



## Agenda Item 6

December 15, 2015

**ITEM NAME:** CalPERS Strategic Measures - Percentage of Benefit Payments Paid Timely and Customer Satisfaction

**PROGRAM:** Enterprise

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

This agenda item is an update on the organization's progress toward meeting the goals of the California Public Employees' Retirement System (CalPERS) 2012-17 Strategic Plan as measured through a suite of CalPERS Board of Administration (Board) affirmed Strategic Measures (Attachment 1). Specifically, this item considers the Strategic Measures that evaluate the percentage of benefit payments issued to our customers within established service levels and customer satisfaction with CalPERS' services as measured by surveys. In order to display these measures in the context of our enterprise, we present our historical performance in these measures in Fiscal Year (FY) 2014-15.

### **STRATEGIC PLAN**

This agenda item supports CalPERS Strategic Plan Goal B to cultivate a high-performing, risk-intelligent, and innovative organization that is responsive to customer needs. Strategic Measures build a framework enabling CalPERS to evaluate the organization's progress in meeting the goals of our Strategic Plan, and provides the linkage from business strategy to execution.

### **BACKGROUND**

In August 2012, the Board adopted the CalPERS 2012-17 Strategic Plan. In July 2013, an initial set of Strategic Measures were developed as part of a larger effort to support the use of enterprise-wide measurements to guide the organization. In July 2014, the Board affirmed the suite of Strategic Measures which included the two Strategic Measures covered in this item.

### **ANALYSIS**

#### Performance Reporting Philosophy

In accordance with our performance reporting philosophy, we report broad performance indicators and exceptions requiring further attention. Our exception reporting thresholds enable the Board to address any business issues proactively before they can have a significant negative effect on our customer service.

We have weighted the benefit payments and survey categories making up Strategic Measures 10 and 11 according to financial impact, volume, and risk. Financial impact measures the relative impact a business process or service has on the finances of a customer or on CalPERS. Volume is defined as the number of transactions associated with the corresponding metric. Risk measures the impact a metric has on our ability to meet our obligations to stakeholders and fulfill our mission.

The weighting structures discussed below reflect the relative importance of each metric to the overall customer experience based on these factors.

#### Strategic Measure 10

Strategic Measure 10 captures the timeliness of four essential customer benefit payment streams: Service Retirement, Refunds, Disability Retirement, and Survivor Benefits. The timeliness of payments is a vital component of a positive customer experience. We focus heavily on benefit payments in our performance management to ensure customers always receive timely payments.

#### Targets

Our target for each metric contained in Strategic Measure 10 is 98 percent of payments made within the service level. This target reflects the critical importance of these payment streams to our customers and our absolute commitment to meeting their financial needs while allowing for a minimum of outlier cases that require extraordinary efforts to complete.

<u>Benefit Payment</u>	<u>Target</u>
Service Retirement	98% percent of payments made within 45 days
Disability Retirement	98% percent of payments made within 45 days
Survivor Benefits	98% percent of payments made within 45 days
Refunds	98% percent of payments made within 30 days

#### Thresholds

We will report any metric in Strategic Measure 10 that falls below 90 percent.

#### Weights

The metrics contained in Strategic Measure 10 are weighted according to our criteria as follows:

<u>Benefit Payment</u>	<u>Financial Impact</u>	<u>Volume</u>	<u>Risk</u>	<u>Weight</u>
Service Retirement	High	High	High	30%
Disability Retirement	High	Medium	Medium	25%
Survivor Benefits	High	Medium	Medium	25%
Refunds	High	Medium	Low	20%

Performance

During FY 2014-15, our overall score for Strategic Measure 10 was 95 percent. We exceeded our exception reporting threshold in each benefit payment measured and met our stretch target in the timeliness of Refund payments. This result reflects the high efficiency of our program areas as well as the high priority we place on addressing issues that may affect timeliness of payments.

Following the presentation that accompanies this report, we are requesting the Board's validation of the Strategic Measure 10 thresholds and targets.

Strategic Measure 11

The Customer Services and Support administer an extensive range of surveys, delivered online, by mail, in person, and through email measuring overall satisfaction with our processes and services. Collecting satisfaction data through surveys allows us to pinpoint our customers' preferences and increases our flexibility and responsiveness to their needs.

Strategic Measure 11 combines our customer satisfaction surveys into four categories capturing the data we collect from our various customer surveys and consolidating them according to the topic they measure. The combined scores of four categories make up our overall customer satisfaction measure.

Benefit Payments consists of surveys measuring member satisfaction with the component benefit payment streams of Strategic Measure 10. Member Self Service (MSS) measures member satisfaction with our online business processes. Service Delivery displays member satisfaction with customer service processes. Employer Interaction gauges employer satisfaction with our business processes and customer service. The categories, weights, targets, and surveys included in each of these categories are as follows:

Benefit Payments

Weight: 30 percent  
Target: 95 percent satisfaction  
Surveys include Service Retirement, Disability Retirement, Survivor Benefits, and Refunds.

Member Self Service

Weight: 20 percent  
Target: 95 percent satisfaction  
Surveys include MSS Apply for Retirement, MSS Address Change, MSS Beneficiary Designation, MSS Estimates, and MSS Maintain Payment Options.

Service Delivery

Weight: 25 percent  
Target: 95 percent satisfaction

Surveys include Contact Center Mailer, Replacement Benefit Plan, and Service Credit Purchasing.

#### Employer Interaction

Weight: 25 percent

Target: 95 percent satisfaction

Surveys include New Health Enrollment, Payroll Reporting, and Employer Response Team.

#### Thresholds

We will highlight any customer satisfaction metric that falls below 85 percent.

#### Performance

Our performance in Strategic Measure 11 reflects 91 percent for FY 2014-15 in the three categories for which we administered surveys. We met or exceeded our exception reporting threshold, indicating our customers' high overall satisfaction with the services we provide.

Benefit Payments data is not included because we began administering surveys under the Benefit Payments category during the first quarter of FY 2015-16. We will incorporate the Benefit Payments survey results as they become available.

Following the presentation that accompanies this report, we are requesting the Board's validation of the Strategic Measure 11 thresholds and targets.

#### **BUDGET AND FISCAL IMPACTS**

Not applicable.

#### **BENEFITS/RISK**

CalPERS' strategic measurement and performance reporting activities are essential in enabling us to manage factors affecting the end-to-end customer experience and to meet our customers' needs as they evolve. Implementing Strategic Measures 10 and 11 will augment the Board's oversight of strategically vital business processes and services affecting the customer experience.

We do not anticipate any risks in our ability to implement the Strategic Measures because the required data is well established and readily available.

#### **ATTACHMENTS**

Attachment 1 – Strategic Measures Summary

Attachment 2 – Customer Service Measures Report

---

DONNA RAMEL LUM  
Deputy Executive Officer  
Customer Services and Support

---

DOUG P. McKEEVER  
Deputy Executive Officer  
Benefit Programs Policy and Planning