



Lean 6-Sigma Green Belt Project



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Disability Retirement Project

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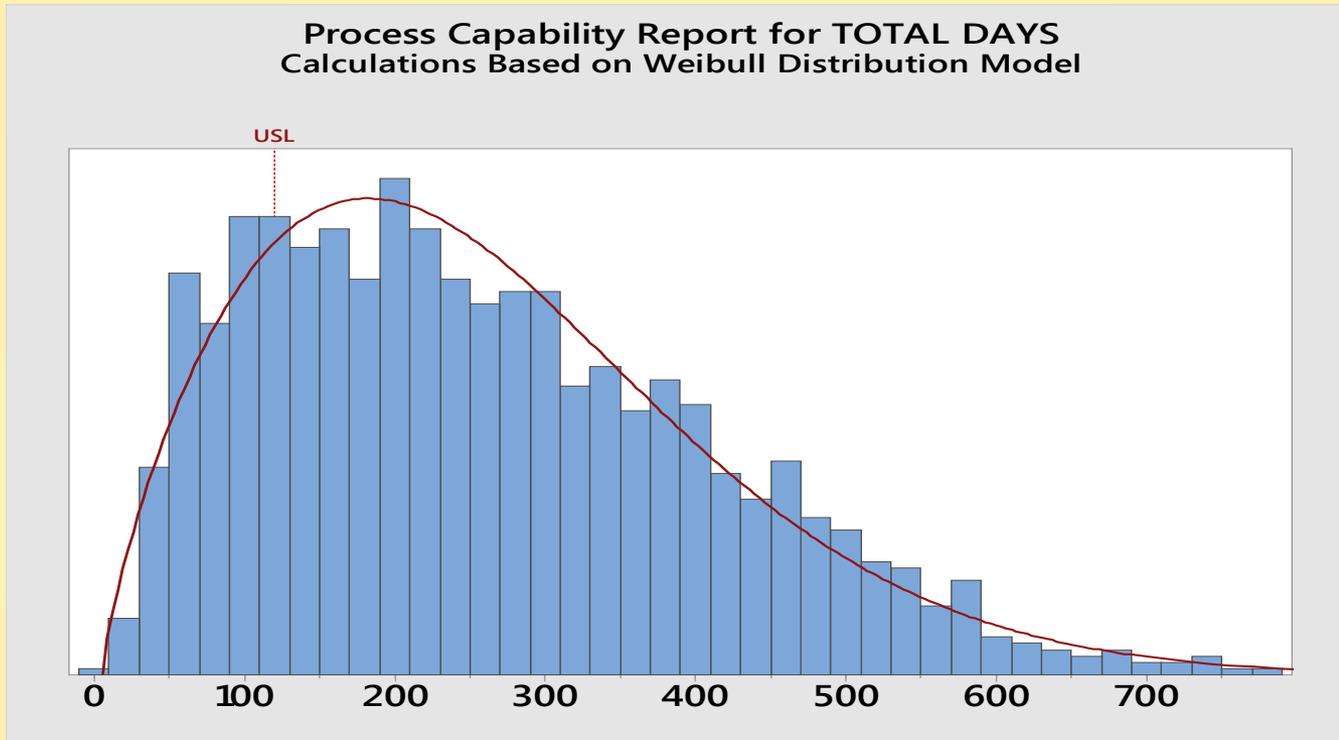


Disability Retirement Project

- ❖ **Problem Statement:** The determination process for Disability Retirements is too long. Our current average of 7.9 months from submission to approval of a disability retirement can cause hardship to our members.
- ❖ **Objective:** Improve the timeframe to complete a disability retirement determination so that 70% are complete within 4 months using current technology, with a long-term goal of reaching 90% compliance upon implementation of electronic communications and medical records.
- ❖ **Project Team:**
 - ❖ *Daniel Nishikawa - Program Manager*
 - ❖ *Wendy Soerianata - Training Manager*
 - ❖ *Mira Tonis - Subject Matter Expert*
 - ❖ *Cindy Kubo - Subject Matter Expert*
 - ❖ *Shelly Suwa - Subject Matter Expert*
 - ❖ *Colleen Beahan - Subject Matter Expert*

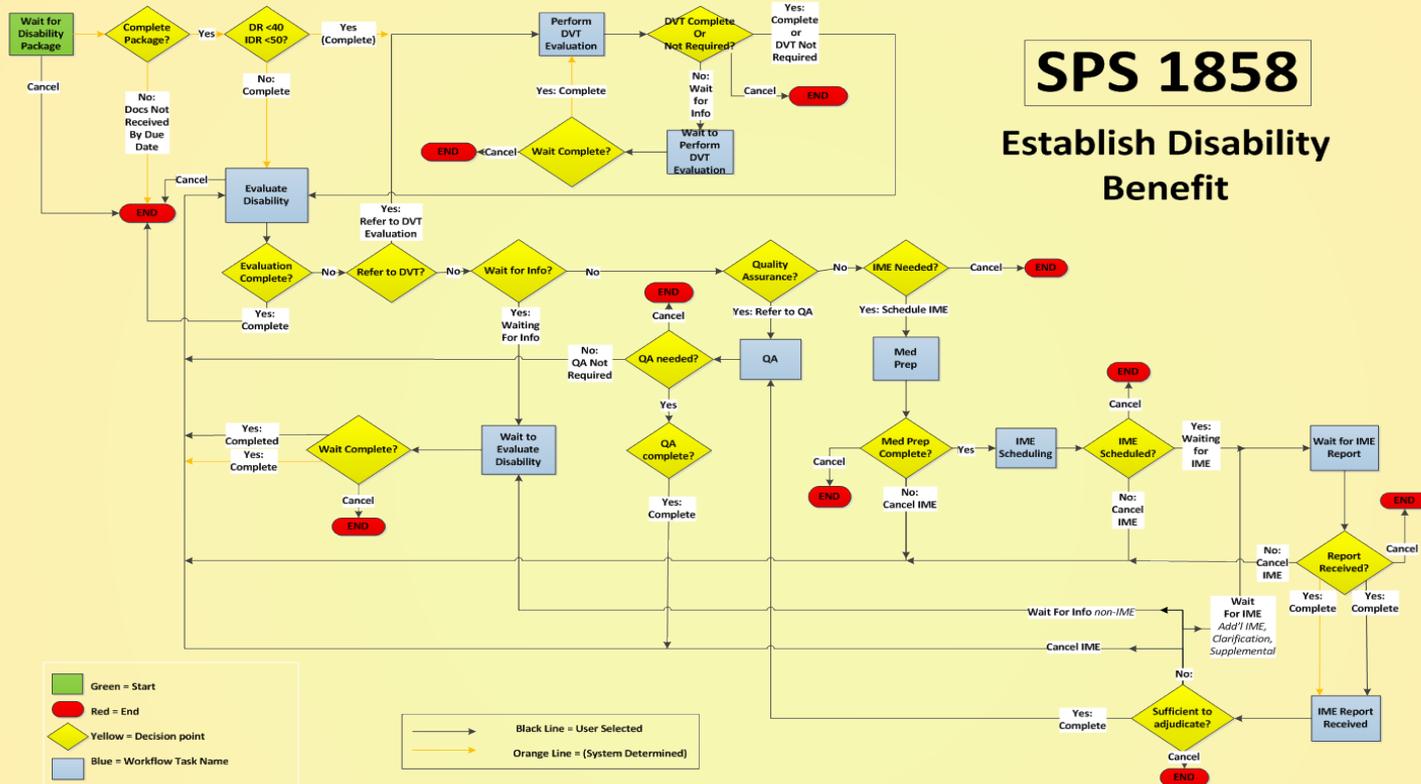


Baseline Capability



- ❖ From a member's perspective an average of almost 8 months is too long.
- ❖ Determination time varies dramatically with some applications taking over a year.
- ❖ Only 20.5% of disability retirement determinations in CY 2013 would have met the project goal (USL) of a determination within 4 months.

Process Map



- ❖ Existing process contained several rework loops.
- ❖ Non Value Added steps include several wait for information steps, Quality Assurance (inspection) steps, decision points, and opportunities for the determination to be delayed. The process can stall due to lack of incoming requested information.

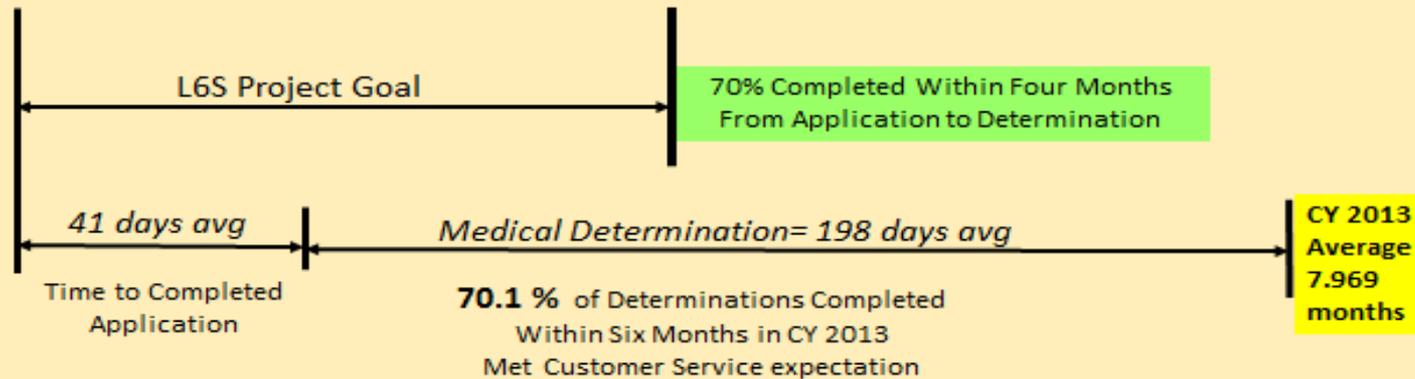
Analysis Tools

- ❖ Process mapping and identification of critical inputs and non-value added steps.
- ❖ Three data gathering efforts including a statistical sampling of cases using an IME.
- ❖ Pareto charts, Fishbone diagram, and graphical tools.
- ❖ Conducted multiple Failure Mode and Effects Analysis (FMEA) on Critical X's and proposed improvements.
- ❖ Divided overall process into three sub-processes and formed mini-teams to meet with staff who perform the work, identify defects and propose improvements.



Key Analytical Finding 1

CalPERS Disability Retirement Processes LEAN SIX SIGMA GOALS

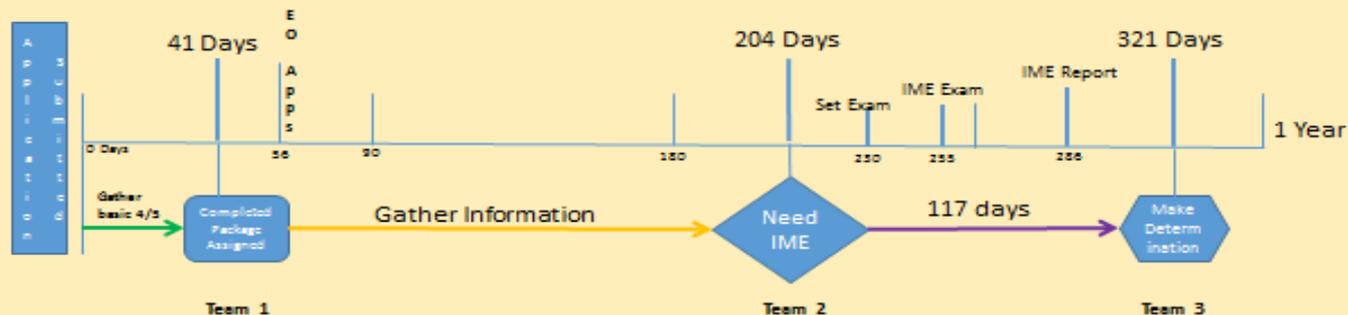


- ❖ The application process contains “waiting” periods that add up to significant delays.
- ❖ To make a quality decision, the determination process must gather relevant information from medical providers, workers compensation, and employers.
- ❖ Decision complexity and reliance on multiple information sources slows process.
- ❖ The initial data indicated an eight month average processing time from submission.
- ❖ The time from initial application to a completed application averages 41 days.

Key Analytical Finding 2

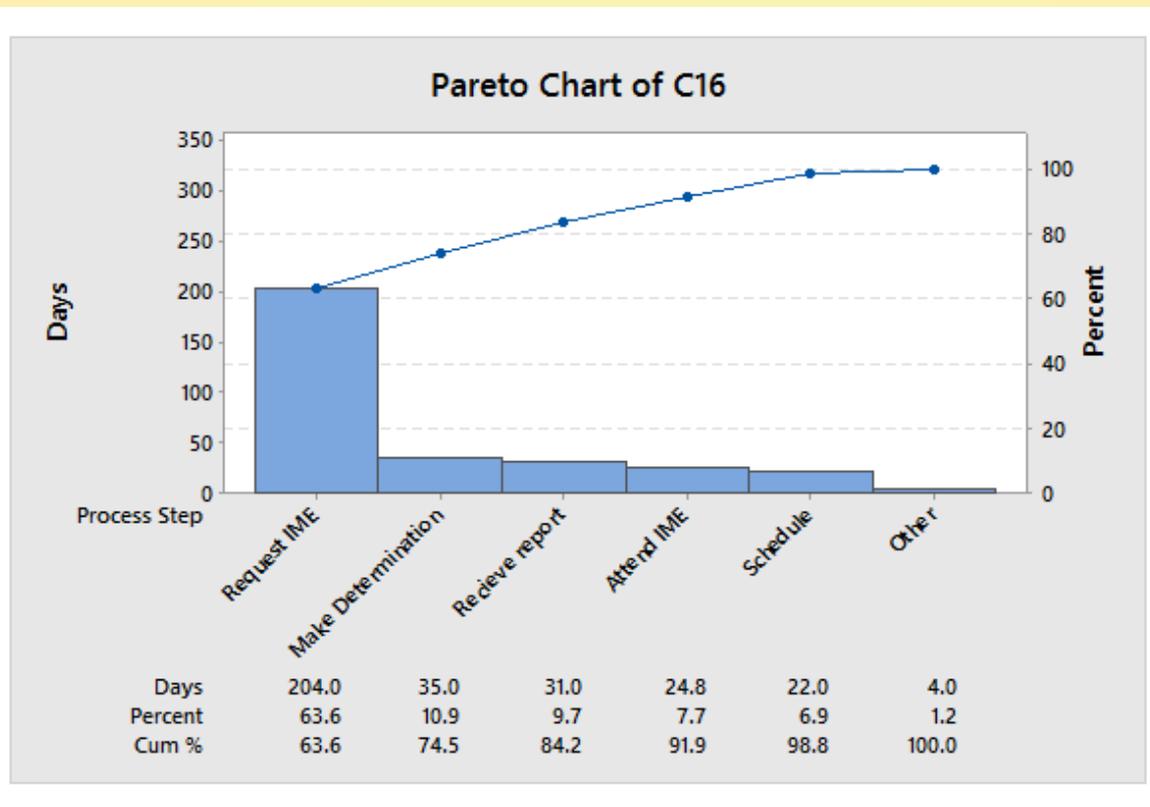
Board Measure: Met measure with 70.1% in 2013
All Determinations: Avg. 7.9 Months in 2013

Timeline of IME cases



- ❖ Applications needing further referral to an Independent Medical Exam to resolve conflicts in the medical record take longer than applications without conflicting medical information.
- ❖ Gathering information to identify the medical conflict delays the decision to use an IME.
- ❖ Medical substantiation of disability relies on opinions from board certified specialists who are provided with a comprehensive medical history.
- ❖ Gathering and preparation of medical records and the current method of scheduling is time-consuming. It takes 117 days from requesting an IME to determination.

Key Analytical Finding 3



- ❖ The information gathering phase leading to the decision to request an Independent Medical Exam is the largest time delay.

Critical x's

- ❖ Allowing extended response times for members and employers adds up to long waiting periods.
- ❖ Over reliance on letters instead of personal customer service.
- ❖ Members are not aware of what is needed to make a determination.
- ❖ Receiving a completed application package takes multiple requests.
- ❖ Multiple levels of quality assurance reviews.
- ❖ Need for better caseload management tools to include process alert capabilities so analysts know targeted due dates.
- ❖ Independent Medical Examination reports are not always received timely.



Improvement Techniques

- ❖ Create a proactive Customer Service model to pull process forward with phone calls to members at three contact points.
 - Get complete application from member within 28 days (1st contact point).
 - Reduce the response time for additional requested information from 30 days to 21 days (2nd contact).
 - Schedule IME exams within 7 days of request (3rd contact point).



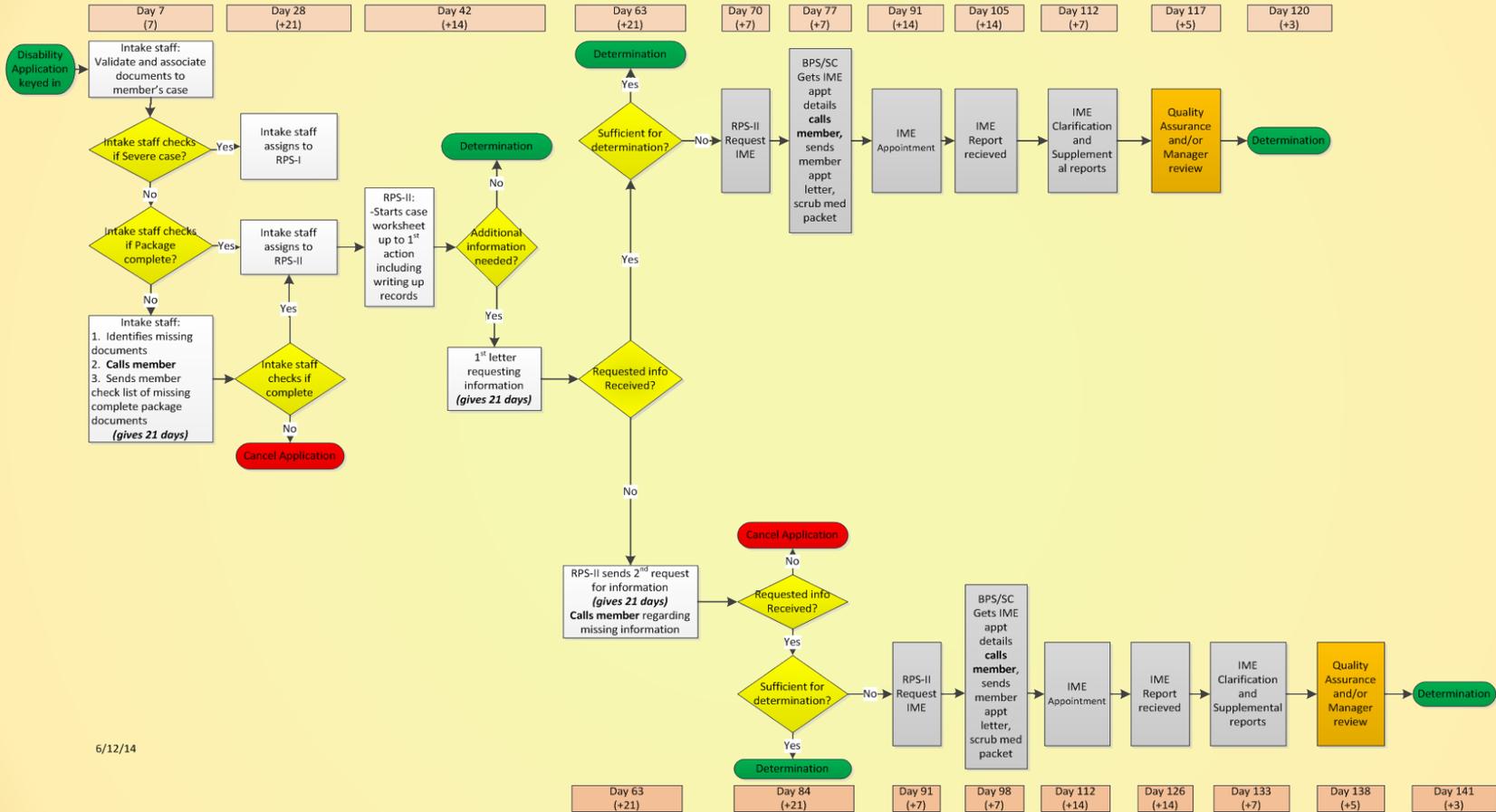
Improvement Techniques

- ❖ Improve member education materials to explain the determination process with clear direction.
- ❖ Use electronic technology to reduce delays due to use of postal mail.
- ❖ Require IME reports from Doctors within 14 days of exam.
- ❖ Eliminate process steps, reduce waiting periods, reduce non-value added inspections.
- ❖ Provide additional tools to staff to monitor their timeliness for each step of the process.



New Process Map

Reduction in Disability Retirement Determination Timeframes



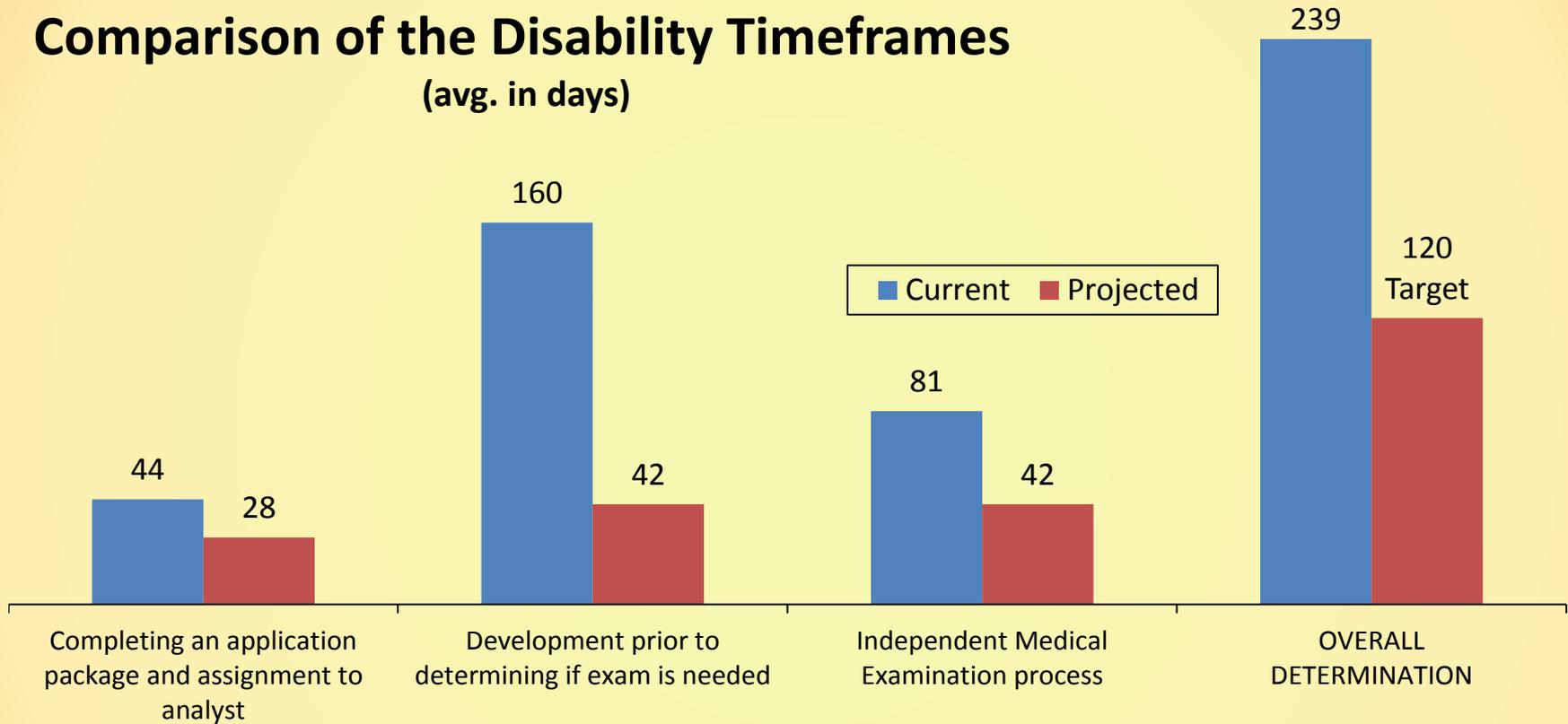
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❖ L6S Streamlined Disability Retirement Process Map



New Capability Analysis

Comparison of the Disability Timeframes (avg. in days)



- ❖ Projected timelines for process steps using new process map
- ❖ Formal capability analysis on actual metrics will be completed as new data is gathered.



Control Plan

Statistical Monitoring

❖ Vital Inputs

- Receive a Complete Application from member. Target goal is 90% within 28 days using Excel Intake tracking tool.
- Rate of 14 day initial review by determination analyst. Managers shall monitor using database entries and new caseload tools.
- Data on IME Scheduling and Reporting. Target goal is 7 days for scheduling and 14 days for receiving the IME report using Excel IME assignment tool.

❖ Vital Outputs

- Length of time from application to determination. Target goal is 70% approved/denied within four months using existing database report.
- Track rate of cancellations to watch for possible increase.



Additional Benefits

- ❖ Transparency of the Lean Six Sigma process allowed staff at all levels to participate in problem identification and propose ideas for improvements.
- ❖ Cultural change to think from the perspective of the member what will improve their experience.
- ❖ Bring positive improvements to the parts of the process that we thought were out of our control.
- ❖ Recognition that our staff need better tools to complete their mission.
- ❖ Reestablishing relationships with other CalPERS Sections on collaborations vital to our mission.





CalPERS *Disability Retirement Project*

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