



## Agenda Item 9

August 14, 2012

**ITEM NAME:** MylCalPERS Update

**PROGRAM:** Customer Services and Support

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

Quality customer service is paramount to the California Public Employees' Retirement System (CalPERS) and Customer Services and Support (CSS). Our ability to process work items in an efficient and effective manner directly impacts our customer service delivery. Increased stabilization within mylCalPERS is creating operational improvements enabling our teams to better serve our customers and eliminate existing backlogs and inventories.

### **BACKGROUND**

We are rapidly approaching the one year point since we consolidated dozens of complex and intricate aging systems into one state-of-the-art system known as mylCalPERS. This advancement in technology positioned CalPERS to better serve our customers today and to stay ahead of the curve in the future.

Since our successful initial launch on September 19, 2011, our subsequent Judges and Legislators launch on March 25, 2012, and numerous system releases since and ongoing, hardworking teams have resolved and continue to address system issues impacting business processing. We are gaining increased overall stability and certain areas are realizing the capabilities of mylCalPERS.

A few of the strategic goals identified at the onset of this project include the ability to process transactions electronically, reduction in paper processing, minimization of the time spent on routine tasks, and increased pension and financial data integrity. We have begun to realize the benefits of these goals.

Since launch, the following core business functions have been processed using mylCalPERS functionality: \$13 billion in benefits paid, 6 million warrants issued, 27,500 new retirees and beneficiaries added to roll, 16 million payroll transactions processed and \$16.5 billion in contributions received, and more than 474,000 mylCalPERS pages viewed each day by customer service staff.

Additionally, there are several production areas within CSS at or near pre-launch service levels. Some of those areas include: Service Retirement, Disability Retirement, Refunds, Direct Deposits, Judges' and Legislators' Retirement Systems, and Payroll Processing.

Release 1 of Member Self-Service (MSS) functionality successfully launched on July 29, 2012 – an important instrument for our membership and service delivery transformation. Members can now better understand their own benefit packages and communicate confidential information directly with CalPERS staff over the Web, allowing our staff to more efficiently serve our customers. Additional MSS functionality is scheduled to be released October 2012, and January 2013, which will further enhance our customer's overall experience.

Furthermore, our new technology gives CalPERS a distinct advantage in the area of business intelligence. Studying trends across health and pension systems and better understanding the diversity of our own membership will allow us to meet the needs of our customers, while quickly adapting to an ever-changing pension environment. Continuous development of business intelligence abilities is an objective under the 2012-2014 CalPERS Business Plan.

Upcoming system releases will continue to address issues and enhance system functionality, enabling our teams to process requests and respond to customers in a more timely and efficient manner. As new system capabilities and automation emerge, we will leverage new opportunities to serve and communicate with our members and employers.

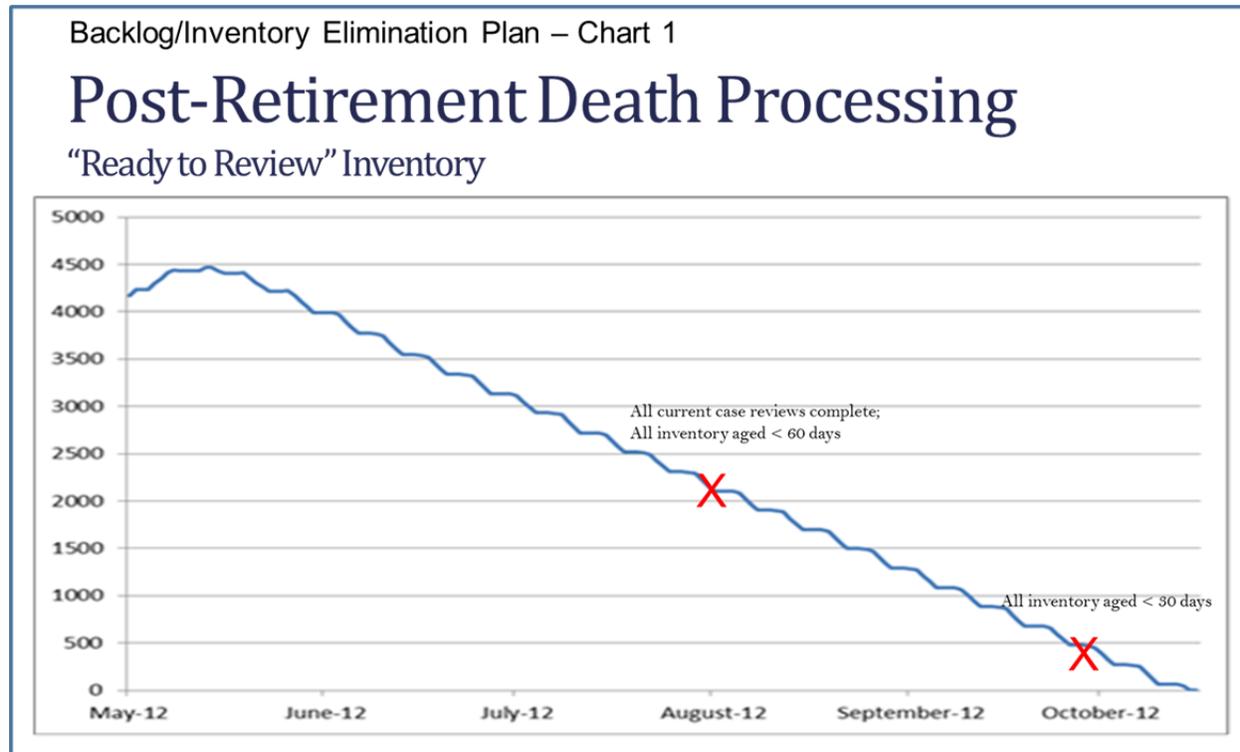
### **ANALYSIS**

During the initial six months after the launch of myCalPERS, we focused on addressing issues that impacted staff's ability to complete work. While we are still addressing some system issues, our focus has turned to enhancing system components that will allow for increased customer service and the realization of the full potential of myCalPERS.

In terms of overall system performance, most core functionality is operating as designed and many areas are able to meet or nearly meet service level goals. In certain areas, the initial design was not able to meet all of the business needs. Focused teams are working to create enhancements that will allow staff to provide the highest quality customer service.

Greater system stability has enabled the following areas to create and implement achievable backlog elimination plans: 1) Post Retirement Death Benefits; 2) Service Credit Purchases; and, 3) Retirement Adjustments – Payroll. Below is information relating to the backlog elimination plan and goals for each of these areas. Additional information regarding the Customer Contact Center and Health Benefits (numbers 4 and 5 respectively) is included.

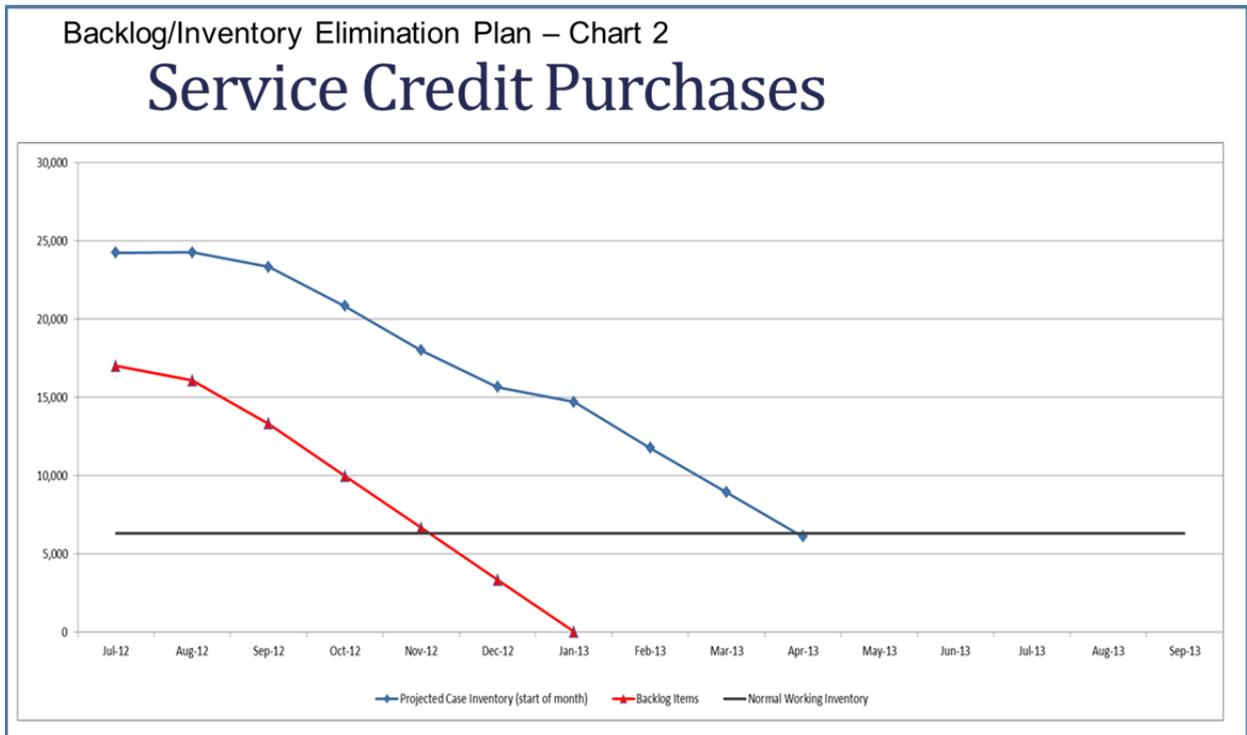
1) Post Retirement Death Benefit



Post retirement death benefit cases consist of monthly and lump sum death benefits. Since the last report, two separate backlog elimination goals were successfully achieved. In April, the backlog of 1,500 lump sum “ready to pay” benefits was eliminated. In June, we completed the backlog of 1,100 monthly benefit “ASAP” cases (“ASAP,” or A Spousal Accelerated Payment, allows CalPERS to provide uninterrupted payments to the surviving spouse or registered domestic partner of a retiree during the review process). We returned to pre-launch processing timeframes, releasing payment of monthly death benefits to eligible spouses/partners within 10 – 15 business days following the death report. We are very pleased to resume this high level of service.

Our new focus is the inventory of “ready to review” lump sum benefit cases. In June, we implemented a plan designed to eliminate the inventory of 4,200 “ready to review” cases and completed this review in August. At the writing of this item, the current “ready to review” inventory represents cases where mail was received within 60 days. By October 2012, the team’s goal is to reduce this inventory to cases where the last document was received within 30 days. Lastly, by November 2012, we plan to eliminate the inventory so cases are reviewed within one week of document receipt (please see Chart 1 above).

2) Service Credit Purchases

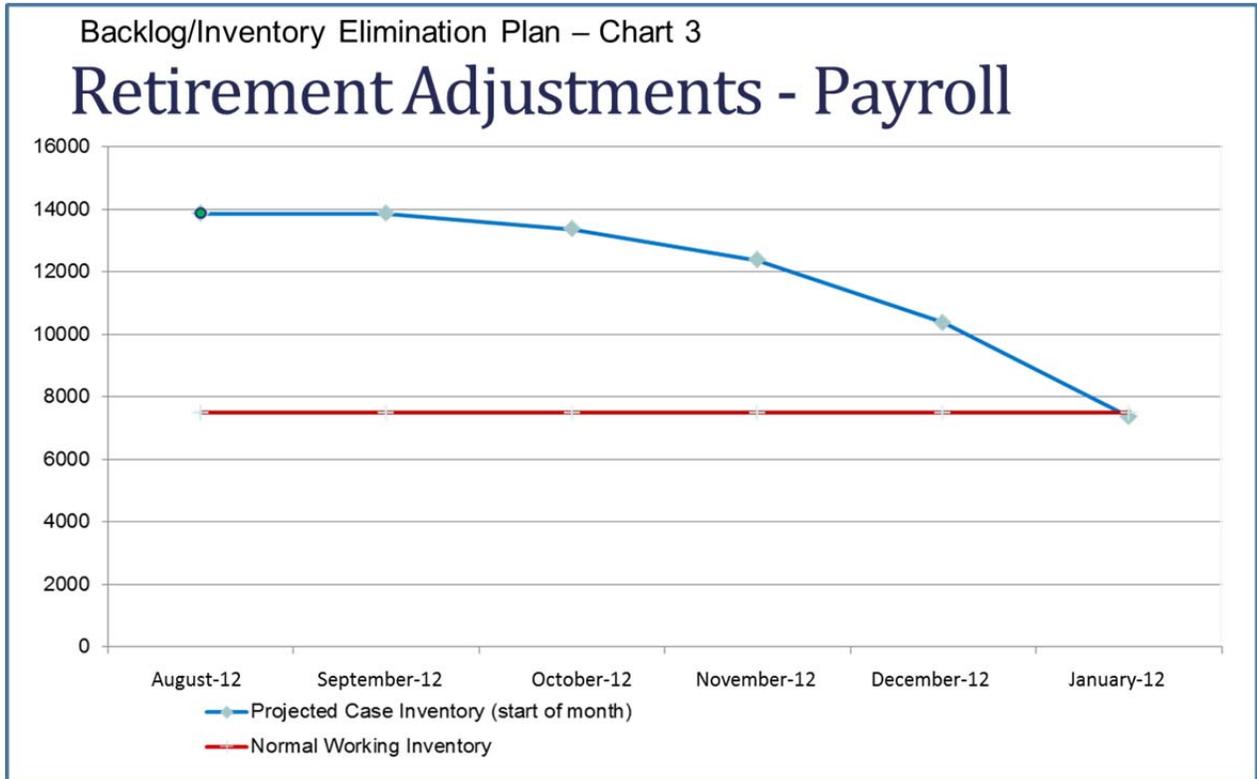


Since initial launch, the Service Credit Purchase (SCP) areas focused on work for members who require service credit for retirement and health vesting. We have enhanced processing functionality and expect to realize system enhancements in the next few months.

Based on the anticipated increase in functionality over the next few months, SCP areas created a plan to eliminate the backlog of service credit purchase requests and return to pre-launch service levels by April 2013. As of July 1, 2012, SCP has 24,403 total inventory items, of which 17,168 are considered backlogged items. The total backlogged items include all service credit purchase types (Additional Retirement Service Credit (ARSC), service prior to membership, military, etc.). SCP's primary goal is to eliminate the backlogged items and reduce the total inventory to 6,300 cases (normal working inventory) by January of 2013 (please see Chart 2 above).

To meet their goals, SCP is recruiting to fill 16 additional temporary positions. The department is able to absorb the majority of cost for these positions and will be requesting additional funding during the mid-year process (cost approximately \$1.2 million for the additional positions). Additional resources recently allocated to the SCP area, along with successful implementation of system enhancements, are also key considerations to the success of this plan.

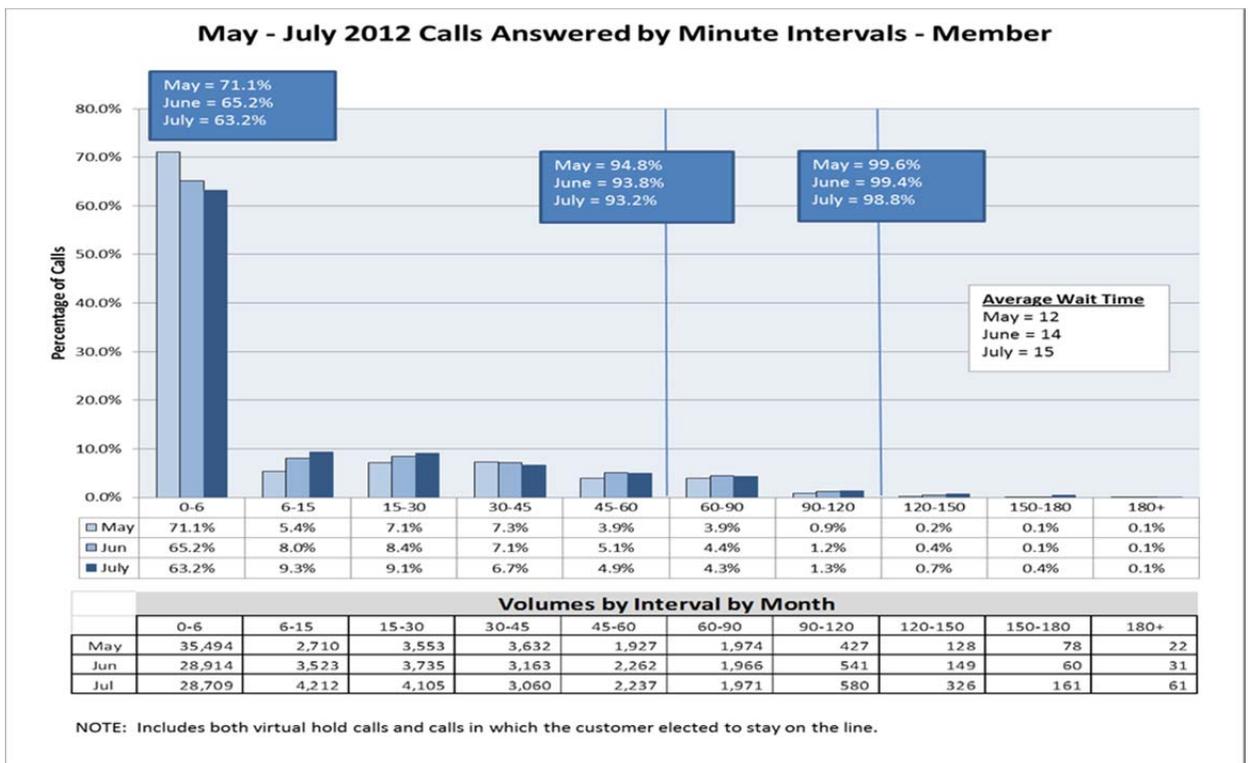
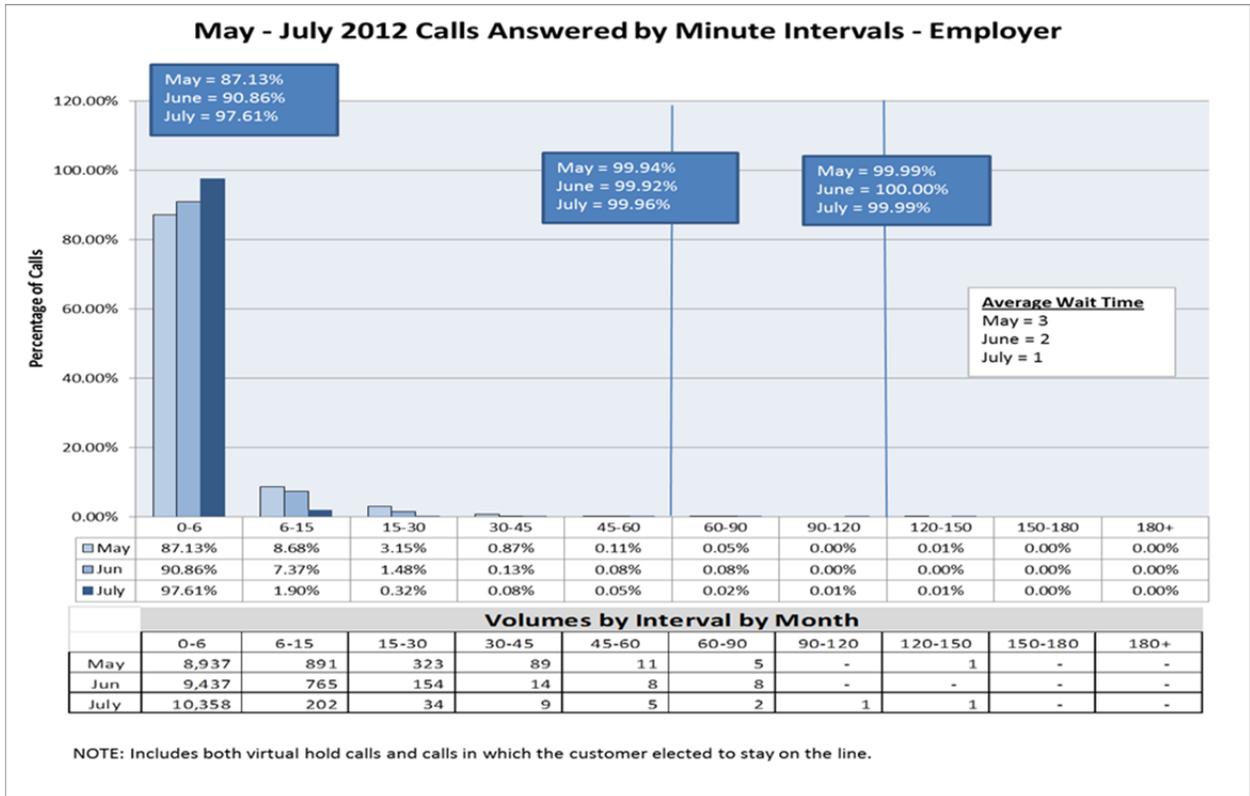
3) Retirement Adjustments – Payroll



The Retirement Calculation and Adjustment Section created a dedicated team with project development and support personnel on processing payroll adjustments. The team is identifying and implementing system fixes to improve processing capacity and automation of this workload.

To date, the team has processed 7,973 adjustments; as of August 2012, the total adjustment inventory is 13,873, of which 10,662 are backlogged items. To eliminate the backlog, we are recruiting 10 additional temporary positions with the intent to absorb the majority of cost for these positions and will use mid-year funding if need be (cost approximately \$670 thousand for the additional positions). This plan anticipates backlog elimination and a return to normal inventory levels by January 2013, (please see Chart 3 above).

4) Customer Contact Center



The Customer Contact Center continues to experience average daily call volumes for members which are higher over similar periods in the prior year. Employer call volumes have stabilized and are consistent with pre-launch levels.

The average call wait time continues to trend downward for employers, going from approximately 7 minutes in the third quarter to 3 minutes in the fourth quarter, and have also returned to pre-launch levels. The average for July 2012 was 1 minute. Member average wait times significantly decreased by nearly 40 percent from a third quarter average of 23 minutes to a 14 minute average in the fourth quarter. The average for July 2012 was 15 minutes.

In addition to average wait times, information regarding the volume and percentage of calls answered within various minute intervals helps provide a more complete picture of the service levels. The charts above illustrate the detailed information for the past three months (May through July). In July, nearly 98 percent of employers waited less than 6 minutes to be assisted, which is improved from 91 percent in June. Members waiting less than 6 minutes decreased to 63 percent in July, from 65 percent in June. This reduction is due to a few factors. In July, agents were taken off the phones to obtain their training and prepare for the launch of MSS. In addition, mandatory personal leave days further reduced the daily number of agents on the phone. Further, our new agents came online in two rounds, the first in June and the second in July. When new agents begin, they are able to take fewer calls and their call handle times are longer. Additionally, experienced agents are taken offline to provide mentoring for the new agents which further impacts the service levels. However, the new staff are quickly becoming more proficient and comfortable and improvements have already been seen in their production.

In total, thirty-seven temporary agents have been deployed to assist with increased volumes and to poise the Customer Contact Center to provide customer assistance with the launch of MSS.

##### 5) Health Benefits

The staff in Health Account Services (HAS) are working closely with the project team to identify and resolve ongoing system challenges. While the volume of health deduction issues has decreased, the blended team continues to identify trends to resolve the remaining system trouble spots. In particular, the contract and billing system functions continue to be challenged with underlying data issues from a variety of sources mainly impacting the Public Agency Employer population. Health and dental carrier premium and enrollment reconciliation efforts continue to make positive progress.

In addition to redirecting staff from within the Customer Account Services Division, temporary resources have been allocated to this area to ensure core workload stays current and members and employers are receiving timely benefits. We are positioning ourselves for success when the 2013 Open Enrollment process kicks off while also making preparations for the mass rate changes which will occur in January.

Conclusion

Two key components, the organizational realignment and the stabilization of mylCalPERS, helped us establish a foundation from which to provide enhanced customer service. Together, these changes create a platform to propel our organization into the next phase of change.

Objectives under Priority 2 of the 2012-2014 CalPERS Business Plan (“Deliver quality customer service that meet or exceed the evolving needs and expectations of our members and employers.”) will help CalPERS with this effort by allowing us to fully utilize system functionality. Priority 2 objectives will give program areas within CSS the ability to make decisions based on enterprise needs, while communicating and resolving issues across divisions. When aligned with our new environment, these operational efficiencies will enable our teams to provide even better service to our customers.

As we move forward, we will engage in an initiative to optimize our services by streamlining our processes creating more value for our customers while gaining efficiencies. To accomplish this we will shift our focus from managing services through vertical work streams to optimizing our services through the development of horizontal work streams that flow across divisions and business processes. This is a significant transition from the way we currently organize our daily operations and processes. Through these changes we will be able to better align CalPERS core business processes with the mylCalPERS system to optimize service delivery, gain operation efficiencies, and streamline processes. We have begun researching how successful organizations make this type of transformation. We anticipate procuring consulting services to assist with this initiative and will bring back to the Pension and Health Benefits Committee a proposal and funding request in the future.

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DONNA RAMEL LUM  
Deputy Executive Officer  
Customer Services and Support

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ANN BOYTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning