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2020-21  
**Business Plan**

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California Public Employees' Retirement System

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# Fund Sustainability

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

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

- **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 Measures:** Funded status; projected funded status

### Strategic Objective: Mitigate the risk of significant investment loss

- **Total Fund Portfolio Design (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 2022\*) †
  - **Associated Strategic Measures:** One-year total expected fund volatility; investment managers policies and procedures for environmental, social and governance (ESG) factor integration

### Strategic Objective: Deliver target risk-adjusted investment returns

- **Total Fund Investment Strategy (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 2022\*) †
  - **Associated Strategic Measure:** Annualized (five-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:** Stakeholder assessment survey—risk

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

- **Total Fund Portfolio Design (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 2022\*)
  - **Associated Strategic Measures:** One-year total expected fund volatility; investment managers policies and procedures for environmental, social and governance (ESG) factor integration

\* Business plan initiative scheduled to end in June 2025 and supports the new five-year investment plan.

† This business plan initiative supports two objectives: Mitigate the risk of significant investment loss and Integrate ESG considerations into investment decision making.



# High-Quality Affordable Health Care

Strategic Goal: Improve health care quality, access & affordability

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

- **Update Health Plan Contract Measures:** Establish improved performance measures in our health plan contracts. (June 2022)\*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Member experience; Health care premium affordability.
- **Health Data Quality Management:** 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 2022)\*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Measuring access to care; Health care premium affordability.
- **Behavioral Health Access and Quality:** Assess the feasibility of health plan contractual opportunities, identify partnerships, and develop recommendations to improve behavioral health treatment for CalPERS health care members. (June 2022)††
  - **Associated Strategic Measures:** Behavioral health quality; Measuring access to care; Member experience
- **Health Equity:** Develop and implement a health equity strategy that will aim to improve the overall clinical quality for CalPERS health care members. (June 2021)††
  - **Associated Strategic Measures:** Chronic disease prevention and management, Behavioral health quality; Measuring access to care; Member experience
- **Clinical Quality Improvement Programs:** Assess the effectiveness of current quality requirements and implement strategies to ensure CalPERS health plans effectively engage their provider networks to support continuous quality improvement opportunities and activities so CalPERS health care members can receive high-quality clinical care. (December 2021)
  - **Associated Strategic Measure:** Chronic disease prevention and management

\*\* This business plan initiative supports three objectives: Ensure our members receive high-quality care; Ensure our members have access to care when and where they need it; Ensure the care we provide is affordable

† † This business plan initiative supports two objectives: Ensure our members receive high-quality care; Ensure our members have access to care when and where they need it.



# High-Quality Affordable Health Care

Strategic Goal: Improve health care quality, access & affordability continued...

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

- **Update Health Plan Contract Measures:** Establish improved performance measures in our health plan contracts. (June 2022) \*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Member experience; Health care premium affordability.
- **Health Data Quality Management:** 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 (HCDS). (June 2022) \*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Measuring access to care; Health care premium affordability.
- **Behavioral Health Access and Quality:** Assess the feasibility of health plan contractual opportunities, identify partnerships, and develop recommendations to improve behavioral health treatment for CalPERS health care members. (June 2022) ††
  - **Associated Strategic Measures:** Behavioral health quality; Measuring access to care; Member experience
- **Health Equity:** Develop and implement a health equity strategy that will aim to improve the overall clinical quality for CalPERS health care members. (June 2021) ††
  - **Associated Strategic Measures:** Chronic disease prevention and management, Behavioral health quality; Measuring access to care; Member experience
- **Telehealth Access:** Study the utilization and quality of telehealth to improve access and quality of care provided to CalPERS health care members (June 2022)
  - **Associated Strategic Measures:** Measuring access to care; Member experience

\*\* This business plan initiative supports three objectives: Ensure our members receive high-quality care; Ensure our members have access to care when and where they need it; Ensure the care we provide is affordable

† † This business plan initiative supports two objectives: Ensure our members receive high-quality care; Ensure our members have access to care when and where they need it.



# High-Quality Affordable Health Care

Strategic Goal: Improve health care quality, access & affordability continued...

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

- **Update Health Plan Contract Measures:** Establish improved performance measures in our health plan contracts. (June 2022) \*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Member experience; Health care premium affordability.
- **Health Data Quality Management:** 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 2022)\*\*
  - **Associated Strategic Measures:** Chronic disease prevention and management; Measuring access to care; Health care premium affordability.
- **Increase Competition:** In regions of the state that have low competition among health care providers, CalPERS aims to increase competition using a variety of strategies. (June 2022)
  - **Associated Strategic Measures:** Health care premium affordability
- **Risk Mitigation:** Develop and implement a new health risk mitigation strategy and determine health plan premium disparities in preparation for the 2022 rate-setting process (June 2021)
  - **Associated Strategic Measures:** Health care premium affordability
- **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 2022)
  - **Associated Strategic Measures:** Health care premium affordability

\*\* This business plan initiative supports three objectives: Ensure our members receive high-quality care; Ensure our members have access to care when and where they need it; Ensure the care we provide is affordable



# Reduce Complexity

Strategic Goal: Reduce complexity across the enterprise

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## 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 2022)
  - **Associated Strategic Measure:** Cost Effective Measurement (CEM) information technology capability score
- **Complexity Reduction:** Conduct research and analysis of complexity reduction opportunities and initiate process or policy changes (June 2022)
  - **Associated Strategic Measures:** CEM pension complexity score; CEM cost per member; overhead operational cost

## 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)
  - **Associated Strategic Measures:** CEM cost per member; overhead operational cost
- **Total Fund Investment Decision-Making Processes (Process):** 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 2022\*)
  - **Associated Strategic Measure:** Five-year net value added

\* Business plan initiative scheduled to end in June 2025 and supports the new five-year investment plan.



# Risk Management

Strategic Goal: Cultivate a risk-intelligent organization

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## 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)
  - **Associated Strategic Measure:** 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:** Compliance program maturity assessment
- **Enterprise Data Management:** 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 2022)
  - **Associated Strategic Measure:** Aligns to the overall Risk Management goal

## Strategic Objective: Continue to evolve cyber security program

- **Information Security Strategy:** Advance the Information Security Office strategy and mitigate cyber security threats and vulnerabilities (June 2022)
  - **Associated Strategic Measure:** Composite security health score within range





# Talent Management

Strategic Goal: Promote a high-performing and diverse workforce

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**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 Accountability and Senior & Executive Management Relationships from the Employee Engagement Survey results (June 2021)
  - **Associated Strategic Measures:** 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 comprehensive approach to lead with inclusive practices and to meet organizational goals (June 2022)
  - **Associated Strategic Measure:** Engagement survey results and action items—diversity & inclusion
- **Total Fund Portfolio Resources (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 2022\*)
  - **Associated Strategic Measure:** Engagement survey results and action items—accountability

**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 2022)
  - **Associated Strategic Measure:** Proficiency in CalPERS leadership competencies
- **Develop Leadership Competencies Measurement Tool:** Develop and pilot a tool to measure leaders' proficiency in CalPERS competencies (June 2022)
  - **Associated Strategic Measure:** Proficiency in CalPERS leadership competencies

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