

Enterprise Performance Reporting

CalPERS 2019-20 Business Plan



FUND SUSTAINABILITY

Strategic Goal: Strengthen the long-term sustainability of the pension fund

Strategic Objective: Fund the System through an integrated view of pension assets and liabilities

- **Actuarial Valuation System – Advanced Analytics:** Develop and implement advanced analytic tools to more accurately model CalPERS' liabilities and projected funded status (December 2019)
 - **Associated Strategic Measure(s):** Projected funded status
- **Alignment of Asset Liability Management:** Incorporate elements of funding risk from both an asset and liability perspective to ensure the sustainability of the fund (June 2022)
 - **Associated Strategic Measure(s):** Funded status; Projected funded status

Strategic Objective: Mitigate the risk of significant investment loss

- **Investment Risk Management and Performance Attribution:** Build effective investment risk and performance attribution review and decision processes within and across asset classes to ensure risks are fully understood, intended, and compensated (June 2020)
 - **Associated Strategic Measure(s):** 1 – year total expected fund volatility

Strategic Objective: Deliver target risk-adjusted investment returns

- **Enhance Capital Allocation Framework:** Enhance the Capital Allocation framework through improved risk factor modeling and greater understanding and ownership of trust-level investment risk and performance (June 2020)
 - **Associated Strategic Measure(s):** Annualized (5 – year) excess investment returns relative to total fund policy benchmark
- **Enhance Investment Platform and Controls:** Enhance the investment platform and internal controls environment to achieve optimum efficiency (June 2020)
 - **Associated Strategic Measure(s):** Annualized (5 – year) excess investment returns relative to total fund policy benchmark
- **Investment program long-term planning:** Develop new five-year Investment Office strategic plan (June 2020)

Modified Description

 - **Associated Strategic Measure(s):** Annualized (5 – year) excess investment returns relative to total fund policy benchmark

Strategic Objective: Educate employers, members, and stakeholders on system risks and mitigation strategies

- **Stakeholder Education on System Risks and Mitigation:** Identify, develop, and implement training, education, and outreach opportunities to educate members, employers, and stakeholders on system risks, mitigation strategies, and compliance enhancements (June 2022)
 - **Associated Strategic Measure(s):** Stakeholder assessment survey – risk

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FUND SUSTAINABILITY *continued*

Strategic Goal: Strengthen the long-term sustainability of the pension fund

Strategic Objective: Integrate environmental, social, and governance (ESG) considerations into investment decision making

- **Investment Beliefs and ESG Risk Integration:** Develop a framework for the integration of CalPERS Investment Beliefs and ESG risk considerations into the investment decision-making process (June 2020)
 - **Associated Strategic Measure(s):** Investment managers policies and procedures for ESG factor integration



HEALTH CARE AFFORDABILITY

Strategic Goal: Transform health care purchasing and delivery to achieve affordability

Strategic Objective: Restructure benefit design to promote high-value health care

- **Value-Based Insurance Design: Feasibility:** Research and develop health benefit design strategies to improve member health and value of care, while decreasing costs in Preferred Provider Organization (PPO) plans (June 2022)
 - **Associated Strategic Measure(s):** Total health care cost annual change
- **Medical Pharmacy Site of Care Management:** Leverage current Integrated Health Care and Population Health delivery models to contain health care costs in PPO plans for possible expansion to Health Maintenance Organizations (June 2021) *Modified Title*
 - **Associated Strategic Measure(s):** Access to care
- **Pharmacy Benefits Management:** Develop and implement strategies to align our pharmacy benefit manager with our reference pricing model (June 2022) *Modified Title & End Date*
 - **Associated Strategic Measure(s):** Total health care cost annual change
- **Medical Reference Pricing Expansion:** Leverage existing efforts to reduce health care costs by expanding the use of reference pricing for routine non-emergency procedures with price variation in the PPOs (June 2021) *Modified Title*
 - **Associated Strategic Measure(s):** Total health care cost annual change

Strategic Objective: Improve the health status of our employees, members and their families, and the communities where they live

- **Health Stakeholder Outreach and Awareness:** Conduct stakeholder outreach and awareness of wellness programs and disease management programs which create a culture of good health (June 2022) *New Initiative*
 - **Associated Strategic Measure(s):** Diabetes self-management; Mental health and well being; Self-reported overall health status

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HEALTH CARE AFFORDABILITY *continued*

Strategic Goal: Transform health care purchasing and delivery to achieve affordability

Strategic Objective: Reduce the overuse of ineffective or unnecessary medical care

- **Statewide Collaboration Through *Smart Care California*:** Partner with Covered California and Department of Health Care Services through Smart Care California coalition to promote safe, affordable care in the areas of opioid use, Caesarean sections, and spinal/back disorders (June 2021)
 - **Associated Strategic Measure(s):** Opioids – dose; Opioids – duration; C-section rate; Acute onset lower back pain and related opioid use; Acute onset lower back pain and physical therapy; Overuse of imaging for back pain
- **Review and Update Shared Savings Accountable Care Organizations Cost and Quality Targets:** Research, analyze, and update shared savings cost and quality targets and expand the use of evidence-based medicine in improving outcomes while decreasing costs (June 2021)
 - **Associated Strategic Measure(s):** Aligns to overall Health Affordability goal



REDUCE COMPLEXITY

Strategic Goal: Reduce complexity across the enterprise

Strategic Objective: Simplify programs to improve service and/or reduce cost

- **Mature Targeted Information Technology (IT) Capabilities:** Mature targeted IT capabilities to enhance the delivery of core services, as well as anticipate and meet emerging business needs of the future (June 2020)
 - **Associated Strategic Measure(s):** CEM information technology capability score
- **Complexity Reduction:** Conduct research and analysis of complexity reduction opportunities and initiate process or policy changes (June 2022) *Modified Title, Description, & End Date*
 - **Associated Strategic Measure(s):** CEM pension complexity score; CEM cost per member; Overhead operational cost

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REDUCE COMPLEXITY *continued*

Strategic Goal: Reduce complexity across the enterprise

Strategic Objective: Streamline operations to gain efficiencies, improve productivity, and reduce costs

- **Continuous Process Improvement:** Support implementation of continuous process improvement opportunities that increase efficiency and reduce complexity through the enterprise (June 2022) *Modified Title, Description, & End Date*

 - **Associated Strategic Measure(s):** CEM cost per member; Overhead operational cost
- **Enhance Business Effectiveness, Resource Allocation, and Efficiency of Investment Programs:** Enhance cost effectiveness, resource allocation, and efficiency of the investment program to increase net returns on assets (June 2020)

 - **Associated Strategic Measure(s):** 5 – year net value added
- **Expand Information Technology Service-Level Agreements:** Develop and implement Service-Level Agreements for services within the Information Technology Services Branch service catalog (June 2020) *Modified Title*

 - **Associated Strategic Measure(s):** CEM cost per member
- **Improving Board Insights:** Develop and implement a new content management tool that allows for a more efficient and effective way of accessing and interpreting Board information (January 2020) *New Initiative*

 - **Associated Strategic Measure(s):** Aligns to overall Reduce Complexity goal



RISK MANAGEMENT

Strategic Goal: Enhance compliance and risk functions throughout the enterprise

Strategic Objective: Enhance compliance and risk functions throughout the enterprise

- **Increase Enterprise-Wide Compliance Awareness:** Develop compliance communication and training plans to increase awareness throughout the enterprise (June 2022) *Modified End Date*

 - **Associated Strategic Measure(s):** Stakeholder assessment survey-compliance and risk; Compliance program maturity assessment; Compliance employee awareness survey
- **Increase Compliance Program Maturity:** Enhance the Compliance Program maturity and performance by annually identifying and completing initiatives across a broad set of functional objectives and activities that strengthen CalPERS compliance and ethics culture (June 2022)

 - **Associated Strategic Measure(s):** Compliance program maturity assessment; Compliance employee awareness survey
- **Enterprise Data Governance:** Create/enhance policies and processes to strengthen appropriately defined data-driven decisions, ensure intent is understood, and improve the consistency of data use across the enterprise which includes people, process, technology, and culture dimensions (June 2020)

 - **Associated Strategic Measure(s):** Aligns to the overall Risk Management Goal

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RISK MANAGEMENT *continued*

Strategic Goal: Enhance compliance and risk functions throughout the enterprise

Strategic Objective: Continue to evolve cyber security program

- **Information Security Roadmap:** Advance the cyber security strategy and roadmap to mitigate cyber security risks (June 2022)
 - **Associated Strategic Measure(s):** Composite security health score within range



TALENT MANAGEMENT

Strategic Goal: Promote a high-performing and diverse workforce

Strategic Objective: Recruit and empower a broad range of talents to meet organization priorities

- **Implement Engagement Survey Action Items:** In partnership with senior leaders, develop and implement a plan to address the lowest scoring drivers from the 2018 Employee Engagement Survey (June 2020) *Modified Description & End Date*
 - **Associated Strategic Measure(s):** Engagement survey results and action items – accountability: Engagement survey results and action items - senior and executive management relationships
- **Expand Diversity & Inclusion Program:** Sustain the strategy to embed Diversity & Inclusion as an enterprise holistic approach to be a leader in best practices and to meet organizational goals (June 2020) *Modified Description*
 - **Associated Strategic Measure(s):** Workforce diversity & inclusion

Strategic Objective: Cultivate leadership competencies and develop succession plans across the enterprise

- **Implement 2018-22 Workforce Plan Strategies:** Implement three workforce planning strategies focused on expanding recruitment, knowledge transfer, and resource alignment (June 2020) *Modified Description & End Date*
 - **Associated Strategic Measure(s):** Proficiency in CalPERS leadership competencies