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	2. Department
July 3, 2019	State Compensation Insurance Fund

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

Information Technology

4. CEA Position Title

Senior Vice President IT Systems Engineering

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

Under the direction of the Chief Information Officer, the SVP of IT Systems Engineering (SVP - ITSE) will lead the IT Department responsible for delivering IT solutions for Claims, Policy, Administration, and Billing, Legal and HR technology, Data Management as well as Quality Assurance. The SVP-ITSE will set policy for current state operations while developing policies for future growth, expansion, and diversification that propel State Fund forward in accomplishing its goals around Culture, Claims Performance, Policy performance, Customer Value and Financial Health - including competitive position in the marketplace as well as continuing to increase policy retention and growth.

6. Reports to: (*Class Title/Level*)

Chief Information Officer (Executive)

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 SVP of Core Engineering is responsible for the direction and implementation of software solutions for various State Fund programs, that impact internal and external customers. The SVP plays an important role in ensuring their designs and rollout support the organization in meeting it's strategic goals.

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.

The CEA will set policy and the strategic direction for the department in support of enabling superior performance in the areas of Quality Assurance, Policy Admin. & Billing, Claims, Legal, Finance & HR, and Data Management technology solutions. The strategic plan and resulting policies will define and facilitate the development and delivery of dynamic IT systems and or applications for Quality Assurance, Policy Admin. & Billing, Claims, Legal, Finance & HR, and Data Management technology solutions.

CEA duties and responsibilities include:

• Overseeing all aspects of the department ensuring that it operates efficiently and effectively in accomplishing the department and business goals.

• Responsibility for their department budget (planning, establishing, monitoring) ensuring that the department goals are met.

• Establishing an IT road map for delivering innovative technology solutions that improve efficiency, security and ease of doing business with State Fund in the areas of Claims, Policy, Administration, Billing, Big Data, Business Intelligence, Legal and HR technology.

• Recommending and implementing test automation processes and protocols for the department that result in faster code validation, testing efficiency, reduced business expense, and quicker introduction and deployment of IT solutions in support of continuous improvement in the areas of Claims, Policy, Administration, Billing, Big Data, Business Intelligence, Legal and HR technology.

• Establishing a mentoring process/program that attracts and nurtures talent at all levels in support of the department's current and future direction. Ensure that all team members perform their work in alignment with our goals and culture. Create or leverage recognition programs in the department that acknowledge and appreciate employee and contingent worker contributions.

• Establishing and publish meaningful metrics for all appropriate initiatives. Keep the department, executives and business units updated on progress. Create a feedback loop to ensure important issues/ concerns around the business areas that the CEA is responsible for are addressed.

• Utilizing current research and best practice information in software engineering and big data to make the best IT business decisions in support of State Fund becoming a Market leader in the area of Worker's Compensation.

• Partnering with the State Fund Innovation Department around process improvements through technology. Routinely vet out solutions that create measurable and beneficial incremental or sweeping change.

• Responsibility for developing effective business relationships with their peers, other senior leaders, and their client organizations as well as setting the tone for their department through role modeling respect for others, appreciation for differences, and decisive leadership.

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 CEA responsible for the Information Technology Systems Engineering (ITSE) department will set policy that becomes the foundation for supporting State Fund's efforts in becoming the provider of choice for Worker's Compensation insurance. The CEA will develop policy that allows State Fund to demonstrate responsiveness to the changing demands of the Worker's Compensation ecosystem.

Employers, medical providers, claims adjusters, nurse case managers, injured workers and others in the Worker's Compensation ecosystem are increasingly demanding innovation and improvement in the areas of claims management, status of medical treatment approval/ progress, and the ability to receive quotes for a policy. Additionally, the changing regulatory environment also requires that State Fund develop technology and process enhancements that keep pace with the ever evolving changes in the Worker's Compensation ecosystem. The CEA, is responsible and accountable for developing and driving policy in support of delivering technology solutions that position State Fund as the leader in addressing these needs.

The ITSE department will take a holistic approach to information technology development, testing, and process design that delivers effective technology solutions to both internal and external stakeholders. The resulting policies will drive efficiency and effectiveness in addressing the challenges of consistently delivering a quality set of solutions that benefit injured workers and improve State Fund's claims, medical management and policy management functions. The cohesive development of policy that governs technology within and across IT engineering departments is one of the factors that will propel State Fund in to becoming the vendor of choice for Worker's Compensation solutions now and into the future.

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.

The worker's compensation insurance marketplace and regulatory environment are becoming increasingly more demanding and competitive. Additionally, the rapid advances and innovation in technology is the companion of sophisticated cyber-attacks, which pose additional risks to our business by raising the probability of negative impacts to our market share and reputation. Our current structure must change to support the current and future needs of the Worker's Compensation marketplace and mitigate the associated risks.

The competitive landscape (outlined) requires State Fund to deliver more on-line solutions to injured workers, policy holders, medical providers and others in the Worker's Compensation ecosystem. As an example, the Quote and Bind system that we are developing will allow obtaining a quote for insurance and binding the policy on-line. Many insurance companies provide this ability today. The on-line Quote and Bind application allows State Fund to be competitive in the Worker's compensation market place and is one example of an on- line solution.

In the past 7 years the IT program has undergone significant change in part due to the competitive pressure driving innovation in the Worker's Compensation Marketplace and in part due to the probability of new and existing cyber threats. Cyber risks are risks that involve financial loss, disruption or damage to the reputation of a business due to a breach or malfunction of information technology.

Cyber- threats are on the rise coincident with the explosion of technology innovation. In one of many Harvard Business Review articles on Cyber breaches, it was stated that "Cyber breaches are one of the most likely and most expensive threats to corporations. Yet few companies can quantify just how great their cyber risk exposure truly is, preventing them from effectively protecting themselves." The immediate changes in the marketplace and increasing cyber risks required the State Fund Information Technology organization to put additional policies in place at an enterprise level and also within certain disciplines to drive development, delivery, and practice around secure software design and delivery that strengthens our competitive position and responsiveness in the Worker's Compensation market place. The areas that the CEA will develop policy for include:

• Software development policy that includes hardening of the process and code in ways that prevent, deter or neutralize internal and external cybercriminals and data breaches while delivering the technology the business requires.
• Policies that govern the code testing environment to ensure the rigor necessary to deliver a usable system with minimal defects to production.
• Production environment operations. Policies governing how technology releases are moved into production including the policy for security and stability, Quality Assurance, as well as policy that governs how to address willful or accidental violation of established policies and Audit Controls.

The CEA, under administrative direction of the CIO, will insure that we continue to address known and evolving cyber threats along with the challenges of delivering service in a competitive marketplace. The CEA will formulate and implement policies that mitigate data security risks, ensure there is an audit trail for policy changes, correct deficiencies in documentation of business requirements for system development and process changes, ensure enterprise software licensing monitoring, and governing contract language for certain data management service level agreements and other such risks.

(See attached addendum necessitated due to character limitations)

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 CEA is largely responsible for policy making in the following areas:

1. Software Development - The CEA sets policy, standards, procedures, and develops or leverages best practices for developing sustainable future focused technology solutions for both internal and external stakeholders. Best practice areas include and are not limited to:

• Protecting the State Fund brand and its technology through defending against cybercriminals
• Security protocols for software development
• Audit controls
• Addressing willful non compliance
• Testing and Quality Assurance
• Production

2. Innovation - The CEA partners with the State Fund Innovation Department and sets and tests policy associated with new software solutions for improved performance and new ways of doing business including expansion and diversification.

3. Quality Assurance Testing - The CEA will introduce and develop policy that governs streamlining QA testing processes through incorporating appropriate test automation and other future focused strategies that allow State Fund to remain competitive and meet the demands of the ever changing service and regulatory Worker's Compensation ecosystem.

4. Data Management - The CEA will develop and deliver a set of data management policies that address the management and governance of State Fund data assets. The CEA will responsibly set, introduce and implement policies that guide State Fund in managing data as a valued enterprise asset as well as provide tools that help the business understand performance and opportunities for improvement in identified areas.

The laser focus on these areas builds the solid foundation necessary to position State Fund as a major provider of a suite of Worker's Compensation solutions in the marketplace.

The absence of the policies referenced above place State Fund's offering of Statewide Worker's Compensation in jeopardy. Without future focused policies governing software development, innovation, Quality Assurance and Testing, and Data Management, State Fund would lose its competitive position in the marketplace resulting in not being able to equip employers with an array of solutions for offering Worker's Compensation Insurance. It would also impact injured workers through delays in claims processing, approval for care, and poor customer service. Additionally, brokers and policy holders would experience slower and diminished service resulting from stagnant technology solutions that do not keep pace with the demands of the worker's compensation landscape. All of these factors would impact State Fund's brand, reputation and competitive position. The consequence would be decreased business, market share and revenues as a result of State Fund being a less attractive Worker's Compensation provider.

C. ROLE IN POLICY INFLUENCE (continued)

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

The Senior Vice President of Systems Engineering (Proposed CEA) will have sole responsibility for developing and unifying policy for the Claims, Policy, Admin, and Billing, Data Management, Legal and Human Resource technology, and Quality Assurance Information Technology Engineering divisions. The CEA will have full decision making authority for the formulation and implementation of IT policy for the named divisions.

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

The CEA will be responsible for developing, implementing and interpreting existing policy as well as developing new policy.

The proposed CEA will lead their divisions in adhering to existing systems life cycle development processes, regulatory adherence, and business process. Additionally, the proposed CEA of the ITSE department will develop policies associated with future technology advances in AI (artificial intelligence), CI/CD (continuous integration and continuous delivery) and other forward looking technologies while ensuring adherence to all regulatory rules as well as internal policies around data and governance. New processes such as on- line quote and bind development ensure State Fund is competitive in the Worker's Compensation marketplace.