CalPERS

Board of Administration
FY 2020-21 - Fourth Quarter Report

August 6, 2021

Item Name: Enterprise Performance Reporting – Fourth Quarter

Program: Enterprise

Item Type: Information

Executive Summary

This report provides the fourth quarter report (April 1, 2021, through June 30, 2021) for the Enterprise Performance Reporting (EPR) framework, which is comprised of Strategic Measures (measures), Business Plan Initiatives (initiatives), and Key Performance Indicators (KPIs). The measures and initiatives are part of CalPERS 2017-22 Strategic Pan (Strategic Plan) and allow us to measure progress in achieving our strategic goals and objectives. The KPIs serve as a collection of performance indicators that measure the effectiveness of our efforts at the operational level. EPR focuses on the ongoing monitoring and reporting of all three components and provides information as to how well the organization is progressing toward strategic goals and objectives, as well as operational targets.

This report focuses on At-Risk and Off-Target measures and initiatives. The reference material documents also include supplemental performance data for On-Target measures and initiatives, as well as KPIs. The Strategic Plan Alignment and Enterprise Operation Maps illustrate the status of each EPR element.

As an enterprise, we are dealing with the continuing COVID-19 pandemic and are striving to address and manage the risks associated with this challenge. Taking this into consideration, we continue to focus on our priorities to ensure ongoing customer service, the safety of team members, and ensure our facilities remain a safe work environment for onsite team members.

Strategic Plan

This report specifically aligns to our strategic goals and objectives, as we measure our strategic and operational progress throughout the duration of the Strategic Plan.

Background

In early 2016, we began the development of our current five-year Strategic Plan and refined our mission and vision statements. These efforts resulted in a year-long collaborative process that yielded valuable information and feedback from a variety of internal and external stakeholders. These inputs, coupled with a rigorous period of analysis, helped us identify our strategic goals –

each with its own set of objectives and measures. In February 2017, the Board approved the Strategic Plan, and the Business Plan – which serves as a vehicle to put the Strategic Plan into action.

In addition to the Strategic Plan activities, the organization began to develop the KPIs and implement the EPR framework. Through collaborative working sessions with the executive team and program areas, KPIs were identified and developed for all areas of the organization, and the EPR framework was implemented in tandem with the commencement of the Strategic Plan on July 1, 2017.

The EPR framework provides a comprehensive view of strategic and operational performance through quarterly reports that reflect status indicators of On-Target (green), At-Risk (yellow), and Off-Target (red), however, the focus is on At-Risk and Off-Target measures and initiatives. This report will include an explanation of root causes, as well as potential constraints and mitigation strategies currently underway. The intent of the EPR framework is to reinforce CalPERS' desire to be transparent and accountable in support of our strategic goals and objectives, and operational targets.

As the EPR framework continues to progress, the following status designations will appear for several measures and KPIs:

- Pending refresh – baseline, target, and thresholds have been established, and the metric is awaiting completion of a data refresh cycle
- Under development – efforts to solidify methodology are underway

Analysis

This report will focus on two items: 1) Summary of metrics that refreshed during the fourth quarter; and 2) At-Risk and Off-Target measures and initiatives.

Strategic Measures

The Strategic Plan encompasses 27 measures. In review of fourth quarter data, 22 measures are On-Target or in a pending refresh or under development status; one is Off-Target; three are At-Risk; and one will be reported in closed session.

- Off-Target
    - Cost Effectiveness Measure – cost per member
- At-Risk
    - Stakeholder assessment survey – risk
    - Measuring access to care
    - Stakeholder assessment survey – compliance and risk

Business Plan Initiatives

The Business Plan encompasses 26 initiatives. In review of fourth quarter data, 24 are currently On-Target; one is Off-Target; and one will be reported in closed session.

- Off-Target
    - Alignment of asset liability management
- Completed
    - Expand diversity and inclusion program

<u>Key Performance Indicators</u>

The operational model encompasses 64 KPIs. In review of fourth quarter data, 48 KPIs are currently On-Target or in a pending refresh status; four are Off-Target; one is At-Risk; seven are informational; and four are reported in closed session.

- Off-Target
    - Lean adoption
- At-Risk
    - Employer rating on stakeholder perception survey
    - Stakeholder rating on stakeholder perception survey
    - Member, employer, and stakeholder rating on stakeholder perception survey
    - Timely resolution of employer reviews

Budget and Fiscal Impacts

Resources for our strategic and operational needs were funded by existing internal resources, and by funding requested through the annual CalPERS budget planning process.

Benefits and Risks

The alignment of the Measures, Initiatives, and KPIs with our long-term strategic goals provides focus and clarity that prioritize and guide our work as we keep the Strategic Plan at the forefront of our planning process. EPR is specifically designed to address the most significant risks and opportunities facing CalPERS and will be regularly reviewed to respond to a changing environment.

Reference Materials

Strategic Measures Summary Sheets
Business Plan Initiatives Summary Sheets
KPI Summary Sheets
Strategic Plan Alignment Map
Enterprise Operations Map

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