

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

02/20/2019

2. Department

California Public Employees' Retirement System

3. Organizational Placement (Division/Branch/Office Name)

Customer Services and Support/ Disability and Survivor Benefits Division

4. CEA Position Title

Chief, Disability and Survivor Benefits Division

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

A new CEA position is being requested to split the responsibility of the current Benefit Services Division Chief due to the large span of control in the existing structure. Once created, the new CEA would oversee a Disability and Survivor Benefits Division and the existing CEA of the Benefit Services Division would be modified to oversee the Retirement Benefit Services Division. This request is for the new CEA that would be responsible for the processing of disability retirement determinations and payment of survivor benefits. Properly dividing the workload would allow each CEA position to better support the customer service goals of the organization and the mission of the organization to deliver retirement benefits to members and beneficiaries.

6. Reports to: (Class Title/Level)

Deputy Executive Officer (DEO)/CEA, C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): The CEA works in coordination with the DEO, who is a member of the CalPERS Executive Management Team.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the administrative direction of the Deputy Executive Officer, Customer Services and Support Branch, the Chief, Disability and Survivor Benefits Division (DSBD) has full responsibility for the administration of providing benefits and information to over 1.9 million active members, retirees, survivors and beneficiaries. This includes, but is not limited to, eligibility for disability retirement and pre- and post-retirement death benefits.

The Chief, DSBD, would provide high-level policy direction and oversight to all DSBD programs and operations and through subordinate managers, plan, organize, and direct the work of multidisciplinary professional and administrative teams responsible for disability retirement determinations and survivor and beneficiary benefit payments.

For disability retirement determinations the Chief, DSBD, would provide direction to over 2,000 disability retirement requests per year and ensure determinations are made timely and accurately in accordance with the law. These determinations include those that are approved, denied, and validated for those determinations made by local agencies for safety members allowed by law. For those determinations that are denied, the Chief, DSBD, must also administer the appeal rights granted to members who disagree with the determinations, which includes court proceedings and presentations to the CalPERS Board of Administration. Also included in the responsibilities is the administration of the re-evaluation of those members that were previously approved for a disability to ensure they are not fit to return to work.

For pre- and post-retirement death benefits, the Chief, DSBD, would provide direction for over 20,000 deaths reported to CalPERS each year and ensure determinations are made timely and accurately in accordance with the law. In addition to the payment of benefits, the Chief, DSBS is also responsible for the continuation of health benefits coverage for eligible survivors and beneficiaries. Once deaths are reported and reviewed, the Chief is responsible for overseeing and ensuring the payments are processed onto the roll, making adjustments to future benefit payments if changes occur, and conducting annual tax reporting on survivor benefits. In certain cases, beneficiaries are not easily identifiable, and effort is needed in locating eligible beneficiaries for survivor benefits and collecting overpayments on benefits that were overpaid after the date of death that was reported or identified to CalPERS.

In addition to administrative duties, the Chief, DSBD provides strategic policy direction in planning and implementing new survivor benefit and disability programs and services that respond to changing demographics and needs of members and employers. The Chief, DSBD, is responsible for evaluating those policy impacts and ensuring decisions are integrated into other CalPERS programs, processes, and operations. In conducting these duties, the chief must review existing policies, laws, rules, and regulations and recommend changes as appropriate. Examples from the recent past include new policies on the duration of disability, the authority of local agencies to make determinations for safety members, and the application of disability rules when a member is attempting to avoid disciplinary action by submitting a disability application. Similarly, new policies for survivor benefits included the interest rate that is to be used for delayed benefit payments, as well as the inclusion of a new regulation requiring additional interest payments on adjustments to survivor benefits. The implications of these policy decisions were significant, and their complexity was high, requiring extensive research on the trending increase in the number of deaths reported over recent years, the impact of the active CalPERS membership including ages of the at-risk population of retirees, and how those trends will continue to represent themselves and the resources needed as a result.

The position responsibilities also include oversight of initiatives to improve customer service and strengthen the efficiency and efficacy of program operations, such as the recent implementation of Lean Six Sigma methodology for disability business processes and complexity reduction of the delayed benefit payment process. As part of those initiatives, the Lean Six Sigma methodology analyzed the current disability retirement determination process and all the steps involved in the process. It looked at what steps were unnecessary and what touch points in the process took the most amount of time and how those could be reduced. Through the Lean Six efforts, non-value added steps were eliminated, and process times shortened, without harming customer service or increasing risk. In the end, the determination process was reduced by over 33 percent and applicants are now receiving determinations in under 4 months as opposed to over 6 months, previously. In regard to complexity reduction for survivor benefits, the information provided to beneficiaries underwent an internal and external usability review. Our customers were able to provide feedback through surveys and our internal teams, including call center staff who answer the majority of questions from customers, were able to share the common questions they receive. In the end, our informational materials were streamlined and simplified to increase the timeliness of the claims for survivor benefits and our service levels in payments have increased dramatically over the past fiscal year.

As the primary policy expert on these issues related to disability and survivor benefits, the Chief, DSBD, is responsible for advising the Deputy Executive Officer and Executive Staff on the most complex and sensitive policy matters that impact the delivery of survivor and disability benefits and related services to CalPERS members.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The mission of the organization is to deliver retirement benefits to members and beneficiaries. This program is of the utmost criticality to the organization to fulfill the department's mission. Without the determination of disability benefits, members who are substantially incapacitated because of a disability would not be provided the benefits available to them under the law and their employer's contract. Without the payment of survivor benefits, entitled ongoing beneficiaries, typically surviving spouses of deceased members, would not be afforded their due retirement and health benefits, and lump sum death benefits would not be paid to those entitled under the law.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

This request is part of a larger proposed restructuring of the 1,050 person Customer Services and Support (CSS) Branch. CalPERS' Strategic Plan (2017-2022) affirms the critical role of CSS in fulfilling the Department's mission to deliver retirement and health care benefits to over 1.9 million members and their beneficiaries. As the customer service arm of CalPERS, CSS must reorganize to deliver services in the least complex, most efficient manner possible. Additionally, the reorganization will allow CSS to increase the speed and effectiveness of decision-making, better identify and manage risk, improve accountability and transparency, and reduce reliance on consultants as leaders will have more bandwidth to direct strategic initiatives and resulting projects.

The current span of responsibility for the existing CEA position includes oversight of a division of over 300 team members with complex management of several retirement programs, including not only the administration of CalPERS benefits but also the Judges' and Judges' II Retirement Systems and the Legislators' Retirement System, creating layers of complexity that cannot effectively be managed by one division chief. Pension reform added layers of complexity with new retirement formulas and laws pertaining to the membership of over 1.9 million members. Challenges to public pensions and to the decisions made by the organization on existing laws and regulations have also increased the policy decisions and workload of the division chief. Stakeholder outreach to our customers has also become an extensive part of the position requiring frequent travel and speaking engagements to communicate on CalPERS' mission, issues and goals.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Chief, DSBD, has significant policy oversight of disability retirement determinations, independent medical examinations, disability retirement appeals, re-evaluations of disability retirements, pre- and post-retirement survivor benefit payments and beneficiary and survivor data. The laws and regulations governing these processes are extensive and continually changing. They are complex and sensitive in nature and affect a membership of approximately 1.9 million, as well as over 3,000 employers.

Disability Determinations – Policies include duration of disability to determine how long a member must be disabled to qualify for benefits. Since CalPERS has different requirements than workers compensation or other temporary disability programs, it is critical this policy is managed appropriately and communicated to various stakeholders. Recent updates have been implemented to streamline the process and ensure proper benefits are payable. In addition, policies regarding workload methodologies and metrics have been implemented to improve customer service and streamline the process for the internal team and customers, which have led to 33% improvements in effectiveness. Policies have also been tightened with our local agencies who have statutory authority to make disability determinations for safety employees. Previous policies have limited our ability to ask for records to support their determinations, increasing risk of behaviors that could promote disability approvals to circumvent the disciplinary process. Working with the CalPERS Legal office and Office of Audit Services, policies have been established to increase our authority to request information to allow us to validate decisions are made within CalPERS laws and regulations.

Independent Medical Examinations (IME)– Policies include management of the fees and contracts used to manage the IME's. We recently expanded a policy of contracting with individual doctors to allow us to utilize a vendor with multiple doctors in their networks, allowing us to provide better customer service by expanding the locations and types of doctors available to our members. We also reviewed fee structures to ensure we are managing the program budget of over \$1.9 million effectively and efficiently. In addition, the policy of continual evaluation of the effectiveness of our IME's has been updated to ensure our doctors are making sound decisions in a timely manner and are able to support us by testifying in cases which are appealed.

Disability Retirement Appeals – Policy over appeals include managing the outcome of our cases that are heard by an Administrative Law Judge (ALJ). Cases in which the member is denied a disability retirement are typically appealed, eventually resulting in an ALJ decision and ultimately a decision from the CalPERS Board of Administration. When our decisions are overturned, the Chief, DSBD, must re-examine the way our laws and regulations are implemented and establish corresponding policy. Also, recent decisions that clearly support our laws have been established as precedential and can be used in court to ensure other decisions are made in the proper manner. Policies are often communicated via Circular Letters to our employers to ensure consistent communication.

Re-evaluations – Policy has been established over what types of injuries require re-evaluation and in what time frame based on the injury. We have over 67,000 members currently receiving disability retirement benefits, over 40,000 of which are eligible for re-evaluations. Research was performed on the population to determine appropriate re-evaluation time-frames and the amount of money saved when re-evaluations result in a return to work. Additional analysis was performed with our investigations unit to establish policy for surveillance of certain types of disability cases to further validate our determinations to take a member off of a disability retirement.

Pre- and Post-Retirement Survivor Benefits - Policy over the legislation which governs many different laws and regulations related to the payment of survivor benefits. This division receives over 1,700 deaths reported per month and has the critical responsibility of ensuring ongoing monthly survivor benefits and health benefits continue for the surviving spouse or entitled beneficiary. Recent policy development has occurred to govern the interest paid to members who haven't received timely benefit payments and to manage ongoing workload. Policy also continues to be developed over the pursuit of overpayment collections and identifying beneficiaries who are not claiming benefits of eligible members.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The Chief, DSBD is a member of the CalPERS senior management team and has full decision-making authority for the DSBD. The Chief, DSBD, is responsible for providing program and policy direction, carrying out the CalPERS Strategic Plan, and formulating and implementing department-wide policies related to disability and survivor benefit programs. This position is also responsible for working with external employer, employee, and member groups in the establishment of departmental policies, and for maintaining ongoing communications with employers and members regarding policy and program implementation.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Both.

Existing laws and regulations currently govern the disability and survivor benefit programs. The Chief, DSBD, is responsible for the administration of thousands of disability determinations and survivor benefit payments each year and would be responsible for the existing policies which govern the delivery of these determinations and benefits. These policies are also challenged on an ongoing basis, so the Chief is required to analyze current policies to ensure they are being carried out properly and work in partnership with the CalPERS Legal Office to properly respond to challenges.

In addition, new legislation, directives from the Board of Administration, and/or CalPERS strategic plan initiatives have potential to drive the need for new policy creation. Policies related to local safety agency disability determinations, determinations of how disciplinary actions affect disability determinations, durations of time a disability exists to qualify for a CalPERS disability, the disability re-evaluation process, the interest rate paid on delayed survivor benefits, who is responsible for survivor benefit over payments and other policy decisions are currently being vetted.