EPR Second 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 second quarter (October 1, 2018 – December 31, 2018). Additional performance details can be found on the summary sheets for each Measure.

Second Quarter Measure Performance:

- 3 On-Target
- 1 At-Risk
- 24 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.

Status Key ● On-Target △ At-Risk ■ Off-Target ✱ Pending Refresh ✱✱ Data Not Available ☐ Under Development

Enterprise Performance Reporting – Second Quarter Status
CalPERS 2018-19 Strategic Measures

Fund Sustainabiity	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Page Number
Funded Status	✳	✳			8
Projected Funded Status	✳	✳			10
1-year total expected fund volatility	✳	✳			12
Annualized (5-year) excess investment returns relative to Total Fund policy benchmark	✳	✳			13
Stakeholder assessment survey – risk	✳	✳			14
Investment managers policies and procedures for ESG factor integration	✳	✳			15

Enterprise Performance Reporting – Second Quarter Status
CalPERS 2018-19 Strategic Measures

Health Care Affordability	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Page Number
Access to care	✳	✳			16
Total health care cost annual change	✳	✳			17
Diabetes self-management	✳	✳			18
Mental health and well being	✳	✳			19
Self-reported overall health status	✳	✳			20
Opioids – dose	✳	✳			21
Opioids – duration	☐	☐			22
C-section rate	✳	✳			23
Acute onset lower back pain and related opioid use	☐	☐			24
Acute onset lower back pain and physcial therapy	☐	☐			25
Overuse of imaging for back pain	✳	🟢			26

Enterprise Performance Reporting – Second Quarter Status
CalPERS 2018-19 Strategic Measures

Reduce Complexity	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Page Number
CEM – pension complexity score	✳	✳			27
External investment manager reduction strategy	✳	✳			28
CEM – information technology capability score	✳	✳			29
CEM – cost per member	✳	✳			30
Overhead operational cost	🟢	✳			31
5-year net value added	✳	✳			32

Enterprise Performance Reporting – Second Quarter Status
CalPERS 2018-19 Strategic Measures

Risk Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Page Number
Stakeholder assesment survey – compliance and risk	✳	✳			33
Risk employee awareness survey	✳	✳			34
Risk program maturity assessment	✳	✳			35
Compliance employee awareness survey	✳	✳			36
Compliance program maturity assessment	✳	✳			37
Composite security health score within range	**Closed Session**	**Closed Session**			38

Enterprise Performance Reporting – Second Quarter Status
CalPERS 2018-19 Strategic Measures

Talent Management	Q1 Status	Q2 Status	Q3 Status	Q4 Status	Page Number
Effectiveness of outreach activities	☐	☐			39
Workforce diversity and inclusion	✳	🟢			40
Engagement survey results and action items – accountability	✳	🟢			41
Engagement survey results and action items – senior and executive management relationships	✳	🔺			7
Proficiency in CalPERS leadership competencies	☐	☐			42

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Engagement Survey Results & Action Items – Senior & Executive Management Relationships
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Implement engagement survey action items

Status:	At-Risk
Numeric Status:	52%

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 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%
Refresh Frequency:	Annually, December
Reporting Range:	November 2018 - December 2019
Thresholds:	On-Target: Above 59% represents high performance At-Risk: 40-59% represents average performance Off-Target: Under 40% represents low performance

Status Narrative:

This measure falls 1% below the 2017-2018 reporting range. Item is deemed "at risk" since it falls within the 40-59% threshold, indicating average performance. The executive team will continue holding leadership brown bag engagements quarterly for the remainder of FY 2018-19, and develop other activities aimed at improving the score for this measure.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Funded Status
Executive Owner:	Michael Cohen
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the system through an integrated view of pension assets and liabilities
Associated Initiative(s):	Alignment of Asset Liability Management

Status:	Pending Refresh
Numeric Status:	N/A

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, School, 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 of the previous fiscal year and Projected Funded Status 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
Baseline:	PERF 70.9% (as of 6/30/18)
	Funded Status for the three major components of the 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.
Target:	Long-term (beyond the current strategic plan) funded status of 100%
Refresh Frequency:	Annually, August
Reporting Range:	07/01/17-06/30/2018

Thresholds:	On-Target:	>100% Funded Status
	At-Risk:	80% to <100% Funded Status
	Off-Target:	<80% Funded Status

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Projected Funded Status
Executive Owner:	Michael Cohen
Strategic Goal:	Fund Sustainability
Strategic Objective:	Fund the system through an integrated view of pension assets and liabilities
Associated Initiative(s):	Alignment of asset liability management; Redesign and enhance the actuarial valuation system; Actuarial valuation system-advanced analytics

Status:	Pending Refresh
Numeric Status:	N/A

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 of the previous fiscal year and the projected funded status 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 6/30/18)
	Funded Status for the three major components of the PERF:
	• State: 70.8%
	• Schools: 69.9%
	• Public Agencies: 71.5%
Target:	Meet or exceed the projected funded status of the PERF of 70.9% as of 6/30/19, based on actuarial valuation reports.
Refresh Frequency:	Annually, August
Reporting Range:	07/01/17-06/30/18
Thresholds:	On-Target: Not more than 1.0% below Projected Funded Status
	At-Risk: 1.0-3.0% below Projected Funded Status
	Off-Target: More than 3.0% below Projected Funded Status

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	1-Year Total Expected Fund Volatility
Executive Owner:	Ben Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Mitigate the risk of significant investment loss
Associated Initiative:	Investment risk management and performance attribution

Status:	Pending Refresh
Numeric Status:	N/A

Description:	The total (gross) risk of the Total Fund (Fund) expressed in the standard deviation (1-year) 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 Marketing Assumption (CMA) process used in the November 2017 Asset Liability Management (ALM) Cycle, to be effective 7/1/18. The ALM process occurs every four years.
Baseline:	Current Barra volatility estimate for PERF is 7.6%, as of 6/30/18
Target:	Current total expected fund volatility is 8% or less, as of 7/1/18.
Refresh Frequency:	Annually, August
Reporting Range:	07/01/17 – 06/30/18
Thresholds:	On-Target: Equal to or less than the target
	At-Risk: 1-50 basis points excess of target
	Off-Target: 51 basis points or more excess of target

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Annualized (5-Year) Excess Investment Returns Relative to Total Fund Policy Benchmark
Executive Owner:	Ben Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Deliver target risk-adjusted investment returns
Associated Initiative(s):	Enhance capital allocation framework; Enhance investment platform and controls; Investment program long-term planning

Status:	Pending Refresh
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, August
Reporting Range:	FY 2014-15 through FY 2018-19
Thresholds:	On-Target: Exceed Total Fund Policy Benchmark
	At-Risk: Meet or Trail Total Fund Policy Benchmark by up to 10 basis points
	Off-Target: Trail Total Fund Policy Benchmark by 10 basis points or more

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Stakeholder Assessment Survey - Risk

Executive Owner:	Brad Pacheco
Strategic Goal:	Fund Sustainability
Strategic Objective:	Educate employers, members, and stakeholders on system risks and mitigation strategies
Associated Initiative(s):	Stakeholder education on system risks & mitigation

Status:	Pending Refresh
Numeric Status:	N/A

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).
Refresh Frequency:	Annually, February
Reporting Range:	February 2018 – February 2019
Thresholds:	On-Target: Annual increase of 0.05 + points At-Risk: Annual increase of 0.0 – 0.04 points Off-Target: Decrease from 5.17 or failure to increase 1% from the previous year

Status Narrative:

Performance data will be available in February 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Investment Managers Policies and Procedures for ESG Factor Integration
Executive Owner:	Ben Meng
Strategic Goal:	Fund Sustainability
Strategic Objective:	Integrate environmental, social, and governance considerations into investment decision making
Associated Initiative(s):	Investment beliefs and environmental, social, and governance risk integration

Status:	Pending Refresh
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, August
Reporting Range:	07/01/17 - 06/30/18
Thresholds:	On-Target: 80% and above At-Risk: 50-79% Off-Target: Less than 50%

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Access to Care
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Associated Initiative(s): Medical pharmacy site of care management	

Status:	Pending Refresh
Numeric Status:	N/A

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%
Refresh Frequency:	Annually, June
Reporting Range:	January 2018 – December 2018
Thresholds:	On-Target: 85% +
	At-Risk: 80 – 84.9%
	Off-Target: Below 80%

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Total Health Care Cost Annual Change
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Restructure benefit design to promote high-value health care
Associated Initiative(s):	Value-based insurance design: feasibility; Pharmacy benefits management; Medical reference pricing expansion

Status:	Pending Refresh
Numeric Status:	N/A

Description:	This measure assesses the annual overall percent change in CalPERS Health Care premiums compared to the U.S. Health Care inflation rate, which is measured by the change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI) for medical care. 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.
Refresh Frequency:	Annually, January
Reporting Range:	January 2018 – December 2018
Thresholds:	On-Target: Below 5.51% At-Risk: 5.51-7.51% Off-Target: Above 7.51%

Status Narrative:

Performance data will be available in January 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Diabetes Self-Management
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Improve the health status of our employees, members and their families, and the communities where they live
Associated Initiative(s):	Population health alignment with *Let's Get Healthy California* taskforce report dashboard

Status:	Pending Refresh
Numeric Status:	N/A

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%
Refresh Frequency:	Annually, June
Reporting Range:	January 2018 – December 2018
Thresholds:	On-Target: 60% and above At-Risk: 50-59.99% Off-Target: Below 50%

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Mental Health and Well Being
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Improve the health status of our employees, members and their families, and the communities where they live
Associated Initiative(s):	Population health alignment with *Let's Get Healthy California* taskforce report dashboard

Status:	Pending Refresh
Numeric Status:	N/A

| 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. |
| Refresh Frequency: | Annually, June, beginning June 2019 |
| Reporting Range: | January 2018 – December 2018 |
| Thresholds: | On-Target: 80% and above
At-Risk: 65-79.9%
Off-Target: Below 65% |

Status Narrative:

No 2018 data covering member experience in 2017 available. Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Self-Reported Overall Health Status
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Improve the health status of employees, members and their families, and the communities where they live
Associated Initiative(s):	Population health alignment with *Let's Get Healthy California* taskforce report dashboard; Partner with health plans to engage in community activities

Status:	Pending Refresh
Numeric Status:	N/A

Description:	This measure assesses the proportion of CalPERS members 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%
Refresh Frequency:	Annually, June
Reporting Range:	January 2018 – December 2018
Thresholds:	On-Target: 85% and above At-Risk: 80-84.9% Off-Target: Below 80%

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Opioids - Dose
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s): Statewide collaboration through *Smart Care California*	

Status:	Pending Refresh
Numeric Status:	N/A

| 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 |
| Refresh Frequency: | Annually, April |
| Reporting Range: | January 2018 – December 2018 |
| Thresholds: | On-Target: Below 288
At-Risk: 289-319
Off-Target: 320 and above |

Status Narrative:

Performance data will be available in April 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Opioids - Duration
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s):	Statewide collaboration through *Smart Care California*

Status:	Under Development
Numeric Status:	N/A

| 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. |
| Refresh Frequency: | Annually, August |
| Reporting Range: | January 2018 – December 2018 |
| Thresholds: | On-Target: Under development
At-Risk: Under development
Off-Target: Under development |

Status Narrative:

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

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	C-Section Rate
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s): Statewide collaboration through *Smart Care California*	

Status:	Pending Refresh
Numeric Status:	N/A

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%
Refresh Frequency:	Annually, August
Reporting Range:	January 2018 – December 2018
Thresholds:	On-Target: >45% At-Risk: 37-45% Off-Target: <37%

Status Narrative:

Performance data will be available August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Acute Onset Lower Back Pain and Related Opioid Use
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s): Statewide collaboration thought *Smart Care California*	

Status:	Under Development
Numeric Status:	N/A

Description:	Under development		
Baseline:	Under development		
Target:	Under development		
Refresh Frequency:	Under development		
Reporting Range:	Under development		
Thresholds:	On-Target:	Under development	
	At-Risk:	Under development	
	Off-Target:	Under development	

Status Narrative:

HPBB is currently in the process of recruiting to refill the Medical Program Consultant who is the Subject Matter Expert (SME) that provides expertise and guidance in the development of data collection parameters and methodologies for this measure. With CalPERS' commitment of leadership in the health care industry and continuous search of new and innovative strategies to maintain health care affordability, this measure will be developed in FY 2019/20.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Acute Onset Lower Back Pain and Physical Therapy
Executive Owner:	Liana Bailey-Crimmins
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s): Statewide collaboration through *Smart Care California*	

Status:	Under Development
Numeric Status:	N/A

Description:	Under development		
Baseline:	Under development		
Target:	Under development		
Refresh Frequency:	Under development		
Reporting Range:	Under development		
Thresholds:	On-Target:	Under development	
	At-Risk:	Under development	
	Off-Target:	Under development	

Status Narrative:

HPBB is currently in the process of recruiting to refill the Medical Program Consultant who is the Subject Matter Expert (SME) that provides expertise and guidance in the development of data collection parameters and methodologies for this measure. With CalPERS' commitment of leadership in the health care industry and continuous search of new and innovative strategies to maintain health care affordability, this measure will be developed in FY 2019/20.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Overuse of Imaging for Back Pain
Executive Owner:	Liana Bailey-Crimmons
Strategic Goal:	Health Care Affordability
Strategic Objective:	Reduce the overuse of ineffective or unnecessary medical care
Associated Initiative(s): Statewide collaboration through *Smart Care California*	

Status:	On-Target
Numeric Status:	84%

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%
Refresh Frequency:	Annually, December
Reporting Range:	January 2017 – December 2017
Thresholds:	On-Target: 80% or higher At-Risk: 75-79% Off-Target: Below 75%

Status Narrative:

This measure is On-Target for this reporting period.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	CEM Pension Complexity Score
Executive Owner:	Donna Lum
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify Programs to improve service and/or reduce cost
Associated Initiative(s): CEM Complexity Score Maintenance	

Status:	Pending Refresh
Numeric Status:	N/A

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
Refresh Frequency:	Annually, June
Reporting Range:	August-June
Thresholds:	On-Target: Complexity score 67 – 71 At-Risk: Complexity score <67 Off-Target: Complexity score >71

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	External Investment Manager Reduction Strategy

Executive Owner:	Ben Meng
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify programs to improve service and/or cost
Associated Initiative(s):	External manager monitoring, expectations, and reduction strategy

Status:	Pending Refresh
Numeric Status:	N/A

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 managers, by June 2020
Refresh Frequency:	Annually, August
Reporting Range:	07/01/17-06/30/18
Thresholds:	On-Target: Decrease of 5 or more managers per year
	At-Risk: Decrease of 4 or less managers per year
	Off-Target: No reduction, or increase in the # of managers

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	CEM Information Technology Capability Score
Executive Owner:	Doug Hoffner
Strategic Goal:	Reduce Complexity
Strategic Objective:	Simplify programs to improve service and/or reduce cost
Associated Initiative(s):	Mature targeted information technology capabilities

Status:	Pending Refresh
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, June
Reporting Range:	07/01/16-06/30/17
Thresholds:	On-Target: 80 or above At-Risk: 75 to 79 Off-Target: Less than 75

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	CEM Cost Per Member
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s): Develop and implement continuous process improvement framework	

Status:	Pending Refresh
Numeric Status:	N/A

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
Refresh Frequency:	Annually, June
Reporting Range:	07/01/17-6/30/18
Thresholds:	On-Target: Reduced by 2.0% annually
	At-Risk: Reduced by 1.5-1.99% annually
	Off-Target: Reduced by less than 1.5% annually

Status Narrative:

Performance data will be available in June 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Overhead Operational Cost
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s): Develop and implement continuous process improvement framework	

Status:	Pending Refresh
Numeric Status:	N/A

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
Refresh Frequency:	Annually, September
Reporting Range:	07/01/17-06/30/18
Thresholds:	On-Target: Reduced by 1.5-2.0% annually
	At-Risk: Reduced by 1.0-1.49% annually
	Off-Target: Reduced by less than 1.0% annually

Status Narrative:

Performance Data will be available in September 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	5-Year Net Value Added
Executive Owner:	Ben Meng
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Enhance business effectiveness, resource allocation, and efficiency of investment programs

Status:	Pending Refresh
Numeric Status:	N/A

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
Refresh Frequency:	Annually, August
Reporting Range:	Current 5 Year Period: FY 2012-13 through FY 2016-17
Thresholds:	On-Target: Exceed the US Peer median
	At-Risk: Meet the US Peer median
	Off-Target: Fall below the US Peer median

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Stakeholder Assessment Survey – Compliance and Risk
Executive Owner:	Brad Pacheco
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s): Increase enterprise-wide compliance awareness	

Status:	Pending Refresh
Numeric Status:	N/A

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)
Refresh Frequency:	Annually, February
Reporting Range:	February 2018-February 2019
Thresholds:	On-Target: Annual increase of 0.05 + points At-Risk: Annual increase of 0.0-0.04 points Off-Target: Decrease from 5.16 or increase of less than 1% from previous year

Status Narrative:

Performance data will be available in February 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Risk Employee Awareness Survey
Executive Owner:	Michael Cohen
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s): Increase enterprise-wide risk awareness	

Status:	Pending Refresh
Numeric Status:	N/A

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%.
Refresh Frequency:	Annually, February
Reporting Range:	Current Fiscal Year Snapshot (i.e. first survey in FY 2017-18 will cover FY 2017-18)
Thresholds:	On-Target: Annual increase of ≥2%
	At-Risk: Annual increase of 0-1.9%
	Off-Target: No annual increase

Status Narrative:

Performance data will be available in February 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Risk Program Maturity Assessment
Executive Owner:	Michael Cohen
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s): Increase enterprise-wide risk awareness	

Status:	Pending Refresh
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, January
Reporting Range:	Current fiscal year snapshot (i.e. first assessment in FY 2017-18 will cover FY 2017-18)
Thresholds:	On-Target: ≥ 4 At-Risk: 3 Off-Target: ≤ 3

Status Narrative:

Performance data will be available in January 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Compliance Employee Awareness Survey
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Increase enterprise-wide compliance awareness; Increase compliance program maturity

Status:	Pending Refresh
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, February
Reporting Range:	Current Fiscal Year Snapshot (i.e. first survey in FY 2017-18 will cover FY 2017-18)
Thresholds:	On-Target: 90-100% At-Risk: 80-89% Off-Target: 79% >

Status Narrative:

Performance data will be available in February 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Compliance Program Maturity Assessment
Executive Owner:	Marlene Timberlake D'Adamo
Strategic Goal:	Risk Management
Strategic Objective:	Enhance compliance and risk functions throughout the enterprise
Associated Initiative(s):	Increase enterprise-wide compliance awareness; Increase compliance program maturity

Status:	Pending Refresh
Numeric Status:	N/A

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
Refresh Frequency:	Annually, June
Reporting Range:	Current fiscal year snapshot (i.e. first assessment in FY 2017-18 will cover FY 2017-18)
Thresholds:	On-Target: Year-over-year increase in score. At-Risk: No change in score. Off-Target: Year-over-year decrease in score.

Status Narrative:

Measure was originally scheduled to refresh in November. Due to the change in project scope, and the increased number of survey participants, performance data will now be available in June.

2018-19 Strategic Measure Summary (as of 12/31/18)

Reported in Closed Session Q2 & Q4

Measure Title:	Composite Security Health Score within Range
Executive Owner:	Doug Hoffner
Strategic Goal:	Risk Management
Strategic Objective:	Continue to evolve Cyber Security program
Associated Initiative(s): Information security roadmap	

Status:	Information to be provided in closed session
Numeric Status:	N/A

Description:	Information to be provided in closed session
Baseline:	N/A
Target:	N/A
Refresh Frequency:	N/A
Reporting Range:	N/A
Thresholds:	N/A

Status Narrative:

Information to be provided in closed session.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Effectiveness of Outreach Activities
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s): Talent outreach activities	

Status:	Under Development
Numeric Status:	N/A

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.
Refresh Frequency:	Annually, August
Reporting Range:	07/01/18 – 06/30/19
Thresholds:	On-Target: TBD At-Risk: TBD Off-Target: TBD

Status Narrative:

Performance data will be available in August 2019.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Workforce Diversity & Inclusion
Executive Owner:	Brad Pacheco
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Expand diversity & inclusion program

Status:	On-Target
Numeric Status:	67.7% (2018) D&I Driver Employee Engagement Survey results.

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:	66% (2017) D&I Driver Employee Engagement Survey results.
Target:	Increase the Engagement Survey score average related to D&I by 1.6% Annually (8% by 2022).
Refresh Frequency:	Annually, December
Reporting Range:	October-September
Thresholds:	On-Target: Annual increase of 1.6% or more At-Risk: Annual increase of 1-1.5% Off-Target: Annual increase of less than 1% or no increase

Status Narrative:

Performance data as of December 2018.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Engagement Survey Results & Action Items - Accountability
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Recruit and empower a broad range of talents to meet organization priorities
Associated Initiative(s):	Implement engagement survey action items

Status:	On-Target
Numeric Status:	62%

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 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%
Refresh Frequency:	Annually, December
Reporting Range:	November 2018 - October 2019
Thresholds:	On-Target: Above 59% represents high performance
	At-Risk: 40-59% represents average performance
	Off-Target: Under 40% represents low performance

Status Narrative:

This measure is On-Target for this reporting period.

2018-19 Strategic Measure Summary (as of 12/31/18)

Measure Title:	Proficiency in CalPERS Leadership Competencies
Executive Owner:	Doug Hoffner
Strategic Goal:	Talent Management
Strategic Objective:	Cultivate leadership competencies and develop succession plans across the enterprise
Associated Initiative(s):	Develop leadership competencies measurement tool

Status:	Under Development
Numeric Status:	N/A

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, will be established by September 2019.
Refresh Frequency:	Annually, September
Reporting Range:	07/01/18 – 06/30/19
Thresholds:	On-Target: TBD At-Risk: TBD Off-Target: TBD

Status Narrative:

Performance Data will be available September 2019.