



# Pension and Health Benefits Committee Agenda Item 5

May 16, 2017

**Item Name:** Customer Services and Support Performance Update

**Program:** Customer Services & Support

**Item Type:** Information

### **Executive Summary**

Customer Services & 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 third quarter of Fiscal Year (FY) 2016-17, 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' Retirement 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 2016-17 third quarter performance and project updates.

### **Analysis**

During the third quarter we performed at an overall high level across our program areas. We continue to achieve high satisfaction rates on our customer surveys, indicating an overall positive customer experience in our core benefit payments and customer service interactions.

### **Exceptions Related to Strategic Measure 10: Benefit Payments**

We continue to perform above the exception threshold for the majority of our metrics monitoring the timeliness of our benefit payments, including service retirement, disability retirement, and refund payments. This quarter, we processed 99 percent of refunds within 30 days, exceeding our target.

The timeliness of survivor benefit payments fell below our strategic measure threshold due to the accelerated volume of deaths reported over the last year. When resource challenges exist to pay all death benefits timely, monthly ongoing benefits, often to a surviving spouse, are most critical to pay timely to ensure an uninterrupted benefit stream and the continuation of health benefits.

We have reprioritized workloads to make ongoing spousal monthly benefits our top priority and have redirected and reallocated resources to assist with the increased volume. We expect our survivor benefit payment metrics to trend upward over the upcoming months. Our staffing levels continue to increase as we have filled several vacant positions and training increases proficiency of new team members.

#### Exceptions Related to Strategic Measure 11: Customer Satisfaction

Strategic Measure 11 captures customer feedback with our business processes and services through a range of surveys. Collecting satisfaction data through surveys increases our responsiveness to our customers' needs. We exceeded our exception reporting threshold in the majority of our surveys, including achieving a 96 percent satisfaction rating for service retirement. Additional surveys we administer to measure customer education and some member self-service functions also exceeded our target of 95 percent. The following surveys fell below the reporting threshold for the quarter:

##### IRC 415 Replacement Benefit Plan

Satisfaction of new participants with the Replacement Benefit Plan (RBP) fell below the exception threshold. Although satisfaction rates for the RBP team's customer service were relatively high, retirees reported dissatisfaction that CalPERS does not offer direct deposit for RBP and concern over the timeliness of receiving their RBP payments. CalPERS is focused currently on minimizing the administrative costs of the RBP so additional fees are not passed on to the participants as required by law; therefore, direct deposit is not being explored now. In addition, our ability to issue timely payments is constrained because CalPERS cannot pay RBP benefits until employers pay their invoices. When we do not receive these payments, our team members reach out to the employers in an effort to improve the timeliness of payments to the affected retirees.

##### Service Credit Purchasing

Service Credit Purchasing (SCP) satisfaction fell below the exception threshold. Customers reported dissatisfaction with the length of the processing timeframe and the complexity of the process. Processing times have been affected by a significant increase in incoming cost requests each month during the quarter, likely related to successful education and outreach efforts at CalPERS Benefit Education Events. In response, we continue to implement business process improvements to gain efficiency. To address the resource constraints in this area, we have cross-trained team members to assist in processing requests.

#### 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.

##### Complexity Reduction

As of January 1, 2018, the complexity of our retirement options will be reduced through our Retirement Options Simplification initiative. By simplifying retirement options, we improve the customer experience and lessen the chance of any misunderstanding of retirement choices. Activities to ensure a smooth transition are well underway to communicate this change to members and employers through outreach efforts and updates to our educational materials, the CalPERS website, and myCalPERS. Forms, publications, letters, procedures, and other materials will be revised to reflect the change.



The spring edition of the PERSpective newsletter included an introduction to the topic, and an Employer News article will be released in May. Starting in June, members who anticipate retiring in 2018 will be able to request an estimate reflecting the new retirement options. More detailed information will be available on the CalPERS website no later than September 1. Our cross-divisional team will continue to work through implementation for a seamless transition.

#### Financial Literacy

To assist our members in understanding their benefits and responsibilities related to retirement planning, we developed a video education series in partnership with the Office of Public Affairs. The 10-video series, called "Planning Your Financial Future," covers topics such as:

- Budgeting
- Social Security
- Retirement Income Sources
- Examples of Tax-Deferred Savings
- Managing Debt
- Health Care Costs

Each video is two to three minutes long, and the full series is published on the CalPERS YouTube channel. CalPERS will be promoting the series through the employer bulletin, stakeholder and employer associations, social media, and promotional videos that will be shown at Regional Offices, CalPERS Benefit Education Events, and the October Educational Forum.

#### Green Initiatives

Starting July 1, participants who receive their retirement benefit via direct deposit will no longer automatically receive a mailed monthly direct deposit statement. Instead, statements will be available electronically through myCalPERS. Benefit recipients who prefer to continue receiving paper statements can make that election. We sent a letter to notify customers of this change in April and provided a postage-paid postcard to enable them to opt in to receiving paper statements if they prefer. Paperless statements offer privacy and security, are environmentally friendly, provide convenient access to deposit information, and yield cost savings.

In 2016, we transitioned Health Plan Statements online for over 685,000 members to achieve similar benefits of going paperless. This year, we have begun to realize the initial cost savings from this initiative. For FY 2016-17, cost savings are projected to be over \$325,000, which were offset by one-time costs for additional communication about the change during the year. As no other mailings about the transition are necessary, we expect savings to increase, with a savings of over \$1 million projected for FY 2017-18. These savings will accumulate as we continue to provide this information to members electronically each year.

#### Full Voice of the Customer

The Full Voice of the Customer project continues to expand our customer satisfaction surveys. We recently implemented surveys covering CalPERS-generated estimates and power of attorney processing. Customer feedback collected from these surveys has been positive. An additional survey covering employers' satisfaction with the public

agency billing process administered through myCalPERS will be implemented in June 2017.

A subcommittee from the project team finalized a methodology and process for facilitating action on the customer feedback we receive through our extensive range of surveys. This process allows us to effectively identify actionable comments from customers and monitor our response to resolve issues or implement process improvements. Centralized management and reporting of actions taken in response to customer feedback will help us continue to enhance business processes and improve the customer experience.

An Actionable Feedback business plan initiative planned for FY 2017-18 will continue efforts to further expand our ability to analyze survey data and enhance our reporting, ensuring that we continue to take full advantage of feedback and maintain accountability to our customers.

#### Event Triggered Outreach

As part of our Event Triggered Outreach project, we featured a retirement checklist in the January 2017 PERSpective. We have also developed a marketing product to be included in the First Benefit Check letter. The product directs new retirees to their myCalPERS account and features a checklist of items to successfully manage their CalPERS benefits. By providing timely and relevant educational resources to our members during important life events and milestones, such as retirement, we empower our members with the information needed to make informed decisions.

#### 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:

##### Completed Revisions

- Publication 13: Temporary Annuity
- Publication 31: Retired Member Death Benefits
- Publication 33: Working After Retirement
- Publication 37: A Guide to CalPERS Reinstatement

##### Active Revisions

- Publication 16: When You Change Retirement Systems
- Publication 30: Special Power of Attorney

This project will conclude at the end of FY 2016-17 with the completion of the remaining revisions.

#### CalPERS Benefit Education Events

In support of our commitment to conducting outreach and providing access to education for our members to make informed choices about their financial future, we continue to conduct CalPERS Benefit Education Events for members in metropolitan and remote locations throughout California.



Scheduling these events for FY 2017-18 is nearly complete. Currently, three events have been finalized and shared with the public:

- July 21–22, 2017: Santa Clara
- August 18–19, 2017: Pasadena
- September 15–16, 2017: Garden Grove

We expect contracts to be confirmed this month for six events planned for 2018.

**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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