

**DRAFT**

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2022-23  
**Business Plan**

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California Public Employees' Retirement System

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# MEMBER EXPERIENCE

Strategic Goal: Ensure member satisfaction through accuracy, responsiveness, and respect

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**Strategic Objective:** Deliver accurate benefits to our members and their beneficiaries

- Year one is focused on core workload and accountability is demonstrated through the strategic measure Benefit Payment Accuracy.

**Strategic Objective:** Ensure that our members and their beneficiaries receive benefit payments on time

- Year one is focused on core workload and accountability is demonstrated through the strategic measure Benefit Payment Timeliness.

**Strategic Objective:** Provide timely response and appropriate action to inquiries

- **Improve Communication Channels:** Leverage technology, using artificial intelligence capabilities, and replace myInfo (knowledge management system) to better assist members and our internal teams. (June 2023)
  - **Associated Strategic Measure:** Customer Inquiry Timeliness

**Strategic Objective:** Enhance services, communication, and education tools for our members

- **Customer Service Projects:** Explore, design, and implement capability to transmit timely and relevant information electronically (e.g., condolence package, order publications). (June 2023)
  - **Associated Strategic Measure:** Customer Satisfaction



# PENSION SUSTAINABILITY

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

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**Strategic Objective:** Balance the costs of future pension payments with the expected future investment risks and returns through the Asset Liability Management process

- **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 2023)
  - **Associated Strategic Measures:** Funded Status; Total Expected Fund Volatility; Employer Contribution Rate

**Strategic Objective:** Mitigate the risk of significant investment loss while balancing contribution levels and volatility

- **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 2023)
  - **Associated Strategic Measures:** Funded Status; Total Expected Fund Volatility; Employer Contribution Rate
- **Total Fund Portfolio:** Construct a Total Fund Portfolio positioned to generate the required rate of return over the long term, by ensuring effective allocation of risk, leverage, and liquidity. (June 2027)
  - **Associated Strategic Measure:** Total Expected Fund Volatility

**Strategic Objective:** Deliver risk-adjusted investment returns to meet or exceed the expected rate of return

- **Total Fund Performance:** Review and assess existing strategies, while researching and implementing new strategies, to ensure alignment in service of delivering our long-term projected rate of return. (June 2027)
  - **Associated Strategic Measure:** Annualized (5-Year) Excess Investment Returns Relative to Total Fund Policy Benchmark
- **Total Fund Processes†:** Develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. (June 2027)
  - **Associated Strategic Measures:** Annualized (5-Year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-year Net Value Added



# PENSION SUSTAINABILITY, continued

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

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## Strategic Objective: Integrate sustainable investment strategies

- **Emerging and Diverse Managers:** As part of the process to evolve our approach and re-establish a leading position working with diverse managers and emerging managers we will develop and publish the CalPERS Emerging and Diverse Manager Report. (June 2027)
  - **Associated Strategic Measure:** Percentage of Diverse Managers
- **Investment Strategy - Net Zero by 2050:** Refresh the CalPERS Investment Strategy on Climate Change to facilitate the path to net zero. As part of this process, we will develop a report to fulfill the requirement of Senate Bill 964. (December 2022)
  - **Associated Strategic Measure:** Just Transition to Net Zero by 2050
- **Responsible Human Capital Management:** Develop and provide CalPERS' response to the Securities and Exchange Commission's proposed rulemaking on Human Capital Management Disclosures. (September 2023)
  - **Associated Strategic Measure:** Human Capital Management



# EXCEPTIONAL HEALTH CARE

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Strategic Objective: Ensure our members receive high-quality health care

- **Advance Primary Care\***: Develop, implement, and participate in strategies that will aim to improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity; Health Care Affordability
- **Behavioral Health Screening and Treatment\***: Assess the feasibility of health plan contractual opportunities, identify partnerships, and develop recommendations to improve behavioral health treatment for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity
- **Improve Health Data Quality and Application\***: Collaborate with CalPERS health plans to develop and implement data quality improvement plans to improve the quality, relevancy, and consistency of the data in the Health Care Decision Support System (HCDSS). (June 2025)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Improve Pharmaceutical Strategies\***: Using expert clinical input from nationally-recognized organizations and CalPERS utilization data, develop formulary management strategies that balance member choice, quality, safety, affordability and prescription drug access. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Promote and Improve Health Equity\***: Develop and implement a health equity strategy that will aim to improve the overall clinical quality for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity
- **Quality Alignment\***: Establish improved performance measures in our health plan contracts. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity



# EXCEPTIONAL HEALTH CARE, continued

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Strategic Objective: Ensure our members have access to care when and where they need it

- **Advance Primary Care\***: Develop, implement, and participate in strategies that will aim to improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity; Health Care Affordability
- **Behavioral Health Screening and Treatment\***: Assess the feasibility of health plan contractual opportunities, identify partnerships, and develop recommendations to improve behavioral health treatment for CalPERS health care members. (June 2027)
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# EXCEPTIONAL HEALTH CARE, continued

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Strategic Objective: Ensure the care we provide is affordable

- **Advance Primary Care\***: Develop, implement, and participate in strategies that will aim to improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity; Health Care Affordability
- **Improve Health Data Quality and Application\***: Collaborate with CalPERS health plans to develop and implement data quality improvement plans to improve the quality, relevancy, and consistency of the data in the Health Care Decision Support System (HCDSS). (June 2025)
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- **Improve Pharmaceutical Strategies\***: Using expert clinical input from nationally-recognized organizations and CalPERS utilization data, develop formulary management strategies that balance member choice, quality, safety, affordability and prescription drug access. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Health Care Member Experience; Access to Care; Health Care Affordability; Achieving Health Equity
- **Increase Health Care Competition**: CalPERS seeks to improve provider competition to mitigate costs in low competition areas. (June 2024)
  - **Associated Strategic Measure**: Health Care Affordability



# EXCEPTIONAL HEALTH CARE, continued

Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care

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## Strategic Objective: Ensure all members receive equitable care

- **Advance Primary Care\***: Develop, implement, and participate in strategies that will aim to improve quality and access to primary care services for CalPERS health care members. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity; Health Care Affordability
- **Behavioral Health Screening and Treatment\***: Assess the feasibility of health plan contractual opportunities, identify partnerships, and develop recommendations to improve behavioral health treatment for CalPERS health care members. (June 2027)
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- **Quality Alignment\***: Establish improved performance measures in our health plan contracts. (June 2027)
  - **Associated Strategic Measures**: Population Health Management; Behavioral Health Screening and Treatment; Health Care Member Experience; Access to Care; Achieving Health Equity



# STAKEHOLDER ENGAGEMENT

Strategic Goal: Promote collaboration, support, and transparency

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## Strategic Objective: Educate and engage stakeholders on system impacts including policy and program changes, risks, and mitigations

- **Expand Stakeholder Education on 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 2027)
  - **Associated Strategic Measures:** Stakeholder Perception Survey – Participation; Stakeholder Perception Survey – Overall Rating; Stakeholder Perception Survey – Stakeholder Rating; Stakeholder Perception Survey – Employer Rating; Stakeholder Perception Survey – Member Rating; Stakeholder Perception Survey – Compliance and Risk; Stakeholder Perception Survey – Risk
- **Facilitate Stakeholder Dialogue:** Actively pursue strategies to enhance engagement with stakeholders on policy and program issues that impact active members, retired members, employers, stakeholder leaders, private sector interests and other institutional investors and administrators. (June 2027)
  - **Associated Strategic Measures:** Stakeholder Perception Survey – Participation; Stakeholder Perception Survey – Overall Rating; Stakeholder Perception Survey – Stakeholder Rating; Stakeholder Perception Survey – Employer Rating; Stakeholder Perception Survey – Member Rating; Stakeholder Perception Survey – Compliance and Risk; Stakeholder Perception Survey – Risk

## Strategic Objective: Enhance services, communication, and education tools for our partners

- **Communication Tool Enhancements:** Implement a new email tool to enhance communications to members, employers, stakeholders, and team members. (June 2023)
  - **Associated Strategic Measure:** Effectiveness of Digital Communications Outreach



# ORGANIZATIONAL EXCELLENCE

Strategic Goal: Cultivate a risk-intelligent and innovative culture through our team and processes

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**Strategic Objective: Improve processes, operations, and advance technologies to gain efficiencies and effectiveness**

- **Enterprise Workload Metrics:** Provide support to the organization by creating educational resources related to the development, implementation and reporting of workload metrics. Develop and propose a thoughtful and organized approach for how program areas can submit metrics to the executive team for review and approval. (June 2023)
  - **Associated Strategic Measures:** Enterprise Operational Effectiveness; Operational Efficiencies
- **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 2027)
  - **Associated Strategic Measure:** CEM Benchmarking Information Technology Capability Score
- **Operational Process Improvements:** Partner with the Operations & Technology Branch to review operational support processes and identify, prioritize, and implement process improvements. (June 2023)
  - **Associated Strategic Measure:** Operational Efficiencies
- **Project Efficiency Framework:** Develop and implement an outcome and accountability framework to identify, measure, and report on improved processes, operational efficiencies, and cost savings realized from the allocation of resources to new projects and initiatives. (June 2023)
  - **Associated Strategic Measure:** Operational Efficiencies
- **Total Fund Processes†:** Develop, refine, and institutionalize transparent, disciplined, and clear investment decision-making processes to increase organizational effectiveness for total fund and support a culture of accountability. (June 2027)
  - **Associated Strategic Measures:** Annualized (5-year) Excess Investment Returns Relative to Total Fund Policy Benchmark; Cost Advantaged vs. Peers; 5-Year Net Value Added

**Strategic Objective: Cultivate compliance and risk functions throughout the enterprise**

- **Information Security Strategy:** Advance the Information Security Office strategy and mitigate cybersecurity threats and vulnerabilities. (June 2027)
  - **Associated Strategic Measure:** Information Security Assessment Score
- **Organizational Compliance and Risk Management Effectiveness:** Develop and deploy a multi-year implementation plan for the first line of defense and second line of defense by organizing enterprise and division resources to support new and enhanced compliance and risk management functions. (June 2023)
  - **Associated Strategic Measures:** Organizational Compliance Effectiveness; Risk Management Effectiveness



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a risk-intelligent and innovative culture through our team and processes

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## Strategic Objective: Recruit and retain diverse talent

- **Develop 2023-28 Workforce Plan Strategies:** Develop the CalPERS Workforce Plan (FY 2023-28) in alignment with the CalPERS Strategic Plan and workforce plan risk analysis. (June 2023)
  - **Associated Strategic Measures:** Candidate Pool Outreach; Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development
- **Improve Annual Evaluation Process:** Develop and administer a continuous improvement project to identify gaps in the Employee Performance and Development (EPAD) process internal to the Human Resources Division. (June 2023)
  - **Associated Strategic Measure:** Employee Development
- **Talent Management Strategies\*:** Provide a multi-year assessment and reporting of career advancement at CalPERS. (June 2027)
  - **Associated Strategic Measures:** Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development; Team Member Engagement
- **Total Fund People:** Realign Investment Office resources and skills in support of the total fund portfolio to reinforce working as one team, with a culture of trust, respect, and accountability. (June 2027)
  - **Associated Strategic Measures:** Workforce Demographics; Employee Development

## Strategic Objective: Enhance team member engagement and employment experience

- **Implement Engagement Survey Action Items:** Develop and implement action items from the Annual Employee Engagement Survey with the lowest scores that have the greatest impact on team member engagement. (June 2023)
  - **Associated Strategic Measures:** Team Member Engagement; Net Promoter Score; Response Rate of Employee Engagement Survey
- **Talent Management Strategies\*:** Provide a multi-year assessment and reporting of career advancement at CalPERS. (June 2027)
  - **Associated Strategic Measures:** Participation and Results of Onboarding Survey; Participation and Results of Exit Survey; Workforce Demographics; Employee Development; Team Member Engagement

## Strategic Objective: Integrate and sustain leadership competencies to promote behaviors that retain and engage a high-performing workforce

- **Leadership Competency Education and Performance Intergration:** Develop leadership education programs to increase leaders' proficiency in the CalPERS Competencies. In addition, replace the current EPAD process and develop a modernized tool using an online platform. This will provide a more interactive and meaningful performance evaluation experience for CalPERS leaders. (June 2024)
  - **Associated Strategic Measure:** CalPERS Leadership Competencies



# ORGANIZATIONAL EXCELLENCE, continued

Strategic Goal: Cultivate a risk-intelligent and innovative culture through our team and processes

**Strategic Objective:** Cultivate diversity, equity, & inclusion through culture, talent, investments, health equity, and supplier diversity

## Theme: Culture

- **Implement Diversity, Equity, & Inclusion (DE&I) Framework:** Implement the DE&I action items as identified by the functional program areas within the DE&I framework. (June 2023)
  - **Associated Strategic Measure:** DE&I Engagement Survey Results

## Theme: Supplier Diversity

- **Supplier Pool Outreach:** Provide outreach, advocacy, and assistance to demonstrate our efforts to have a diverse vendor pool. Conduct annual activities to impact outreach efforts, state procurement opportunities, and certification of small business/Disabled Veterans Business Enterprise vendors. (June 2023)
  - **Associated Strategic Measure:** Diversity of Supplier Pool

### These initiatives integrate DE&I throughout the plan.

#### Theme: Talent

- Develop 2023-28 Workforce Plan Strategies
- Improve Annual Evaluation Process
- Leadership Competency Education and Performance Integration
- Talent Management Strategies

#### Theme: Investments

- Emerging and Diverse Managers
- Investment Strategy - Net Zero 2050
- Responsible Human Capital Management
- Total Fund People

#### Theme: Health Equity

- Advance Primary Care
- Behavioral Health Screening and Treatment
- Improve Health Data Quality and Application
- Improve Pharmaceutical Strategies
- Increase Health Care Competition
- Promote and Improve Health Equity
- Quality Alignment

\* Supports multiple Strategic Objectives

† Supports multiple Strategic Goals and Objectives



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Updated v.2022.6.24