposit form is included with your confirmation materials. Please return the completed form directly to PacificSource Administrators with a voided check. You can also enroll in direct deposit by logging into your “MyFlex” account at <http://psa.pacificsource.com/flex>, clicking on the “profile tab”, and editing your personal information by adding your banking routing number and account number.

**Benny™ Prepaid Benefits Card:** The Benny Prepaid Benefits Card gives you an easy, automatic way to pay for qualified healthcare expenses not covered by your health insurance. The Benny Card is actually a special stored-value debit card that draws on the value of your annual **MERP** election amount at the time of the expense. No PIN (personal identification number) is needed and there is no cash back option. You will still have online access to account activity tracking and helpful planning tools.

Benny is accepted at many physician offices, medical facilities (such as hospitals and urgent care clinics) and at pharmacies that accept MasterCard. When paying for your healthcare services, the system will automatically approve services that match your dollar co-pay (but not coinsurance) from your benefit plan, and you won't have to submit supporting documentation for these services. Any time your Benny purchase does not match your copay, you will need to submit documentation to PacificSource Administrators.

When using your Benny card, it is still important to retain your paperwork, such as your insurance carrier's Explanation of Benefits (EOB) or your store receipt showing an item name or description. Often purchases cannot be verified automatically and documentation to confirm that the products or services are medically necessary may be requested.

Benny Cards are valid for five years, so please hold on to your card even if you do not choose to use it. Your Card will be automatically reloaded each plan year with your new contribution amount. Please be aware that there is a \$10 fee for cards that are reissued. You will automatically receive your Benny card and additional information upon enrollment in the plan.

**PacificSource Administrators Customer Service:** Once you have received your enrollment welcome letter, you can access your **MERP** account online at: <http://psa.pacificsource.com/flex>. You may email customer service questions to: [psacustomerservice@pacificsource.com](mailto:psacustomerservice@pacificsource.com) or call 1-800-422-7038. **Claims Appeal:** Any person whose claim or request is denied, may appeal by writing to:

**Plan Administrator**  
**Multnomah County Employee Benefits**  
**501 SE Hawthorne Blvd. Suite 400**  
**Portland, OR 97214**

Include a copy of your original reimbursement request form, and any additional documentation, with your appeal request.

**Termination of Employment:** If you terminate employment with the County, you may be eligible to continue participation in **MERP**, subject to applicable rules on continuation coverage (COBRA). Upon employment termination, a notice of your continuation rights will be mailed to you. Please call the Multnomah County Employee Benefits Office at 503-988-3477, if you have questions. Terminated Employees are not eligible for the \$500 MERP rollover option.

## LIST OF ELIGIBLE EXPENSES

The following list, while not intended to be complete, gives examples of health-related expenses that may be claimed as part of your MERP Flexible Spending Account. Please remember that expenses *must be medically necessary* and may require verification from a healthcare provider. Note also: expenses are only eligible if they are not already reimbursed from another source (employer, insurance, etc.)

<ul style="list-style-type: none"> <li>▪ Acupuncture</li> <li>▪ Alcoholism treatment</li> <li>▪ Ambulance service</li> <li>▪ Artificial limbs or prosthetics</li> <li>▪ Birth control pills</li> <li>▪ Birth prevention surgery</li> <li>▪ Braces</li> <li>▪ Braille books and magazines</li> <li>▪ Chemical dependency treatment</li> <li>▪ Chiropractic services</li> <li>▪ Contact lenses and supplies</li> <li>▪ Co-pays</li> <li>▪ Crutches</li> <li>▪ Deaf communication equipment</li> <li>▪ Deductibles</li> <li>▪ Dental services</li> <li>▪ Dentures</li> <li>▪ Diabetic supplies</li> <li>▪ Diagnostic fees</li> <li>▪ Elective surgery (not cosmetic)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hearing devices and batteries</li> <li>▪ Home improvements motivated by medical needs</li> <li>▪ Hospital charges</li> <li>▪ Insulin</li> <li>▪ Laboratory fees</li> <li>▪ Laser eye surgery</li> <li>▪ Massage therapy</li> <li>▪ Maternity care</li> <li>▪ Medical monitoring and testing devices</li> <li>▪ Mental health care</li> <li>▪ Naturopathic or homeopathic doctor office visits (but not prescriptions or supplies)</li> <li>▪ Nursing services</li> <li>▪ Obstetrical expenses</li> <li>▪ Occupational therapy</li> <li>▪ Orthopedic shoes</li> <li>▪ Orthodontia</li> <li>▪ Oxygen</li> <li>▪ Physical therapy</li> <li>▪ Physician fees</li> <li>▪ Prescription medications</li> </ul>	<ul style="list-style-type: none"> <li>▪ Psychiatric care and psychologist fees</li> <li>▪ Removal of lead-based paint for children with lead poisoning</li> <li>▪ Routine preventive medical care</li> <li>▪ Seeing eye dog and its upkeep</li> <li>▪ Special education for persons with disabilities</li> <li>▪ Surgical fees</li> <li>▪ Transportation expenses for medical services (cab fare in obstetrical cases, mileage for medical reasons)</li> <li>▪ Vision care (eyeglasses, contact lenses and supplies, prescription sunglasses, nonprescription reading glasses, laser eye surgery, and examination fees)</li> <li>▪ Wheelchair</li> </ul>
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<p style="text-align: center;"><b>Over-the-counter supplies:</b></p> <p><i>Note: items must be medically necessary and may require verification from a healthcare provider. Toiletries such as toothpaste and items that merely contribute to overall health, such as exercise equipment, do not qualify as eligible expenses. Quantities purchased must be reasonable and consumable during the current plan year (stockpiled items are not eligible).</i></p> <ul style="list-style-type: none"> <li>▪ Bandages/Band Aides</li> <li>▪ Blood pressure monitoring kit</li> <li>▪ Cold/hot packs (e.g., Therma Care)</li> <li>▪ Contact lens solutions</li> <li>▪ Contraception devices (e.g., condoms, spermicides)</li> <li>▪ CPAP machines and filters</li> <li>▪ Denture adhesives</li> <li>▪ Diabetic supplies (e.g., Autodisc, Ketostix)</li> <li>▪ First aid supplies</li> <li>▪ Hearing aid batteries</li> <li>▪ Occlusal (mouth) guards</li> <li>▪ Orthopedic items (e.g., Ace bandages, ankle braces)</li> <li>▪ Ovulation kits</li> <li>▪ Lubricants with use of diaphragm and spermicide</li> <li>▪ Pregnancy tests</li> <li>▪ Prenatal vitamins (if pregnant)</li> <li>▪ Reading glasses</li> <li>▪ Smoking cessation treatments (e.g., patches, gum)</li> <li>▪ Thermometers</li> </ul>	<p style="text-align: center;"><b>Over-the-counter medicines:</b></p> <p><i>Beginning January 1, 2011, OTC medicines will require a doctor's prescription for reimbursement. Although a specific list of items has not been finalized, the following categories of medicine are affected:</i></p> <ul style="list-style-type: none"> <li>▪ Acid controllers</li> <li>▪ Allergy and sinus</li> <li>▪ Antibiotic products</li> <li>▪ Anti-diarrheals</li> <li>▪ Anti-gas</li> <li>▪ Anti-itch and insect bite</li> <li>▪ Anti-parasitic treatments</li> <li>▪ Baby rash ointments/creams</li> <li>▪ Cold sore remedies</li> <li>▪ Cough, cold and flu medicines</li> <li>▪ Digestive aids</li> <li>▪ Feminine anti-fungal/anti-itch</li> <li>▪ Hemorrhoidal preps</li> <li>▪ Laxatives</li> <li>▪ Motion sickness medicine</li> <li>▪ Pain relievers</li> <li>▪ Respiratory treatments</li> <li>▪ Sleep aids and sedatives</li> <li>▪ Stomach remedies</li> </ul>
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