

**Quality and Productivity Commission
30th Annual Productivity and Quality Awards Program
"Heritage of Excellence"**

2016 APPLICATION

Title of Project (Limited to 50 characters, including spaces, using Arial 12 point font):
NAME OF PROJECT: WHAT GETS MEASURED GETS MANAGED

DATE OF IMPLEMENTATION/ADOPTION: June 2002
(Must have been implemented at least one year - on or before July 1, 2015)

PROJECT STATUS: Ongoing One-time only

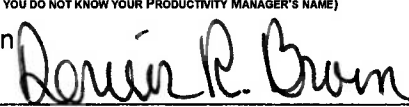
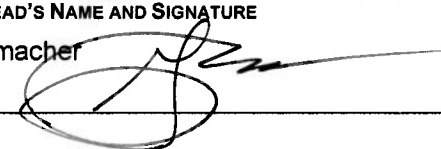
HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT? Yes No

EXECUTIVE SUMMARY: Describe the project in 15 lines or less using Arial 12 point font. State clearly and concisely what difference the project has made.

1 The challenges began in 1990 for the Los Angeles County Employee Retirement
 2 Association (LACERA) when member records were converted from hard copy format to
 3 computer files. In 1991, LACERA moved from downtown Los Angeles to Pasadena and
 4 added to its workforce. With a new computer system, fragmented processes, the
 5 complexity of retirement laws, plans, and programs, and a growing workforce, there was
 6 a need to take action. In 2002, based on "What gets measured, gets managed,"
 7 LACERA formed Quality Assurance and Metrics (QA) division to document standard
 8 operating procedures (SOP) and to quality audit business transactions. QA developed
 9 audit criteria with auditee divisions processing the transactions. Since 2002, accuracy of
 10 audited processes has increased yearly, from 2002's overall accuracy 88.3% to 97.3%
 11 in 2015. Member escalations reduced from 1,006 in 2010 to 555 in 2015. QA trains new
 12 staff on SOP (posted online). Trainees graduated with an average of 97.9% from 2007
 13 to 2015. QA reports monthly to audited divisions and annually to the Board of
 14 Retirement and Operations Oversight Committee. QA coaches veteran staff if audit
 15 shows problems. QA provides quality oversight information to LACERA management.

WA				
(1) ACTUAL/ESTIMATED ANNUAL COST AVOIDANCE	(2) ACTUAL/ESTIMATED ANNUAL COST SAVINGS	(3) ACTUAL/ESTIMATED ANNUAL REVENUE	(1) + (2) + (3) = TOTAL ANNUAL ACTUAL/ESTIMATED BENEFIT	SERVICE ENHANCEMENT PROJECT
\$ 274,663	\$0	\$ 0	\$ 274,663	<input checked="" type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS Quality Assurance and Metrics, LACERA 300 N Lake Avenue, Suite 850 Pasadena, CA 91109-7060		TELEPHONE NUMBER 626-685-4677
PROGRAM MANAGER'S NAME Derwin R. Brown		TELEPHONE NUMBER 626-685-4677 EMAIL dbrown@lacera.com
PRODUCTIVITY MANAGER'S NAME AND SIGNATURE <small>(PLEASE CALL (213) 893-0322 IF YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER'S NAME)</small> Derwin R. Brown 	DATE 7/5/16	TELEPHONE NUMBER 626-685-4677 EMAIL dbrown@lacera.com
DEPARTMENT HEAD'S NAME AND SIGNATURE Gregg Rademacher 	DATE 7/5/16	TELEPHONE NUMBER 626-564-6000, ext. 3494

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Member service is primary for LACERA – but self assessment showed improvement was required in accuracy, consistency and follow-through to meet our service goals:

Challenge

- A. Processes were ill-defined, difficult and time-consuming. Processes contained numerous steps that required multiple hand-offs between different functional units, causing staff to complete disparate tasks rather than address comprehensive resolution of the member's inquiry.
- B. Informal staff training resulted in inconsistent processing. Staff learned one-on-one from fellow staff without the benefit of a structured training program and/or training materials.
- C. Tracking of employee accuracy and/or process effectiveness was difficult, time consuming and imprecise, resulting in the inability to develop quality accuracy standards or identify the root cause of errors.

Solution

- A. Developed standardized business processes and knowledge bases that are documented and maintained online. Developed and documented standard operating procedures.
- B. Developed and required formalized class room staff training on standardized business processes with standardized training guides.
- C. Developed on-going quality audit plan that uses sampling methodology to track accuracy by employee and/or process.

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Benefit of Applied Solutions

- A. Standardized process procedures prevent individual staff from exercising either “fairy godmother” or “Scrooge” processing of a member’s request. The same rules, applications of CERL, and benefits are defined and applied for all requests in a given process. Accuracy and consistency are tracked, and constantly reviewed for improvement.
- B. QA Core Benefits training is conducted with expert instructors utilizing training guides that are designed to comprehensively address all related processes so that a member’s request(s) can be fulfilled by one specialist vs. fragmented processing. QA Audit measures the effectiveness of the comprehensive approach and identifies areas for improvement in the process and/or procedures.
- C. QA developed SOPs, streamlined the processes, and strengthened internal controls to minimize the number of hand-offs in the process so a single specialist can work a member request from beginning to end and increase productivity.
- D. QA audit tracks staff’s production, accuracy, and timeliness in completing a member’s request. QA reviews accuracy reports to identify the root cause of errors and to discover opportunities to improve training, business processes and/or employee performance.
- E. The QA Training Protocols for new-hires and Refresher Training guidelines for tenured staff clearly communicate SOP for accurate processing and productivity expectations. Since 2010, participants in these programs completed training with an average accuracy of 97.9% and have met the production standards of the divisions. QA uses online Classmarker software to store test data, trainee profiles and test questions. The QA audit validates transactions to verify the accuracy and timeliness (metric) of processing, using date and time stamp features in the Inline Audit database. Audited divisions receive reports of both individual and group staff accuracy.

The tables below show QA production metric data used to enhance our training, to improve accuracy, and to estimate service levels.

Trainee Production Audited

	2007-2008	2008-2009	2009-2010	2010-2011
Production	531	349	1932	894
Production Av.	59	35	193	53
Accuracy	96.4%	98.5%	98.6%	98.0%
Test Average	N/A	N/A	N/A	N/A

Trainee Production Audited

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Production	3335	4586	802	1678	2286
Production Av.	159	270	57	139	175
Accuracy	97.5%	98.5%	97.5%	97.5%	98.0%
Test Average	97%	93%	95%	93%	96%

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LINKAGE TO THE COUNTY STRATEGIC PLAN

F. Improved technological approaches were developed by LACERA Systems to provide failsafe defaults dictated by the County Employees Retirement Law of 1937 (CERL) and court rulings for in-system processing of member requests. QA documented these approaches in the SOP for training and in reference tools available on LACERA's Intranet.

Per this outline, LACERA's Quality Assurance and Metrics serves the Los Angeles County Strategic Plan by increasing accuracy in processing members' requests which improves LACERA's operational effectiveness and aids in fiscal sustainability by saving over \$250,000 annually in rework costs. QA also serves the County's goal of community support and responsiveness by continuing to survey our membership for customer satisfaction, providing the promised benefit, and ensuring quality and timeliness on every transaction. We have integrated a lot of our business processes into single transactions which can be handled by one Benefits Specialist vs. the segmented hand-off method that existed prior to 2002. This re-engineering effort is aligned with the County's goal of integrated services delivery.

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COST AVOIDANCE, COST SAVINGS, AND REVENUE GENERATED (ESTIMATED BENEFITS TO THE COUNTY): If you are claiming cost benefits, include a calculation on this page. You must include an explanation of the County cost savings, cost avoidance or new revenue that matches the numbers in the box. Remember to keep your supporting documentation. Use Arial 12 point font

Cost Avoidance: Costs that are eliminated or not incurred as a result of program outcomes.

Cost Savings: A reduction or lessening of expenditures as a result of program outcomes.

Revenue: Increases in existing revenue streams or new revenue sources to the County as a result of program outcomes.

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Explanation of Cost Benefits

The project eliminated \$349 in rework costs per member transaction request. Approximately 787 member transaction requests were impacted which represents the 0.6% increase in total production accuracy and the 10.5% increase in member satisfaction. Member transaction requests includes purchases, cost estimates, and benefit payments.

$$\text{\$349} \times 787 = \text{\$274,663}$$

Total production accuracy went from 96.7% in 2014 to 97.3% in 2015 (0.6%). Total production for 2015 was 120,497 transactions. Member escalations went down from 619 in 2014 to 555 in 2015 (10.5%).

The \$349 is a per transaction cost that is derived from a Defined Benefit Administration Benchmarking Analysis for fiscal year 2015 conducted by CEM Benchmarking Inc, a third party, independent benchmarking organization. There are 72 leading global pension systems that participate in this benchmarking service.