## EPR First Quarter Report: Strategic Measures Summary Dashboard

The CalPERS 2017-22 Strategic Plan encompasses 34 Strategic Measures (Measures) that enable us to track our progress towards achieving our strategic goals and objectives. The Strategic Measures Summary Dashboard provides a brief synopsis of how all 34 Measures are performing for the first quarter (July 1, 2018 – September 30, 2018). Additional performance details can be found on the summary sheets for each Measure.

**First Quarter Measure Performance:**
- 1 On-Target (Green)
- 27 Pending refresh
- 5 Under development
- 1 Closed Session item

Thresholds have been established for each Measure that afford us the ability to assess performance and identify whether each respective Measure is On-Target, At-Risk, or Off-Target.

A column has been added to show the previous quarter’s performance. Please note that a long dash (–) will be reflected if a previous performance status is not available, specifically for new and/or amended Measures.
## Enterprise Performance Reporting – First Quarter Status

### Strategic Measures

#### Fund Sustainability

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Previous Quarter Performance (Q4, FY17-18)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded status</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>Red</td>
<td>5</td>
</tr>
<tr>
<td>Projected funded status</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>Green</td>
<td>7</td>
</tr>
<tr>
<td>1-year total expected fund volatility</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>Green</td>
<td>9</td>
</tr>
<tr>
<td>Annualized (5-year) excess investment returns relative to Total Fund policy benchmark</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>Yellow</td>
<td>10</td>
</tr>
<tr>
<td>Stakeholder assessment survey – risk</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>⬤</td>
<td>11</td>
</tr>
<tr>
<td>Investment managers policies and procedures for ESG factor integration</td>
<td>⭐</td>
<td></td>
<td></td>
<td></td>
<td>⬤</td>
<td>12</td>
</tr>
</tbody>
</table>

#### Health Care Affordability

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Previous Quarter Performance (Q4, FY17-18)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to care</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
<td>Green</td>
<td>13</td>
</tr>
<tr>
<td>Total health care cost annual change</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>14</td>
</tr>
<tr>
<td>Diabetes self-management</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>15</td>
</tr>
<tr>
<td>Mental health and well being</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>16</td>
</tr>
<tr>
<td>Self-reported overall health status</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>17</td>
</tr>
<tr>
<td>Opioids – dose</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>18</td>
</tr>
<tr>
<td>Opioids – duration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>⬤</td>
<td>19</td>
</tr>
<tr>
<td>C-section rate</td>
<td>⬤</td>
<td></td>
<td></td>
<td>⬤</td>
<td>Green</td>
<td>20</td>
</tr>
<tr>
<td>Acute onset lower backpain and related opioid use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>–</td>
<td>21</td>
</tr>
<tr>
<td>Acute onset lower backpain and physical therapy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>–</td>
<td>22</td>
</tr>
<tr>
<td>Overuse of imaging for back pain</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
<td>–</td>
<td>23</td>
</tr>
</tbody>
</table>

**Status Key**:
- **Green**: On-Target
- **Yellow**: At-Risk
- **Red**: Off-Target
- **.pending Refresh**: Pending Refresh
- **:** Data Not Available
- **☐**: Measure Under Development
## Strategic Measures

### Reduce Complexity

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Previous Quarter Performance (Q4, FY17-18)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEM – pension complexity score</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>External investment manager reduction strategy</td>
<td>✻</td>
<td></td>
<td></td>
<td></td>
<td>❑</td>
<td>25</td>
</tr>
<tr>
<td>CEM – information technology capability score</td>
<td>✻</td>
<td></td>
<td></td>
<td>–</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>CEM – cost per member</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Overhead operational cost</td>
<td>❑</td>
<td></td>
<td></td>
<td>**</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>5-year net value added</td>
<td>✻</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>

### Risk Management

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Previous Quarter Performance (Q4, FY17-18)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder assessment survey – compliance and risk</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Risk employee awareness survey</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Risk program maturity assessment</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Compliance employee awareness survey</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Compliance program maturity assessment</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Composite security health score within range</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td>Closed Session</td>
<td>35</td>
</tr>
</tbody>
</table>

### Talent Management

<table>
<thead>
<tr>
<th>Measure</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Previous Quarter Performance (Q4, FY17-18)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness of outreach activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Workforce diversity &amp; inclusion</td>
<td>✻</td>
<td></td>
<td></td>
<td>✻</td>
<td></td>
<td>37</td>
</tr>
<tr>
<td>Engagement survey results and action items – accountability</td>
<td>✻</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38</td>
</tr>
</tbody>
</table>
## Strategic Measures

<table>
<thead>
<tr>
<th>Engagement survey results and action items – senior and executive management relationships</th>
<th>⋆</th>
<th></th>
<th></th>
<th>–</th>
<th>39</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proficiency in CalPERS leadership competencies</td>
<td>☐</td>
<td></td>
<td></td>
<td>**</td>
<td>40</td>
</tr>
</tbody>
</table>

### Status Key

- **On-Target**
- **At-Risk**
- **Off-Target**
- **Pending Refresh**
- **Data Not Available**
- **Measure Under Development**
2017-22 Strategic Plan | Strategic Measure Summary (As of 9/30/18)

VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

FUND SUSTAINABILITY
Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund the System through an integrated view of pension assets and liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Funded Status</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Alignment of Asset Liability Management</td>
</tr>
</tbody>
</table>

Measure Description:
Funded Status is a measure of a pension system’s health and is determined by dividing the market value of assets by the actuarial accrued liability. This measure will evaluate overall Funded Status for the three major components of the Public Employees’ Retirement Fund (PERF): State, Schools, and Public Agency employers.

As part of the CalPERS ALM cycle, the Board will examine the current Funded Status of the system and make decisions in alignment with the goal of strengthening the long-term sustainability of the pension fund. CalPERS is also focused on reducing complexity and system costs which will contribute positively to the Funded Status of the PERF.

Annually, the Actuarial Office provides the Funded Status as of the previous fiscal year and the Projected Funded Status as of current fiscal year. The inputs for this metric are influenced by five main factors:

- Payment of unfunded liabilities
- Actual vs. expected investment returns
- Change in actuarial methods and assumptions
- Benefit changes
- Actuarial experience

Baseline:
PERF 70.9% (as of June 30, 2018)
Funded Status for the three major components of the PERF:

- State: 70.8%
- Schools: 69.9%
- Public Agencies: 71.5%

Measure Owner: Michael Cohen
Refresh Frequency: Annually, August
Reporting Range: Investment returns through the most recent fiscal year-end are combined with actuarial valuation results to update the measures

Thresholds:
- > 100% Funded Status
- 80% to < 100% Funded Status
- < 80% Funded Status

Status (Numeric) for current reporting period:
N/A
Current Status:
Pending Refresh
<table>
<thead>
<tr>
<th><strong>Target:</strong></th>
<th>Long-term (beyond the current strategic plan) funded status of 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure Status (Narrative):</strong></td>
<td>This measure was reported early in quarter 4 for FY 2017-18.</td>
</tr>
<tr>
<td>Performance data will be available in August 2019.</td>
<td></td>
</tr>
</tbody>
</table>
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

FUND SUSTAINABILITY
Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund the System through an integrated view of pension assets and liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Projected Funded Status</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Alignment of asset liability management; Redesign and enhance the actuarial valuation system; Actuarial valuation system – advanced analytics</td>
</tr>
</tbody>
</table>

Measure Description:
Monitoring the actual vs. projected Funded Status of the PERF to determine if CalPERS’ goal of 100% funding is on track.

Annually, the Actuarial Office provides the Funded Status as of the previous fiscal year and the projected Funded Status as of the current fiscal year.

The inputs for this metric are influenced by five main factors:
- Payment of unfunded liabilities
- Actual vs. expected investment returns
- Change in actuarial methods and assumptions
- Benefit changes
- Actuarial experience

Annually, the Actuarial Office produces valuation reports for the State, Schools and Public Agency employers to determine minimum employer contribution requirements and the Funded Status of each plan. Because Funded Status changes slowly over time, it is important to monitor performance trends to indicate if long-term funding goals are on track.

Baseline:
PERF: 70.9% (as of June 30, 2018)
Funded Status for the 3 major components of PERF:
- State: 70.8%
- Schools: 69.9%
- Public Agencies: 71.5%

Baseline for the PERF will be established annually in August using annual actuarial valuation reports.

Measure Owner: Michael Cohen
Refresh Frequency: Annually, August
Reporting Range: Investment returns through the most recent fiscal year end are combined with actuarial valuation results to update the measures.

Thresholds:
- Not more than 1.0% below projected funded status
- 1.0% - 3.0% below projected funded status
- More than 3.0% below projected funded status

Status (Numeric) for current reporting period:
N/A

Current Status:
Pending Refresh
**Target:**
Meet or exceed the projected funded status for the PERF of 70.9% as of June 30, 2019, based on actuarial valuation reports.

**Measure Status (Narrative):**
This measure was reported early in quarter 4 for FY 2017-18.

Performance data will be available in August 2019.
FUND SUSTAINABILITY
Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Mitigate the risk of significant investment loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>1-year total expected fund volatility</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Investment risk management and performance attribution</td>
</tr>
</tbody>
</table>

Measure Description:
The total (gross) risk of the Total Fund (Fund) expressed in the standard deviation (1-yr) of the Funds’ total return distribution, expressed in percent. Reported on a fiscal year-end basis, the metric will measure the expected volatility of the Total Fund returns. The current target was derived through the Capital Market Assumption (CMA) process used in the November 2017 Asset Liability Management (ALM) Cycle, to be effective July 1, 2018. The ALM process occurs every four years.

Baseline:
Current Barra volatility estimate for PERF is 7.6%, as of June 30, 2018.

Target:
Current total expected fund volatility is 8% or less, as of July 1, 2018.

Measure Status (Narrative):
This measure was reported early in quarter 4 for FY 2017-18.

Performance data will be available in August 2019.

Measure Owner: Ted Eliopoulos
Refresh Frequency: Annually, August
Reporting Range: FY 2017-18
Thresholds:
- Equal to or less than the target
- 1-50 basis points excess of target
- 51 basis points or more excess of target

Status (Numeric) for current reporting period:
N/A

Current Status:
Pending Refresh
2017-22 Strategic Plan | Strategic Measure Summary (as of 9/30/18)

VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

FUND SUSTAINABILITY
Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Deliver target risk-adjusted investment returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Annualized (5-year) excess investment returns relative to Total Fund policy benchmark</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Enhance capital allocation framework; Enhance investment platform and controls; Investment program long-term planning</td>
</tr>
</tbody>
</table>

**Measure Description:**
Measures annualized 5-year excess investment returns relative to the Total Fund policy benchmark, which is a composite established by the Investment Committee-assigned asset class benchmarks and the target weights derived from the Asset Liability Management (ALM) process.

Reported on a fiscal year-end basis, the metric will measure the effectiveness of the Investment Office in meeting the objective of achieving investment performance relative to relevant targets. The actual performance generated by the portfolio is affected by both the active under- or over-weighting of the asset classes within their policy ranges, as well as the performance of the individual asset classes vs. their specified policy benchmark.

**Baseline:**
The Total Fund policy benchmark will be recalculated on a rolling 5-year period.

**Target:**
Meet or exceed the Total Fund policy benchmark.

Policy benchmark weights are fixed and do not vary except by Investment Committee action, such as the approval of interim target weights.

**Measure Status (Narrative):**
This measure was reported early in quarter 4 for FY 2017-18.

Performance data will be available in August 2019.

**Measure Owner:** Ted Eliopoulos

**Refresh Frequency:** Annually, August

**Reporting Range:** FY 2014-15 through FY 2018-19

**Thresholds:**
- Exceed Total Fund Policy Benchmark
- Meet or Trail Total Fund Policy Benchmark by up to 10 basis points
- Trail Total Fund Policy Benchmark by 10 basis points or more

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
2017-22 Strategic Plan | **Strategic Measure Summary** *(As of 9/30/18)*

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

---

**FUND SUSTAINABILITY**

Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Educate employers, members, and stakeholders on system risks and mitigation strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Stakeholder assessment survey - risk</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Stakeholder education on system risks &amp; mitigation</td>
</tr>
</tbody>
</table>

**Measure Description:**
The measure scores the overall stakeholder perception of CalPERS' success in explaining and mitigating risks to the System. Data is gathered through the annual Stakeholder Perception Survey in response to the statement "I understand the risks inherent in the System and I am confident CalPERS is taking steps to reduce the risks." The target will be met through continued stakeholder engagement, proactive communications with our various member/employer/retiree populations, and through focused efforts to share our risks and risk mitigation strategies.

**Baseline:**
5.17 out of 7 possible points

**Target:**
Five-year goal: achieve a score of 5.43 out of 7; a 5% increase from the baseline. Annual increases of 1% (0.05 points).

**Measure Status (Narrative):**
Performance data will be available in February 2019.

---

**Measure Owner:** Brad Pacheco

**Refresh Frequency:** Annually, February

**Reporting Range:** February 2018 – February 2019

**Thresholds:** The five-year goal is an increase of 5%, giving us a target of 1% increase annually.

- Green: Annual increase of 0.05 + points
- Yellow: Annual increase of 0.0 - 0.04 points
- Red: Decrease from 5.17 or failure to increase 1% from the previous year

**Status (Numeric) for current reporting period:**
N/A

**Current Status:** Pending Refresh
2017-22 Strategic Plan | **Strategic Measure Summary** (as of 9/30/18)

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

---

**FUND SUSTAINABILITY**

Strengthen the long-term sustainability of the pension fund

<table>
<thead>
<tr>
<th>Objective</th>
<th>Integrate environmental, social, and governance considerations into investment decision making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Investment managers policies and procedures for ESG factor integration</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Investment beliefs and environmental, social, and governance risk integration</td>
</tr>
</tbody>
</table>

**Measure Description:**

CalPERS team members developed an annual survey of internal and external strategic managers on their policies and procedures related to ESG risk and opportunity considerations. This was established as a Strategic Priority in August 2016 as part of CalPERS’ Environmental Social and Governance (ESG) strategy. Asset classes are continuing to refine and evolve ESG integration efforts, including continued sharing of best practices internally and amongst external investment managers. This annual survey is to determine the percentage of internal and external strategic managers that have policies and procedures articulating how ESG risk and opportunity considerations are incorporated into investment processes and decisions.

**Baseline:**

As of 2016, the baseline for this measure will be 96% with a target of 100% integration, as established by the INVO Sustainable Investments (SI) staff responsible for central monitoring, external communication, and establishment of measurement processes and reporting.

**Target:**

100% of internal and external investment managers have policies and procedures in place to integrate ESG factors into investment decisions.

**Measure Status (Narrative):**

Performance data will be available in August 2019.

**Measure Owner:** Ted Eliopoulos

**Refresh Frequency:** Annually, August

**Reporting Range:** FY 2017-18

**Thresholds:**

- 80% and above
- 50 – 79%
- Less than 50%

**Status (Numeric) for current reporting period:** N/A

**Current Status:** Pending Refresh
**HEALTH CARE AFFORDABILITY**
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Restructure benefit design to promote high-value health care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Access to care</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Site of care management</td>
</tr>
</tbody>
</table>

**Measure Description:**
Percent of CalPERS members responding that they received routine care as soon as they needed it in the last 12 months.

This metric represents the perception of CalPERS members’ access to care when needed. A higher percentage is considered good.

Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.

**Measure trend:**
- 86.4% (survey conducted in 2017 covering experience in 2016)
- 86.6% (survey conducted in 2018 covering experience in 2017)

**Baseline:**
86.0% (survey conducted in 2016 covering experience in 2015)

**Target:**
90%

**Measure Status (Narrative):**
Performance data will be available in June 2019.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:** Annually, June

**Reporting Range:** January – December 2018

**Thresholds:**
- **85% +**
- **80 – 84.9%**
- **Below 80%**

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Restructure benefit design to promote high-value health care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Total health care cost annual change</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Value-based insurance design: feasibility; Pharmacy benefit design pilot; Reference pricing expansion</td>
</tr>
</tbody>
</table>

Measure Description:
This measure assesses the annual overall percent change in CalPERS Health Care premiums compared to the US Health Care inflation rate, which is measures by the change in the Consumer Price Index (CPI) for medical care from the previous year.

CalPERS exceeded the target by holding the annual overall percent increase in health care premiums for 2018 below 5.51 percent. The percent increase in health care premiums for 2018 is 2.33 percent.

The medical care index is one of eight major groups in the CPI and is divided into two main components: medical care services and medical care commodities, each containing several item categories, including health insurance and medical drugs.

Factors that can influence this measure include member utilization, unit costs, and contract negotiations. Innovations and efficiencies such as promoting efficient hospital plan networks, value based purchasing and integrated health models, help mitigate medical trend increases.

Baseline:
The US Health Care inflation rate, measured by change in the Consumer Price Index (CPI) for medical care. The baseline for 2017 is 2.51 percent.

Target:
Below 5.51 percent for 2018. The goal is to keep annual overall increase in CalPERS Health Care premiums below change in medical care CPI plus 3 percent. These amounts change annually.

Measure Status (Narrative):
Performance data will be available in March 2019.

Measure Owner: Liana Bailey-Crimmins
Refresh Frequency: Annually, March
Reporting Range: January – December 2018
Thresholds: 2018
- Below 5.51%
- 5.51 – 7.51%
- Above 7.51%
Status (Numeric) for current reporting period: N/A
Current Status: Pending Refresh
## HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Improve the health status of our employees, members and their families, and the communities where they live</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Diabetes self-management</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Population health alignment with <em>Let’s Get Healthy California</em> taskforce report dashboard</td>
</tr>
</tbody>
</table>

### Measure Description:
This measure assesses the proportion of diabetics who report that they check their blood glucose or sugar at least once a day.

This metric represents the percentage of CalPERS members with diabetes who indicated that they check their blood for glucose or sugar at least once a day, based on the Annual Health Plan Member survey. A higher percentage is considered good.

Factors that can influence this measure include:
- Provider and member behavior.
- Enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners. For example, many health plans have disease management programs through which members receive advice and coaching on diabetes by telephone.

Measure trend:
- 64.1% (survey conducted in 2017 covering experience in 2016)
- 60.1% (survey conducted in 2018 covering experience in 2017)

**Baseline:**
- 67.3% (survey conducted in 2016 covering experience in 2015)

**Target:**
- 70%

**Measure Status (Narrative):**
Performance data will be available in June 2019.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:** Annually, June

**Reporting Range:** January – December 2018

**Thresholds:**
- 60% and above
- 50-59.9%
- Below 50%

**Status (Numeric) for current reporting period:** N/A

**Current Status:** Pending Refresh
## HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Improve the health status of our employees, members and their families, and the communities where they live</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Mental health and well being</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Population health alignment with Let’s Get Healthy California taskforce report dashboard</td>
</tr>
</tbody>
</table>

**Measure Description:**
Percentage of CalPERS members who answered “Usually” or “Always” to the Health Plan Member Survey (HPMS) question “In the last 12 months, how often was it easy to get the treatment or counseling you needed through your health plan?”

CalPERS team members chose to focus on the above-mentioned measure because health plans can influence access to care and because CalPERS data are readily available. CalPERS data on major depressive episodes in people with depression (a Let’s Get Healthy California measure) are unavailable. Access to mental health services can impact a variety of mental illnesses, such as depression, schizophrenia, bipolar disorder, Attention Deficit Hyperactivity Disorder (ADHD), Post Traumatic Stress Disorder (PTSD), anorexia, and bulimia.

**Baseline:**
72.2% (2017 data covering member experience in 2016)

**Target:**
80%. There are no known standardization benchmarks for the question; therefore, this target was chosen with the objective to exceed current and past (63.1% in 2016 and 71.1% in 2015) results. The lower threshold was chosen at 10% less than the target.

**Measure Status (Narrative):**
No 2018 data covering member experience in 2017 available.

Performance data will be available in June 2019.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:** Annually, June, beginning in 2019

**Reporting Range:** January – December 2018

**Thresholds:**
- Green: 80% and above
- Yellow: 65-79.9%
- Red: Below 65%

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Improve the health status of employees, members and their families, and the communities where they live</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Self-reported overall health status</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Population health alignment with Let’s Get Healthy California taskforce report dashboard; Partner with health plans to engage in community activities</td>
</tr>
</tbody>
</table>

**Measure Description:**
This measure assesses the proportion of CalPERS member who rate their overall health as good, very good, or excellent.

This metric represents the percentage of CalPERS members who rated their overall health as good, very good, or excellent on the annual Health Plan Member survey. A higher percentage is considered good.

Factors that can influence this measure include enforcement of contractual requirements and collaborative efforts with CalPERS health plan partners.

**Measure trend:**
87.8% (survey conducted in 2017 covering experience in 2016)
87.5% (survey conducted in 2018 covering experience in 2017)

**Baseline:**
88.4% (survey conducted in 2016 covering experience in 2015)

**Target:**
90%

**Measure Status (Narrative):**
Performance data will be available in June 2019.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:** Annually, June

**Reporting Range:** January – December 2018

**Thresholds:**
- 85% and above
- 80-84.9%
- Below 80%

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California

MISSION: Deliver retirement and health care benefits to members and their beneficiaries

CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Opioids – dose</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Statewide collaboration through Smart Care California</td>
</tr>
</tbody>
</table>

Measure Description:
Morphine milligram equivalents (MME) per capita on an incurred year basis for Basic plans.

This measure has undergone development. Prior to 2018, the original target for this measure was tentatively the national average (640) because CalPERS was unable to perform MME analyses in the data warehouse. As CalPERS team members discovered that CalPERS is already much better than national and California averages, we are shifting to a target of 45% of the national average as a “stretch” goal, and 50% of the national average as “red zone.” (The calculations exclude Methadone and Suboxone, drugs which are typically used to treat opioid addiction.)

The federal Centers for Disease Control and Prevention (CDC) reported that the average daily morphine milligram equivalents (MME) of opioids prescribed per capita in the United States increased from 180 in 1999 to 782 in 2010, then decreased to 640 in 2015. The California MME per capita, as reported by amfAR (The Foundation for AIDS Research) is 467.0.

Medicare data are currently unavailable for this measure. However, the Centers for Medicare and Medicaid Services (CMS) requires Medicare plans to take actions regarding opioid management, and our Medicare plans are following CMS guidelines in this area.

Baseline: 317.46 for 2017

Target:
Below 288

Measure Status (Narrative):
Performance data will be available in April 2019.

Measure Owner: Liana Bailey-Crimmins

Refresh Frequency: Annually, April

Reporting Range: January – December 2018

Thresholds:
- Below 288
- 289-319
- 320 and above

Status (Numeric) for current reporting period: N/A

Current Status: Pending Refresh
### HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure</strong></td>
<td>Opioids - duration</td>
</tr>
<tr>
<td><strong>Associated Initiative</strong></td>
<td>Statewide collaboration through <em>Smart Care California</em></td>
</tr>
</tbody>
</table>

**Measure Description:**
Prescription opioid misuse is a public health problem that can lead to long-term health consequences, including death.

CalPERS management requested a measure related to the duration of opioid use. The only known relevant nationally-accepted, common measure is the Healthcare Effectiveness Data and Information Set (HEDIS) measure “Use of Opioids at High Dosage.” A new HEDIS measure for 2018, this is defined as “For members 18 years and older, the rate per 1,000 receiving prescription opioids for greater than or equal to 15 days during the measurement year at a high dosage (average morphine milligram dose (MED) greater than 120mg). As the measure is new, national comparative data to establish a target and thresholds will not be available until May 2019.

CalPERS will wait for the measure to be available within the data warehouse and for national benchmarks to be established.

**Baseline:**
This measure is under development with an estimated completion date of June 2019. CalPERS team members are currently researching the feasibility of calculating this measure using a “HEDIS-like” methodology.

**Target:**
Measure under development with an estimated completion date of June 2019.

**Measure Status (Narrative):**
Measure under development with an estimated completion date of June 2019.
**HEALTH CARE AFFORDABILITY**
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>C-section rate</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Statewide collaboration through Smart Care California</td>
</tr>
</tbody>
</table>

**Measure Description:**
Percent of in-network hospitals providing obstetric services to CalPERS members that have a NTSV ("nulliparous" [i.e., first time], "term" [i.e., not preterm or post-term], "single" [i.e., not twins, triplets, etc.], and "vertex" [i.e., not breech]) cesarean section rate of 23.9% or less.

Although cesarean births can be lifesaving and medically optimal, far too many are performed for non-medical reasons. This measure originally involved total C-section rates; however, both nationally and in California (e.g., under Let's Get Healthy California), the preferred measure for C-sections is the NTSV rate, and the NTSV C-section target rate is 23.9% or less.

Calculating the overall NTSV C-section rates among CalPERS membership would require linkage to external data sources, which would be administratively difficult. In contrast, it is simple to determine from each health plan which contracted hospitals provide obstetric services to CalPERS members.

**Baseline:**
36.96%. That is, out of the 257 in-network hospitals that provided obstetric services to CalPERS members in 2017, 95 (36.96%) had an NTSV C-section rate of 23.9% or less.

**Target:**
45% of in-network hospitals meet the NTSV C-section rate of 23.9%

**Measure Status (Narrative):**
Performance data will be available in August 2019.
**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

### HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Acute onset lower-back pain and related opioid use</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Statewide collaboration through Smart Care California</td>
</tr>
</tbody>
</table>

**Measure Description:**
Under development

**Baseline:**
Under development

**Target:**
Under development

**Measure Status (Narrative):**
This Strategic Measure is under development. Establishing a standard measurement, baseline and target is complex given the broad spectrum of back pain, various evidence-based treatment options, and variations of the comparative population. The Health Plan Administration clinical team is collaborating with Smart Care California to define a standard measurement by January 2019, which will be used to establish baseline and target.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:**

**Reporting Range:**

**Thresholds:**

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Under Development
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

### HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Acute onset lower back pain and physical therapy</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Statewide collaboration through Smart Care California</td>
</tr>
</tbody>
</table>

**Measure Description:**
Under development

**Baseline:**
Under development

**Target:**
Under development

**Measure Status (Narrative):**
This Strategic Measure is under development. Establishing a standard measurement, baseline and target is complex given the broad spectrum of back pain, various evidence-based treatment options, and variations of the comparative population. The Health Plan Administration clinical team is collaborating with Smart Care California to define a standard measurement by January 2019, which will be used to establish the baseline and target.

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:**

**Reporting Range:**

**Thresholds:**

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Under Development

Status Legend:
- Green: On-Target
- Yellow: At-Risk
- Red: Off-Track
- Black Star: Pending Refresh
- Two Black Stars: Data Not Available
- Box: Measure Under Development
**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

### HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

<table>
<thead>
<tr>
<th>Objective</th>
<th>Reduce the overuse of ineffective or unnecessary medical care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Overuse of imaging for back pain</td>
</tr>
</tbody>
</table>
| Associated Initiative | Statewide collaboration through *Smart Care California*

**Measure Description:**
According to the National Committee for Quality Assurance (NCQA), evidence shows that unnecessary or routine imaging (X-ray, MRI, CT scans) for low back pain is not associated with improved outcomes. It also exposes patients to unnecessary harms such as radiation and further unnecessary treatment. For the majority of individuals who experience severe low back pain, pain improves within the first two weeks of onset. Avoiding imaging for patients when there is no indication of an underlying condition can prevent unnecessary harm and unintended consequences to patients and can reduce health care costs.

This strategic measure tracks CalPERS’ health plan performance in this area based on the nationally-accepted Healthcare Effectiveness Data and Information Set (HEDIS) measure “Use of Imaging Studies for Low Back Pain” which assesses adults 18–50 with a primary diagnosis of low back pain who did not have an imaging study (plain X-ray, MRI or CT scan) within 28 days of the diagnosis (a higher score indicates better performance). HCDSS data is used so that standardized data definitions can be applied across all health plans.

**Baseline:**
84.8% (combined HMO and PPO percentage for 2016)

**Target:**
85%

**Measure Status ( Narrative):**
Performance data will be available in December 2018

**Measure Owner:** Liana Bailey-Crimmins

**Refresh Frequency:** Annually, December

**Reporting Range:** January – December 2017

**Thresholds:**
- 80% or higher
- 75-79%
- Below 75%

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
# 2017-22 Strategic Plan | Strategic Measure Summary (As of 9/30/18)

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

## REDUCE COMPLEXITY
Reduce complexity across the enterprise

<table>
<thead>
<tr>
<th>Objective</th>
<th>Simplify programs to improve service and/or reduce cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>CEM pension administration benchmarking survey – pension complexity score</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>CEM Complexity Score Maintenance</td>
</tr>
</tbody>
</table>

**Measure Description:**
The total Cost Effectiveness Measurement (CEM) complexity score represents the weighted average of CEM’s complexity measure by cause, before scaling, from the annual CEM Pension Administration Benchmarking Survey.

**Baseline:**
Weighted average complexity score 69 (Fiscal Year 2016-17)

**Target:**
Maintain weighted average complexity score between 67-71

**Measure Narrative Status:**
Performance data will be available in June 2019

**Measure Owner:** Donna Lum

**Refresh Frequency:** Annually, June

**Reporting Range:** August – June

**Thresholds:**
- Complexity score 67 – 71
- Complexity score <67
- Complexity score >71

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
# 2017-22 Strategic Plan | Strategic Measure Summary (as of 9/30/18)

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California  
**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries  
**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

## REDUCE COMPLEXITY
Reduce complexity across the enterprise

<table>
<thead>
<tr>
<th>Objective</th>
<th>Simplify programs to improve service and/or reduce costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>External investment manager reduction strategy</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>External manager monitoring, expectations, and reduction strategy</td>
</tr>
</tbody>
</table>

### Measure Description:
This metric examines the total population of strategic and transition external managers retained to manage assets on behalf of CalPERS. Transparent, robust, fair and competitive ongoing evaluation processes are driving this metric.

The INVO 2020 Vision, a 5-year strategic plan, focuses on reducing management fees and complexity, enhancing governance and manager expectations, and moving to fewer but more strategic partnerships.

### Baseline:
As of 2016, 151 external strategic and transition managers

### Target:
100 or fewer external strategic and transition managers, by June 2020

### Measure Status (Narrative):
This measure was reported early in quarter 4 for FY 2017-18.

Performance data will be available in August 2019.

### Measure Owner:
Ted Eliopoulos & Elisabeth Bourqui

### Refresh Frequency:
Annually, August

### Reporting Range:
FY 2017-18

### Thresholds:
- Decrease of 5 or more managers per year
- Decrease of 4 or less managers per year
- No reduction, or increase in # of managers

### Status (Numeric) for current reporting period:
N/A

### Current Status:
Pending Refresh
Measure Description:
This measures the overall contribution of the value IT provides to business capability. Drivers of this metric include website and contact center access to member data, as well as data accuracy and completeness.

Baseline:
The baseline is the FY 2012-13 CEM IT Capability Score of 83.

Target:
CalPERS target is to stay within the range of 80-90.

Measure Status (Narrative):
Performance data will be available in June 2019.
**2017-22 Strategic Plan | Strategic Measure Summary** *(As of 9/30/18)*

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

---

**REDUCE COMPLEXITY**
Reduce complexity across the enterprise

<table>
<thead>
<tr>
<th>Objective</th>
<th>Streamline operations to gain efficiencies, improve productivity, and reduce costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>CEM pension administration benchmarking survey – cost per member</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Develop and implement continuous process improvement framework</td>
</tr>
</tbody>
</table>

**Measure Description:**
From the annual CEM Pension Administration Benchmarking Survey, reduce cost per member, exclusively to pension administration, and does not include health and investment.

**Baseline:**
$207 cost per member for FY 2016-17

**Target:**
Reduce by 2% annually

**Measure Status (Narrative):**
Performance data will be available in June 2019

**Measure Owner:** Michael Cohen

**Refresh Frequency:** Annually, June

**Reporting Range:** FY 2017-18

**Thresholds:**
- Green: Reduced by 2.0% annually
- Yellow: Reduced by 1.5-1.99% annually
- Red: Reduced by less than 1.5% annually

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh

---

**Status Legend**
- On-Target
- At-Risk
- Off-Target
- Pending Refresh
- Data Not Available
- Measure Under Development
### 2017-22 Strategic Plan | Strategic Measure Summary (as of 9/30/18)

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California

**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries

**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

---

#### REDUCE COMPLEXITY
Reduce complexity across the enterprise

<table>
<thead>
<tr>
<th>Objective</th>
<th>Streamline operations to gain efficiencies, improve productivity, and reduce costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Overhead Operational Cost</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Develop and implement continuous process improvement framework</td>
</tr>
</tbody>
</table>

**Measure Description:**
Overhead operational costs calculated for pension administration and health.

**Baseline:**
The overhead operational costs for FY 2016/17 was $210,114,665. After adjusting for General Salary Increases in FY 2017/18, the effective baseline for comparison with FY 2017/18 expenses was $215,263,446.

**Target:**
Reduce by 1.5-2% annually

**Measure Status (Narrative):**
The overhead operational costs for FY 2017/18 was $211,033,714; a 2.0% reduction when compared to the adjusted baseline.

**Measure Owner:** Michael Cohen

**Refresh Frequency:** Annually, September

**Reporting Range:** FY 2017-18

**Thresholds:**
- Reduced by 1.5-2.0% annually
- Reduced by 1.0-1.49% annually
- Reduced by less than 1.0% annually

**Status (Numeric) for current reporting period:**
2.0% reduction in costs compared to the adjusted baseline

**Current Status:** On-Target
## REDUCE COMPLEXITY
Reduce complexity across the enterprise

<table>
<thead>
<tr>
<th>Objective</th>
<th>Streamline operations to gain efficiencies, improve productivity, and reduce costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>5-year net value added</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Enhance business effectiveness, resource allocation, and efficiency of investment programs</td>
</tr>
</tbody>
</table>

**Measure Description:**
5-year net value added relative to an appropriate peer universe median return adjusted for composition of asset allocation and after expenses. Each year, INVO participates in a CEM Benchmarking (CEM) survey which independently analyzes costs against a customized peer group.

**Baseline:**
5-year net value-added relative to an appropriate United States’ (US) peer universe median return, adjusted for composition of asset allocation and after expenses. The baseline will be readjusted based on the new aggregate 5-year period.

**Target:**
Exceed the median US peer on investment cost and returns

**Measure Status (Narrative):**
This measure was reported early in quarter 4 for FY 2017-18.

Performance data will be available in August 2019.

**Measure Owner:** Ted Eliopoulos

**Refresh Frequency:** Annually, August

**Reporting Range:** Current 5 Year Period: FY 2012-13 through FY 2016-17

**Thresholds:**
- ⬤ Exceed the US Peer median
- ▲ Meet the US Peer median
- ❌ Fall below the US Peer median

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

RISK MANAGEMENT
Cultivate a risk-intelligent organization

Objective | Enhance compliance and risk functions throughout the enterprise
---|---
Measure | Stakeholder assessment survey – compliance and risk
Associated Initiative | Increase enterprise-wide compliance awareness

**Measure Description:**
The measure scores the overall stakeholder perception of CalPERS' success in implementing functions and programs that support compliance and risk. Data is gathered through the annual Stakeholder Perception Survey in response to the statement: "CalPERS has effective functions and programs to address compliance and risk." The target will be met through continued stakeholder engagement and the consistent demonstration of our commitment to a culture of compliance and risk as an organization and as a system.

**Baseline:**
5.16 out of 7 possible points

**Target:**
Five-year goal: 5.43 out of 7; a 5% increase from the baseline. Annual increases of 1% (0.05 points).

**Measure Status (Narrative):**
Performance data will be available in February 2019

**Measure Owner:** Brad Pacheco

**Refresh Frequency:** Annually, February

**Reporting Range:** February 2018 - February 2019

**Thresholds:** The five-year goal is an increase of 5%, giving us a target of 1% increase annually.

- Green: Annual increase of 0.05 + points
- Yellow: Annual increase of 0.0-0.04 points
- Red: Decrease from 5.16 or increase of less than 1% from previous year

**Status (Numeric) for current reporting period:**
N/A

**Current Status:** Pending Refresh
### VISION:
A respected partner, providing a sustainable retirement system and health care program for those who serve California

### MISSION:
Deliver retirement and health care benefits to members and their beneficiaries

### CORE VALUES:
Quality, Respect, Accountability, Integrity, Openness, Balance

---

## RISK MANAGEMENT
Cultivate a risk-intelligent organization

<table>
<thead>
<tr>
<th>Objective</th>
<th>Enhance compliance and risk functions throughout the enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Risk employee awareness survey</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Increase Enterprise-Wide Risk Awareness</td>
</tr>
</tbody>
</table>

**Measure Description:**
Annual Employee survey example question: “I am aware of CalPERS risk program. I incorporate risk functions into my daily work.”

Each division has education and communication components intended to increase team member and leadership awareness and understanding of CalPERS’ expectations and their personal responsibilities under the risk functions on an annual basis. The metric is the percentage of CalPERS employees, including team members, managers, and executives, that respond “Yes” to the question: “I am aware of CalPERS risk program. I incorporate risk functions into my daily work.” on the annual employee survey.

**Baseline:**
Based on the 2018 CalPERS Compliance & Risk Annual survey, 78% of respondents answered “Yes” to the question, “I am aware of CalPERS risk program. I incorporate risk functions into my daily work.”

**Target:**
Incrementally increase the baseline by 2% annually (8% from 2019-2022), with a target of 86%.

**Measure Status (Narrative):**
Performance data will be available in February 2019

---

**Measure Owner:** Michael Cohen

**Refresh Frequency:** Annually, February

**Reporting Range:** Current Fiscal Year Snapshot (i.e. first survey in FY 2017-18 will cover FY 2017-18)

**Thresholds:**
- Annual increase of ≥2%
- Annual increase of 0-1.9%
- No annual increase

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh

---

**Status Legend**
- On-Target
- At-Risk
- Off-Target
- Pending Refresh
- Data Not Available
- Measure Under Development
**RISK MANAGEMENT**
Cultivate a risk-intelligent organization

<table>
<thead>
<tr>
<th>Objective</th>
<th>Enhance compliance and risk functions throughout the enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Risk program maturity assessment</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Increase enterprise-wide risk awareness</td>
</tr>
</tbody>
</table>

**Measure Description:**
Risk program maturity model assessments are completed annually to assess risk functions throughout the enterprise.

**Baseline:**
The baseline is a 3 on a point scale of 1 (low) to 5 (high) based on the 2017-18 Gartner Corporate Executive Board’s Maturity Survey results.

**Target:**
CalPERS risk program maturity assessment scores are targeted to increase one point by 2021-22, from the baseline scores set in FY 2017-18.

**Measure Status (Narrative):**
Performance data will be available in January 2019

**Measure Owner:** Michael Cohen

**Refresh Frequency:** Annually, January

**Reporting Range:** Current fiscal year snapshot (i.e. first assessment in FY 2017-18 will cover FY 2017-18)

**Thresholds:**

- **≥ 4**
- **△ 3**
- **≤ 3**

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
## Vision
A respected partner, providing a sustainable retirement system and health care program for those who serve California

## Mission
Deliver retirement and health care benefits to members and their beneficiaries

## Core Values
Quality, Respect, Accountability, Integrity, Openness, Balance

### Risk Management
Cultivate a risk-intelligent organization

<table>
<thead>
<tr>
<th>Objective</th>
<th>Enhance compliance and risk functions throughout the enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Compliance employee awareness survey</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Increase enterprise-wide compliance awareness; Increase compliance program maturity</td>
</tr>
</tbody>
</table>

**Measure Description:**
Annual Employee survey example question: “I am aware of CalPERS’ compliance program. I incorporate compliance functions into my daily work.” Annual Employee survey

**Baseline:**
Based on the 2018 CalPERS Compliance & Risk Annual survey, 87% of respondents answered “Yes” to the question, “I am aware of CalPERS’ compliance program. I incorporate compliance functions into my daily work.”

**Target:**
Maintain 90% or greater positive response rate to the compliance survey question through June 2022.

**Measure Status (Narrative):**
Performance data will be available in February 2019.

**Measure Owner:** Marlene Timberlake D’Adamo

**Refresh Frequency:** Annually, February

**Reporting Range:** Current Fiscal Year Snapshot (i.e., first survey in FY 2017-18 will cover FY 2017-18)

**Thresholds:**
- 90% - 100%
- 80% - 89%
- 79%

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh

---

**Status Legend**
- On-Target
- At-Risk
- Off-Target
- Pending Refresh
- Data Not Available
- Measure Under Development
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

RISK MANAGEMENT
Cultivate a risk-intelligent organization

<table>
<thead>
<tr>
<th>Objective</th>
<th>Enhance compliance and risk functions throughout the enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Compliance Program Maturity Assessment</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Increase enterprise-wide compliance awareness; Increase compliance program maturity</td>
</tr>
</tbody>
</table>

**Measure Description:**
Assesses the compliance and ethics program’s functional performance against a structured framework. Measured on a scale ranging from 1 (low) to 5 (high), maturity is an organization’s performance relative to Corporate Executive Board’s best practice research. Maturity scores are refined with a (+) or (-) to indicate intermediate levels of maturity.

**Baseline:**
The Fiscal Year 2017-18 baseline for Enterprise Compliance (ECOM) is a 2+ on a point scale of 1 (low) and 5 (high).

**Target:**
CalPERS compliance maturity assessment score is targeted to increase one point by FY 2021-22, from the baseline scores set in FY 2017-18.

**Measure Owner:** Marlene Timberlake D’Adamo

**Refresh Frequency:** Annually, November.

**Reporting Range:** Current fiscal year snapshot (i.e. first assessment in FY 2017-18 will cover FY 2017-18)

**Thresholds:**
- Year-over-year increase in score.
- No change in score.
- Year-over-year decrease in score.

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
2017-22 Strategic Plan | **Strategic Measure Summary** (FY 9/30/18/)
VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

### RISK MANAGEMENT
Cultivate a risk-intelligent organization

<table>
<thead>
<tr>
<th>Objective</th>
<th>Continue to Evolve Cyber Security Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Composite security health score within range <strong>REPORTED IN CLOSED SESSION Q2 &amp; Q4</strong></td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Information security roadmap</td>
</tr>
</tbody>
</table>

**Measure Description:**
Information to be provided in closed session

**Baseline:**
Information to be provided in closed session

**Target:**
Information to be provided in closed session

**Measure Narrative Status:**
Information to be provided in closed session

**Measure Owner:** Doug Hoffner

**Refresh Frequency:** Information to be provided in closed session

**Reporting Range:** Information to be provided in closed session

**Thresholds:** Information to be provided in closed session

---

**Status Legend**
- [ ] On-Target
- [ ] At-Risk
- [ ] Off-Target
- [ ] Pending Refresh
- [ ] Data Not Available
- [ ] Measure Under Development
### TALENT MANAGEMENT

Promote a high-performing and diverse workforce

<table>
<thead>
<tr>
<th>Objective</th>
<th>Recruit and empower a broad range of talents to meet organization priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Effectiveness of outreach activities</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Talent outreach activities</td>
</tr>
</tbody>
</table>

**Measure Description:**

HRSD will continue expanding our outreach efforts to include diverse candidates in collaboration with CalPERS Diversity Outreach Program (CDOP), CalPERS Diversity & Inclusion Group (CDIG), CalPERS Disability Advisory Committee (CDAC), and community partnerships. This measure will implement data collection points to measure the effectiveness of outreach activities.

**Baseline:**

Baseline will be created during FY 2018-19 to establish data collection methodology and tools.

**Target:**

To be determined after baseline is established.

**Measure Status (Narrative):**

Performance data will be available in August 2019

**Measure Owner:** Doug Hoffner

**Refresh Frequency:** Annually, August

**Reporting Range:** Fiscal Year

**Thresholds:** TBD

**Status (Numeric) for current reporting period:**

N/A

**Current Status:**

Under Development
**TALENT MANAGEMENT**

Promote a high-performing and diverse workforce

<table>
<thead>
<tr>
<th>Objective</th>
<th>Recruit and empower a broad range of talents to meet organization priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Workforce diversity &amp; inclusion</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Expand diversity &amp; inclusion program</td>
</tr>
</tbody>
</table>

**Measure Description:**
This measure focuses on our efforts to help foster a culture of inclusion that welcomes diversity of thought, experience, and background. We have learned that diversity within an inclusive working environment enhances the relevance of our work, increases productivity, and improves the value of services we provide. The annual Employee Engagement Survey has several specific questions aimed at gauging the success of our diversity and inclusion (D&I) efforts.

A survey score above 59% represents a high-performing organization.

**Baseline:**

**Target:**
Increase the Engagement Survey score average related to D&I by 2% Annually (8% by 2022).

**Measure Status (Narrative):**
Performance data will be available December 2018.

**Measure Owner:** Brad Pacheco

**Refresh Frequency:** Annually, December

**Reporting Range:** October – September

**Thresholds:**
- Increase engagement scores related to D&I by at least 2% each year
- Annual increase of 2% or more
- Annual increase of 1-1.9%
- Annual increase of less than 1% or no increase

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh
### TALENT MANAGEMENT

Promote a high-performing and diverse workforce

<table>
<thead>
<tr>
<th>Objective</th>
<th>Recruit and empower a broad range of talents to meet organization priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Engagement Survey Results &amp; Action Items - Accountability</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Implement Engagement Survey Action Items</td>
</tr>
</tbody>
</table>

**Measure Description:**
This measure focuses on our annual employee engagement survey which supports our efforts to foster a culture of engagement at CalPERS. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.

The Senior Leadership Committee (SLC) received focus group feedback on Accountability – specifically recommendations for how to improve in this area.

Action plans are being developed to address the two lowest scoring drivers from the 2017 survey: Accountability and Senior & Executive Management Relationships. This measure will focus on the Accountability score.

**Baseline:**
Accountability: 52% as of December 2017.

**Target:**
High performing status of > 59%

**Measure Status (Narrative):**
Performance Data will be available December 2018.

**Measure Owner:** Doug Hoffner

**Refresh Frequency:** Annually, December

**Reporting Range:** October-September

**Thresholds:**
- Above 59% represents high performance
- 40-59% represents average performance
- Under 40% represents low performance

**Status (Numeric) for current reporting period:**
N/A

**Current Status:** Pending Refresh
## 2017-22 Strategic Plan | Strategic Measure Summary (as of 9/30/18)

**VISION:** A respected partner, providing a sustainable retirement system and health care program for those who serve California  
**MISSION:** Deliver retirement and health care benefits to members and their beneficiaries  
**CORE VALUES:** Quality, Respect, Accountability, Integrity, Openness, Balance

---

### TALENT MANAGEMENT
Promote a high-performing and diverse workforce

<table>
<thead>
<tr>
<th>Objective</th>
<th>Recruit and empower a broad range of talents to meet organization priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Engagement Survey Results &amp; Action Items – Senior &amp; Executive Management Relationships</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Implement Engagement Survey Action Items</td>
</tr>
</tbody>
</table>

**Measure Description:**
This measure focuses on our annual employee engagement survey which supports our efforts to foster a culture of engagement at CalPERS. The questions in the survey correspond to engagement and retention drivers, such as manager relationships, learning and development, culture, and organization potential.

The Senior Leadership Committee (SLC) received focus group feedback on Senior & Executive Management Relationships – specifically recommendations for how to improve in this area.

Action plans are being developed to address the two lowest scoring drivers from the 2017 survey: Accountability and Senior & Executive Management Relationships. This measure will focus on the Senior & Executive Management Relationships score.

**Baseline:**
Senior & Executive Management Relationships: 54% as of December 2017

**Target:**
High performing status of > 59%

**Measure Status (Narrative):**
Performance Data will be available December 2018.

**Measure Owner:** Doug Hoffner

**Refresh Frequency:** Annually, December

**Reporting Range:** Current FY. First assessment will cover FY 2017-18

**Thresholds:**
- Green: Above 59% represents high performance
- Yellow: 40-59% represents average performance
- Red: Under 40% represents low performance

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Pending Refresh

---

**Status Legend**
- Green: On-Target
- Yellow: At-Risk
- Red: Off-Target
- Black Star: Pending Refresh
- Double Black Star: Data Not Available
- Empty Box: Measure Under Development
2017-22 Strategic Plan | Strategic Measure Summary (as of 9/30/18)

VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California

MISSION: Deliver retirement and health care benefits to members and their beneficiaries

CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

TALENT MANAGEMENT
Promote a high-performing and diverse workforce

<table>
<thead>
<tr>
<th>Objective</th>
<th>Recruit and empower a broad range of talents to meet organization priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure</td>
<td>Proficiency in CalPERS leadership competencies</td>
</tr>
<tr>
<td>Associated Initiative</td>
<td>Develop leadership competencies measurement tool</td>
</tr>
</tbody>
</table>

**Measure Description:**
Measure leaders’ proficiency in CalPERS’ Leadership Competencies to ensure leaders are modeling these competencies. Initial development of an automated system designed to measure leaders’ proficiency in the competencies has begun and is expected to be complete Quarter 1 of FY 2019-20.

**Baseline:**
Will be established after end of year calibration for FY 2018-19.

**Target:**
To be determined. Contingent upon baseline, which will be established by September 2019.

**Measure Status (Narrative):**
Performance Data will be available September 2019.

**Measure Owner:** Doug Hoffner

**Refresh Frequency:** Annually, September

**Reporting Range:** Fiscal Year

**Thresholds:** TBD

**Status (Numeric) for current reporting period:**
N/A

**Current Status:**
Under Development

Status Legend
- Green: On-Target
- Yellow: At-Risk
- Red: Off-Target
- Black Star: Pending Refresh
- Black Double Star: Data Not Available
- Black Square: Measure Under Development