



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 8

MEETING DATE: September 17, 2025

SUBJECT: Sacramento County Department of Personnel Services
Memorandum of Understanding

SUBMITTED FOR: X Action Information

RECOMMENDATION

Amend Memorandum of Understanding between SCERS and the County Department of Personnel Services regarding the County Retiree Health Care Program to facilitate information sharing and authorize the Chief Executive Officer to execute the document on behalf of SCERS.

PURPOSE

This item supports Strategic Management Plan goals regarding stakeholder relations by promoting transparent policies and communications to members and employers about roles and responsibilities.

DISCUSSION

The County's Department of Personnel Services-Employee Benefit Office (EBO) administers the Retiree Health Care Program, which offers health care coverage to County retirees. SCERS helps facilitate the program by processing premium deductions from monthly retiree pension payments for enrolled members and transferring those monies to the County to pay health care providers.

An MOU was initially approved by this Board and the Board of Supervisors in late 2022 to document and clarify processes for facilitating deductions. Since then, further clarification is needed regarding the extent of the data sharing practices between the County and its health care providers; these amendments provide additional security protections over retiree personal information in the event of a data breach.

ATTACHMENTS

- Board Order
- Amended MOU
- Original January 31, 2023 MOU

Prepared by:

/S/

Jason R. Morrish
General Counsel

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
September 17, 2025**

AGENDA ITEM:

**Sacramento County Department of Personnel Services Memorandum
of Understanding**

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to amend Memorandum of Understanding between SCERS and the County Department of Personnel Services regarding the County Retiree Health Care Program to facilitate information sharing and authorize the Chief Executive Officer to execute the document on behalf of SCERS.

I HEREBY CERTIFY that the above order was passed and adopted on September 17, 2025, by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

Amendment to Memorandum of Understanding Between Sacramento County Employees' Retirement System and Sacramento County Regarding Retiree Health Insurance Benefits

This Amendment to Memorandum of Understanding ("Amended MOU") is entered into by and between the Sacramento County Employees' Retirement System ("SCERS") and Sacramento County ("County") effective the date this amendment is signed ("Effective Date").

Purpose:

An update to the agreement between SCERS and the County for the processing and administration of County retirees' health insurance benefits and pension payroll deductions, as authorized by County Board of Supervisors Resolution No. 2022-1060 and Order of the SCERS Board of Retirement on October 19, 2022 ("Original MOU").

Background:

Prior to January 31, 2023, SCERS administered the payment of Premiums for Retiree Health Care Benefits, including payroll deductions, self-pay accounts, and payments to carriers under the Retiree Health Care Program (Program) that allows County and Special District retirees to purchase certain health benefits for eligible retirees. SCERS currently supports the Program by administering deductions for health insurance premiums through retirees' pension payments.

SCERS independently collects, inputs, and maintains confidential retiree information on shared County legacy technology platforms (COMPASS). Due to the nature of the shared technology platform, the County accesses retiree data from COMPASS and shares it with County-designated third parties to facilitate retiree health benefit administration consistent with past practice. This data can include retiree and beneficiary names, dependent information, spouse information, registered domestic partner information, birthdates, Social Security Numbers, email addresses, telephone numbers, and addresses.

Mutual Responsibilities:

SCERS will administer deductions for health insurance premiums and any third-party deductions from the County retirees' pension payments. The health insurance deductions and any collections or repayments will be deposited in the County Treasury and recorded in COMPASS funds and accounts as instructed by the County.

Over the next 3-5 years, SCERS intends to implement a new pension administration system that includes a standalone system of record and pension payroll system. The parties acknowledge that SCERS will be migrating off COMPASS and that the County will need to separately record and track retiree information for those retirees who enroll in County

health benefit programs. The County and SCERS agree to maintain appropriate communication about future business process changes.

To the extent that SCERS continues to utilize COMPASS or other shared County technology platforms, SCERS will provide to the County or allow the County access the following retiree and pending retiree information in order for the County to determine eligibility for benefits and subsidies, issue payments to the insurance companies, and communicate benefit information to retirees: retiree and beneficiary name, dependent information, spouse information, registered domestic partner information, email address, phone number, address, date of retirement, birthdate, Social Security number, health plan and cost, years of service, and other data necessary to comply with Other Post-Employment Benefit actuarial reporting requirements. The County shall provide proper notice to SCERS regarding changes in scope and use of retiree information for retiree benefit administration. SCERS will identify and report to the County any potential retirees where self-payment is required due to the benefit cost exceeding the retiree's pension payment.

SCERS and the County will mutually coordinate file uploads to COMPASS regarding new retiree enrollments and rate changes due to open enrollment or other similar events. SCERS will input rate and plan changes into COMPASS on an individual basis as necessary.

The County will process payments to the insurance carriers and provide SCERS with health plan and cost information to administer deductions from retirees.

The parties separately utilize death-audit services to identify potentially deceased retirees in which the County or SCERS has not been notified by family members or other parties. The parties agree to share information regarding death-audit findings to minimize benefit overpayments and collections/refunds.

SCERS and the County will meet as necessary to develop processes, improve administration and discuss any required or appropriate changes necessary for the efficient and effective management of the Program.

Confidentiality:

SCERS and the County acknowledge that the individual records of SCERS' retirees are confidential and may not be disclosed except as authorized by California Government Code Section 31532. The parties will treat all information and data related to this Amended MOU as confidential information and will not use or disclose such information except as necessary or appropriate to effectuate the purposes of the Amended MOU on a need-to-know basis, and will further treat such information with the same degree of care accorded its own confidential information.

If the County, or a third-party with whom the County individually shares data or information in the performance of this Amended MOU ("Third-Party"), experiences, identifies or is informed of actual or suspected unauthorized use, access, or release of data related to

SCERS' retirees which was shared with the County under this Amended MOU (an "Incident"), the County will: (a) notify SCERS within 72 hours via telephone and/or e-mail; (b) if the County caused or is reasonably suspected to have caused the Incident, immediately investigate the Incident; (c) if a Third-Party caused or is reasonably suspected to have caused the Incident, take reasonable steps to ensure the Third-Party investigates the Incident consistent with any agreement that may exist between the County and the Third-Party; (d) upon completion of the investigation, promptly provide to SCERS in writing all information known by the County about the Incident as it relates to SCERS data, the SCERS information or data affected, and the steps taken by the County or a Third-Party to prevent the recurrence of such Incident and to mitigate the risk to the other party; and (e) cooperate with SCERS' handling of such matter, including any investigation, reporting, and/or other obligations SCERS is required to conduct separately by applicable law or regulation. In fulfilling its obligations under this section of the Amended MOU, the County shall not be required to conduct an independent investigation if, pursuant to an agreement between the County and a Third-Party, the Third-Party is obligated to perform an investigation related to an Incident so long as the County has complied with subdivision (c), above. Under the same premise, should the County be required to conduct certain investigations and reporting, SCERS agrees to rely on such investigations and reporting, except as required by any fiduciary obligation, law or other rule or regulation.

County shall indemnify, defend, and hold harmless SCERS, its Board, officers, agents, and employees from and against any and all third-party claims, liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, liens, expenses (including defense costs and reasonable attorneys' fees) and claims for damages arising from the County's unauthorized use or disclosure of retiree data. SCERS shall give the County prompt notice of any claim for which SCERS may be entitled to indemnification. The terms of this paragraph shall extend 24 months past the termination of this Amended MOU for any claims that occurred during the period of the agreement but are discovered after the end of the agreement.

Miscellaneous:

When there is a dispute between SCERS and the County over the Program or its administration, within a reasonable time commensurate with the subject of the dispute, the parties agree to jointly select a third-party mediator to assist the parties in reaching a voluntary resolution.

This agreement may be terminated by either party with 180 days' written notice.

Any conflict between the terms and conditions of this Amended MOU and the Original MOU, including the addition of terms in the Amended MOU where the Original MOU is silent, shall be resolved by giving precedence to the terms and conditions of the Amended MOU. This Amended MOU was prepared by SCERS with input from the County and the

language in all parts shall be construed, in all cases, according to its fair meaning, and not for or against either party.

SACRAMENTO COUNTY EMPLOYEES'
RETIREMENT SYSTEM

COUNTY OF SACRAMENTO

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

**Memorandum of Understanding
Between Sacramento County Employees' Retirement System
And Sacramento County Regarding Retiree Health Insurance
Benefits**

This Memorandum of Understanding ("MOU") is entered into by and between the Sacramento County Employees' Retirement System ("SCERS") and Sacramento County ("County") to be effective on January 31, 2023

Purpose:

To define and facilitate the responsibilities and support for the Sacramento County (County) retirees' pension payments. The following MOU is intended to provide an agreement for the process of County retiree health insurance benefits administration, effective January 31, 2023.

Background:

SCERS is implementing a new pension administrative system that includes pension payroll functionality, a new standalone pension payroll system, and a separate bank account. However, SCERS will continue to utilize County administrative support services for insurance-related benefit deductions as set forth herein. SCERS and the County will work together to ensure County retirees pension payments and deductions occur in a timely and accurate manner.

Mutual Responsibilities Agreement:

Both parties enter into this MOU under the following explicit conditions:

SCERS will administer deductions for health insurance premiums and any third party deductions such as garnishments from the County retirees' pension payments. The health insurance deductions and any collections or repayments will be deposited in the County Treasury and recorded in the County's Financial System (COMPASS) funds and accounts as instructed by the County.

SCERS will provide all the necessary census files to the County in order for the County to determine subsidies and issue payments to the insurance companies, and provide to the County, applicable "service credit" for the identified pending retirees.

SCERS will identify any potential retirees where self-payment is required due to the benefit cost exceeding the retiree's pension payment.

The County will continue to provide pre-retirees the necessary benefit information, process payments to the insurance carriers and provide SCERS with census files for retiree benefits.

Each party agrees to meet as necessary to develop processes and discuss any required changes necessary for the efficient and effective management of the program.

Confidentiality:

Each party will treat all associated data and details with the utmost confidentiality and will provide information to others only on a need-to-know basis.

Amendment or Termination to MOU:

This MOU may only be amended or terminated pursuant to a written agreement executed by both parties. The parties will provide a 30-day written notice of any proposed revision or termination to this MOU.

(Signatures follow on next page)

IN WITNESS WHEREOF, THIS MEMORANDUM OF UNDERSTANDING
HAS BEEN ENTERED INTO AS OF THE DATE SET FORTH ON THE FIRST
PAGE HEREOF.

COUNTY OF SACRAMENTO
RETIREMENT SYSTEM

SACRAMENTO COUNTY

By: 

Eric Stern
Chief Executive Officer of SCERS

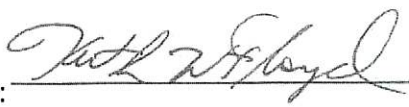
By: 

David Villanueva
Deputy County Executive,
Administrative Services

Dated: 12/20/2022

Dated: 1/20/23

REVIEWED AND APPROVED BY COUNTY COUNSEL

By:  Date: November 3, 2022