Initiatives Completed or Needing Management Attention

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

Governmental Accounting Standards Board (GASB) Statement 68 Reports December 2015 **Completed Early – June 2015**

Status:

Accomplishments:

- Valuation report templates for the agent multiple employer plans and for cost sharing plans were developed and finalized, including approval of the wording and information included in these reports by CalPERS external auditors.
- The allocation methodology for cost sharing plans was developed, tested, finalized and documented through the Cost Allocation Methodology Report that is now available on the CalPERS website.
- Several plans were tested to determine whether or not CalPERS plans would pass or fail the cross over test
 required by GASB to determine what discount rate to use. Staff performed the cross over test to establish
 the discount rate to use in all GASB 68 valuations and confirmed the 7.5 percent discount rate could be
 used. A report was developed that provides the details behind the cross over testing. The report was
 reviewed and validated by CalPERS external auditor and published on the CalPERS website.
- Changes were made to my|CalPERS to ensure employers could order and download GASB 68 valuation reports and census data if applicable.
- Staff provided employers with the census data for agent plans to help employers meet their financial statement needs. As of June 30, 2015 all employers who had ordered a GASB 68 valuation for their agent plans received their census data.
- The Actuarial Valuation System (AVS) was modified to automate the more than 3,000 GASB 68 accounting
 reports that needed to be produced for agent and cost sharing plans.
- As of June 30, 2015 all agents plan reports had been generated and were expected to be validated by July 6th. The programming for the automation of the cost sharing report was also completed. Due to the large number of reports, these reports are expected to be delivered to employers by the end of July 2015.

Next Steps:

• Initiative completed.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Employer Health Benefits

Accomplishments:

- Staff developed online invitations and conducted 14 focus groups to solicit feedback from representatives of contracting agencies and member organizations on health benefit design, flexibility, geographic regions, and wellness program strategies, at seven Regional Offices between July and October of 2014.
- Staff engaged more than 260 stakeholders in discussions about health benefit design, flexibility, geographic
 regions, and wellness program strategies at 11 meetings and conferences hosted by labor and
 management groups throughout the state.
- Staff engaged more than 100 contracting agency employer representatives at the CalPERS Educational Forum in October 2014.
- Staff compiled and summarized data/feedback from all focus groups and stakeholder meetings and

Status:

Initiatives Completed or Needing Management Attention

conferences, and presented findings in an informational agenda item to the December 2014 Pension & Health Benefits Committee.

Next Steps:

Initiative completed.

<u>Risks / Issues:</u>

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Improve Health Care for Senior Members (December 2014)

Status: ★

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:
 - o 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;
 - o 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 has been closed. A new initiative, Improve Hospital Transition Care for Senior Members Through the Long-Term Care Transitional Care Pilot, is included in the 2015-17 Business Plan to focus on pilot implementation and evaluation.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Initiatives Completed or Needing Management Attention

Population Health Management

Status:

Accomplishments:

- Staff conducted Request For Information to health plan and Pharmacy Benefit Manager (PBM) to solicit their Population Health Management (PHM) models.
- Staff developed a CalPERS PHM model and roadmap to be shared with health plans and PBM for review, comparison, and critique.
- CalPERS and health plans physicians' committee drafted a clinical performance measure framework for FY 2015-16 internal CalPERS use.
- Staff drafted an executive summary of the health plan comments about the CalPERS PHM model, which showed favorable reviews of the model and alignment of population health approaches consistent with Triple AIM (care that is high quality, affordable, and accessible) developed by the Institute for Health Care Improvement.
- Staff conducted additional queries of Health Care Decision Support System to obtain episode data for the 2013 Population Health Study, conducted detailed analysis of cost and medical condition changes between 2007 and 2013, and presented findings to executive sponsor.
- Staff presented data results for the top 10 medical episode groups and Executive summary to the Executive Sponsor.
- Staff finalized the Population Health Study report which consolidates the CalPERS population health model, Executive summary feedback, and 2006-2013 data and issued a report to a CalPERS Deputy Executive Officer (DEO) and the health plans.
- Staff solicited and received sample PHM dashboards that our health plans use to track their PHM programs. Staff then developed a model PHM dashboard for internal use in tracking health plans' clinical performance and other population health measures for CaIPERS' population.
- Staff conducted a lessons learned session which will be incorporated into the business plan initiative closeout.
- Staff incorporated PHM program development into health plan and PBM quarterly business review
 meetings to compare and contrast our PHM model with health plan PHM models to identify conceptual
 differences, provide updates, answer questions, and obtain feedback on an ongoing basis as part of the
 Health Plan Administration Division (HPAD) core workload.

Next Steps:

Initiative completed.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Employer Wellness Partnerships

Status:

Accomplishments:

 Staff partnered with the State Controller's Office (SCO), State Treasurer's Office (STO), California Department of Human Resources (CalHR), California Department of Health Care Services (DHCS), California Department of Public Health (DPH), and SEIU Local 1000 to develop and implement a worksite wellness pilot (Healthier U). Activities included solidifying grant funding for an onsite Healthier U wellness coordinator to work with labor groups, designing an employee interest survey, and assembling pilot site

Status Key: O Green – On Track 🛆 Yellow – At Risk 📕 Red – Needs Management Attention 🛧 Blue – Completed

Initiatives Completed or Needing Management Attention

volunteers.

- Staff worked with the Healthier U Worksite Wellness Steering Committee, comprised of members from SCO, STO, CalHR, DPH, SEIU, and CalPERS to implement the Healthier U project, and attended steering committee meetings.
- Project leadership within CalPERS transitioned from the Health Policy Research Division (HPRD) to the Center for Innovation in July 2013. Staff attended the February 2014 Pension and Health Benefits Committee presentation by SCO, SEIU, and CalHR representatives on the overall status of the Healthier U project.
- More than 1,000 active Healthier U participants logged more than two million exercise minutes. Of those
 participants, 39 percent reported losing weight, and 46 percent reported increased energy.

Next Steps:

• Initiative completed.

<u>Risks / Issues:</u>

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Employer Wellness Platform (December 2014)

Accomplishments:

- 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.

Next Steps:

• Initiative completed.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

Initiative completed.

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

Enterprise Content Management (December 2015)	**Completed Early – June 2015**	*
Status:		

Accomplishments:

- Staff delivered the Content Migration Strategy that included training, methodology, and tools. This strategy
 provided the framework for improving operational efficiencies and intranet usability.
- Staff documented and applied Enterprise Content Management (ECM) Governance for all transitioned content.
- Staff completed SharePoint Technical Support Training.
- Staff completed the content evaluation, Information Architecture (IA), style guide, and SharePoint author

Status:

Initiatives Completed or Needing Management Attention

training for all divisions.

- Staff established governance through the ECM Steering Committee to approve IA changes and developed a draft roadmap for additional governance development.
- Staff completed the transition of all divisions' content to the new SharePoint platform, enabling enhanced consistency and quality of communications between divisions.

Next Steps:

• Initiative completed.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Compensation Policy Review (June 2015)

Accomplishments:

- Staff delivered and facilitated the Executive Compensation panel discussion with the Board at its offsite meeting in San Rafael, CA, in July 2014.
- Staff aligned the Board-approved changes to the Career Executive Assignment (CEA) Compensation Policy and delivered notification to impacted CEA staff.
- In November 2014 staff delivered and facilitated the Executive Compensation Policies Review for Government Code 20098, CEA, and Investment Officer III Positions Workshop with the Board.
- Staff delivered and facilitated the consultants' Executive Compensation Policy Review preliminary recommendations to the Board of Administration in January 2015.

Next Steps:

- Bring a scope of work to the Performance, Compensation, & Talent Management Committee in August 2015 for engagement of a Primary Compensation Consultant to further explore recommendations for changes to the Compensation Program.
- Workload remaining for this initiative will be continued in the Compensation Policy Implementation initiative on the CalPERS 2015-17 Business Plan.

Risks / Issues:

 Due to the complex nature of the relationship between CalPERS compensation programs and the state civil service merit system, it was necessary to secure a dedicated, primary executive compensation consultant to develop a thorough understanding of the governmental constraints within which we operate, and balance that understanding while being responsive to the complex nature of CalPERS' mission.

Mitigation Strategies:

 In August 2015, the Board directed staff to issue a Request for Proposal (RFP) for a Primary Executive Compensation Consultant. Staff is working with a Sub-Committee of the Performance, Compensation and Talent Management Committee to recommend final selection of the Primary Executive Compensation Consultant to the Board. It is expected that a contract will be finalized by November 2016.

Status:

Initiatives Completed or Needing Management Attention

Strategic Risk Measures (June 2015)

Status: ★

Accomplishments:

- Staff coordinated with ESPD on the development of key performance indicators for the strategic goals, to identify key stakeholders and systems to support measurements, and to align the development of the strategic measures to the strategic risk measures.
- Staff presented the FY 2013-14 Enterprise Risk Management Annual Report to the Executive Risk Management Committee that included a report aligning top risks with CalPERS' strategic goals and business plan initiatives.
- Staff developed a project plan to identify strategic risk indicators and a model for integrating the strategic planning process.
- Staff developed a Statement of Work to establish a framework for developing strategic risk measures.
- Staff mapped Enterprise risk domains to the CalPERS 2012-17 Strategic Plan Objectives. Staff also
 mapped the current risk dashboard to strategic goals, objectives, and initiatives and assessed the results to
 ensure strategic risk alignment and added value to CalPERS strategic measures.
- Staff met with all program areas to conduct gap analysis and initiate activities to identify risk measures for the enterprise and finalized the framework and workflow process for the CalPERS Business Continuity Plans.
- Staff presented the risk heat map and top enterprise risks to the Senior Leadership Council for evaluation and discussion.
- Staff identified enterprise risks including the focus and priority on the top six risks to the CalPERS
 organization and presented the items to the Risk and Audit Committee for approval June 2015.

Next Steps:

• Initiative completed.

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Strategic Measures (December 2014)

Status: ★

Accomplishments:

- 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.

Next Steps:

- Facilitate on-going program area work sessions to advance measure development, data collection processes, and displays as well as overall measure maturity.
- Prepare and present Board with a reporting schedule for 2016.
- Develop Standard Operating Procedure manual for development and maintenance of Strategic Measures program.
- Conduct outreach and awareness activities to educate stakeholders on Strategic Measures.

Status:

CalPERS 2014-16 Business Plan Year-End Report – Status Update July 1, 2014 – June 30, 2015

Initiatives Completed or Needing Management Attention

Risks / Issues:

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

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) **Completed Early – September 2014** Status: ★

Accomplishments:

- Building on the framework established in CaIPERS' previously adopted five Principles of Financial Regulation Reform in 2009, Investment Office Senior Staff refreshed the CaIPERS' 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.

Next Steps:

• Initiative completed.

Risks / Issues:

- Initiative completed.
- Mitigation Strategies:
 - Initiative completed.

Strategic Partnerships (June 2015)

Accomplishments:

- University of California, Berkeley researchers published additional analysis of the reference-based pricing study in the *Health Economics* journal and gave a presentation titled "Reference Based Benefits: Consumer and Provider Responses" at the AcademyHealth 2015 Annual Research Meeting. *Health Economics* is rated as one of the highest impact health economics journals in academia and AcademyHealth is recognized as a premier national organization in health services and research.
- Staff refined long-term strategy for strengthening relationships with academia and identified other potential
 academic partners with whom to support the effectiveness of our retirement, health, and investment
 programs.
- CalPERS partnered with the Canadian Pension Plan Investment Board and the University of California, Davis, to host the September 2014 Global CFO Conference for international Chief Financial Officers. The event gathered influential financial professionals recognized as industry leaders from all over the world and provided opportunities to connect, develop partnerships, and share best practices, thereby strengthening relationships with the business community and financial industry. Staff also worked with partners to plan the 2015 Conference.

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Initiatives Completed or Needing Management Attention

Next Steps:

• Initiative completed.

Risks / Issues:

• Initiative completed.

- Mitigation Strategies:
 - Initiative completed.

Thought Leadership (June 2015)

Accomplishments:

- Resources were secured to staff the Retirement Research and Planning Division (RRPD), and developed the new division's infrastructure.
- Staff developed a Retirement Research Agenda, identifying research topics for further exploration.
- Staff authored nine white papers guided by CalPERS pension beliefs. These papers provide insight into CalPERS membership, highlight pension innovations, and explore pension system sustainability. One article was published in a peer-reviewed journal.
- Staff presented RRPD white paper findings at several CalPERS-sponsored events and state conferences. Staff developed and implemented an internal communication plan which included execution of:
 - Research Center an on-line resource providing CalPERS staff with one stop access to enterprise research.
 - Spark Research Forum a professional social media group that allows CalPERS staff to exchange research ideas.
 - Insight & Inquiry Speaker Series a quarterly speaker series where CalPERS staff share investment, pension, and health research.
- Staff completed the External Thought Leadership Communication Plan to help elevate CalPERS
- research to the national level and will begin implementing the plan FY 2015-16.

Next Steps:

• Initiative completed.

<u>Risks / Issues:</u>

• Initiative completed.

Mitigation Strategies:

• Initiative completed.

Demonstrate Industry Leadership (June 2015)

Accomplishments:

- To communicate and engage directly with government leaders, staff began the Executive Employer Visits Series initiative with visits to Placer County, the City of Sacramento, and Solano County.
- Staff co-hosted the May 2015 CEM (Cost-Effectiveness Measurement) conference in Sacramento with CalSTRS, with sessions at CalPERS and the Sheraton Hotel in downtown Sacramento. The conference supports the exchange of ideas and information between a diverse group of operational managers who represent pension systems.
- Staff continued finalizing logistics and program details for the 2015 Global CFO Conference to be held in

Status: 🚽

Status: ★

Initiatives Completed or Needing Management Attention

Sacramento at the Sheraton Grand Hotel on August 31 and September 1. The conference brings together CFOs from around the globe to discuss strategic trends and topics.

- Staff provided support for leadership speeches and talking points for the following:
 - CEO Anne Stausboll, 2015 CEM Conference and 2015 Ceres Conference.
 - CFO Cheryl Eason, Risk Mitigation webinar for CalPERS stakeholders.
 - Board Member Dana Hollinger, Hispanic Heritage Foundation LOFT Investors Forum Panel.
 - Board Member Henry Jones, June 2015 board meeting of California State Retirees.
- Confirmed that the CalPERS CFO will present at the California Special Districts Association Annual • Conference in Fall 2015.
- Staff coordinated and planned Emerging Manager Day and a Diversity Forum, both to be held at CalPERS • in September 2015.

Increased external conference attendance from the previous fiscal year by 47 percent (from 164 to 241). Next Steps:

Initiative completed. Ongoing workload will be included as appropriate in the new External Partnership Strategies initiative on the 2015-17 Business Plan.

Risks / Issues:

Initiative completed.

Mitigation Strategies

Initiative completed. •