



# CalPERS Stakeholder Forum 2022

**Marcie Frost**  
Chief Executive Officer

**Anne Simpson**  
Managing Investment Director

**Michael Cohen**  
Chief Financial Officer

**Dan Bienvenue**  
Deputy Chief Investment Officer

**Don Moulds**  
Chief Health Director

**Anthony Suine**  
Deputy Executive Officer,  
Customer Services & Support



# Forum Agenda

- Board President Welcome
- CalPERS Fundamentals
- Investments
- Open Discussion
- Pension Administration & Customer Service
- Health Care
- Open Discussion
- Adjourn



# CalPERS Board President Welcome

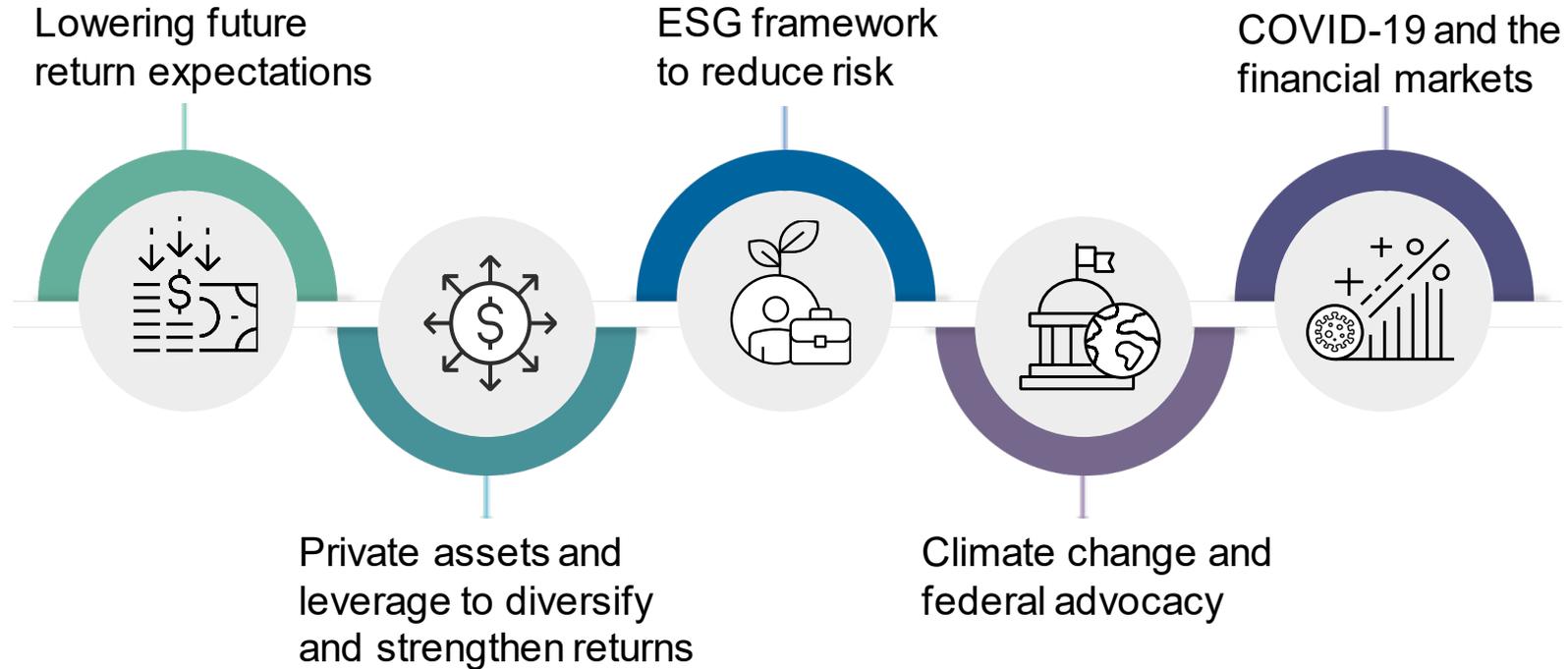
**Theresa Taylor**

# Fundamentals of CalPERS

- Operations and COVID-19
- Diversity, Equity, and Inclusion Framework
- ALM implementation
- Long-term sustainability
- New 5-year Strategic Plan
- Industry leadership

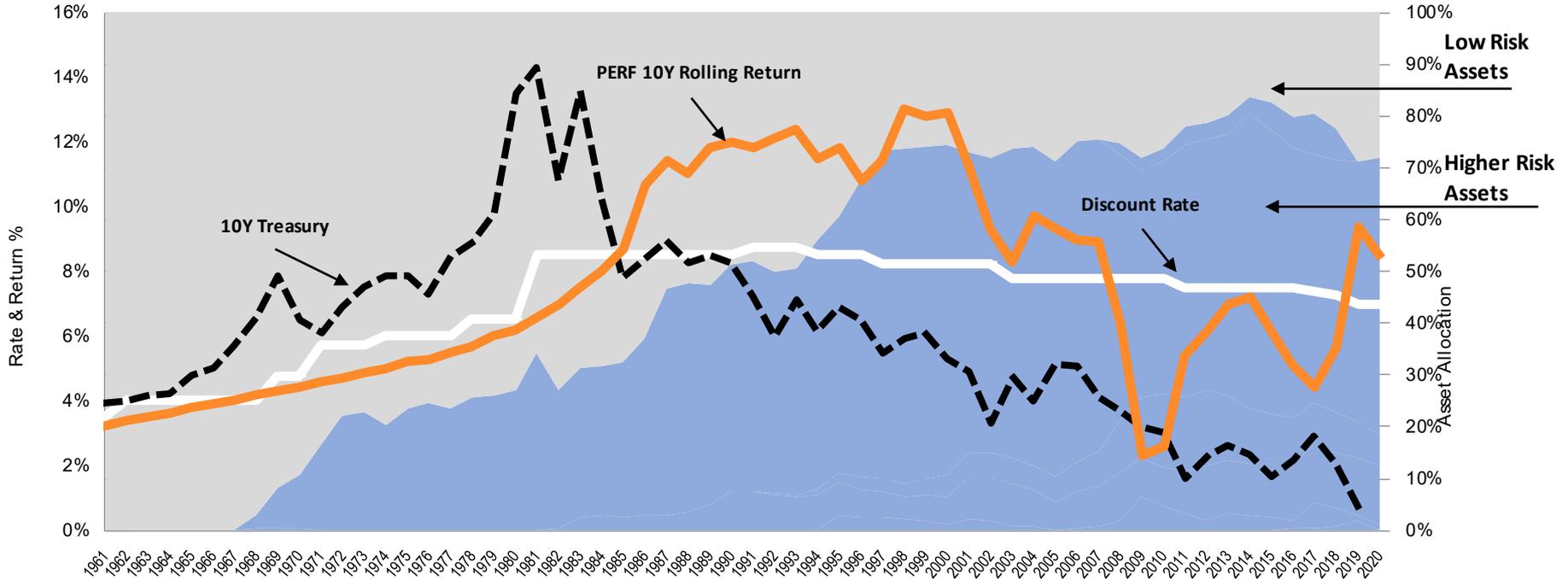


# Strategic Priorities Focused on Risk and Return



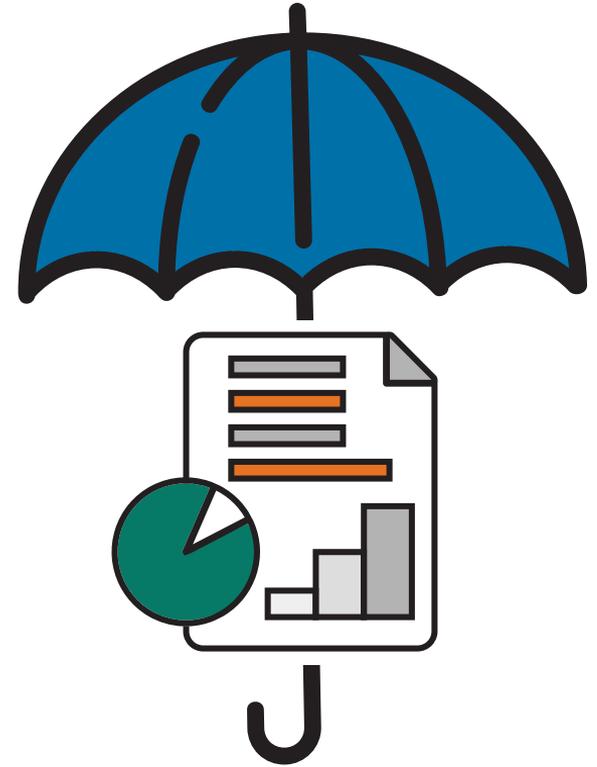
# Challenges to Achieving Target Returns

## US Treasury Yields Reduced to Near Zero



# Risk Mitigation in the Portfolio

- Improved liquidity
- Total fund approach
- Specific allocation to treasuries
- Real assets 90% core holdings
- Significant allocation to defensive equities
- Leveraged portfolio outperformed unleveraged in stress-testing



# Sustainability Efforts



Research



Data &  
Corporate  
Reporting



Climate Change



Diversity &  
Inclusion



Private Equity &  
Profit/Fee  
Sharing  
Transparency



Manager  
Expectations



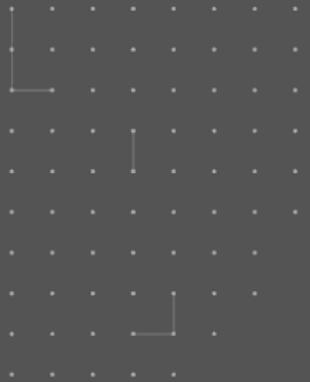
# Climate Change

**Objective: Manage climate risk and opportunity through corporate engagement**

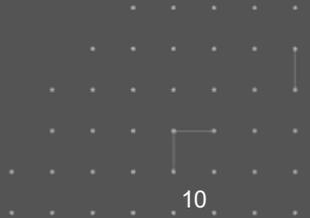
- Climate change risk exacerbated by global warming
- Goal is to reduce emissions of our portfolio companies
- Engagement drives impact at Systemically Important Carbon Emitters responsible for third largest source of greenhouse gas emissions

## **KPIs**

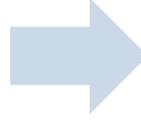
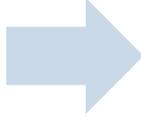
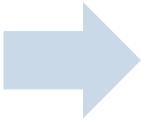
- All 80 companies establish a carbon reduction target consistent with Paris COP 21 later expanded to Climate Action 100+
- Measure and report reduction in carbon footprint
- Track financial performance of companies with reduction targets



# Open Discussion



# CalPERS Member Lifecycle



Membership

Mid-Career

Retirement

Survivor  
Benefits

## Customer Service & Outreach

- Regional offices
- Contact center
- Benefit education events

## Legislation Changes

- **SB278** – disallowed compensation
- **SB411** – changes to reinstatement requirements

## Data Integrity

- Proactive Payroll Edits
- Reviews at time of Estimate

# Disability Retirement Law Compliance

Working after a member receives an Industrial or “Ordinary” Disability Retirement

Cannot work post disability retirement in same position or with similar duties

Government Code 21233

Must receive CalPERS approval to work at a CalPERS covered employer in permanent position with different job duties; subject to earnings limit

Government Code 21232

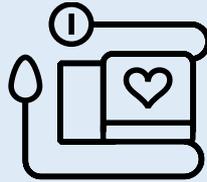
Non-Industrial Disability Retiree subject to earnings limit for work outside of a CalPERS covered employer until reaching normal retirement age

Government Code 21242

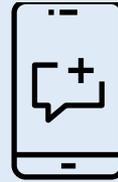
# COVID-19 Impacts



Impact on health  
care delivery



Impact on  
members' care

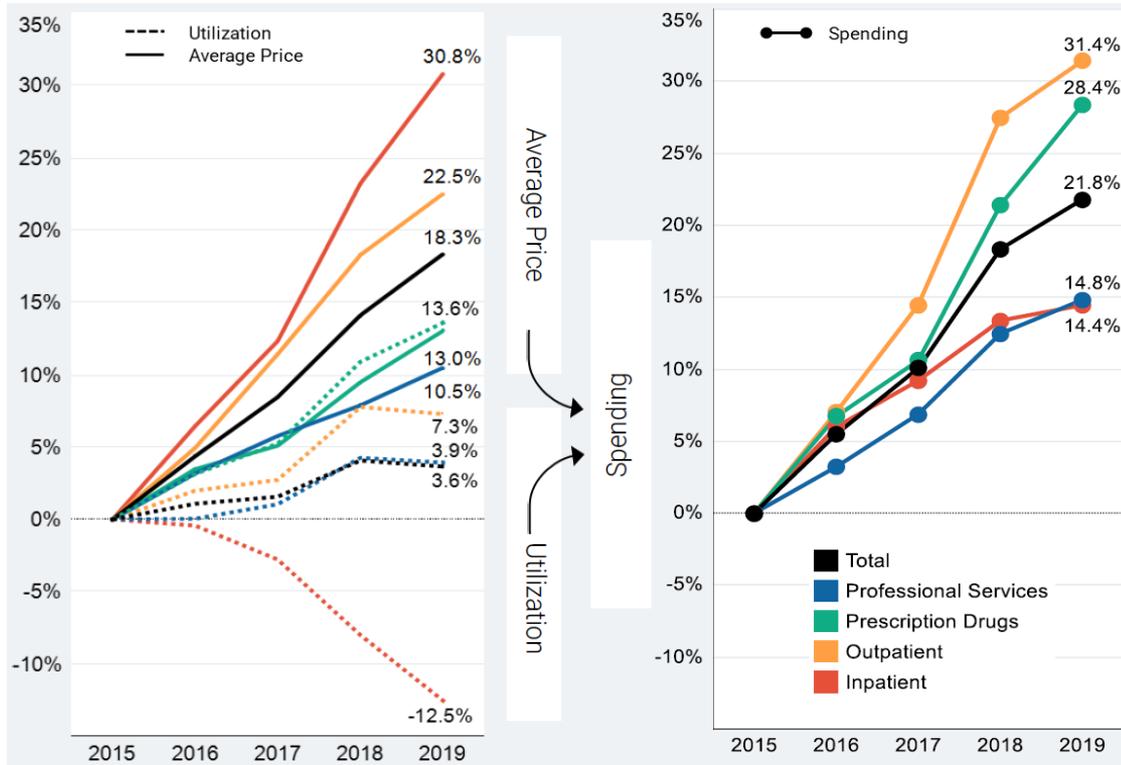


Adoption of  
telehealth



Health disparities  
became forefront

# Prices are Primarily Driving Health Care Costs

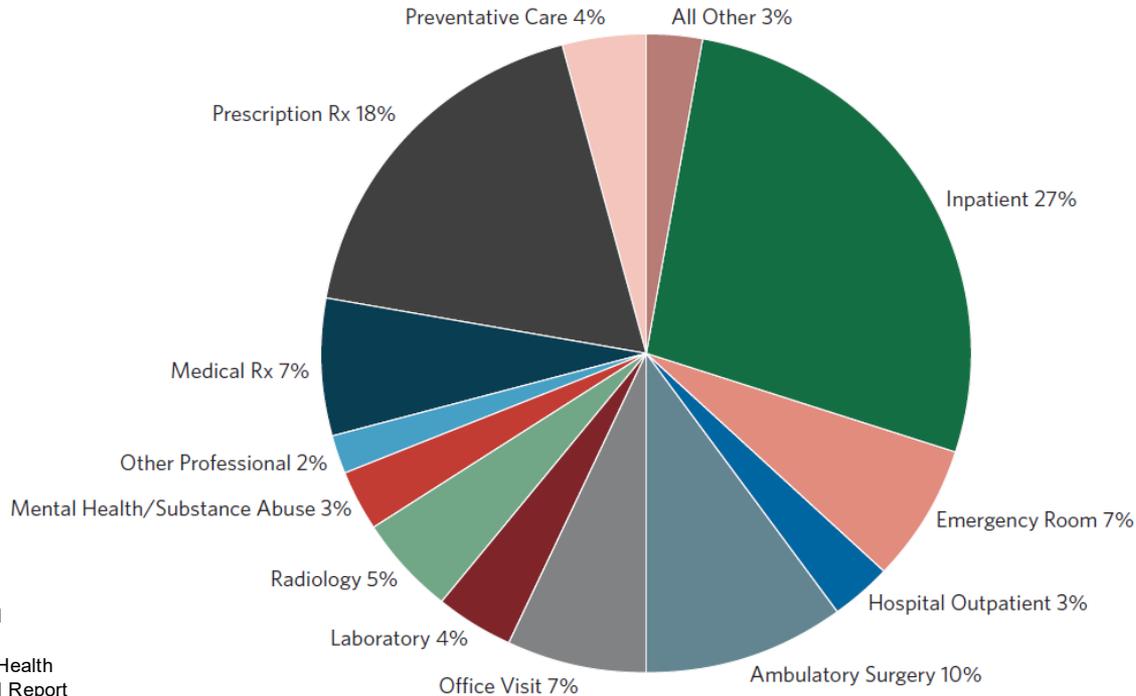


From 2015 to 2019 prices increased by 18.3% while the cumulative growth in utilization was only 3.6% over the same period

Source: Health Care Cost Institute

# Where Does the Money Go?

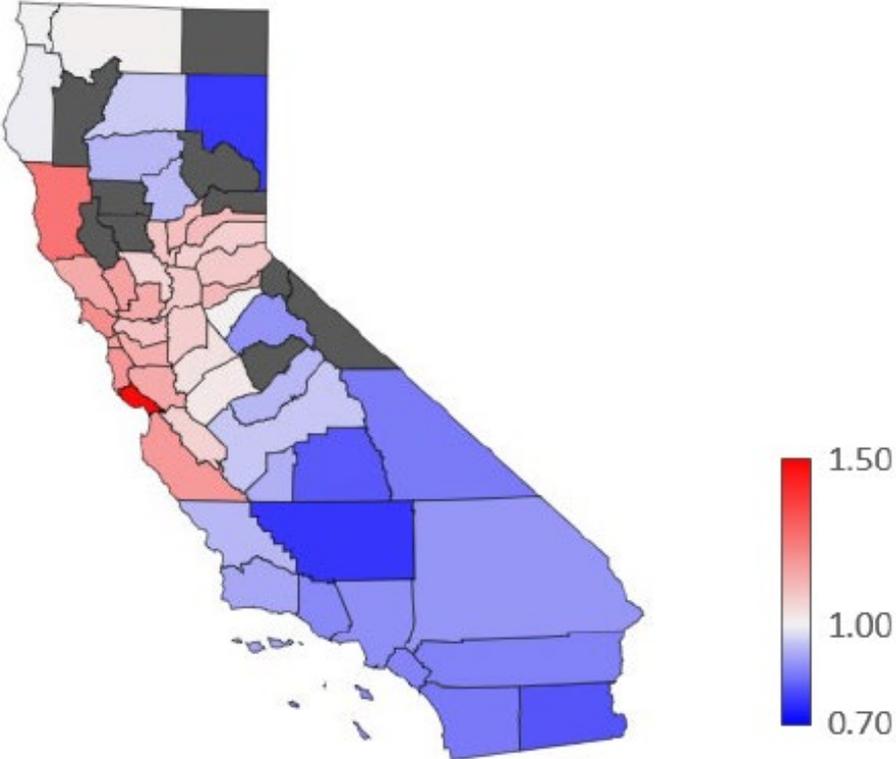
Percentage of PMPM by Service Category



Data as of June 23, 2021

Source: 2020 CalPERS Health Benefits Program Annual Report

# Healthcare Cost Variation in California



Source: 2019. Milliman

# Plan Access & Coverage Improvements



**2021**

Novel HMO  
networks added



**2022**

HMO & EPO plans  
in rural areas



**2023 & Beyond  
Goal**

More plan choices  
available in  
every county

# Pharmaceutical Strategies



New PBM contract



Biosimilars First Initiative



Purchasing strategies with other large purchasers

# Alignment with Other Health Care Purchasers



# Health Equity

It Starts With You



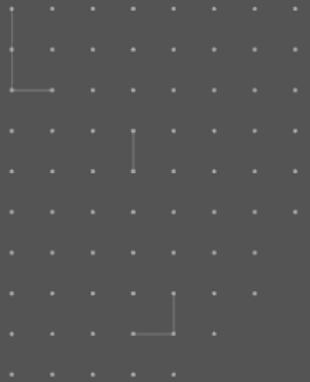
## Health Demographic Profile

### **REAL**

Race, Ethnicity, and Language

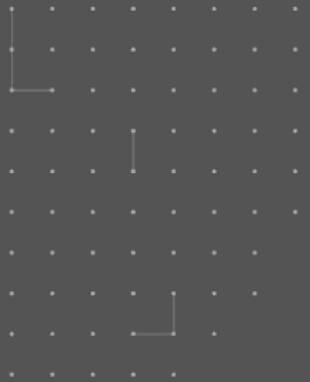
### **SOGI**

Sexual Orientation and Gender Identity



# Open Discussion





# Closing

