



July 28, 2021

Subject: City of Baldwin Park Health Reimbursement Arrangement (HRA) Installation

Dear Retiree:

The City of Baldwin Park recently approved a resolution amending the City's contribution to health care benefits for CalPERS employees and retirees under the Public Employees' Medical and Hospital Care Act (PEMHCA) in conjunction with the City's Memorandum of Understanding (MOU). The City will continue current benefits for current retirees, but the payment method for premiums is changing to a reimbursement model.

First and foremost, as an Eligible Retiree **your Retiree Health Benefit will not be changing.** Prior to this change, the City paid the full cost of the retirees' health premium benefits directly to CalPERS. Effective October 1, 2021, the City will no longer pay the entire amount to CalPERS directly. The City will pay the PEMHCA minimum to CalPERS, which is \$143/month for 2021, and CalPERS will begin deducting the medical premium (less \$143) from the retirees' monthly pension checks.

To ensure that the City continues to cover the cost of retiree medical insurance benefits at current MOU levels, the City has established a Health Reimbursement Arrangement (HRA) plan, administered by MidAmerica Administrative & Retirement Solutions, to reimburse retirees the difference between the CALPERS minimum premium (\$143/month) and the full cost of the retiree's medical coverage.

As previously mentioned, the medical premium (less \$143) will be deducted from your CalPERS pension check. In some rare cases, your pension check may not cover the entire premium, CalPERS will bill you for the whole medical premium (less \$143). Should this apply to you, consider the hypothetical case below:

- Your current premium amount is \$800 and your monthly pension check is \$500.
- For the first month of this change, CalPERS will bill you for two months up front.
- The City will pay the PEMHCA minimum of \$143 directly to CalPERS, leaving a balance of \$657.
- CalPERS will bill you for \$657 a month for your medical premium and your pension check will not be impacted.
- The first month they will ask for an additional month of premium. If this is your situation, please contact Karyn Goodsite at Keenan & Associates at (951) 715.0190 ext. 1172, to ensure the City reimburses you for two months of premium.
- Coinciding with the first of the month, MidAmerica will reimburse you \$657 from your HRA account on a tax-free basis.

If you wish to have your reimbursements electronically transferred into your bank account, please fill out the included Direct Deposit form and bring to the group meeting or return to the City. If you do not elect direct deposit, your reimbursements will be mailed to you each month which will be subject to the timing of mail delivery.

The City has planned the following informational meeting to assist retirees with questions regarding use of the Health Reimbursement Program including how to set up your account or direct deposit authorization.

DATE	SESSION	LOCATION
Tuesday, August 24, 2021	11:00 AM – 12:30 PM	Council Chambers 14403 E. Pacific Avenue Baldwin Park, CA 91706

If you are unable to make the in-person presentation a recording of the meeting will be posted onto the City’s website. The recording will be accessible on August 26th, 2021 attached is a guide on how you can access the recorded presentation.

You will also be receiving a **WELCOME PACKET from MIDAMERICA**. Please open it. Inside is a direct deposit form and instructions on how to set-up your on-line account access. In addition, there will be contact information if you need any assistance.

If you should have any questions regarding your account, please contact Karyn Goodsite at Keenan & Associates at (951) 715-0190 ext. 1172. We appreciate the opportunity to be of service to you.

Sincerely,

City of Baldwin Park