

**CalPERS 2014-16 Business Plan
Mid-Year Update – Status Update
July 1, 2014 – December 31, 2014**

Initiatives Completed, at Risk, or Needing Management Attention

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

Governmental Accounting Standards Board (GASB) Statement 68 Reports (December 2015)	Status: 
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Accomplishments:

- The fee structure for GASB 68 accounting valuations has been set.

Next Steps:


- Send out communication to employers regarding fee structure details in January/February of 2015.
- Provide verbal update to Board of Administration after fee structure communication has been sent out.
- Finalize calculation methodology for cost sharing plans.
- Complete Cost Sharing Accounting Template for Actuarial Office (ACTO) use.
- Develop GASB Statement 68 communication plan.
- Complete GASB 68 Valuations.

Risks / Issues:

- This initiative is reported at risk because the inability to hire additional actuaries has impeded the office's ability to update the Actuarial Valuation System (AVS) and to produce GASB Statement 68 Accounting Valuations.
- May not be able to procure consultants to update AVS and to produce GASB Statement 68 Accounting Valuations.
- Schedule to produce GASB Statement 68 Accounting Valuations, if not completed, may not allow employers enough time to report financial information.

Mitigation Strategies:

- Continue to aggressively recruit for candidates to fill existing vacancies.
- Augment staff with consultants to update the AVS and to produce GASB Statement 68 Accounting Valuations.
- Utilize the Spring Fed Pool for Actuarial Consultants.
- Produce GASB Statement 68 Accounting Valuations in March-June of 2015.

Enhance Employer Disclosure in Valuation (December 2015)	Status: 
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Accomplishments:

- Staff distributed the June 30, 2013 Actuarial Valuation Reports to Public Agencies. The reports set forth assets and liabilities, determine the required employer contribution rate for FY 2014-15, and provide actuarial and pension information.

Next Steps:

- Hire additional staff.

Risks / Issues:

- This initiative is reported at risk because ACTO staffing vacancies have resulted in limited resource availability to incorporate normal cost by benefit formula in June 30, 2014 Actuarial Valuation Reports. Note: The current AVS does not separate normal cost by benefit formulas, leading to the need for staff to do manual calculations.

Mitigation Strategies:

- Extend the completion date for the initiative to December 2016.
- Continue to aggressively recruit for candidates to fill existing vacancies.

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Initiatives Completed, at Risk, or Needing Management Attention (Cont.)

Improve Health Care for Senior Members (December 2014)	Status: 
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Accomplishments:

- Staff and third-party administrators, LTCG, Inc., and Anthem Blue Cross, designed and developed a specialized care plan to improve benefit coordination of care for seniors between health providers and the long term care plan. This design has been completed by finalizing:
 - The Project Charter which included initiating a project schedule with milestones;
 - The research evaluation design document that will be utilized in the application of predictive modeling techniques related to hospital readmission rates to set baseline measures and performance targets;
 - The extraction of baseline data;
 - The approach and business requirement specifications;
 - A contract by LTCG, Inc. with a subcontractor to provide telephonic care coaches and field based transition coaches for the Transitional Care Program (TCP) pilot; and
 - The contract price with LTCG, Inc. for the pilot.
- Staff completed the initiation of participant enrollment by finalizing the communication plan utilized to engage the participant pool, family members, primary care physicians, hospital discharge planners and other care delivery stakeholders in the TCP pilot. This communication plan included the design and approval of all letters, a Frequently Asked Questions (FAQs) document, and Identification Cards.
- Staff completed an assessment of the data extract to examine the severity of illness, level of health and risk of admission or readmission of the targeted population. Staff assessment report determined that due to the chronic medical conditions and high risk scores, the targeted pilot population will be expanded to 400 eligible participants.

Next Steps:

- The design phase for this pilot is complete and will be closed. A new initiative will be included in the CalPERS 2015-17 Business Plan to focus on the implementation and evaluation of the pilot.

Risks / Issues:


- Initiative Completed.

Mitigation Strategies:


- Initiative Completed.

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Employer Wellness Platform (December 2014)	Status: 
<u>Accomplishments:</u> <ul style="list-style-type: none"> Staff conducted extensive research and outreach to determine the scope of implementing a statewide wellness program for CalPERS employers, members, and providers. Staff researched industry best practices and monitored and tracked progress of the Bay Area Rapid Transit (BART) pilot wellness project to determine its usefulness as a model for future wellness project planning. Staff presented their findings as an informational agenda item to the Pension & Health Benefits Committee in December 2014. 	
<u>Next Steps:</u> <ul style="list-style-type: none"> Initiative Completed. 	
<u>Risks / Issues:</u> <ul style="list-style-type: none"> Initiative Completed. 	
<u>Mitigation Strategies:</u> <ul style="list-style-type: none"> Initiative Completed. 	

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

Strategic Measures (December 2014)	Status: 
<u>Accomplishments:</u> <ul style="list-style-type: none"> Staff scheduled and facilitated program area work sessions to continue development of measures, data collection processes, and displays. Staff prepared and presented a Strategic Measures informational item update at the December 2014 Board Governance Committee meeting. 	
<u>Next Steps:</u> <ul style="list-style-type: none"> Initiative is complete. Remaining work will transition to core workload in January 2015. Facilitate on-going program area work sessions to advance measure development, data collection processes, and displays. Prepare for 2015 Governance Committee presentation of individual measures as scheduled in May, September, and December. 	
<u>Risks / Issues:</u> <ul style="list-style-type: none"> Initiative completed. 	
<u>Mitigation Strategies:</u> <ul style="list-style-type: none"> Initiative completed. 	

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

Financial Market Reform Principles (June 2015)	Status: ★
<u>Accomplishments:</u>	
<ul style="list-style-type: none"> • Building on the framework established in CalPERS' previously adopted five Principles of Financial Regulation Reform in 2009, Investment Office Senior Staff refreshed the CalPERS' Financial Market Principles. Those refreshed priorities are Transparency, Governance, and Systemic Risk. Staff will use these principles to influence global legislative and regulatory engagement, and policy development. • To prioritize engagement on three policy priorities (Derivatives, Housing Finance Reform, and Credit Rating Agencies), staff created and utilized the following criteria: CalPERS Principles, Materiality, Capacity, Timeliness, and Likelihood of Success. • Staff presented refreshed Financial Market Reform Principles and FY 2014-15 Policy Engagement Priorities to the Investment Committee in September 2014. 	
<u>Next Steps:</u>	
<ul style="list-style-type: none"> • Initiative completed. 	
<u>Risks / Issues:</u>	
<ul style="list-style-type: none"> • Initiative completed. 	
<u>Mitigation Strategies:</u>	
<ul style="list-style-type: none"> • Initiative completed. 	