Medical Expense Reimbursement Plan (MERP)

Administration Guide

ClaimLinx
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Dear Client:

We are excited to have you as a business partner! We like to think of our clients as business partners because we focus on your goals as a business as well as your goals for benefits. ClaimLinx is committed to distinctive quality and unparalleled customer service in all aspects. That is why we've designed a health care benefit solution specifically for you.

Our mission statement:
"ClaimLinx is dedicated to providing benefit administration that's personal and professional as well as adhering to strict confidential and proprietary guidelines to ensure our clients are receiving exceptional service."

The success of ClaimLinx is determined by our success in operating as a unified team. We have to earn the trust and respect of our clients every day to help them make the decision to choose our services. We sell service, and truly great service is provided by people. There is no magic formula. Our employees are dedicated to serving all your needs as a client.

We hope this administration manual will prove to be an invaluable resource as you navigate through administering your company's Medical Expense Reimbursement Plan. The manual is designed to make administering the Medical Expense Reimbursement Plan (MERP) an easy process. However, if you find the information needs improvement, feel free to contact our office.

This manual is also available in electronic PDF format through the ClaimLinx private client portal for easy reference and electronic storage. We look forward to coordinating all of your benefit needs.

Sincerely,

Christy A. Quigley
President/Owner
ClaimLinx

INTRODUCTION

Who is ClaimLinx

ClaimLinx was formed in 2004 by Christy A. Quigley. It is a Cincinnati, Ohio-based company operating as a health benefits consultant, insurance agency and third party administrator. ClaimLinx does not collect premiums and does not perform medical decisions. We coordinate the processing of claims for more than 5,500 members nationwide and pride ourselves on our personalized customer service. Our team is committed to providing you with unprecedented service offered by no other company in the insurance industry.

ClaimLinx partners with consultants and brokers across the country to design unique benefit plans that suit each employer's specific needs. Our employees strictly adhere to all Health Insurance Portability and Accountability Act (HIPAA) privacy regulations and guidelines, as enforced by the federal government. We strongly believe in the privacy of our clients and their employees.

OVERVIEW

1) What is a Medical Expense Reimbursement Plan?

The Medical Expense Reimbursement Plan (MERP) is a two-pronged approach to providing healthcare utilizing existing insurance product options as well as a 55 year-old tax code (Section 105). A MERP may also be called a "self-funded plan" and is governed by the laws of ERISA (Employee Retirement Income Security Act of 1974). A MERP is a federal program and is not governed by state mandates or regulations.

By implementing a MERP employers can:

- Choose insurance plans with higher deductibles
- Keep the same benefit plan design
- Self-insure a portion of employee's health benefits
- Institute optional coverage for spouses or dependents to save money
- Purchase supplemental insurance to enrich benefits

Each MERP is tailored to meet an employer's unique benefit needs. Its design is based upon an employer's individual demographics, claims history, health conditions and market product availability.

2) MERP Summary Plan Description (SPD)

Each employer receives a Summary Plan Description (SPD) when participating in the Medical Expense Reimbursement Plan. The SPD outlines specific terms, as coordinated by the benefits consult, for the employer. The SPD includes terms, a schedule of benefits, plan legalities, COBRA details, an enrollment form, HIPAA guidelines, etc. This document is to be retained by the employer for future reference on any questions an employee or the employer may have regarding the MERP. Employers may use their own discretion with regards to the distribution of the MERP SPD.

Knowledge is Power!

- Inform employees plans like these have been around for more than 60 years.
- The MERP enhances employer and employee education on the health care industry through more direct involvement.
- Refer to the MERP Summary Plan Description (SPD) for questions on HIPAA, COBRA and ERISA.
- The MERP may require a little more administration, but it allows for customized and improved affordable benefits.

MERP ADMINISTRATION

The administrator of employee benefits is an integral part of implementing the MERP. This manual is designed as a valuable resource to assist you in coordinating the MERP for employees.

1) Who do I contact with Questions?

ClaimLinx Contact

Your first point of contact for any questions at ClaimLinx should be your company's service coordinator. This person is involved in the day-to-day administration of your MERP plan. He or she works closely with the rest of the ClaimLinx department to resolve and issues you may have.

Below is your service coordinator as well as the general contact information for ClaimLinx.

My Service Coordinator is: _____

Phone: _____

Email: _____

ClaimLinx Main Office: 10260 Alliance Road, Suite 325
Cincinnati, OH 45242
Phone: (800) 858-1772 or (513) 677-6262
Fax: (800) 858-1913 or (513) 677-6263
Email: service@claimlinx.com

Benefits Consultant

In the future, you may also need to contact your original benefits consultant. This person designed your plan and would have more intimate knowledge of your company's Schedule of Benefits. This person may or may not also work at ClaimLinx.

My Benefits Consultant is: _____

Phone: _____

Fax: _____

Email: _____

Primary Insurance Contact

With regards to any problems with your major medical carrier, you will need to contact the insurance agent or broker responsible for your primary insurance plan. Please note, this contact may also be your benefits consultant.

My Primary Contact is: _____

Phone: _____

Fax: _____

Email: _____

2) MERP Choices
Depending on the unique strategy that was designed for your company, administration of it can have many components.

Employers usually implement the following approach with optional coverages:
- Raising the deductible on the major medical health insurance plan (i.e. Anthem, United Healthcare, Medical Mutual, etc.)
- Implementing a Section 105 medical expense reimbursement plan ("self-funded")
- Writing individual policies for those who qualify (i.e. dependents, employees within participation guidelines) – (optional)
- Opting to self-fund dental, vision or prescription drug benefits
- Allotting funds for employees to receive additional supplemental coverage

Therefore, each employer may have different forms to fill out depending upon the components chosen. Always contact your ClaimLinx Contact or Benefits Consultant if you have any questions regarding the components that were selected.

3) MERP Change Processing Request Form
All MERP employee changes (new hires, terminations, adds, etc.) should be made with a MERP Client Processing Change Request Form (Exhibit A). The form is the fax cover sheet and will ensure that changes, additions and deletions will be performed to the employee's record. Please send a copy of the MERP Client Processing Change Request Form to both your ClaimLinx Contact and Benefits Consultant to ensure proper processing of the information. This form can also be used for address changes, request ID cards, member packets, etc.

4) Employee Enrollment
The number one question asked by most administrators is "What forms do I need to have new employees fill out?" Please keep in mind that the MERP plan is a separate and additional coverage from the major medical coverage provided through the employer. Effective dates for both are usually the same, however, in some situations they could be different. Verify the effective dates to ensure employees are covered at the appropriate time.

At the initial group enrollment employees complete:
1. Medical Expense Reimbursement Plan Enrollment Form (Exhibit B) – this form enrolls the employee and his/her family in the Medical Expense Reimbursement Plan.
2. HIPAA ClaimLinx Protected Health Information Release Form (Exhibit C) – this form establishes an agreement between the employee and ClaimLinx that HIPAA confidentiality guidelines will be strictly followed.
3. Primary Medical Provider Information Form (Exhibit D) – this form provides our office with billing and contact information for employees' primary care physicians. We use this information in claims processing as well as to send educational materials on secondary coverage with ClaimLinx to the physician's office.

Employee Enrollment Checklist

☐ **Major Medical Carrier Enrollment** (assistance can be provided by your Primary Insurance contact)

☐ **MERP Change Request Form** informs ClaimLinx what action to take – (Exhibit A)

☐ **MERP Enrollment Form** (one page with options for Medical, Dental, Prescription, Vision) – (Exhibit B)

☐ **HIPAA Release Form – (**Exhibit C).

☐ **Primary Medical Provider Information Form – (**Exhibit D).

A copy of all these forms should be sent to the ClaimLinx Contact and the Primary Insurance Contact to ensure the employee is properly enrolled

These three (3) forms are all that is required for the employee to be enrolled in the MERP. However, depending on the employer's approach to designing the MERP, additional forms may need to be filled out, such as for major medical and/or supplemental coverage.

5) What do Employees receive after enrollment?
Once employees are enrolled in the MERP, they will receive their secondary employer funded identification cards in the mail, along with a letter welcoming them as a member of ClaimLinx.

A complete member information packet can be found on the ClaimLinx website as well as on the private member portal. It includes information on how to file a medical claim, how a claim is processed, understanding an Explanation of Benefits and more.

- Depending on the plan(s) the employee is enrolled in - such as medical, dental, vision, etc. - employees may receive multiple cards.
- Each family member receives his or her own identification card.
- More cards may be requested through the ClaimLinx Contact, or employees can request new ID cards directly by downloading the form on the website or private member portal and sending them to ClaimLinx via mail, fax or email. This form can be found on the website by clicking "Forms" button under "Members" tab on the ClaimLinx homepage.

6) Employee Termination
Terminations for employees should be completed as soon as an employer is notified. This will allow ClaimLinx to perform administrative changes on the claims system. Prompt termination of employees ensures the employer is only paying for eligible claims.

Be sure to terminate not only the Medical Expense Reimbursement Plan, but also any major medical and/or supplemental coverage.

Both the MERP Change Request From (Exhibit A) and the Medical Expense Reimbursement Plan Termination Form (Exhibit E) must be completed in order to terminate an employee's benefits.

Please note: termination of the major medical coverage alone does not initiate termination of the medical expense reimbursement plan benefits administered by ClaimLinx. If this is not done directly with ClaimLinx, secondary coverage will continue.

Employee Termination Checklist

☐ Contact your Primary Insurance Contact to **terminate the employee's major medical coverage**

☐ Contact Your ClaimLinx Contact to **terminate the employee's secondary coverage**

☐ **MERP Change Request Form (Fax Cover Sheet**) informs ClaimLinx what action to take – (Exhibit A)

☐ **Complete a Medical Expense Reimbursement Plan Termination Form** for the applicable employee and his/her dependents (Exhibit E).

**A copy of all these forms should be sent to the MERP Contact and ClaimLinx to ensure the proper

7) What about COBRA?
Guidelines for COBRA implementation are provided in the MERP SPD. COBRA administration continues under the MERP until a termination notice is sent to ClaimLinx.

****If an employee elects to continue COBRA, do not send a termination notice to ClaimLinx until the employee's COBRA eligibility period ends****

ClaimLinx continues to process claims as if the employee continued on the plan until notified otherwise. Employers are responsible for administering COBRA just as any other medical plan. More information on COBRA administration through a MERP may be found through the Department of Labor. ClaimLinx partners with various vendors in COBRA administration and can assist with locating a vendor that will meet their business needs. Refer to ww.claimlinx.com to find out more information on our preferred partners.

CLAIMS ADMINISTRATION

Once an employee is enrolled in the MERP, claims administration can begin.

- Employees must present **both their major medical carrier identification card (i.e. Anthem, United Healthcare, Humana, etc.) and their employer funded Medical Expense Reimbursement identification card when visiting a medical facility.**

- Delays in claims processing may occur if BOTH cards are not presented.

- Though many providers are able to successfully process ClaimLinx as secondary coverage, it may be necessary for employees to send the Explanation of Benefits (EOB) from the major medical carrier to ClaimLinx separately. This will verify whether the employee is receiving the discounted rate from the carrier, based on the physicians network.

- Employees should also send in any information that may be pertinent to processing their claim. Documentation that would be helpful includes:
  - Major medical carrier Explanation of Benefits (EOB)
  - Medical bill with diagnostic coding
  - Any bill from a facility or provider with detailed data, such as billing address information and/or an account number

1) Medical Claim Administration: Includes doctor's office visits, hospital claims, diagnostic procedures, surgeries, etc.

A. Below is a summary of "medical claims processing" through the MERP

MERP Medical Claims Processing (Standard)
1. **Provider submits bill to Insurer**
2. **Insurer determines coverage**
3. **Insurer reimburses provider**
4. **Insurer submits Explanation of Benefits "EOB" to employee and provider**
5. **Employee or provider submits EOB to ClaimLinx**
6. **ClaimLinx determines MERP coverage**
7. **ClaimLinx submits bill to Employer for MERP employee benefit**
8. **Employer pays ClaimLinx for claims bill**
9. **ClaimLinx send payment to provider**
10. **ClaimLinx distributes EOB to employee indicating member responsibility vs. payable benefit (by employer)**
11. **Employee pays remaining balance**

2) Prescription Claims Processing: Includes reimbursements for retail pharmacy or mail order drug dispensing - not pharmacy benefit manager (PBM) claims processing. (Note: OPTIONAL COVERAGE).

Below is a summary of prescription claims processing through the MERP. The below prescription claims processing does not include coverage provided solely through the major medical carrier. This summary only applies to any prescription reimbursements provided by the MERP payable to the employee. Please allow 4-6 weeks for complete processing of drug dispension claims.

MERP Prescription Claims Processing
1. Employee/member shows his/her major medical carrier identification card
2. Pharmacy submits claim to major medical carrier
3. Primary insurer determines coverage
4. Primary insurer pays claim according to plan purchased by employer
5. Pharmacist dispenses drugs and provides receipts to employee/member
6. Employee/member saves receipts for drug dispension
7. Employee/member submits pharmacy receipts along with Prescription Expense Reimbursement Form (copies are acceptable)
8. ClaimLinx processes pharmacy receipts according to MERP
9. ClaimLinx submits bill to employer for MERP employee benefit
10. Employer pays ClaimLinx for claims bill
11. ClaimLinx sends check to employee/member for MERP reimbursement

3) Vision Claims Processing: Includes reimbursements for medical vision providers and retail vision stores. (Note: OPTIONAL COVERAGE)

Below is a summary of vision claims processing through the MERP. The vision claims processing does not include coverage provided solely through the major medical carrier. This summary only applies to any vision reimbursements provided by the MERP payable to the employee. Please allow 4-6 weeks for complete processing of vision claims.

MERP Vision Claims Processing
1. Employee/member shows his/her MERP identification card
2. Vision provider submits claim to major medical carrier
3. Primary insurer determines coverage
4. Primary insurer pays claim according to plan purchased by employer
5. Employee/member saves receipts for vision services
6. Employee/member submits vision receipts along with Vision Expense Reimbursement Form (copies are acceptable)
7. ClaimLinx processes vision receipts according to MERP
8. ClaimLinx submits bill to employer for MERP employee benefit
9. Employer pays ClaimLinx for claims bill
10. ClaimLinx sends check to employee/member for MERP reimbursement

4) Dental Claims Processing: Includes reimbursements for dental appointments and/or procedures. (Note: OPTIONAL COVERAGE).

Below is a summary of dental claims processing through the MERP. The dental claims processing does not include coverage provided solely through the major medical carrier. This summary only applies to any dental reimbursements provided by the MERP payable to the employee. Please allow 4-6 weeks for complete processing of dental claims

MERP Dental Claims Processing
1. Employee/member shows his/her MERP identification card
2. Dental provider submits claim to ClaimLinx
3. ClaimLinx processes dental claim according to MERP
4. ClaimLinx submits bill to Employer for MERP employee benefit
5. Employer pays ClaimLinx for claims bill
6. ClaimLinx distributes EOB to Employee indicating member responsibility vs. payable benefit (by employer) to employee/member
7. ClaimLinx sends check to dental provider for MERP reimbursement

EMPLOYEE CLAIMS COMMUNICATION

Employees receive several pieces of communication from ClaimLinx with regards to their claims. Below is an explanation of communication that employees may receive.

1) Explanation of Benefits (EOB)

Once a claim has been processed and/or paid through ClaimLinx, employees will receive a ClaimLinx Explanation of Benefits (EOB). Employees are encouraged to examine the ClaimLinx EOB to ensure benefits have been processed according to the Schedule of Benefits included in their enrollment information.

Any discrepancies in EOBs should be addressed with ClaimLinx. Contact our office should any claims appear to be processed incorrectly.

ClaimLinx is committed to processing claims 10 business days after receipt and distributing payment to providers immediately upon verification of funds from the employer. Employees may always call our office to verify payment to their providers.

2) Request for Additional Information and/or Claims Status Letter

Periodically, ClaimLinx will receive documentation from employees that may require additional information. Employees will receive a letter detailing the information that is being requested. Multiple requests for additional information may be sent to employees to capture the additional information. Additional information requested may include: provider location, billing address verification, diagnosis verification, detailed explanation of medical service or provider name verification, among others.

3) Denied Service Letter/EOB

Employees will receive a letter or EOB regarding any claims submitted to the ClaimLinx office that are not eligible for reimbursement. The letter will detail the date of service, amount, claimant and an explanation as to why the service was denied.

These are examples of the types of correspondence that ClaimLinx processes with regards to employee's claims. Timely responses to requests are essential to the promptness of processing claims. Should any employee have a question or a concern regarding their claims, they are always encouraged to contact our office.

Claim Processing Tips

ClaimLinx requests information to properly pay a provider for services. Additional information may include:

- Provider location
- Correct billing address information
- Diagnosis verification
- Explanation of medical service
- Provider name verification

Employees may receive multiple bills for outpatient & inpatient services. They could receive as many as five bills for one visit such as a bill for the:

- Facility
- Radiology
- Doctor
- Laboratory Services
- Doctor who read the Radiology

Employees should submit this information to ClaimLinx for proper processing.

CLAIMS PROVIDER PAYMENTS

Once a claim has been processed through ClaimLinx and an EOB has been sent to the member, the next step is to send payment to the provider.

Employers are required to sign a Medical Expense Reimbursement Plan Provider Payee Enrollment Form. This form designates the payment type (i.e. ACH or Check) for transferring funds to ClaimLinx. It also establishes expectations between the employer and ClaimLinx as to how providers will be paid and in what timeframe.

Question: My claim was processed, but it has not been paid yet. Why?

Employers receive claims reports every two weeks to send funds to ClaimLinx.

Therefore, employees' claims may not be paid for up to 30-60 days **after** an EOB has been received at their homes. Employers are responsible for transferring or sending funds to ClaimLinx promptly. If this does not occur, payment to providers will be delayed.

Other factors may contribute to the timeliness of payment to providers, including:

- An incorrect provider billing address in our records
- Provider changes location, but does not leave forwarding address
- Claim error occurred in processing
- Medical providers have a delay in payment posting
- Regular mail processing is delayed
- Provider misapplied payment

1) Employer Billing (Claims Invoicing)

Employers are invoiced biweekly for claims payments according to the Claims Report Schedule (Exhibit F). ****This schedule is for Plan Administrator's Use only**** The schedule is not to be passed out to employees or members of the MERP plan.

Unless otherwise specified, all invoicing for claims to be paid by the employer will be performed via email in a PDF file format. Due to privacy regulations, employees' names are removed from the reports. However, if an employer would like to see employees' names on the claims reports, ClaimLinx has procedures and guidance to allow such a policy. ClaimLinx provides standard forms and letters to ensure employers are following any applicable privacy regulations.

Past due claims invoices are followed by a manual invoice, in case technological problems prohibited employers from receiving the original invoice. ClaimLinx requests employers provide payment promptly to ensure timely payment to providers.

2) Employer Payment

Employers are required to submit payment to ClaimLinx upon receipt of the claims invoice. This payment is to be made according to the agreement on the Provider Payee Enrollment Form. ClaimLinx sends payments to providers 2-5 business days after receiving payment from the employer. This process ensures funds are available for provider payment.

Employers do not receive check registers or confirmation of payment. However, check register reports and reconciliations are available upon request.

3) Provider Payment Distribution (checks)

ClaimLinx distributes paper checks to providers for payment of MERP expenses. All checks are printed and distributed in-house. Therefore, it's unnecessary to request information from a third party fulfillment center or clearinghouse. Check copies are available on-site and may be accessed quickly. Monthly reconciliation of ClaimLinx checks is performed to ensure accuracy and quality control.

4) Claims Status
ClaimLinx provides claims status on claims to providers, employers and members. Information such as date received, entered and paid is consistently tracked on our claims processing program. Customer service representatives are available during business hours to answer any questions about claims. Members can also check current claim status and previous claims history through the private member portal. Additionally, ClaimLinx is available to perform provider relations with members' providers for the purposes of enhancing the MERP experience.

ADDED VALUE SERVICES

ClaimLinx is available to provide the following reports and analysis as a part of being your full-service MERP claims processor:

- √ **Claims analysis** on utilization compared to industry standards
- √ **Personalized summary reports** on claims history
- √ **Member claims summary reports** with details on processing and paid dates
- √ **Provider claims balance payment arrangements** (extra fee required)
- √ **MERP member education**, including instructional meetings at enrollment
- √ **Administrator training** at any time to ease the process
- √ **Benefits consultation** based on demographics, claims utilization & health conditions