

MEDICAL EXPENSE REIMBURSEMENT PLAN (MERP)

Frequently Asked Questions

What is the MERP?

The Medical Expense Reimbursement Plan (MERP) helps you save money on medical care expenses by allowing you to use money that isn't taxed to pay your share of medically-related expenses. When you join, you choose to contribute a set amount to your account through payroll deductions on a pre-tax basis. You can contribute a maximum of \$2,550 and a minimum of \$120. As you incur eligible out-of-pocket health care expenses (medical, prescription, dental, and vision), you reimburse yourself throughout the plan year. As a result, you reduce your taxable income because your flexible spending account contributions come out of your paycheck before taxes are deducted. When you are reimbursed, the money remains tax-free.

What happens if I don't use all the money I've contributed to the MERP?

MERP participants may carry over up to \$500 of their account balance to the following year. The City has set a minimum rollover amount of \$50, due to the administrative costs of providing these rollover accounts.

You should still plan your MERP contributions carefully; your unused balance of less than \$50 or over \$500 in your MERP account at the end of the plan year (June 30) will be forfeited. (If you have expenses incurred prior to July 1, you may still submit claims for those charges up until September 30, 2016.)

When does my rollover money become available for me to use for the new plan year?

The rollover account will be established on June 30 at BenefitHelp Solutions (BHS) and will be available for use for both expenses you incurred during the plan year ending June 30, 2016 **and** the new plan year beginning July 1. BHS will always use the rolled over dollars first when processing a claim.

How long do I have to use my rollover funds?

Your rollover funds will be available to use through June 30 of the following year. So, for unused MERP funds as of June 30, 2016; you will have until June 30, 2017 to use those funds (or until you separate from the City, whichever comes first). Any new election for the 2016-17 plan year will be eligible to roll over to the following year, subject to the \$50 minimum and \$500 maximum limit.

If I roll over funds to the new plan year, will that reduce my allowable annual election for 2016-17? No, it does not affect the maximum you can contribute for the next plan year. For 2016-17, you may contribute up to \$2,550 (the maximum allowable by the IRS for the new plan year), even if you have rolled over funds from the current year.