



**CITY OF ANAHEIM**

**RETIREMENT HEALTH**

**SAVINGS PLAN**

**FREQUENTLY ASKED**

**QUESTIONS**

**City of Anaheim  
Retirement Health Savings Plan  
Questions and Answers for Employees**

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## **NEW CHANGES FOR RHS**

### **Q1: Is RHS changing?**

Yes, the RHS plan can no longer offer elective features.

### **Q2 Why is RHS changing?**

The Internal Revenue Service (IRS) conducted payroll audits involving a number of RHS plans and determined that the elective features of the RHS program may not be part of a health reimbursement arrangement.

### **Q3: What does this mean for the elective features of the plan?**

Your participation and elections will continue in force until the end of 2007. Elective participation and contributions will not be permitted beyond the end of the year for unrepresented employees. The City is working on the necessary amendments to allow for mandatory participation and contributions.

## **BASICS OF THE CITY OF ANAHEIM RETIREMENT HEALTH SAVINGS PLAN**

### **Q4: What is the City of Anaheim Retirement Health Savings Plan?**

The City of Anaheim Retirement Health Savings (RHS) Plan is an employer-sponsored health benefit savings vehicle that allows for the accumulation of assets to pay for certain medical expenses in retirement (or other eligibility) on a tax-free basis. The City of Anaheim offers a choice of two providers for our RHS Plan (CalPERS/CitiStreet and ICMA-RC).

RHS offers a number of benefits, including tax-deferred accumulation of earnings and, when account assets are used to pay for tax qualified medical benefits, the additional benefit of tax-free withdrawals.

### **Q5: What are the benefits of the City of Anaheim Retirement Health Savings Plan?**

You can enjoy substantial benefits from the RHS Plan.

- Accumulation of assets to pay for one of retirement's greatest financial needs – Health related expenses. You have the

opportunity to prepare to meet a significant financial outlay facing you in your retirement, whether for insurance premiums and/or out-of-pocket expenses, co-pays, or prescription drugs.

- Convenience – Once you are eligible to participate you only need to enroll and make decisions regarding investment of RHS funds. Contributions are made through mandatory payroll deductions.
- Tax-free medical expense reimbursement – Medical expense reimbursements are tax-free when used for qualified medical expenses as allowed under Section 213 of the Internal Revenue Code and the City's RHS Plan.
- Tax-deferred accumulation of savings – Assets grow in a tax-deferred account.
- Flexibility – You may use RHS dollars to pay medical expenses for you, your spouse and dependents.
- Familiar investment options – RHS allows you to take advantage of the same investment asset classes you will find with each of the 457 providers – This allows you to coordinate investment of both your Deferred Compensation and Retiree Health Savings Accounts.

### **Q6: How do I get started?**

1. The City Treasurer's Office will provide you with enrollment materials from each of the providers. It is your responsibility to select one provider -- either CalPERS/CitiStreet or ICMA-RC -- as your designated RHS provider.
2. You must complete the enrollment form and return it to the City Treasurer's Office. This form provides your indicative data (e.g. name and address).
3. The provider sets up your account the date of receipt of information from the City, if the information is received prior to 4:00 p.m. Eastern Time.
4. Each provider will send a welcome letter the business day following the

establishment of your new account.

5. The City will begin sending contributions to your designated provider.

**Q7: Can I opt out of the City of Anaheim Retirement Health Savings Plan?**

Once you are enrolled in the Plan, you are required to stay a participant as long as you are employed by the City of Anaheim.

**CONTRIBUTIONS**

**Q8: What types of contributions will be made to my RHS plan?**

Depending on your unit of representation and hire date, RHS plan features are different. The following contributions will potentially be available in your plan:

- Employer contribution of a fixed dollar amount. A 5 year cliff vesting schedule applies to this contribution.
- Mandatory contributions of employee compensation. They are not subject to FICA or income tax.

**Q9: How do I know what specifics govern my RHS Plan?**

The RHS Plan Summary document provided by HRD contains information on the specific features of your plan: whether you must participate in the plan, the types of employer contributions, and the types of medical expenses covered by the program. If you do not have a copy of the RHS Plan Summary document, please contact the **Benefits Section of HRD or the City Treasurer's Office.**

**PLAN INVESTMENTS**

**Q10: Where will my RHS assets be invested?**

The investment funds available to RHS participants may be found in the enrollment materials provided by both CitiStreet and ICMA-RC.

Upon initial enrollment in the RHS Program, your investment allocation is automatically

established as the Age Based/Target Date Funds offered by your designated provider. However, you may change the investment allocation for future contributions at any time after the account has been opened. Please contact each RHS Plan representative for specific information about your investment choices.

If you should die while participating in the RHS Plan, your account balance will automatically be transferred into a default investment which will be the Age Based/Target Date Fund offered by your designated provider. Your spouse or dependents may transfer the account balance from the designated accounts into the investments of their choice at any time.

**MEDICAL BENEFITS**

**Q11: At what point will I be eligible for Medical benefits?**

Benefit eligibility for participating employees is outlined in the Plan Summary document and may differ between unit of representation.

**Q12: What medical expense payments will be covered?**

The RHS Plan defines eligible benefits as those generally allowed by IRC Section 213 with exceptions as provided in the City's RHS Plan.

Note that your RHS account can also be used to pay for qualifying medical expenses incurred by your spouse and dependents.

**Q13: Who are my dependents?**

*While you are alive*, eligible dependents include individuals who meet the IRC Section 213 definition.

Your RHS account can provide medical benefits to any person who is your spouse, child, or other dependent under the preceding definition.

Note that there is no age limit on the definition of dependent *while you are living*.

*After your death*, an individual that qualified as a dependent at the date of your death will continue to be considered a dependent, and will remain eligible for medical benefits.

**Q14: Who handles medical benefit claims?**

Medical benefit claims processing and payments will be handled by each of the providers claims processors. Managed Care Of America for the CalPERS/CitiStreet Plan and Meritain Health for ICMA-RC. Please refer to the RHS Plan benefits package provided by your RHS Provider for claims processing procedures.

**Q15: What is the procedure for submitting a claim for a medical reimbursement? How long does it take?**

After you become benefit-eligible, claims for medical expenses that qualify under your RHS Plan, must be submitted to the claims processor of the RHS provider whose plan you have enrolled in.

The claims processor of your designated provider will review the claim to make certain that you are eligible and that the expense is covered by the plan. The claims processor of your designated provider will process the claim, which will be paid, suspended, or denied in writing, within 30 days.

**Q16: What if a claim is denied?**

If your claim for medical benefits is denied, you will receive a written notice of the denial. The notice will include:

- The specific reason(s) for the denial
- Reference to plan rules upon which the denial was based
- Description of any additional information that might be required and an explanation of why it is needed
- An explanation of the plan's claim review procedure.

You may appeal a denied claim. Generally, the appeals process will consist of the following steps:

1. You submit a written request for a review of the denied claim to the Plan Administrator. Your request must be filed within 60 days of your receipt of the denial notice. You may also review documents regarding administration of your employer's plan, and you may submit issues and comments in writing. You are entitled to representation, if you

desire, throughout the appeals process.

2. The Plan Administrator will review your request within 60 days of receipt. Special circumstances can extend this to 120 days; you will receive a notice of extension.
3. You will receive a written summary of the Plan Administrator's decision regarding your appeal, which will include specific reasons for the decision.
4. If the matter is still not decided to your satisfaction, you are entitled to pursue your right to legal or equitable relief.

**OTHER PLAN DISTRIBUTIONS**

**Q17: What happens to my account balance if I leave my job with the City?**

If you leave employment with the City, your vested account balance will continue to accrue tax-deferred earnings. You may access your account to pay for qualified medical expense reimbursements as provided by the Plan with the exception of another employers' health insurance premiums.

**Q18: When I leave my job, can I roll my RHS account balance into an IRA, another employer's retirement plan, or another RHS account?**

Your RHS account must remain in the City's RHS Plan. Due to IRS requirements, the program does not allow your account to be rolled into any other type of plan, including an IRA, an employer-sponsored retirement account (such as a 457 plan) or another RHS account with a different employer when you separate from service.

**Q19: Can I take the balance under an emergency withdrawal or other circumstance?**

No. Unlike a Section 457 Plan, there are no provisions for emergency withdrawals.

**Q20: What happens to the account balance when I die?**

The provider must be notified of the death by filing the appropriate form with the RHS provider. The RHS account balance will remain available for

your surviving spouse/dependents on a tax-free basis.

If there are no surviving spouse or dependents the account balance will revert to the plan.

## **ADMINISTRATIVE**

### **Q21: What types of reports will I receive?**

You will receive quarterly and annual Summary Plan Statements provided by your provider listing information on contributions, investment earnings, and distributions.

You will also receive confirmations of benefit payments, address changes, investment allocation changes, and fund-to-fund transfers.

### **Q22: What fees does CitiStreet and ICMA-RC charge for the RHS Program?**

(Please refer to your designated RHS provider packet for information on the fees you will pay).

## **RESOURCES**

### **Q23: Whom should I contact with questions regarding the RHS Program?**

The following table outlines whom you should call with questions about your RHS account.

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**The City of Anaheim** – City Treasurer’s Office  
(714) 765-5117 ext. 5886

- For information on program specifics (benefit eligibility, eligible medical expenses, etc.)
- To establish benefit eligibility

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### **ICMA-RC**

(1-800-669-7400)

- For all account issues not claim-related
- With questions regarding your account statement
- With questions on the posting of your contributions
- To change dependent information
- To change personal data (also inform Meritain Health if you are eligible for benefits)

### **Meritain Health**

(1-888 587-9441: please ask to speak with the ICMA-RC VantageCare RHS claims representative)

- For all claim-related issues once you are eligible to receive benefits
- To change personal data if you are eligible for benefits (also inform ICMA-RC)

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### **CalPERS/CitiStreet**

(1-877-557-3655)

- For all account issues not claim-related
- With questions regarding your account statement
- With questions on the posting of your contributions
- To change dependent information
- To change personal data (also inform Managed Care of America if you are eligible for benefits)

### **Managed Care of America**

[www.e-zbenefits.com](http://www.e-zbenefits.com)

- For all claim-related issues once you are eligible to receive benefits
- To change personal data if you are eligible for benefits (also inform CalPERS/Citistreet)

**NOTE: This Question and Answer brochure is offered for the convenience of City of Anaheim employees. This brochure contains general information about the RHS Plan and is not intended to replace the legal documents (Integral Part Trust and Health Savings and Reimbursement Plan) that contain the complete provisions of the RHS Plan.**

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