



CITY MANAGER'S OFFICE  
Human Resources Division

City of  
**REDLANDS**

Incorporated 1888  
35 Cajon Street, Suite 200  
P.O. Box 3005, Redlands, CA 92373  
909-798-7514

Janice McConnell  
Assistant City Manager

Tommi Ng, PHR  
Assistant Director, HR/Risk Management

**Frequently Asked Questions (FAQs)  
Retiree Health Reimbursement Arrangement (RHRA)**

**What is a Retiree Health Reimbursement Arrangement (RHRA)?**

A RHRA is an employer-funded account designed to help retired employees pay for plan-eligible medical expenses during retirement, including individual health insurance and Medicare premiums.

**Who administers the RHRA?**

The RHRA is administered by The Advantage Group (TAG).

**Why was this change made?**

In order to be compliant with regulations under the Public Employees Medical and Hospital Care Act (PEMHCA) the City needed to establish a health reimbursement plan to reimburse retirees for their health premiums.

**When will this go into effect?**

This change will be effective March 1, 2024.

**Is my health plan changing?**

No, there is no change to the health plan. You will remain covered under your current plan with CalPERS.

**Can I opt-out of the RHRA?**

No, you cannot opt-out of the RHRA. Your account will be set up by Human Resources.

**What are the benefits of an RHRA?**

HRAs are triple tax-free benefit vehicles. Your employer contributes funds to the account.

**Can a retiree contribute to the RHRA?**

No, the retiree may not contribute to the RHRA.

**Is there a time limit for using the funds in the RHRA?**

No. There is no time limit for using the funds in the RHRA. However, benefit payments are limited to the balance in a participant's account.

**Are there any fees that I am responsible for paying?**

No.

**How often will the City be funding the RHRA accounts?**

Accounts will be funded by the City once a month.

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**Will I receive a check in the mail or direct deposit?**

TAG has three options for payment method:

- Direct deposit funds into your bank account;
- Send “in care of “check by first class mail to Redlands Credit Union for deposit;
- Send check by first class mail to your address of record. Allow 5 to 10 business days from process date for delivery.

**How frequently must you provide proof of the recurring amount for Medicare Part B?**

Medicare Insurance Part B letter must be submitted annually to Human Resources. Please note that retroactive payments will only be processed for the current year. If the benefit verification letter is not received within the current year, no reimbursements will be issued to your RHRA account.

**Is the City still paying for my dental insurance?**

Yes, your dental plan remains unchanged, and the City will continue to cover the entire premium for eligible retirees.