



Pension and Health Benefits Committee Agenda Item 7

November 15, 2016

Item Name: Customer Services and Support Performance Update

Program: Customer Services and Support

Item Type: Information

Executive Summary

Customer Services and Support (CSS) is committed to achieving the highest level of service in administering pension and health benefits. We continually measure and evaluate performance in all business areas to respond to our customers' diverse and changing needs. This information item presents the state of the customer experience and reports on our successes in several of the initiatives we are undertaking to enhance customer service. During the first quarter of Fiscal Year (FY) 2016–2017, we continued strong overall performance in our Strategic Measures and improving the services we provide our customers.

Strategic Plan

This agenda item supports the California Public Employees' System (CalPERS) Strategic Plan Goal B to cultivate a high-performing, risk intelligent, and innovative organization that is responsive to customer needs.

Background

As part of our commitment to ensure effective Board of Administration (Board) oversight of our programs and services, CSS reports on the performance of our customer service area. The information below includes FY 2016–2017 first quarter performance and project updates.

Analysis

During the first quarter we maintained a high level of performance across our program areas. We have seen notable sustained increases in service levels for secure messaging, call wait times, and refunds processing, despite increased volumes across all these metrics. Our continued efforts to implement technological enhancements to increase member self-service and facilitate more efficient transaction processing have contributed to our success in these areas.

Exceptions Related to Strategic Measure 10: Benefit Payments

Strategic Measure 10 monitors the timeliness of four essential customer benefit payment types: Service Retirement, Refunds, Disability Retirement, and Survivor Benefits. During the first quarter, our overall Benefit Payments score was 90 percent. We exceeded our exception reporting threshold in each benefit payment measured with the exception of one of our two types of survivor benefit payments.

Survivor Benefits – Lump Sum

The two primary payments of death benefits are those where a beneficiary is entitled to an ongoing monthly allowance and those where a beneficiary is due a lump sum amount. Monthly ongoing benefits, often to a surviving spouse, are the most critical to pay timely to ensure an uninterrupted income to the beneficiary and the continuation of health benefits. While processing of monthly ongoing survivor benefits remained strong, the timeliness of lump sum payments fell below our strategic measure threshold due to the increase in the number of deaths reported during the last fiscal year. We have addressed this increased volume by adding new positions to manage the ongoing increase in workload. We are also actively exploring process efficiencies to improve our processing times. As team members are trained and process improvements are implemented, the performance metric will increase.

Exceptions Related to Strategic Measure 11: Customer Satisfaction

Strategic Measure 11 captures customer feedback with our business processes and services through a range of 15 surveys. Collecting satisfaction data through surveys increases our responsiveness to our customers' needs. Our overall score for this measure was 86 percent. We exceeded our exception reporting threshold in the majority of our surveys with the exception of the following:

Payroll Reporting

Payroll reporting survey satisfaction fell slightly below our exception threshold for the quarter but recent months indicate an upward trend, with September yielding our highest satisfaction rate for this process to date. This increased performance corresponds with the implementation of system enhancements designed to improve the payroll reporting process. As a series of additional enhancements for this process are implemented over the next six months, we expect this measure to continue to improve.

Refunds

Overall satisfaction with the refunds process fell just below the exception threshold for this quarter. We continue to process incoming refund applications within established service level guidelines. Survey results indicated an opportunity to improve our communication with members on the tax implications of refunds and the status of their applications. We are currently analyzing the comments to identify actionable feedback to improve our satisfaction rating.

IRC 415 Replacement Benefit Plan

Our Replacement Benefit Plan (RBP) survey result fell below the exception threshold for overall satisfaction during this quarter. As this survey yields a small sample size, we observe significant variation in satisfaction rates from quarter to quarter. While survey responses indicate satisfaction with customer service, retirees expressed dissatisfaction that CalPERS does not offer a direct deposit option for RBP and concern about the timeliness of receiving RBP payments. During 2017, we plan to explore adding direct deposit for this process. Regarding timeliness of payment, CalPERS cannot issue payment from the RBP until employers pay their invoices. When payments are not received, team members conduct outreach to employers in an effort to improve the timeliness of payment to our retirees.

Service Credit Purchasing

Customer satisfaction with service credit purchasing fell below the exception threshold this quarter. While survey responses indicate satisfaction with customer service, customer feedback reflects a need to improve the processing timeframes for these requests.

To reduce backlog and increase processing times, we have implemented a strategic approach to ensure aged requests are processed in date order received and new requests are closed timely. Since this approach was implemented, we reduced total inventory by 10.5 percent for the quarter.

Open Enrollment

The 2016 Open Enrollment period ended in October, and we saw an increase in customer inquiry volumes consistent with prior annual trends. Our Customer Contact Center received slightly fewer phone calls but more electronic inquiries compared to last year's Open Enrollment. The increase in electronic inquiries corresponds with the transition to electronic health plan statements delivered through our online member self-service channel this year. Service levels improved significantly as we achieved reduced call wait times and more timely responses to secure messages than during last year's Open Enrollment. We continue to process the enrollment requests we've received and a full report on the results of the Open Enrollment Period will be presented at the February 2017 Pension and Health Benefits Committee meeting.

Customer Experience Enhancement Efforts

As part of our commitment to achieving the best possible customer experience and adapting to our customers' needs, we continue to pursue several projects through which we are realizing significant process and service enhancements.

Functional Optimization

As we have mentioned in previous Board updates, the CSS team depends heavily on the my!CalPERS Functional Optimization Project to enhance our current business functionality to streamline processes and deliver even more efficient and effective customer service. Over the last quarter, we have made enhancements for our members to access their health statements online. These enhancements assisted our members during the latest Open Enrollment period, providing them specific, relevant health plan data to assist them in making educated choices about their coverage.

We also implemented enhancements to benefit our employers, including providing them information on their employee data for payroll and financial reconciliation and improving functionality to allow them to make changes to member data that was discrepant. This self-service feature allows employers to reconcile their own payroll gaps, thereby eliminating the need for CalPERS' manual reconciliation of monies owed for retirement and health payments. Lastly, we made significant improvements to our internal processing of retirements requiring compensation review. The retirement processing and compensation review areas now share a common, integrated workflow tool to track and complete applications, while eliminating redundancies and manual processing.

Retirement Options Simplification

On August 26, the Governor signed Assembly Bill 2404, our Retirement Options Simplification bill, which will reduce the complexity of the retirement options our new retirees can choose from effective January 1, 2018. Our efforts are now focused on education and communication of the change through training materials and publications, and updates to system functionality to accommodate new retirement estimates and applications before 2018. We anticipate a more streamlined retirement process for our members while still providing them with the soundest options to secure their financial future.

Revise Targeted Publications

The Revise Targeted Publications project is enhancing the customer experience by ensuring information in CalPERS publications is explained and organized clearly. As part of this effort, we have revised publications crucial to our customers' understanding of their options and benefits, including:

- Publication 1: Planning Your Service Retirement
- Publication 12: A Guide to your CalPERS Service Credit Purchase Options
- Publication 38A: A Guide to CalPERS Community Property
- Publication HBD 120: CalPERS Health Program Guide

This project is ongoing, and revisions to additional high-impact publications are underway.

Business Partner Accountability

The Business Partner Accountability Project is dedicated to increasing our business partners' awareness of and compliance with retirement and health laws, regulations, and policies. To support business partners in maintaining compliance, several tools have been developed and outreach has been conducted, including a circular letter sent to all CalPERS employers informing them about the employer review process, the most common findings, and the process for resolving findings. A handout to inform employer senior leaders about key areas of compliance and the costs associated with non-compliance was first distributed at the Employer Education Forum in October and will continue to be circulated at Employer Response Dialogues and employer training classes.

On the CalPERS external website, checklists have been published to guide business partners in following correct procedures for administering my|CalPERS access for their employees who use the system to conduct business. Empowering our business partners with this information will strengthen the security and integrity of our members' data.

Budget and Fiscal Impacts

Not applicable.

Benefits and Risks

Regular reporting on customer service performance and customer experience enhancements enables appropriate Board oversight.

We do not anticipate any significant risks in our ability to fulfill customer needs and expectations moving forward.

Attachments

None

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