



Finance and Administration Committee Agenda Item 4g

August 16, 2016

Item Name: Semi-Annual Accounts Receivable Analysis Report

Program: Financial Office

Item Type: Information Consent

Executive Summary

As of June 30, 2016, CalPERS' receivables totaled \$1.0 billion, an increase of \$123.8 million for the six months beginning January 1, 2016. The increase is attributed primarily to the timing of the State of California payroll contribution payment (\$626.8 million) and employer payments posted after the reporting period (\$243 million). For the prior twelve month period from July 1, 2015, through June 30, 2016, accounts receivable decreased of \$787 million, or 43 percent. The majority of the decrease is based on timing of the State of California payments (\$490 million) and more timely payments by schools and cities (\$297 million) in the first half of the fiscal year.

Strategic Plan

This report supports Goal B of the CalPERS 2012-2017 Strategic Plan – to cultivate a high-performing, risk-intelligent and innovative organization. It specifically addresses two of the objectives under that goal – to actively manage business risks with an enterprise-wide view and to deliver superior, end-to-end customer service that is adaptive to customer needs.

Background

Accounts Receivable Analysis

Receivables are categorized and analyzed in three main areas: employer-health, employer-pension, and member receivables for the period of January 1, 2016, through June 30, 2016. Receivables are considered delinquent when payments have not been received within 30 days of the due date. When a payment is late, delinquency notices are sent at regular intervals.

Employer – Health

CalPERS' employer-health receivables increased by \$33.3 million, or 16 percent, since January 1, 2016. The majority of the increase is attributed to 14 new agencies and an additional 10,215 member enrollments into the health benefits program. The comparison to the same period last year shows an increase of 8 percent, which is primarily attributed to the January 1, 2016, increase in the cost of health premiums.

Employer – Pension

Since January 1, 2016, employer-pension receivables have temporarily increased by \$87.2 million, or 12 percent to \$746.7 million. This is primarily a result of the timing of a State of California payment of \$626.8 million shortly after this reporting period. In addition, \$243 million of payments were made by public agencies (64 percent) and schools (36 percent) after the reporting period.

Member

CalPERS' member receivables increased by \$3.2 million, or 6 percent, since January 1, 2016. The majority of the increase is due to increases to delayed death notification payments to members (\$1.1 million), benefits adjustments (\$1.3 million), and reinstatements (\$1.4 million). The comparison to the same period last year shows an increase of \$10.7 million, or 22 percent. The first 6 months of the fiscal year accounted for \$7.4 million of the increase and was primarily due to increased warrant amounts for delayed notification of death receivables.

Semi-Annual Summary of Receivable Activity

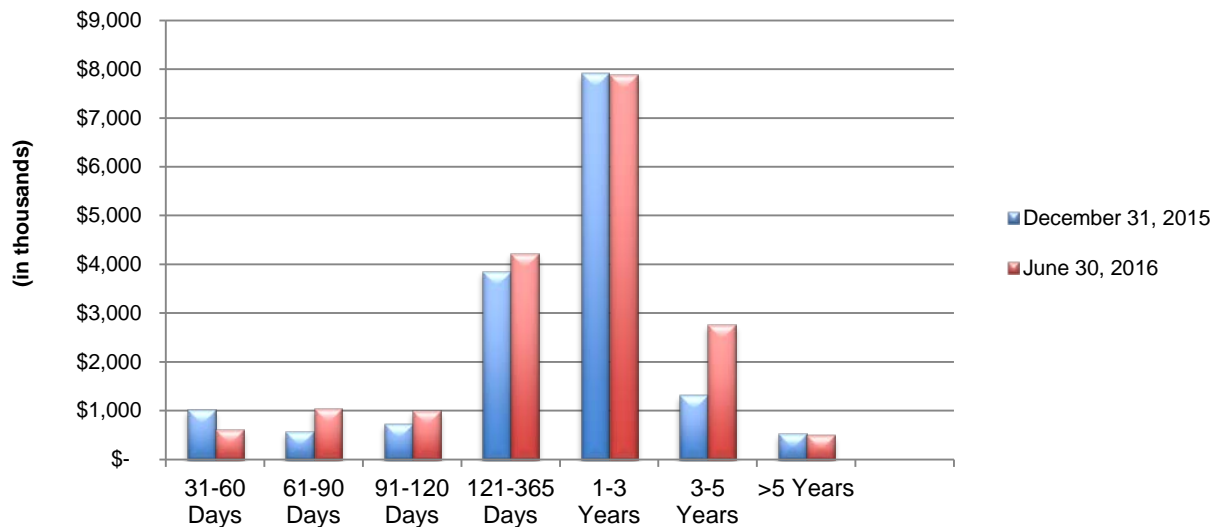
For the 6 month period from January 1, 2016 through June 30, 2016, this chart displays the beginning balance, period activity, ending balance, and net change.

(in thousands).

	EMPLOYER HEALTH	EMPLOYER PENSION	MEMBER	TOTAL
Beginning Balance	\$203,845	\$659,538	\$55,132	\$918,515
Opened	1,621,971	493,608	20,819	2,136,398
Closed/Adjusted	(1,588,580)	(406,404)	(17,599)	(2,012,583)
Ending Balance	\$237,236	\$746,742	\$58,352	\$1,042,330
Change between ending and beginning balance	\$33,391	\$87,204	\$3,220	\$123,815

Delinquency Analysis

FY 2015-16 Delinquencies by Age



Summary

Since January 1, 2016, total delinquent receivables have increased 14 percent, to \$18.1 million, with the majority of the increase in the Member category.

Member

Delinquent member receivables increased \$1.5 million, or 23 percent, primarily due to health receivables that accounted for \$927,753, or 62 percent, of the total member delinquency increase. Over \$730,000 of these receivables moved into the 121- 365 Days category and can now be enrolled in payment plans, which will significantly decrease the outstanding delinquent balances in this category. The dollar amount of receivables delinquent in the >5 Years category decreased by \$29,865, or 7 percent.

Employer – Health

Delinquent employer health receivables decreased by 10 percent to \$305,565 since January 1, 2016. Of the \$34,244 decrease, approximately 60 percent is attributed to state health billing and the remaining 40 percent to public agencies, primarily in the 121 – 365 Days and 1 – 3 Years categories.

Employer – Pension

Since January 1, 2016,, outstanding pension delinquencies increased by approximately \$700,000, or 8 percent, to \$9.9 million. Two agencies account for 47 percent of the \$9.9 million total in the employer pension category. In the 3 – 5 Years category, pension delinquencies increased by \$1.1 million, primarily due to one agency. Another agency accounts for approximately \$1.7 million in the 1 – 3 Years category. Collection efforts are actively being pursued for both agencies.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Kristin Montgomery

Controller
Financial Office

Cheryl Eason

Chief Financial Officer

