



Strategic Measures Summary February 19, 2014

Goal A: Improve long-term pension and health benefit sustainability	
Measures	
1.	Percentage of net annualized investment returns relative to return assumptions and benchmarks
2.	Percentage of net value added achieved through CalPERS management of the portfolio relative to benchmark data
3.	Percentage of funding decisions made using an integrated view of pension assets and liabilities
4.	Difference between CalPERS funded status and average funded status of similar pension systems based upon Market Value of Assets (MVA)
5.	Absolute Funded Status
6.	Quality of health care provided as measured by observed ratio of all-cause readmissions compared to what would be expected *
7.	Access to health care as measured by the percent of CalPERS health beneficiaries reporting receipt of routine health care when needed, relative to benchmark data *
8.	Affordability of health benefits as measured by the percentage of total average costs for covered benefits that a health plan will cover *
9.	Wellness of our membership as measured by the percentage of members who smoke, have diabetes and are obese, compared to regional and national data *
Goal B: Cultivate a high-performing, risk-intelligent and innovative organization	
Measures	
10.	Percentage of pension warrants made to our members within established services levels
11.	Customer satisfaction with CalPERS services as measured by surveys and other feedback methods
12.	Employee Turnover
Goal C: Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs	
Measures	
13.	Percentage of Board-sponsored legislation enacted into law*
14.	Number of editorials, news articles, trade or industry publication references and mentions from policy leaders about CalPERS policies, programs, business plan initiatives, pension beliefs, investment beliefs or leadership*

*Still Being Refined

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Goal A: Improve long-term pension and health benefit sustainability

Investment Measure: Percentage of net annualized investment returns relative to return assumptions and benchmarks

- Definition: Percentage of net annualized investment returns relative to return assumptions and benchmarks
- Purpose: This measure provides a method to compare investment performance from year-to-year on 1-Year, 3-Year, 5-Year and 10-Year returns to benchmarks that are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

Investment Measure: Percentage of net value added achieved through CalPERS management of the portfolio relative to benchmark data

- Definition: Percentage of net value added achieved through CalPERS management of the portfolio as measured by benchmark data provided by CEM Benchmarking
- Purpose: This measure presents a method to compare investment performance against the policy benchmark return based on the established policy mix less costs incurred by actively managing the portfolio. Net value added is defined as CalPERS total return less policy return and costs.

The measure presents both the historical values for the last five calendar years and a 5-year average compared against the median net value added from our custom peer group of 14 large global organizations. In addition, the measure will chart the current year and 5-year average net value added metric for CalPERS versus its global peers.

Actuarial Measure: Percentage of funding decisions made using an integrated view of pension assets and liabilities

- Definition: Leverage the Asset Liability Decision Framework to make CalPERS funding decisions. Funding decisions include:
 - Setting rates for any CalPERS Pension Plan
 - Setting CalPERS Actuarial Assumptions or Methods
 - Setting an Asset Allocation
 - Reviewing Actuarial or Asset Allocation Policies
- Purpose: This measure demonstrates that the CalPERS Board is making pension-funding decisions using an integrated view of pension assets and liabilities.

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Goal A: Improve long-term pension and health benefit sustainability (continued)

Actuarial Measure: Difference between CalPERS funded status and average funded status of similar pension systems based upon Market Value of Assets (MVA)

- Definition: Difference between the funded status of CalPERS and similar pension systems over time
- Purpose: This measure shows how CalPERS funded status compares with the largest (in terms of MVA) defined benefit public retirement systems in the United States that have similar discount rate assumptions and report sufficient data. Funded status is a measure of how “on track” a plan is with respect to assets vs. accrued liabilities.

Actuarial Measure: Absolute Funded Status

- Definition: Market Value of Assets divided by Actuarial Accrued Liability
- Purpose: This measure shows how the CalPERS funded status based on Market Value of Assets changes over time, and explains reasons for the most recent change in funded status.

Health Measure: Quality of health care provided as measured by observed ratio of all-cause readmissions compared to what would be expected*

- Definition: Healthcare Effectiveness Data and Information Set (HEDIS) measure to determine the number of acute inpatient stays that were followed by an acute readmission for any diagnosis within 30 days. We will calculate the percentage of readmissions for CalPERS plan members, and compare to the expected percentage of readmissions, using the observed/expected ratio. An observed/expected ratio greater than ‘1’ indicates poor health care quality.
- Purpose: Readmission percentages higher than expected may be due to poor quality health care, such as poor chronic disease management, improper discharge instructions and missed opportunities to coordinate care better. By using this national standard for health care quality, we can compare the quality of care of CalPERS members to regional and national estimates.

Health Measure: Access to health care as measured by the percent of CalPERS health beneficiaries reporting receipt of routine health care when needed, relative to benchmark data*

- Definition: The percentage of CalPERS members that received routine health care as soon as needed in the last 12 months, as measured by the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey. In 2012, approximately 60% of CalPERS members responded ‘always’ to the question in the CalPERS Annual Member Health Benefits Survey.
- Purpose: In order to ensure the best health outcomes of CalPERS members’ routine health care must be accessible when needed. We will assess survey data to obtain CalPERS member perception of access to routine health care.

* Still Being Refined



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Goal A: Improve long-term pension and health benefit sustainability (continued)

Health Measure: Affordability of health benefits as measured by the percentage of total average costs for covered benefits that a health plan will cover*

- Definition: The actuarial value of covered health benefits for CalPERS health plans.
- Purpose: This information allows comparisons to be made between CalPERS health plans and with other health plans outside CalPERS to determine affordability of health benefits.

Health Measure: Wellness of our membership as measured by the percentage of members who smoke, have diabetes and are obese, compared to regional and national data*

- Definition: The percentage of CalPERS members who smoke, have diabetes, and are obese, using the Centers for Disease Control (CDC) definitions. CalPERS members will be assessed using the CalPERS Annual Member Health Benefits Survey.
- Purpose: Smoking, diabetes and obesity are risk factors for several chronic diseases that can be addressed by prevention, treatment and/or management. CDC definitions for these conditions will be used, to allow comparability between the health of CalPERS members and regional and national estimates.

Goal B: Cultivate a high-performing, risk-intelligent and innovative organization

Customer Services Measure: Percentage of pension warrants made to our members within established service levels

- Definition: The percentage of pension warrants made to our members within established service levels
- Purpose: This measure provides insight about the effectiveness and timeliness of the various program areas throughout CalPERS that make pension related payments and or disbursements to our customers. Our customers rely on the pension related payments they receive from CalPERS. Operating within the established service level agreements aids in the delivery of superior, end-to-end customer service that is adaptive to customers' needs.

Customer Services Measure: Customer satisfaction with CalPERS services as measured by surveys and other feedback methods

- Definition: Often, CalPERS surveys our customers after providing services, education and training. This measurement focuses on the customer satisfaction of the services provided and or the value of the education or training delivered.
- Purpose: Delivering high quality customer service is essential to the organization. Assessing customer satisfaction will allow us to better serve our customers and allow us to take a proactive approach to service delivery.

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Strategic Measures Summary February 19, 2014

Goal B: Cultivate a high-performing, risk-intelligent and innovative organization (continued)

Human Resources Measure: Employee Turnover

- Definition: Comprised of 1) CalPERS Turnover Rate - Percentage of employee separations from CalPERS including involuntary separations and retirements, and excluding promotions or transfers within CalPERS and 2) Internal Movement Rate – Percentage of employee changes in appointments to authorized positions within CalPERS for transfer or promotion
- Purpose: This measure allows management to track total employee turnover; including those leaving CalPERS either voluntarily or involuntarily and allows us to identify internal turnover as well. Internal turnover is an affirmative measure that would measure development, retention and empowerment of employees. Exiting CalPERS turnover will also help determine the effectiveness of development, retention and empowerment objectives

Goal C: Engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs

External Affairs Measure: Percentage of Board-sponsored legislation enacted into law*

- Definition: The CalPERS Board sponsors legislative proposals that advance the financial and health security for all who participate in the System consistent with the Board's legislative policy standards.
- Purpose: This measure shows how current tactics are influencing State retirement, health and investment policy and design.

External Affairs Measure: Number of editorials, news articles, trade or industry publication references and mentions from policy leaders about CalPERS policies, programs, business plan initiatives, pension beliefs, investment beliefs or leadership*

- Definition: Percentage of positive, negative and neutral CalPERS news stories that contain references or mentions from policy leaders
- Purpose: This measure identifies the key topics that are being framed in the media related to CalPERS and assess the favorability of CalPERS media coverage.

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