



# AGENDA MEMORANDUM

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**DATE:** March 10, 2026  
**TO:** Forest Preserve District Full Commission  
**FROM:** Jennifer Clough, Director of Human Resources  
**VIA:** Ben Haberthur, Executive Director  
**SUBJECT:** Presentation and Approval of a Medical Expense Reimbursement Plan

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**PURPOSE:**

The purpose of this memorandum is to provide the Committee with information to consider the approval of a Medical Expense Reimbursement Plan (MERP) for the benefit plan year beginning July 1, 2026.

**BACKGROUND:**

The District recognizes the importance of health insurance and provides its employees access to quality, affordable medical care plans for themselves and their dependent families. The District's insurance benefit plan year runs from July 1 to June 30 of each year and coincides with the District's fiscal year budget. On an annual basis, staff evaluates its plan design for affordability and competitiveness.

The FY26/27 budget preparation process has included an evaluation of a Medical Expense Reimbursement Plan (MERP) as an option to incentivize employees with alternate coverage options (e.g., via a spouse or parent) who decline the District's health insurance plan. A MERP is an employer-funded plan that reimburses employees for eligible medical expenses on a tax-free basis, up to a set annual limit(s) determined by the employer.

A MERP is not part of a standard benefits offering, but staff's analysis concluded it can be a valuable tool to achieve District health plan objectives, including benefit improvement, cost reduction and tax savings. A survey of over 100 Illinois local government agencies, including forest preserve, conservation and special districts, park districts, and municipalities, was conducted to benchmark whether a MERP or similar benefit program was offered. Among Illinois Public Benefits Cooperative (IPBC) members, in which the District is a participating member, the use of opt-out incentives increased to approximately 54% for the 2025–26 plan year. Kane County offers a directly comparable MERP program to eligible employees who opt-out of its health insurance. The County's program was used to inform the District's preliminary plan design.

Under the proposed plan, employees who waive District provided medical insurance coverage would be eligible for an annual maximum reimbursement amount for qualified medical expenses (e.g., deductible, co-pay, and coinsurance) based on the level of coverage they chose to waive. Employees waiving employee-only coverage would be eligible for an annual reimbursement of \$5,000, while employees waiving coverage that includes dependents would be eligible for up to \$10,000 annually. These amounts align closely with the 2026 Health Savings Account contribution limit established by the IRS for individual and family coverage (or approximately half of the maximum out of pocket expenses for this type of health insurance plan), and would need to be reevaluated on a regular basis for competitiveness. The IRS compliant plan would be administered by WEX, the IPBC's benefits carrier for ancillary benefits. WEX is a trusted partner and currently provides service for the District's Flexible and Dependent Care spending accounts.

The implementation of a Medical Expense Reimbursement Plan provides a strategic approach to health insurance cost containment and a transparent and defensible expenditure. While its proposal would otherwise be brought before the Commission for consideration with the full draft budget, staff is seeking its early approval for several reasons. Importantly, a new benefit plan would require a comprehensive education and communication plan in order to ensure its early and continued success. In addition, the new benefit plan would need to be incorporated into the District's open enrollment process and timeline. Finally, WEX requires up to ninety (90) days to fully author a plan document and implement its administration.

**FINANCIAL IMPACT:**

The District's MERP plan design is being evaluated by staff, its benefits carrier, and District legal counsel. Costs associated with the administration of the plan, including eligible reimbursements and carrier fees, would be identified in the FY26/27 annual budget document presented to the Full Commission for its consideration and approval.

The FY26/27 annual budget would include new MERP account 01-11-11-5103 to fund participation. Any savings from the various departments health insurance benefit expense accounts would offset the funds expensed from the MERP account 01-11-11-5103.

**RECOMMENDATION:**

Staff recommends approving a Medical Expense Reimbursement Plan for the benefit plan year beginning July 1, 2026.

**ATTACHMENTS:**

*None*