Accountability Report Transmittal Form

Agency Name: South Carolina Public Employee Benefit Authority

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South Carolina
PUBLIC EMPLOYEE BENEFIT AUTHORITY

PEBA

Annual Accountability Report

For Fiscal Year 2013

South Carolina Public Employee Benefit Authority
P.O. Box 11960 | Columbia, SC 29211-1960 | www.peba.sc.gov

Section I – Executive Summary

I.1. *Organization's stated purpose, mission, vision, and values*

Purpose

The South Carolina Public Employee Benefit Authority's primary purpose is to: provide comprehensive and affordable insurance and sustainable retirement benefits for the state's public employers and employees; perform fiduciary and administrative duties to oversee benefit contributions and disbursements; safeguard the information with which it has been entrusted; and ensure the provision of cost efficient and effective programs and services.

Mission/Vision Statement

The mission of the South Carolina Public Employee Benefit Authority is to offer and administer a comprehensive program of retirement and insurance benefits for public employees in South Carolina. In establishing or recommending the design of benefits to be offered, the Public Employee Benefit Authority seeks to provide the retirement and insurance components of an overall compensation package for public employees that will allow South Carolina governmental employers to compete, on a cost-effective basis, for the excellent employees needed to provide high-quality government services to the citizens of the state of South Carolina. In administering these benefits, the Public Employee Benefit Authority (PEBA) seeks to effectively and efficiently operate sustainable retirement and insurance plans in accordance with the terms of those plans and its fiduciary duties to the beneficiaries of those plans.

Values

- **Quality Customer Services and Products –** PEBA consistently provides outstanding products and excellent customer services, as defined by PEBA's customers, and the agency strives for continuous improvement. PEBA's interaction with customers is fair, fast, simple, and comprehensible.
- **Innovation –** PEBA is receptive to and flexible with the changing environment and the evolving world of technology. The agency welcomes challenges, embraces innovation, and encourages creativity.
- **Professionalism –** PEBA performs its work with honesty, integrity, and loyalty. The agency is committed to performance that is credible, thorough, competent, and worthy of customer confidence.
- **Strong Workforce –** PEBA is committed to having a strong workforce, with the agency's employees placed in the right positions, well-trained, and motivated to consistently achieve high performance.

I.2. *Major achievements from the past year*

- The South Carolina General Assembly created PEBA June 22, 2012, which joined the former Employee Insurance Program and South Carolina Retirement Systems divisions of the South Carolina Budget and Control Board effective July 1, 2012.
- Members were appointed to PEBA's 11-member Board of Directors. Board appointments were not completed until October 2012.

- Successfully maintained agency operations and service delivery, and high customer satisfaction levels despite heavier than ever workloads due to the agency-wide implementation of Act 278, and while undergoing the creation of the Board and the agency, and the transfer of the agency's executive director in December 2012, all circumstances that were overcome despite the potential for dysfunctionality and undue delays.

- Within the first 10 months of the Board's existence, the Board: held orientation sessions; put into place appropriate by-laws and other governance documents; chartered standing committees; approved the annual actuarial valuations for the retirement systems and the 2013 State Health Plan; the Board or a standing committee thereof met 27 times during the year addressing various issues and taking numerous actions.

- The Board held an intensive two-day retreat in November 2012 at which there were extensive presentations on the State Health Plan and the retirement systems, and the fiduciary role of the Board. At subsequent meetings of the PEBA Board, the members of the Budget and Control Board were invited to speak about their views on the relationship between PEBA and the Budget and Control Board. The Governor and Comptroller General participated in such a Board meeting. Representatives from the State Ethics Commission and the Office of Human Resources also made presentations to the Board.

- Worked closely with the General Assembly during its debate and the passage of Act 278 of 2012, which was designed to sustain the state's two largest public retirement systems over the long term. Act 278 was the culmination of several years' worth of information gathering, in-depth analysis, public hearings and meetings with public policy makers and other stakeholders. The act set a contribution schedule for SCRS and PORS, and provides that any increases required in the future must be shared equally between employees and employers, thus reducing costs to taxpayers.

- Implemented the provisions of Act 278 of 2012 (retirement systems reform), which required development of and/or modifications to myriad information systems, policies and procedures, operational and other business processes, and communications materials.

- Strengthened information systems security, limited access to the Internet for employees, and added other internal and external controls to safeguard data.

- Enhanced service delivery and information access through online services, integration of the Customer Service Call Center functions and cross-training of its staff, and the inclusion of insurance information in retirement communications materials and vice versa as appropriate.

- Disbursed in excess of $2.5 billion in retirement-related benefits and more than $2.0 billion on behalf of the state's employee insurance programs.

- Reduced the State Health Plan's liability by an estimated $4.5 million by removing 1,598 ineligible spouses and children from insurance plans through the Dependent Eligibility Verification project (see Page 40). Reduced the health plan's liability by another $1.5 million through other claims auditing activities.

- Board members and senior leaders began development of the agency's first strategic plan, which is expected to be approved and implemented in fall 2013. Following approval of the strategic plan, the Board and agency staff will establish performance measures that are aligned with the agency's mission and new strategic plan.

- The Board began developing a rolling three-year plan for the State Health Plan and began working with agency staff and other stakeholders on patient-centered medical home pilot projects and telemedicine initiatives. Board members and agency staff also explored other cost-savings and quality improvement initiatives for the State Health Plan.
- Completed a strategic reorganization to consolidate similar functions – Administration, Customer Service Call Center, Visitors Center/Subscriber Services, Field Services, Legal, and Communications – and reassigned staff to serve as Board liaisons.
- Merged the administration services for the State Optional Retirement Program (State ORP) and Deferred Compensation Program areas into one Defined Contribution unit.
- Cultivated improvements in the working relationship with the South Carolina Retirement System Investment Commission and staff through the PEBA executive director's membership on the Commission and other cooperative arrangements. Board members and senior leaders attended various Commission meetings and Commission officials have attended various PEBA Board and Committee meetings.
- Conducted annual actuarial valuations on the five defined benefit retirement systems and the Other Post-Employment Benefits (OPEB) liability of the State Health Plan.
- Received favorable determination letters from the Internal Revenue Service for the tax-qualified retirement systems.
- Complied with federal and state laws, rules, regulations, court rulings and other professional industry standards.
- Modified the 202 Arbor Lake Drive building and completed the physical move of staff to the Arbor Lake Drive complex, which resulted in $300,000 in cost savings.
- Branded the agency, produced awareness campaigns, revised the insurance and retirement websites, and developed and deployed an agency website and a secure extranet for Board members.

I.3. *Key strategic goals for the present and future years*
PEBA's broad strategic objectives are to:
- Create an organization driven by the pursuit of excellence in all areas.
- Design and implement an updated health care plan that focuses on improving health outcomes and reducing costs.
- Provide for the efficient and cost effective administration of the retirement systems for active and retired members of the systems.
- Ensure the highest fiduciary, legal and ethical standards are known and applied across the organization.

PEBA expects that, by pursuing the goals and objectives set out in the agency's current and future strategic plans, it will achieve the following results:
- Satisfied members, beneficiaries and stakeholders;
- Engaged employees;
- Improved fiscal and financial positions of the plans and programs administered by PEBA;

- Long-term success for South Carolina's governmental employee insurance and retirement plans; and
- Work toward applying for the Governor's Quality Award and the Malcolm Baldrige National Quality Award.

I.4.   Key strategic challenges
Critical issues that could affect the agency's core competencies in FY14 include:
- The impact of ever-increasing health care costs to the State Health Plan and on the $10 billion OPEB unfunded liability, and compliance with the continually changing provisions of the federal Affordable Care Act.

- The continued challenge of funding the retirement systems and reducing the $13.9 billion unfunded liability of the South Carolina Retirement System (SCRS), the largest of the defined benefit plans PEBA administers, which are impacted by having a 7.5 percent assumed rate of investment return in the current market climate, longevity concerns as they relate to life expectancy and actuarial mortality rates, and PEBA's developing relationship with the Investment Commission.

- Heightened need to continue strengthening the robust safeguards in place to protect the agency's information systems from potential security breaches.

- Increasing demand for instantaneous access to account information that allows customers to conduct transactions online and procuring the necessary technology infrastructure, which requires information systems and work processes changes.
- The need for replacement of the agency's information technology infrastructure, which consists of multiple obsolescent programs no longer supported and which will be assessed in FY14, but which will result in a multi-year project that could cost the agency an estimated $30 million.
- Implementation of the Governmental Accounting Standards Board (GASB) statements 67 and 68, which includes continued analysis and preparation to ensure that required pension plan liability information is calculated accurately for each employer covered by the retirement systems.

I.5.   How is the accountability report used to improve organizational performance?
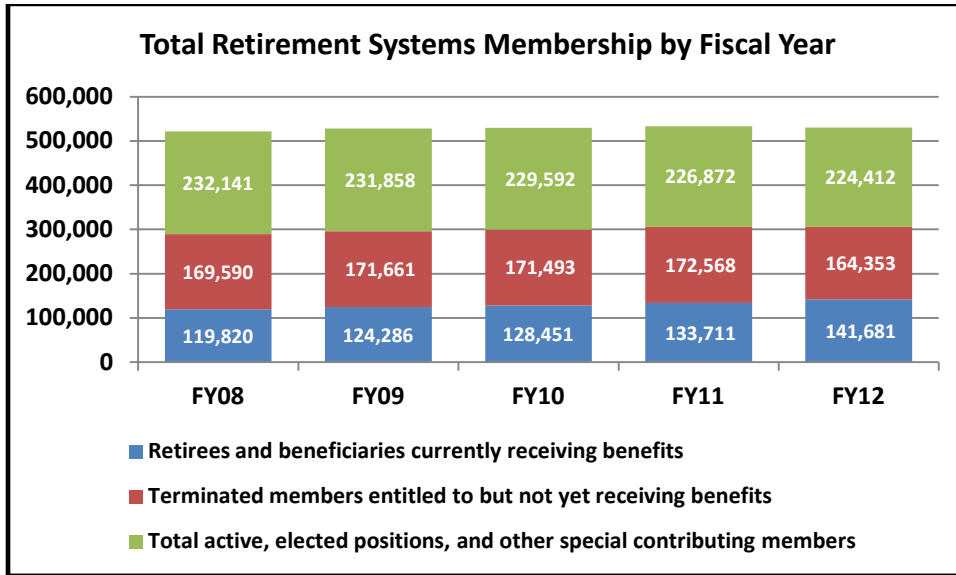This is PEBA's first fiscal year as an agency and its first accountability report. The Board and agency senior leaders are using the Baldrige reporting process to develop the agency's strategic plan, which will be finalized and implemented in late summer 2013. Board committees will also align committee charters with the Baldrige process and the agency's finalized strategic plan. Board members and senior leaders plan to use the Baldrige accountability reporting process to identify the agency's key processes and establish key performance measures to monitor, assess and evaluate the agency's progress toward its overall mission.

Section II – Organizational Profile

II.1. *Organization's main products and services and the primary methods by which these are delivered*
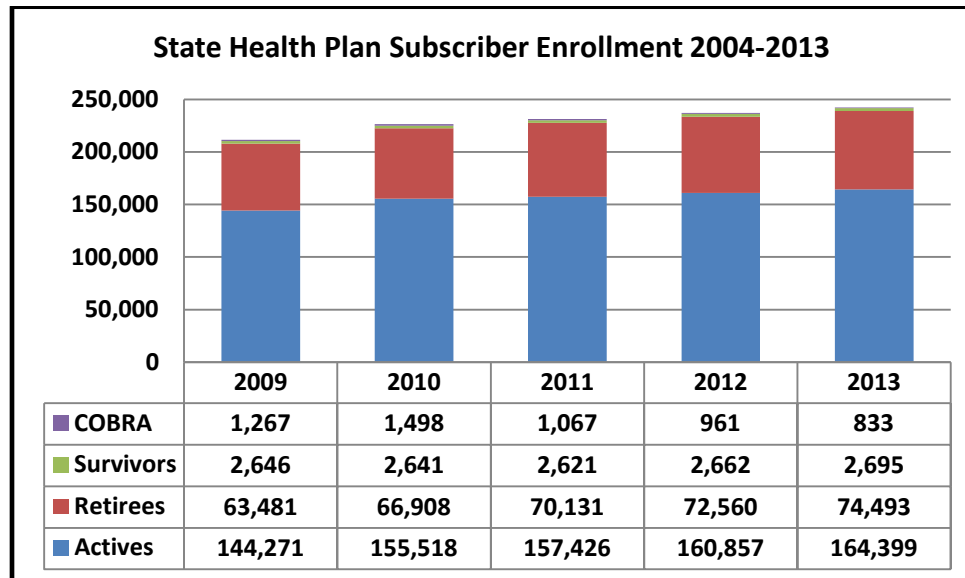
PEBA administers and manages the state's public employee insurance programs, OPEB trusts, and retirement systems through agency employees, online information systems, and contracted vendors.

II.2. *Key customer groups and their key requirements/expectations*

Total Retirement Systems Membership by Fiscal Year

	FY08	FY09	FY10	FY11	FY12
Total active, elected positions, and other special contributing members	232,141	231,858	229,592	226,872	224,412
Terminated members entitled to but not yet receiving benefits	169,590	171,661	171,493	172,568	164,353
Retirees and beneficiaries currently receiving benefits	119,820	124,286	128,451	133,711	141,681

■ Retirees and beneficiaries currently receiving benefits
■ Terminated members entitled to but not yet receiving benefits
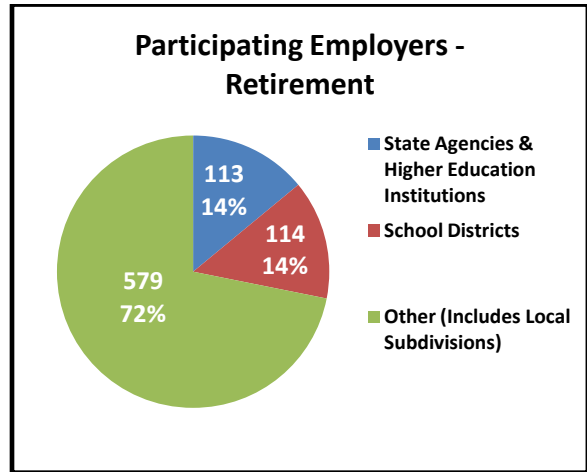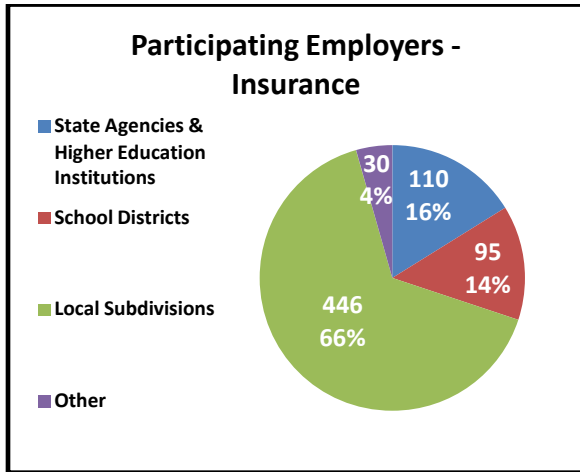■ Total active, elected positions, and other special contributing members

Retirement Systems members expect affordable and flexible plans that provide dependable benefits in retirement, easily understandable benefits, and responsive, professional customer service.

Insurance program subscribers expect affordable, comprehensive insurance programs that are managed responsibly, explained simply, and responsive, professional customer service.

State Health Plan Subscriber Enrollment 2004-2013

	2009	2010	2011	2012	2013
■ COBRA	1,267	1,498	1,067	961	833
■ Survivors	2,646	2,641	2,621	2,662	2,695
■ Retirees	63,481	66,908	70,131	72,560	74,493
■ Actives	144,271	155,518	157,426	160,857	164,399

Participating Employers - Insurance
- State Agencies & Higher Education Institutions: 110, 16%
- School Districts: 95, 14%
- Local Subdivisions: 446, 66%
- Other: 30, 4%

Participating Employers - Retirement
- State Agencies & Higher Education Institutions: 113, 14%
- School Districts: 114, 14%
- Other (Includes Local Subdivisions): 579, 72%

PEBA's 240 employees represent the agency's internal customers (see **II.6**). PEBA is committed to making sure employees have a clear understanding of the agency's mission and values, tools and resources necessary to complete job tasks, interdepartmental cooperation and respect, and opportunities for two-way communication.
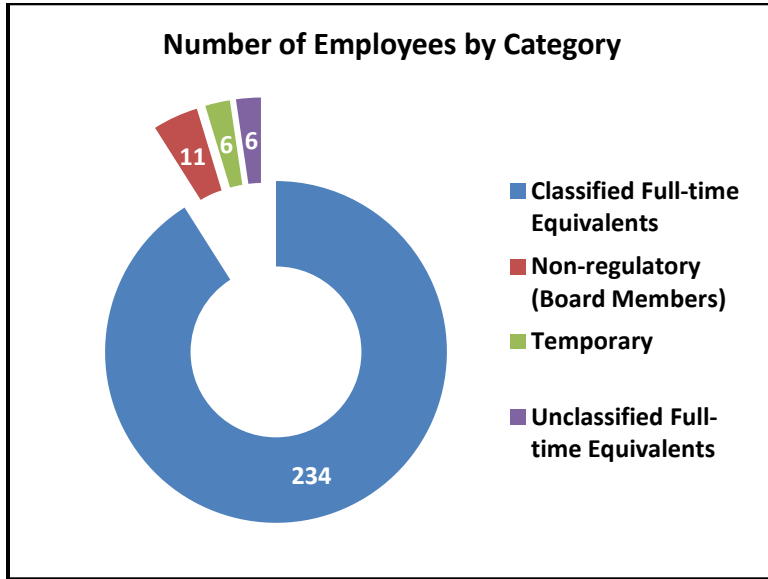
II.3-4. Key stakeholder groups, suppliers and partners

| Stakeholders	Suppliers/Partners – Insurance	Suppliers/Partners – Retirement
S.C. Taxpayers	ActiveHealth Management	Gabriel Roeder Smith and Company
S.C. General Assembly	BlueChoice HealthPlan of S.C.	Great-West Retirement Services
Covered Employers	BlueCross BlueShield of S.C.	Ice Miller LLP
Insurance Subscribers and their dependents	Companion Benefit Alternatives	MassMutual
Retirement Systems Members or their Surviving Beneficiaries	Express Scripts	MetLife
PEBA Board Members	EyeMed Vision Care	Office of the Comptroller General
PEBA Employees	FBMC-WageWorks	Office of the State Treasurer
	Gabriel Roeder Smith and Company	Segal Rogerscasey
	Ice Miller LLP	S.C. Budget and Control Board
	MetLife	S.C. Retirement System Investment Commission
	Office of the Comptroller General	S.C. Department of Vocational Rehabilitation
	Office of the State Treasurer	Summit Strategies Group
	The Prudential Insurance Company of America	TIAA-CREF
	S.C. Budget and Control Board	Valic
	Standard Insurance Company	

II.5. *Operating locations*

PEBA operated in two locations for most of the fiscal year: 202 Arbor Lake Drive and 1201 Main Street, both in Columbia, South Carolina. All employees were physically relocated to Arbor Lake Drive office space by fiscal year-end.

II.6. *Number of employees you have, segmented by employee category*

Number of Employees by Category

- ■ Classified Full-time Equivalents
- ■ Non-regulatory (Board Members)
- ■ Temporary
- ■ Unclassified Full-time Equivalents

Of the agency's 240 FTEs, 38 employees are five years or less away from retirement eligibility. An employee's eligibility for retirement can be from either years of service or from age. Forty-four of the agency's employees are Teacher and Employee Retention Incentive (TERI) program participants or return-to-work retirees.

Age Demographics of Agency Employees FY13
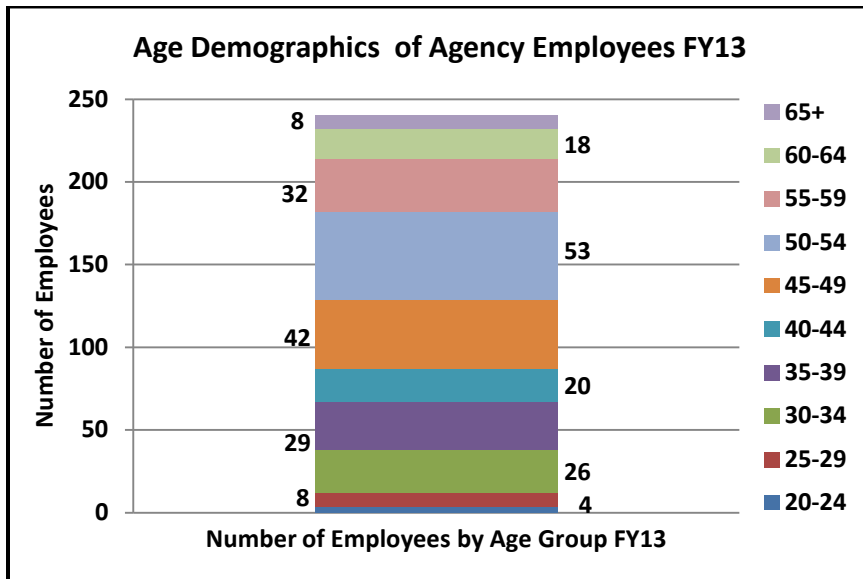
II.7. *Regulatory environment under which your organization operates*

PEBA operates under the auspices of an 11-member Board of Directors. In accordance with Section 9-4-45 of the S.C. Code of Laws, certain specified policy determinations by PEBA are subject to approval by the S.C. Budget and Control Board. Section 9-4-45 requires Budget and Control Board review of health plan coverage changes and premium increases, actuarial assumptions governing the retirement systems, and adjustments in employer and employee retirement contributions.

The administration of the retirement systems is set forth in Title 9 of the S.C. Code of Laws. Although exempt from the provisions of the Employee Retirement Income Security Act (ERISA), the retirement systems are subject to federal laws and regulations governing the structure and operation of tax-qualified governmental pension plans. Members of a tax-qualified governmental pension plan make contributions to the retirement plan on a pretax basis. The retirement systems must adhere to an array of Internal Revenue Code rules, regulations and rulings to maintain its favorable tax-qualified status. The retirement systems are subject to other federal laws, including the Civil Rights Acts, the Age Discrimination in Employment Act (ADEA), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA), the Uniformed Services Employment and Reemployment Rights Act (USERRA), and the Veterans Reemployment Rights Act (VRRA). The agency also adheres to the professional industry standards set by GASB, and will be implementing statements 67 and 68, which pertain to pension plan liability reporting for employers participating in the systems.

The agency's insurance plans are governed by Sections 1-11-703, 1-11-705, 1-11-707, 1-11-710, 1-11-715, 1-11-720, 1-11-725, 1-11-730, 1-11-740, 1-11-750, 1-11-740, 9-1-60 and 38-71-280 of the S.C. Code of Laws. Like the retirement systems, the insurance plans are exempt from ERISA but are subject to a number of federal laws, including the Health Insurance Portability and Accountability Act (HIPAA), the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Public Health Service Act, the Affordable Care Act (ACA), the Civil Rights Act, the ADEA, the ADA, the FMLA, the USERRA and the VRRA. Additionally, the insurance plans must comply with cafeteria plan rules set out in Section 125 of the Internal Revenue Code because premiums for the insurance plans are collected on a pretax basis through the state's cafeteria plan established in Section 9-1-60. The state maintains two OPEB trust funds to comply with the requirements for funding retiree health benefits set out in GASB statements 43 and 45.
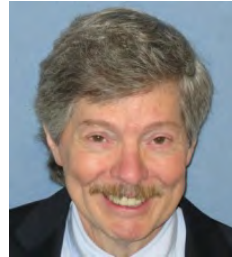
PEBA Board of Directors

Arthur M. Bjontegard, Jr.
Chairman
Non-representative member appointed by the Governor

Peggy G. Boykin, CPA
Representative member of the South Carolina Retirement System appointed by the Speaker of the S.C. House of Representatives

Frank W. Fusco
Representative member for retired state employees appointed by the Chairman of the S.C. Senate Finance Committee

Stephen M. Heisler
Non-representative member appointed by the Governor

Stacy Kubu
Representative member for teachers appointed by the Chairman of the S.C. House of Representatives Ways and Means Committee

Sheriff Leon Lott
Representative member of the Police Officers Retirement System appointed by the President Pro Tempore of the S.C. Senate

Steve A. Matthews
Non-representative member appointed by the Governor

Joe W. "Rocky" Pearce, Jr.
Non-representative member appointed by the Chairman of the S.C. Senate Finance Committee

Audie Penn
Non-representative member appointed by the Chairman of the S.C. House of Representatives Ways and Means Committee

John A. Sowards
Non-representative member appointed by the President Pro Tempore of the S.C. Senate

David J. Tigges
Non-representative member appointed by the Speaker of the S.C. House of Representatives

II.8. *Performance improvement system(s)*

The agency's pending strategic plan supports systematic improvement throughout the organization through broad strategies and action plans for all areas of operations and administration. Operational areas collect and analyze statistics and have both regularly scheduled and periodic meetings at all levels to monitor performance, identify opportunities for improvement, and track progress toward agency goals. Performance measures aligned with the agency's pending strategic plan will be developed in FY14. They will include a commitment to excellence and will address performance improvement.

The agency currently conducts daily, periodic, and annual customer satisfaction surveys in multiple operational areas to listen and learn from customers and identify how agency services can be improved. An online suggestion box and open commenting on the agency's Facebook and Twitter sites also allow for honest, real-time feedback from the agency's customers.

II.9. *Organizational structure*
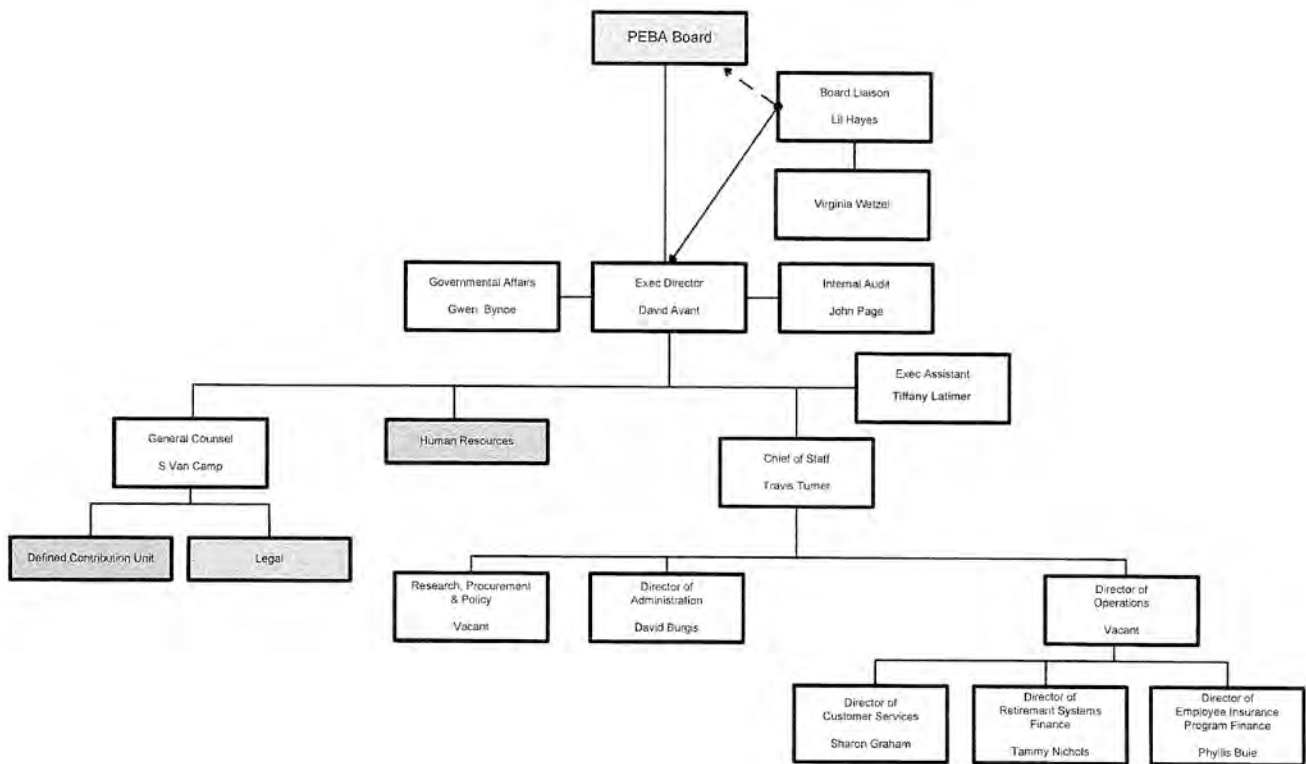
Note: Employee Insurance Program and Retirement Systems are referred to throughout this report as PEBA Insurance Benefits and PEBA Retirement Benefits.

II.10.Expenditures/Appropriations[1]
Base Budget Expenditures and Appropriations

Major Budget Categories	FY 11-12 Actual Expenditures		FY 12-13 Actual Expenditures		FY 13-14 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Services	$ -	$ -	$ 12,747,207	$ -	$ 14,493,889	$ -
Other Operating	$ -	$ -	$ 7,394,121	$ -	$ 11,963,734	$ -
Special Items	$ -	$ -	$ 271,275	$ -	$ 300,000	$ -
Permanent Improvements	$ -	$ -	$ -	$ -	$ -	$ -
Case Services	$ -	$ -	$ -	$ -	$ -	$ -
Distributions to Subdivisions	$ -	$ -	$ -	$ -	$ -	$ -
Fringe Benefits	$ -	$ -	$ 4,070,293	$ -	$ 4,472,468	$ -
Non-recurring	$ -	$ -	$	$ -	$ -	$ -
Total	$ -	$ -	$ 24,482,896	$ -	$ 31,330,091	$ -

Other Expenditures

Sources of Funds	FY 11-12 Actual Expenditures	FY 12-13 Actual Expenditures
Supplemental Bills	$ -	$ -
Capital Reserve Funds	$ -	$ -
Bonds	$ -	$ -

II.11.Major Program Areas

Program Number and Title	Major Program Area Purpose	FY-11-12 Budget Expenditures	FY12-13 Budget Expenditures
I. Administration	To provide administrative services to the Employee Insurance Program and Retirement Systems.	State: - Federal: - Other: - Total: - % of Total Budget: -	State: - Federal: - Other: $ 519,593 Total: $ 519,593 % of Total Budget: 2%
II.A. Employee Insurance Program (PEBA Insurance Benefits)	To provide cost effective insurance benefits to employees and retirees (and their dependents) of public employers in South Carolina, which in FY13 included health, dental, life, long-term care, vision, disability, pre-tax insurance premiums, flexible spending accounts and an adoption assistance program.	State: - Federal: - Other: - Total: - % of Total Budget: -	State: - Federal: - Other: $ 9,370,668 Total: $ 9,370,668 % of Total Budget: 38%

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[1] PEBA didn't exist as an agency until July 1, 2012. The agency is funded through retirement and insurance trust funds.

Program Number and Title	Major Program Area Purpose	FY-11-12 Budget Expenditures	FY12-13 Budget Expenditures
II.B. Retirement Systems (PEBA Retirement Benefits)	To administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.	**State: -** **Federal: -** **Other: -** **Total: -** **% of Total Budget: -**	**State: -** **Federal: -** **Other: $ 14,592,635** **Total: $ 14,592,635** **% of Total Budget: 60%**
Below: List any programs not included above and show the remainder of expenditures by source of funds. Not applicable.			

Remainder of Expenditures: N/A	State: - Federal: - Other: - Total: - % of Total Budget: -	State: - Federal: - Other: - Total: - % of Total Budget: -

Section III – Elements of Malcolm Baldrige Criteria
Category 1 – Senior Leadership, Governance, and Social Responsibility

III.1.1. How do senior leaders set, deploy and ensure two-way communication throughout the organization and with customers and stakeholders, as appropriate for: a) short and long term organizational direction and organizational priorities, b) performance expectations, c) organizational values and d) ethical behavior?

Board members meet with senior leaders regularly, both through official Board and Board Committee meetings, other meetings, and through email and telephone conversations. The Board has implemented by-laws and other governance documents and chartered standing committees. PEBA is developing specific mechanisms through which deployment and two-way communication will be achieved throughout the entire organization through the action steps in its pending strategic plan. Once finalized, the agency's strategic plan will be shared with all employees and all stakeholders.

III.1.2. How do senior leaders establish and promote a focus on customers and other stakeholders?

PEBA is statutorily and programmatically a customer-focused organization. Board members and senior leaders express the Board and agency's commitment to exceptional service and efficient operations through the strategic plan, the Employee Performance Management System (EPMS), and departmental and individual interaction with employees. Customer satisfaction is measured daily, periodically, and annually and feedback is used to learn how the agency can improve its focus on its customers.

III.1.3. How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?

PEBA has a significant impact on the state's economy. The agency disbursed in excess of $2.5 billion in retirement-related benefits and more than $2.0 billion on behalf of the state's employee

insurance programs in FY13. Ninety-eight percent of annuitants receive their monthly retirement benefit through electronic funds transfer. PEBA has disaster recovery plans in place to ensure continued payment of benefits. Agency staff work with public policy makers to address the financial liabilities of the programs it manages, help ensure that proposed solutions will not impact the plans' and programs' qualified status with various federal rules and regulations, and make sure external actuaries and other advisors help analyze the potential for litigation.

III.1.4. How do senior leaders maintain fiscal, legal and regulatory accountability?
PEBA is founded in statute and the insurance programs and the retirement systems are subject to myriad federal and state rules and regulations. Senior leaders continuously review requirements and operations to ensure compliance with all applicable federal and state laws, regulations and court orders. Senior leaders maintain fiscal accountability through automated systems with internal control edits to ensure information accuracy; tested and closely monitored automated systems changes; and monthly, daily and yearly balancing and reconciliation of agency data with internal and external data sources. Annual audits of financial records by independent auditors further ensure fiscal accountability.

III.1.5. What performance measures do senior leaders regularly review to inform them on needed actions?
Senior leaders routinely review customer feedback, volume and timeliness of transactions, visitor wait times, and call center activity to measure the agency's performance and responsiveness to customers. In addition, senior leaders evaluate specific data on organizational efficiency and effectiveness through routine review of expenditures and review annual valuations, audit findings, experience studies, financial statements and investment performance to ensure statutory and federal compliance. In FY14, performance measures will be established to align with the agency's pending strategic plan.

III.1.6. How do senior leaders use organizational performance review findings and employee feedback to improve their leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?
The Board constantly cycles and uses its Past Action Report to track the progress of major projects and a detailed Board/Committee schedule document to track upcoming responsibilities and actions. PEBA's leadership changed during FY13 as a result of the agency's creation and the departure of the first executive director. The agency's pending strategic plan includes a workforce survey that will seek feedback about the effectiveness of the agency's leadership, which is important since the agency is new and a number of its leaders are in different roles. PEBA will establish additional performance measures for the agency in FY14 after the agency's strategic plan is finalized.

III.1.7. How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?
The agency uses interview panels consisting of a representative group of employees for each job vacancy. Supervisors and managers are trained to ask certain types of questions to elicit insightful responses to help ensure that the candidate with the most potential and who is the best fit for the position is offered the job. Senior leaders encourage participation in professional organizations and continuing professional education programs as ways to provide knowledge and maintain competencies for current employees. Senior leaders meet regularly with operational leaders to evaluate available human resources, identify staff capable of attaining requisite job knowledge, and ascertain which employees have leadership potential. A rolling list of employees within five years or less of retirement eligibility is reviewed regularly. Senior leaders recently began work on the agency's first workforce plan, which should help improve the agency's efforts in this area.

III.1.8. How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?
The Board is set to conduct an annual performance review of the agency's executive director, and the PEBA executive director will conduct an annual performance review of the Board. The agency's strategic plan will be revised accordingly to reflect opportunities and issues identified during the review process. The strategic plan will be communicated to all employees, who will also be shown how the work they do fits into the organization and the strategic plan, and how they can help improve the agency's performance and accomplish its strategic objectives. PEBA will establish additional performance measures for the organization once the agency's strategic plan is finalized in late summer 2013. Performance measures will be applied to the agency's key contractors as well.

III.1.9. How do senior leaders create an environment for organizational and workforce learning?
Senior leaders encourage and support training initiatives through which employees may learn about programs, services and business processes other than those with which they work directly. For example, during the fiscal year, 29 employees participated in a cross training program provided by the Customer Service Call Center. The agency's pending strategic plan includes action steps for additional internal training and engagement opportunities for employees in FY14.

III.1.10. How do senior leaders engage, empower and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?
PEBA's senior leaders regularly speak with employees to show appreciation for their work and to encourage them to continue their commitment to provide exceptional service to customers. While the individual management team members primarily facilitate this function through direct contact with employees within their respective areas of operations, recognition across departmental lines occurs as well. Senior leaders also show appreciation and recognition through

and support employee participation in periodic gatherings, such the annual Employee Recognition Day activities in May, and through emails.

III.1.11. How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce and the organization contribute to improving these communities.

Senior leaders encourage and support community involvement through the state's annual United Way campaign, an annual Harvest Hope food drive, and other charitable efforts coordinated by the agency's Employee Recognition and Community Involvement Committee, which includes representatives from each of the agency's major departments. Thirty employees applied to participate in Richland County School District One's Lunch Buddy Program at nearby A.J. Lewis Greenview Elementary School in fiscal year 2014. Senior leaders also support the individual efforts of employees who participate in charitable activities through posting of notices on the agency's electronic employee bulletin board. Senior leaders encourage participation in and the annual worksite health screenings offered through the agency's Prevention Partners Unit by example and the agency extends the invitation to other covered employees and retirees.

Category 2 – Strategic Planning

III.2.1. What is your Strategic Planning process, including key participants, and how does it address: a) your organization's strengths, weaknesses, opportunities and threats; b) financial, regulatory, societal and other potential risks; c) shifts in technology and customer preferences; d) workforce capabilities and needs; e) organizational continuity in emergencies; and f) your ability to executive the strategic plan?

The Board, and the Board's Finance, Administration, Audit and Compliance (FAAC) Committee are working with senior leaders to develop the agency's first strategic plan. The strategic planning process has included an extended series of weekly sessions held along with the senior leaders' weekly management team meetings and discussion with Board and FAAC Committee members. In fiscal year 2013, PEBA's initial strategic planning process was facilitated by the director of Governmental Research and Service at the University of South Carolina's Institute for Public Service and Policy Research. The Board and FAAC Committee members have provided direction, input, and review of the agency's pending strategic plan. Full Board approval of the agency's first strategic plan and subsequent agency implementation are expected in summer 2013. The agency's strategic plan follows the Malcolm Baldrige criteria for accountability reporting, through which items a-f are identified, and includes action steps to address these items. In addition, the agency recently began workforce planning.

III.2.2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary?

In FY13, PEBA was still developing its first agency strategic plan. The organization was guided by a hybrid plan that included the evolving agency strategic plan that was pending Board approval at fiscal year end and the strategic plans of the divisions that operated as part of the

Budget and Control Board prior to the July 1, 2012, creation of PEBA: the former Employee Insurance Program and the South Carolina Retirement Systems. The funding and quality of the public employee benefits programs managed by the agency are two of PEBA's core competencies. Many of the agency's strategic objectives address this and other core functions and services.

- Benchmarking of the health insurance plan and retirement systems against peer plans to gauge cost and competitiveness of the benefits offered by the state;
- Continued contracting with outside actuaries for annual valuations of the retirement systems and health insurance plan, as well as five-year experience studies of the retirement systems;
- Review and modification of the health insurance plan design as needed for the 2015 Plan Year as well as development of a three-year rolling plan for changes to the health insurance plan;
- Participation in and monitoring of BlueCross and BlueShield of S.C.'s patient-centered medical home alternatives and exploration of proposals from other providers; and
- Continued monitoring of vendor contracts for administrative and other services related to the employee insurance and defined contribution benefit programs.
- Increased coordination and communication with the S.C. Retirement System Investment Commission, the state agency responsible for the investment and management of the pension trust funds, to ensure awareness of the liquidity needs and liability requirements of the retirement systems;
- Educating policy makers on the cost of the information systems required to conduct operations, provide services, and meet ongoing and future business needs;
- Contracting with an outside consultant to conduct an assessment of PEBA's information technology infrastructure and business needs and the knowledge that the agency's aging IT infrastructure will have to be replaced in the near future as part of a multi-year project with an estimated cost of $30 million;
- Implementation of assessment recommendations;
- Participation in the Deloitte and Touche information technology risk assessment;
- Upcoming voluntary participation in an 18-agency data security group;
- Periodic penetration audits of the agency's information systems; and
- Review and updating of the agency's existing security policies.
- Meeting increasing demand for instantaneous access to account information and ability to conduct transactions online through flexible service and communication mechanisms for customers that include the following initiatives:
  - o Expand the electronic exchange of data;
  - o Enhancements to the Retirement Benefits Electronic Employer Services (EES) website to:
    - Allow employers to electronically submit data used to process death claims, disability retirement claims, and service purchase verifications;
    - Process workers' compensation information;
    - Make electronic deposits;
    - Allow online enrollment;

- Automate supplemental reporting forms; and
  - o Expand Retirement Benefits Member Access services to include:
    - Online submission of service retirement, disability retirement and refund claims;
    - Viewing of contribution history;
    - Ability to update name and beneficiary designations;
    - Ability to generate a retirement benefit estimate;
    - Ability to schedule a personal consultation with PEBA staff member; and
    - Ability to view installment service purchase loan information.
  - o Enhance MyBenefits member insurance enrollment system to:
    - Provide for year-round enrollment; and
    - Provide online billing, payment inquiry, and payment capability for retiree, survivor, and COBRA insurance subscribers.
  - o Expand Insurance Benefits Employee Benefits Services (EBS) website to provide:
    - Online billing and payment inquiry;
    - Online payment capability;
    - Online employee payroll reconciliation inquiry;
    - Online table maintenance capability; and
  - o Telephone payment capability.
- Continued compliance of the State Health Plan with federal laws and other regulations, particularly with the ongoing changes to the Affordable Care Act. Responsibility is shared among legal and operational personnel and includes finalization of business requirements, new subscriber types, system testing, implementation and training.
- Continued review and analysis of the GASB implementation guide released in July 2013, and work with outside actuarial consultants to finalize preparations for implementation, to include internal information systems programming and arrangements for actuaries to provide certain calculations, etc., to comply with the new pension liability reporting standards.

III.2.3. How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?
Senior leaders develop action plans during the scheduled strategic planning sessions, discussions with the Board, and during weekly management team meetings or a daily basis as necessary. Each action step is assigned to a specific senior leader, who serves as the owner and overseer of the action step. The action step owner works with other agency staff to ensure appropriate allocation of human and information systems resources for accomplishing the action step. In many instances, allocation of resources crosses operational areas and includes coordination with other senior leaders.

III.2.4. How do you communicate and deploy your strategic objectives, action plans and related performance measures?

In FY13, senior leaders were responsible for communication and deployment of the agency's strategic objectives, action plans and related performance measures to staff as necessary for the completion of action plans. One of the agency's strategic objectives for FY14 is the communication of the agency's strategic objectives and action plans to all employees and to stakeholders through posting on the agency's three public websites. Performance expectations and measures have been communicated to employees for a number of years; however, the agency's strategic plan includes a number of workforce engagement initiatives that may result in improvements to the agency's processes as a result of employee feedback.

III.2.5. How do you measure progress on your action plans?

The owner of each action step directly keeps track of progress and regularly reports to the other senior leaders on both a daily basis and at weekly management team meetings. Action step owners ensure that project timelines and deadlines are established, communicated, monitored, and met throughout the process. Performance measurements are developed for action steps and plans as appropriate.

III.2.6. How do you evaluate and improve your strategic planning process?

During FY13, the agency's senior leaders were led through the strategic planning process by an expert in the field from the University of South Carolina. The Board and senior leaders also evaluated the strategic plans and initiatives of the former Employee Insurance Program and Retirement Systems divisions of the Budget and Control Board. The FY13 process resulted in initial drafts of a focused, detailed plan with specific action steps and assignments. The Board and senior leaders will finalize the plan in fall 2013 and evaluate the process in the coming fiscal years to account for changing requirements and business needs, and determine how the process can be improved.

III.2.7. If the agency's strategic plan is available to the public through the agency's internet homepage, please provide a website address for that plan.

The agency began development of its first strategic plan during the fiscal year. The finalized plan will be posted on all three of the agency's public websites (www.peba.sc.gov, www.eip.sc.gov, and www.retirement.sc.gov) by late summer 2013. The strategic plan for the former Employee Insurance Program is available at www.eip.sc.gov/aboutus/ and www.peba.sc.gov/about/default.htm. The plan for the former Retirement Systems Division is available at: www.retirement.sc.gov/about/default.htm and www.peba.sc.gov/about/default.htm. The current plan for the S.C. Deferred Compensation Program is available at: www.retirement.sc.gov/defcomp/default.htm and www.peba.sc.gov/about/default.htm.

Strategic Planning			
Program Number and Title	**Supported Agency Strategic Planning Goal/Objective**	**Related FY 12-13 and beyond Key Agency Action Plan/ Plan/Initiative(s) and Timeline for Accomplishing the Plan (s)**	**Key Cross References for Performance Measures***
I. Administration	Efficient, effective and secure operations. Customer satisfaction. Employee well being.	1 – Creation of PEBA 2 – Reduce expenditures 3 – Annual security, social engineering and HIPAA training for employees 4 – Implement IT security enhancements and maintain agency Help Desk 5 – Engage employees	1 – Pages 47, 50 2 – Pages 38, 41 3 – Page 50 4 – Page 47 5 – Page 42
II.A. Employee Insurance Program (PEBA Insurance Benefits)	Efficient and effective operations. Customer satisfaction. Employee well being.	1 – Implement cost-containment initiatives for the State Health Plan 2 – Continued compliance with Affordable Care Act and other federal and state laws 3 – Maintain service levels with fewer employees and expenditures 4 – Maintain high customer satisfaction	1 – Pages 39-40, 45 2 – Pages 50-51 3 – Pages 30-34, 38 4 – Pages 35-38
II.B. Retirement Systems (PEBA Retirement Benefits)	Efficient and effective operations. Customer satisfaction. Employee well being.	1 – Fiduciary stewardship of retirement systems and continued compliance with federal and state laws 2 – Maintain service levels with fewer employees and expenditures 3 – Provide additional online, self-service options 4 – Maintain high customer satisfaction 5 – Implement alternative, cost-effective communications mechanisms	1 – Pages 38, 50-51 2 – Pages 30-34, 38 3 – Pages 45-46 4 – Pages 35-38 5 – Pages 47-49

Category 3 – Customer Focus

III.3.1. How do you determine who your customers are and what their key requirements are?
The agency's customers – subscribers of the state's employee insurance programs, members of the retirement systems, and the covered employers for which these individuals work – are established in statute (see Pages 5-6). Customers' key requirements vary depending on whether they are an active or retired employee, or a surviving beneficiary of a deceased employee. Employer key requirements are fundamentally tied to operational processes, financial reporting and member/subscriber information. PEBA uses daily, periodic and annual customer satisfaction surveys, as well as telephone, email, and face-to-face interaction when providing services to obtain feedback from its customers and learn more about their requirements.

III.3.2. How do you keep your listening and learning methods current with changing customer/business needs and expectations?
The agency's commitment to customer satisfaction flows throughout the organization, and feedback is obtained daily for services provided to customers. PEBA conducted its first annual customer satisfaction survey as a new agency in FY13 (see **Figures 7.2.1-7.2.5**); therefore, comparable trend data is not available. The agency's other satisfaction survey results for specific services provided to customers are provided in **Figures 7.2.6-7.2.9**.

Besides continuous feedback through direct contact with customers, agency staff monitor the agency's Facebook and Twitter pages for customer comments, "likes," "follows," and "shares," as well as comments on news articles pertaining to the agency's programs and services.

The agency's continued efforts to provide more options for online self-service are in direct response to listening to customers and learning about their changing needs. PEBA also makes work process improvements in response to customer feedback. As online services are added and promoted, the number of members registering for Member Access for the first time spikes (**Figures 7.5.7-7.5.8**).

The Board has directed the development and dissemination of a survey of all customer groups to determine satisfaction with the agency's communications efforts. This survey will be conducted in FY13-14.

III.3.3. What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business and make complaints?
The agency has multiple key customer access mechanisms, which include: in-person visits, telephone calls, emails, secure online access, online live chat with a benefits consultant, website suggestion box comments, and open commenting on the agency's Facebook and Twitter pages. Customers can, and do, contact the agency through traditional mail as well. All of these mechanisms provide opportunities for customers to seek information, conduct business, make complaints and offer suggestions for ways the agency can improve its programs and services.

III.3.4. How do you measure customer/stakeholder satisfaction or dissatisfaction, and use this information to improve?
The agency formally measures customer/stakeholder satisfaction continually during the year through quality checks and by reaching out to subscribers and members who have contacted and/or visited the agency's office, as well as through daily discussion and communication. The Customer Service Call Center uses a phone survey to which the caller is forwarded upon completion of a call (see **Figures 7.2.8-7.2.9**). The Customer Intake area follows up with a phone call (see **Figure 7.2.6**) and Subscriber Services staff send a follow-up email to the visitor (see **Figure 7.2.7**). Results for the agency's first annual customer satisfaction survey are reported in **Figures 7.2.1-7.2.5**. A survey to gauge customer satisfaction with the agency's communications will be conducted in FY13-14.

III.3.5. How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?
Throughout the year, the agency analyzes the results of the formal customer satisfaction and training surveys. The results are also used to gauge the effectiveness of services. Individual survey responses are shared with senior leaders and appropriate departmental staff for review and to determine if any process or other improvements can be made. Stakeholder feedback is also received through quality checks, call-backs, follow-up emails, daily contact, field visits and other continuous conversation within the Call Center and other departments. The Customer Service Call Center conducts surveys daily, which are reviewed for member feedback and employee performance as well. When possible, both manual and automated processes are modified in response to stakeholder feedback with the goal of improving service delivery. The agency's pending strategic plan includes action steps to help further PEBA's ability to provide significant improvements to work performance and service to customers through the planned replacement of the agency's information technology infrastructure.

III.3.6. How do you build positive relationships with customers/stakeholders to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups.
Positive relationships with stakeholders evolve from individual employee/customer contact, senior leaders' meetings with legislators and formal and informal speaking engagements. The types of services provided to our member/subscriber customers and employer customers varies based on differing business requirements and processes, but the delivery of services by agency employees is consistently responsive and professional.

Category 4 – Measurement, Analysis, and Knowledge Management

III.4.1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?
The agency's senior leaders determine which operations, processes and systems to measure for tracking financial and operational performance based on statutory requirements, customer and

stakeholder needs, and the agency's strategic plan. For example, as a service organization, satisfaction with customer services is critical to the overall success of the organization. The agency's leaders focus on ensuring that business processes and training result in timely and accurate handling of insurance and retirement benefits.

III.4.2. How do you select, collect, align and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?
Staff selects data and information that support the agency's key strategic goals, in particular, those related directly to service delivery. The agency uses multiple information systems to collect data and information, such as volume, cycle time and quality assurance. The agency uses volume measures to support decisions about the allocation of human and other resources to accommodate service demand. Cycle time performance data is used to assess the timeliness of service delivery. The agency also analyzes trend, financial impact, quality assurance and customer satisfaction data to support decision making. Staff use these analyses to identify potential efficiencies in business processes, reallocation of resources and to identify and develop additional online self-service features for customers. The pending obsolescence of the agency's information technology infrastructure will require many action steps, project plans, process changes, and expenditures for the agency to continue to meet future customer and work processes needs.

III.4.3. What are your key measures, how do you review them, and how do you keep them current with organizational service needs and directions?
The agency's key measures are customer satisfaction, service delivery and process improvement, and employee well being. Senior leaders review these measures through regular meetings and daily discussions to ensure that immediate and future business needs and directives are reflected therein. Operational managers review key measures and performance on a daily basis. Once the agency's first strategic plan is finalized in fall 2013, the PEBA Board and senior leaders will establish performance measures that are aligned with the strategic plan and embrace the agency's mission, values, goals and expectations. Annual review of the agency's strategic plan, and the agency's performance and progress toward reaching its goals will drive the agency's strategic direction for the next fiscal year.

III.4.4. How do you select and use key comparative data and information to support operational and strategic decision making and innovation?
The agency is identifying sources for comparative data and information to support operational and strategic decision making and innovation. In FY14, the agency will participate in the 50-state survey of state health insurance plans and the Cost Effectiveness Measurement, Inc., benchmarking service for retirement systems. Identification of industry best practices and innovations also occurs at conferences and from peer organization activity. The agency will research other best practices information in the coming year to try to obtain additional comparisons to other organizations that perform similar functions and provide similar services.

III.4.5. How do you ensure data integrity, reliability, timeliness, accuracy, security and availability for decision making?

Information systems have built-in safeguards and controls to ensure that data is not compromised. Information systems are monitored 24/7 and procedures are in place should any system unavailability or cyber-threat occur. Penetration audits are conducted routinely throughout the year. An internal auditor routinely conducts random audits to further ensure data integrity and accuracy. Additionally, the agency's financial accounting records are audited annually by an independent, external auditor. Systems safeguards and upgrades also ensure data availability and timeliness. Employees are required to participate in annual training that reinforces the importance of protecting the data with which the agency has been entrusted. The training includes a refresher about the security provisions of the Health Insurance Portability and Accountability Act, as well as how employees can thwart threats, such as those made through social engineering and phishing. Employees have very limited Internet access and the CD/DVD and USB drives are locked down on most PCs. The agency will participate in a Deloitte and Touche information technology risk assessment in FY14 (see **III.2.2**). In addition, PEBA will voluntarily participate in an 18-agency data security program.

III.4.6. How do you translate organizational performance review findings into priorities for continuous improvement?

Senior leaders review and compare organizational performance findings with current business needs, stakeholder demands and industry practices to better prioritize action plans for continued improvement. A number of efficiencies mentioned throughout this report were achieved during FY13. Soon after the agency's establishment July 1, 2012, senior leaders began working closely with the agency's program managers to determine the most practical and efficient improvements that could be introduced and implemented to provide the best service to stakeholders while ensuring that the transition to the new agency was as seamless as possible to customers. Since the agency consists of two former organizations, some of the best practices used by the former organizations have been implemented agency-wide.

III.4.7. How do you collect, transfer and maintain organizational and workforce knowledge (knowledge assets)? How do you identify, share and implement best practices, as appropriate?

The agency is preparing its succession plan as part of the development of an overall workforce plan to ensure that accumulated employee knowledge is not lost when a long-time employee leaves employment. Formal cross training, and formal and informal coaching and mentoring are also used to collect and transfer accumulated employee knowledge of benefits provisions and business processes. Best practices are identified and shared through performance measurement and informal comparison to peer public benefit administrators. PEBA has memberships in several professional public benefits organizations. Querying these groups is sometimes the only source for peer data and best practices information. Participation in these groups has been and continues to be a vital part of identifying best practices.

Category 5 – Workforce Focus

III.5.1. How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation and your organizational culture?

The agency's management uses the EPMS to organize and measure work and to make sure employees' job functions are aligned with the agency's goals. While this measurement tool is used annually, the agency's leaders also recommend that supervisors conduct coaching sessions with each employee to further ensure direct interaction between supervisors and employees, and to help identify an employee's potential and address opportunities for improvement.

Senior leaders encourage and expect interdepartmental cooperation and teamwork throughout the organization. Managers and supervisors encourage employees to take initiative and make recommendations that would help the agency achieve its service delivery and customer satisfaction goals and support employee efforts to develop their potential within the organization.

Training initiatives have been implemented to begin consolidating some of the insurance and retirement functions. These initiatives and other training opportunities are aligned with the agency's goals and are designed to result in better service delivery and more knowledgeable, versatile staff. This is also providing an appreciation for the merger of two cultures that serve the same customers.

III.5.2. How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs and locations? Give examples.

Departmental and unit management teams meet regularly to provide updates and review current business needs and issues. Input from all participants is encouraged and typically provided. Unit managers work cooperatively to resolve issues that affect one or more areas of operations and to identify misaligned service delivery mechanisms.

For example, the agency's Customer Service Department includes, among other areas of operations, the agency's call center, visitors center, field services and communications. The consolidation of insurance and retirement benefits staff within each of these units have resulted in the identification of overlapping job duties and reallocation of resources. Through regular weekly discussion and daily conversations, unit managers developed plans to resolve the issues and implemented changes by fiscal year-end.

III.5.3. How does management recruit, hire, place and retain new employees? Describe any barriers that you may encounter.

When at all possible, job openings are posted internally so that the agency employees have the opportunity to apply. When job requirements make this impossible, the agency posts job openings to the state's job portal, www.jobs.sc.gov.

III.5.4. How do you assess your workforce capability and capacity needs, including skills, competencies and staffing levels?
Recently, the agency began workforce planning. Managers are identifying and addressing gaps between the current workforce and the workforce projected to be required for the future. Managers are assessing the competencies needed to achieve agency goals and objectives, and formulating plans to address attrition and employee development.

III.5.5. How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?
Face-to-face discussion of the written planning and evaluation stages of the EPMS, as well as recommended one-on-one coaching sessions, provide employees and supervisors with regularly scheduled opportunities for two-way communication opportunities. This system guides supervisors through the process of communicating what is expected of employees.

III.5.6. How does your development and learning system for leaders address the following: a) development of personal leadership attributes; b) development of organizational knowledge; c) ethical practices; and d) your core competencies, strategic challenges and accomplishment of action plans?
Board members and senior leaders began collaboration on the agency's first strategic plan in FY13. Senior leaders are also working with program managers and the agency's human resources director to develop an agency workforce plan. During FY13, the agency relied heavily on annual performance reviews and recommended coaching sessions to address these items. The agency focused also on internal cross-training and professional development opportunities whenever possible in FY13. Once finalized in fall 2013, the agency will share its strategic plan with all employees, who will be shown how their responsibilities fit into the agency's mission and goals, and will be shared with all other stakeholders through posting on the agency's public websites.

III.5.7. How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?
Immediate and prospective customer needs and statutory requirements, as well as ongoing strategic and succession planning, drive the agency's key development and training needs. In FY13, consolidation of insurance and retirement benefits staff in several units made necessary cross training to enhance job knowledge across all benefits programs and plans. This cross training will be integrated into new employee orientation in certain service delivery operational areas. Employees are encouraged to maintain their professional certifications and designations through opportunities for continued professional education. All employees attend annual emergency preparedness, information systems security, social engineering and HIPAA training. Other training is provided on an as-needed or intermittent basis. Senior leaders identify and select high-potential employees for management and leadership development for enrollment in programs such as the Certified Public Manager program. All employees are made aware of the

performance measures within their operational area and, through their individual EPMS, are made aware of expectations related to the agency's performance. Current performance measure statistics are posted within many departmental common areas.

III.5.8. How do you encourage on-the-job use of new knowledge and skills?
On-the-job use of new knowledge and skills is required, in most situations, to be successful in job performance. For example, in our Customer Service Call Center, phone calls are monitored and employees are evaluated on the information they provide and the delivery of the information. It is imperative that the correct information is given to customers.

III.5.9. How does employee training contribute to the achievement of your action plans?
Internal employee training, in particular, interdepartmental cross training, contributes to the agency's plans to ensure that the agency has a workforce with at least a basic understanding of all of the various benefits being administered. While some very preliminary cross training began during FY13, action plans that include interdepartmental cross training for FY14 were completed.

Other action plans relate to the agency's succession planning and include employee participation in external training required to ensure the continuous provision of certain products and services. Succession action plans are being developed to ensure that disruptions in services do not occur and to ensure that such internal transitions are transparent to our customers.

III.5.10. How do you evaluate the effectiveness of your workforce and leader training and development systems?
A majority of training initiatives involve very technical subject matter. Employees participate in extensive training in several areas of the agency. Employees are tested on their knowledge upon completion. Testing results provide insight into curriculum design, learning styles, trainer effectiveness, etc., and training procedures and materials are adjusted as needed. The agency recently established a position within its Legal Department that will be responsible for interpreting much of the technical information critical to the agency's customer service functions. This position will oversee the dissemination of information for the purposes of training and will ensure consistency in application and delivery of training.

III.5.11. How do you motivate your workforce to develop and utilize their full potential?
The agency provides opportunities for and encourages employees to expand their knowledge base by taking on additional or different responsibilities. Also, most vacancies within the agency are first advertised internally giving employees with a desire to progress the opportunity to do so. Work groups with an employee representative from all areas of operations are created for various agency-wide tasks. For example, an employee workgroup developed the agency's customer satisfaction survey, the results of which are reported in **Figures 7.2.1-7.2.5**.

III.5.12. What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction and motivation? How do you use other measures such as employee retention and grievances?

As a new agency, formal assessment methods are being created. The agency will begin conducting employee engagement surveys to obtain information about the workforce. Informally, managers are encouraged to develop an open line of communication with staff and relay areas of concern to the human resources director and senior leaders.

III.5.13. How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

Several areas have career progression plans in place, and the agency utilizes the state classification system to foster career progression in other areas. Succession planning will be one of the tools utilized in workforce planning.

III.5.14. How do you maintain a safe, secure and healthy work environment?

Workplace safety, security and health are ensured through regular observation, inspection, maintenance and repair of the physical plant. The agency makes sure a number of its employees are certified in cardiopulmonary resuscitation (CPR) and emergency first aid. These services are made available to employees and visitors who are in medical distress. Emergency and disaster preparedness plans are updated as necessary and fire drills are carried out at least annually to ensure that all employees know what to do and where to go if there is an emergency or disaster. Employees are also required to attend the agency's Emergency Preparedness and Information Systems Security class each year. Additionally, all employees must pass an initial Health Insurance Portability and Accountability Act certification and attend a refresher class annually thereafter.

The agency's Disaster Recovery Program is designed to restore vital operating data for end users within 48 hours of a disaster declaration. The disaster recovery program provides recovery for core Retirement Benefits operations such as payment of monthly annuities, document imaging, and email and file shares. The Disaster Recovery program for Insurance Benefits is currently supported by the Budget and Control Board Division of State Information Technology (DSIT) as a component of a larger disaster recovery plan.

Category 6 – Process Management

III.6.1. How do you determine and what are your organization's core competencies, and how do they relate to your mission, competitive environment and action plans?

The agency's core competencies are determined by statutory and programmatic requirements, and customer needs. The agency's core competencies include exceptional customer service, the in-house development and implementation of proprietary information systems, and the resolute commitment of the Board of Directors, senior leaders, and agency employees to ensure the security of the customer information with which the agency has been entrusted. During the latter

part of FY12 and throughout FY13, online self-service options for Retirement Benefits became another core competency, as secure online member access was introduced and enhanced.

It is through these core competencies that the agency delivers the programs and services for which it is responsible. Some of the agency's action plans relate directly to continual development and implementation of additional online service delivery options and features. These options and features will help the agency reduce staff in the coming years through attrition.

III.6.2. How do you determine and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?
Two value-added key processes are the incorporation of customer requirements into new technology and the continual cross-training of staff in response to peak service demands. The services the agency provides customers are customer-driven and technologically-based. By furthering technological means and empowering human resources in FY13, the agency continued to improve service delivery. By cross-training staff, the agency ensures that human resources are available when and where needed. Other key processes that add value for the agency's customers are: 1) Tracking all customer requests for information, benefit estimates and other services on a centralized computer system; 2) Employees have instantaneous access to member information through document imaging and Unix systems, which facilitates fast response times to customer inquiries--in recent years, the agency's imaging units have implemented "front-end" imaging, which has increased accuracy and reduced error rates due to less need for the manual keying of information and has further streamlined workflow processes; 3) Customer participation in secure online access to certain account information and in electronic banking processes, such as electronic fund transfer (EFT); 4) Employers' ability to submit reporting data electronically; 5) Web-based technology that allows the agency to not only make brochures, handbooks, forms and other current news and information readily available to customers but to provide immediate news feed and social media updates; and 6) Continual updates to automated systems as a result of legislative changes, process improvements and customer feedback. When information systems modifications are necessary, project teams composed of operational and information technology staff meet on up to a daily basis to ensure that internal and external customer needs are met and projects are completed on deadline.

III.6.3. How do you incorporate organizational knowledge, new technology, cost controls and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?
The agency incorporates organizational knowledge into process and design delivery through daily conversation, discussion and regularly scheduled meetings. To ensure that organizational knowledge is constant and continuous, the agency practices succession planning, mentoring and coaching. New technology is incorporated into process and design delivery as a result of customer and statutory requirements. As customer and agency requirements change, senior leaders reassess business requirements and make necessary modifications to the agency's processes. The agency is able to control costs associated with process and design delivery

through in-house systems programming. Key performance measures are used primarily to identify shifting customer and business requirements that are not related to enactment of federal or state laws that impact the agency's programs and services.

III.6.4. How does your day-to-day operation of these processes ensure meeting key performance measurements?

Through continuous monitoring and assessment, the agency can identify opportunities for improvement and take immediate corrective action or integrate a longer term solution into its strategic plans. Along with the everyday functions performed by the agency's employees, the availability of the agency's information systems is critical to providing services, operational processes and reporting of performance measurement data.

III.6.5. How do you systematically evaluate and improve your key product and service related work processes?

The agency empowers its employees by providing the necessary tools to perform their jobs and by providing learning and growth opportunities. The agency relies heavily on technology and the information systems with which many job functions are intertwined. By continuously evaluating the agency's human and technological resource needs and adapting the agency's processes accordingly, the agency can improve these processes and the key services the processes support.

III.6.6. What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?

The agency's key support processes include: automated information systems; financial and accounting management; facilities and contracts management; and intergovernmental relations. The agency's managers regularly review and analyze the effectiveness of each key support process. Processes needing improvement are identified and revised to better accommodate both internal and external customer requirements and service delivery. Technology is an integral part of almost all agency processes and continued development and streamlining of the agency's technological capabilities allows staff to better meet customer needs and achieve better performance. The agency's information technology infrastructure is approaching obsolescence and will need to be replaced in the very near future. The first step toward improving this critical resource is an assessment of the agency's information technology infrastructure that is planned for FY14. The agency's pending strategic plan will address the subsequent action steps needed as this major undertaking begins.

The agency's participation in the South Carolina Enterprise Information System (SCEIS) has changed the agency's administrative business processes for the better in terms of reduced paperwork, improved vendor payment cycle time, and improved financial reporting. Employees and managers also have easy access to compensation and leave information.

In other operational areas, there have been challenges as a result of employers reporting retirement contributions through SCEIS. Retirement Benefits' financial staff do not yet have access to SCEIS, so all the transactions flow through the Statewide Accounting and Reporting

System (STARS). This has made it more difficult and time-consuming to find the source of discrepancies and balance interdepartmental transfer accounts. At times, employers key transactions in SCEIS but do not submit accompanying paperwork, which causes additional discrepancies. Reporting of retirement contributions by employers through SCEIS has presented challenges as well, particularly with the employer invoicing and reporting processes.

III.6.7. How does your organization determine the resources needed to meet current and projected budget and financial obligations?
Through the agency's strategic planning process, expenditures are evaluated and planned for accordingly. These planned expenditures are considered during the annual budget submission process. Additionally, reviews of year-to-date expenditures and projected costs are performed periodically throughout the year to ensure adequate funds are available.

Category 7 – Results

7.1 – What are your performance levels and trends for your key measures of mission accomplishment/product and service performance that are important to your customers? How do your results compare to those of comparable organizations?
The information on the following pages reflects performance levels for the agency's key measures; however, this is the agency's first year of existence, so trend and comparative data is not available for all measures. In addition, the agency's pending strategic plan includes action steps to establish performance measures aligned with the plan and to explore and participate in benchmarking opportunities.

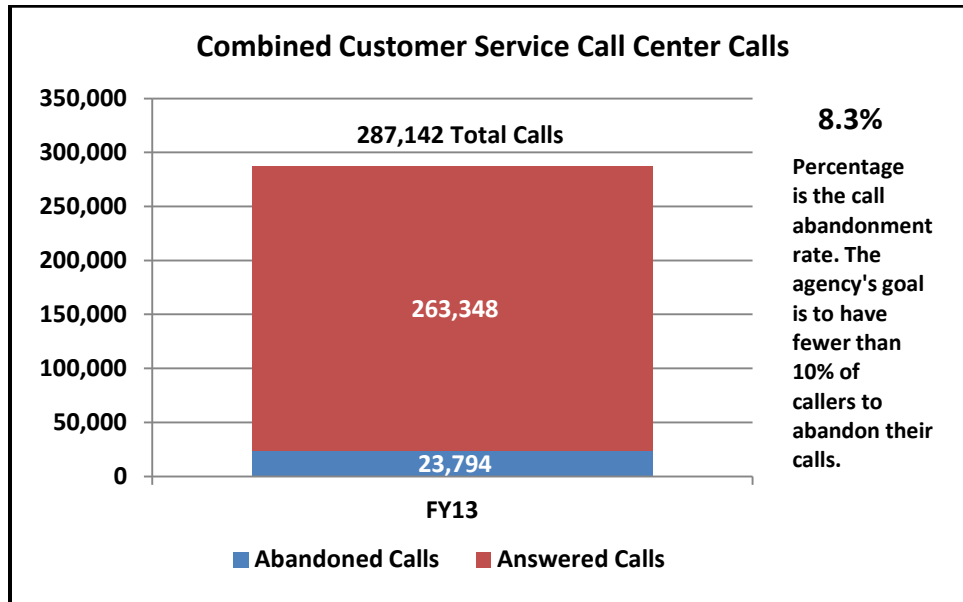## Customer Service Call Center Total and Answered Calls

Figure 7.1.1

Insurance Benefits Customer Service Call Center Calls

Percentages are call abandonment rates. The agency's goal is to have fewer than 10% of callers to abandon their calls.

	FY 09	FY 10	FY 11	FY 12	FY 13
Abandonment Rate	6.5%	15.8%	7.6%	6.1%	2.9%
Total	114,825	135,161	105,878	116,841	112,117
Answered Calls	107,391	113,875	97,862	109,668	108,874
Abandoned Calls	7,434	21,286	8,016	7,173	3,243

Figure 7.1.2

Retirement Benefits Customer Service Call Center Calls

Percentages are call abandonment rates. The agency's goal is to have fewer than 10% of callers to abandon their calls.

	FY 09	FY 10	FY 11	FY 12	FY 13
Abandonment Rate	14.7%	16.8%	26.8%	20.7%	11.7%
Total	174,682	181,624	213,232	215,029	175,025
Answered Calls	149,082	151,163	156,029	170,555	154,474
Abandoned Calls	25,600	30,461	57,203	44,474	20,551

Figure 7.1.3

The Insurance Benefits and Retirement Benefits call centers were physically combined as part of the initial structuring of the agency. Cross training was conducted throughout the fiscal year with the goal of making all Call Center consultants capable of responding to inquiries about insurance and retirement benefits. FY13 is the first year for combined Call Center statistics. Future performance results will be reported for the combined Call Center. FY13 will be the first data point. Data for FY09-FY13 is provided for the Insurance Benefits and Retirement Benefits call center areas to provide trend data for this year's report. The Call Center's goal is to have fewer than 10 percent of callers abandon their calls.

Process improvements in the management of the Insurance Benefits Call Center began in FY11 and included review and evaluation of call patterns and staffing levels as well as development of an internal training program and the creation and implementation of a resource reallocation plan for peak times. Employees from operations, customer service, field services, and communications assist the Call Center during periods of high volume to minimize customer call wait times. The Call Center has a reciprocal arrangement through which it provides staff to other areas during high volume periods. For example, in November, after call volume returns to normal levels, the Call Center assists the Operations Unit with processing open enrollment notice of election forms. This ensures both the Call Center and Operations Unit are able to provide timely service to members.

Benchmarks to the performance of other organizations are not available for this report but are part of the agency's pending strategic plan action steps for FY14.
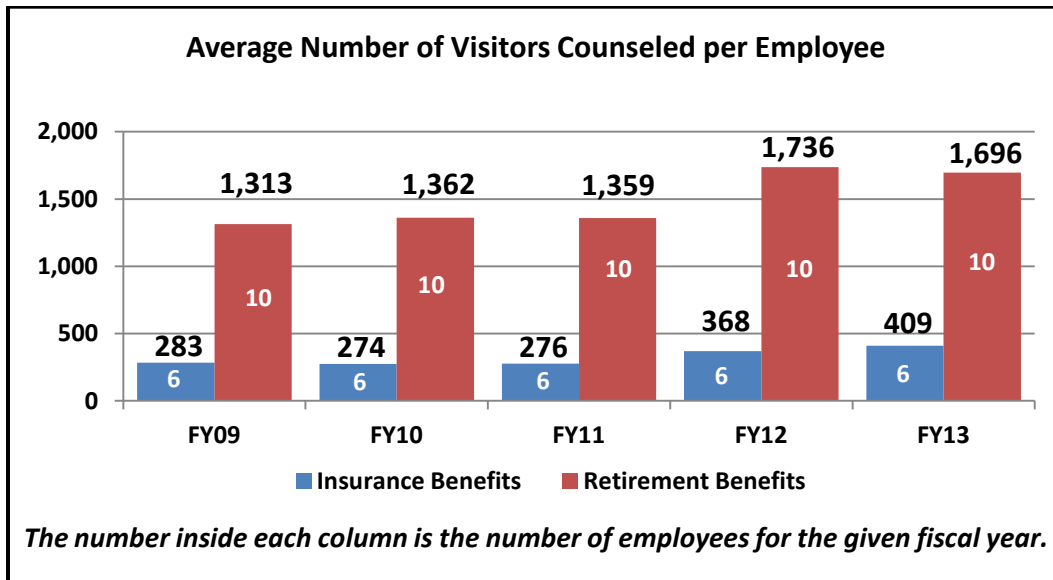

Average Number of Visitors Counseled per Employee

The number inside each column is the number of employees for the given fiscal year.

Figure 7.1.4
Visitor volume for both Insurance and Retirement Benefits consultants increased from prior year levels while staff levels remained the same. Insurance Benefits visitor wait time continued to drop (**Figure 7.5.3**) while Retirement Benefits visitor wait time increased for both those with and without appointments (**Figure 7.5.4**).

Average Number of Annuity Claims Processed per Employee

Fiscal Year	Claims	Employees
FY10	513	16
FY11	466	17
FY12	544	18
FY13	731	15

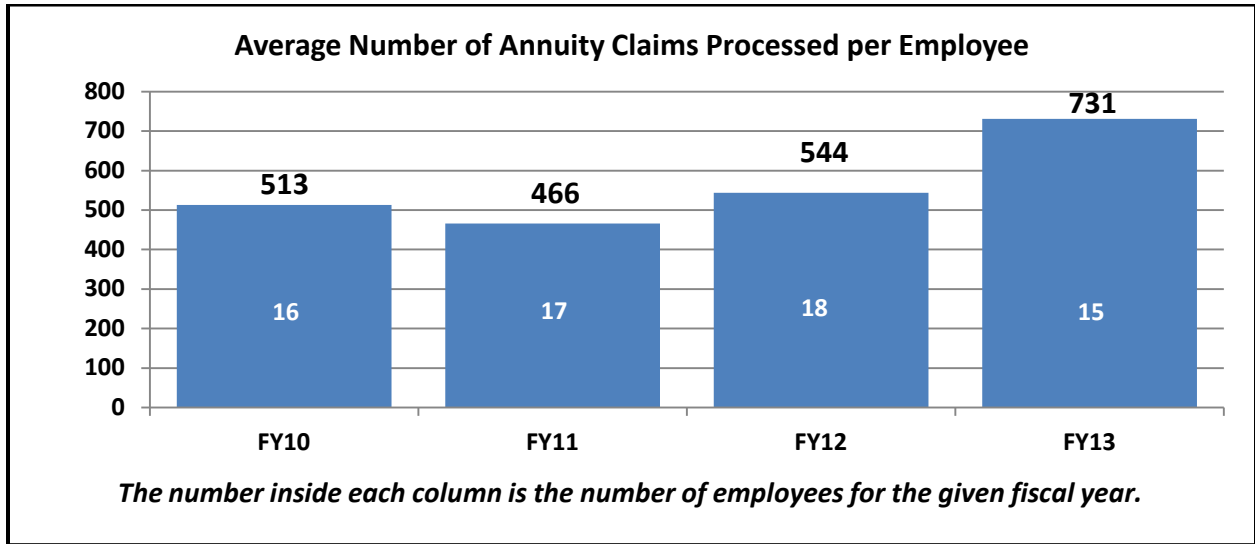*The number inside each column is the number of employees for the given fiscal year.*

Figure 7.1.5

The number of members added to the retirement payroll increased in FY12 and FY13 as a result of pending and then enacted legislative reform to the retirement systems. The provisions included an earnings limitation from covered employment and a change in the cost to purchase service. The agency handled the increased workload in FY13 with three fewer employees than in the prior fiscal year. As a result of fewer employees and higher claims volume, the average per-employee workload increased 34.3 percent from FY12 to FY13.

Average Number of Service Purchase Invoices Generated per Employee

Fiscal Year	Invoices	Employees
FY09	810	7
FY10	863	7
FY11	880	7
FY12	1,266	7
FY13	1,795	6

The number inside each column is the number of employees for the given fiscal year.
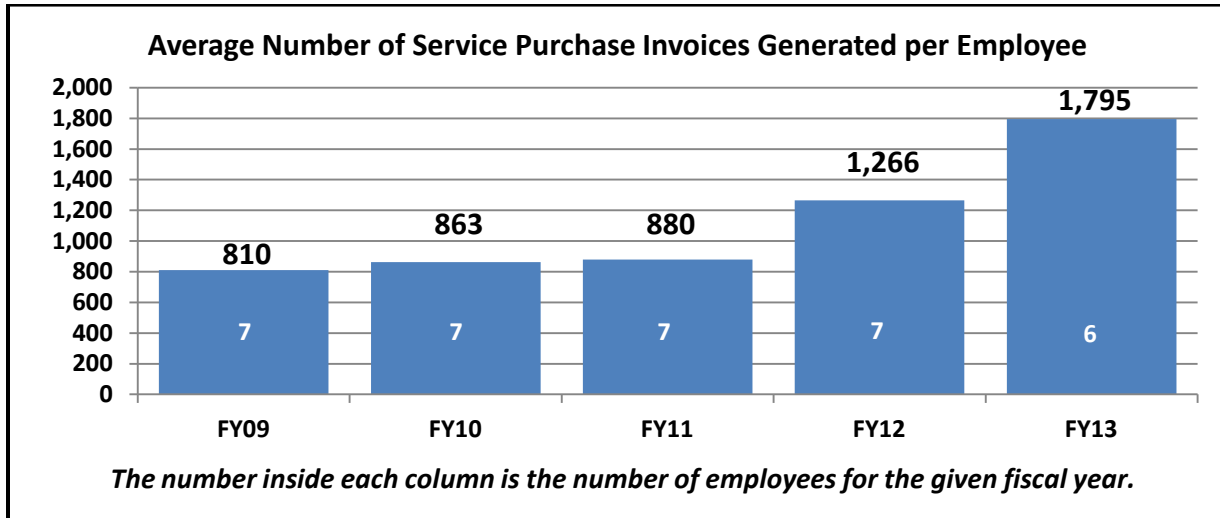
Figure 7.1.6

Legislation changing the cost of service purchases was pending in FY12 and enacted in FY13. Volume increased 43.8 percent in FY12 and 21.5 percent in FY13. In a typical year, 95 percent of service purchase invoices are calculated within five days. Heavy volume impacted service delivery in FY12 and FY13, dropping these percentages to 85 and 54, respectively. The FY13 workload was handled with one less employee than in the prior fiscal years as well.
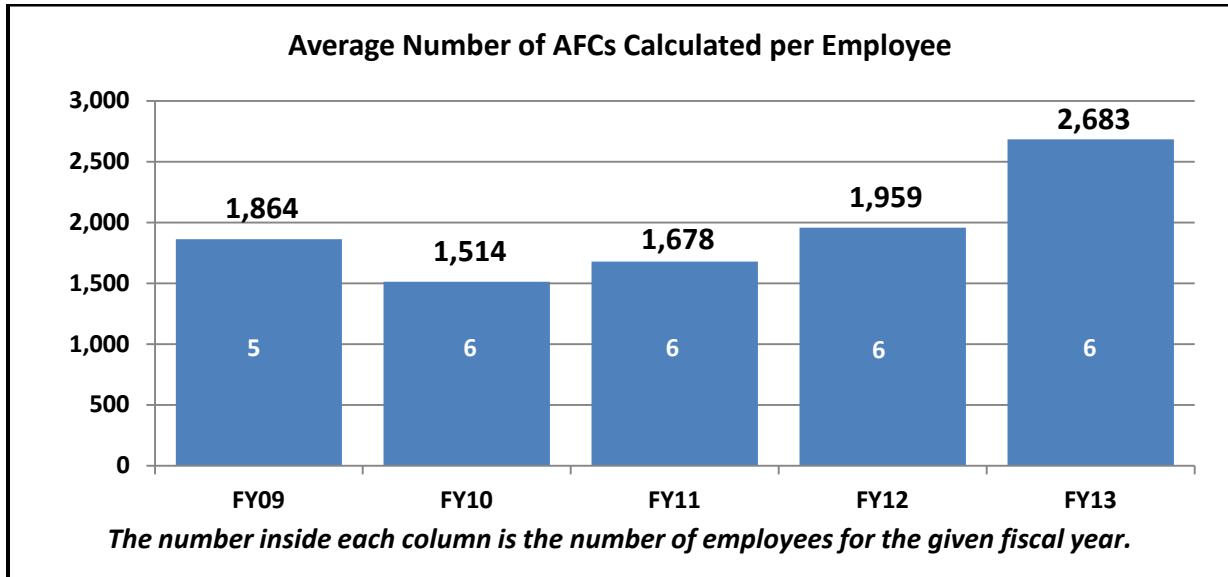
Average Number of AFCs Calculated per Employee

The number inside each column is the number of employees for the given fiscal year.

Figure 7.1.7

AFC stands for average final compensation, which is one of the components of the retirement benefit calculation. The 37 percent increase in total AFC calculations volume was attributable to the retirement reforms that took effect in FY13 and represented the same percentage increase in the average per-employee workload as well from FY12. Fiscal year totals include TERI and non-TERI retirement AFC calculations, estimated AFC calculations, and corrected AFC calculations.

7.2 – What are your performance levels and trends for your key measures on customer satisfaction and dissatisfaction (a customer is defined as an actual or potential user of your organization's products or services)? How do your results compare to those of comparable organizations?

PEBA conducted the agency's first customer satisfaction survey in June 2013. Since the fiscal year represents the agency's first year of existence, comparative and trend data are not available for overall satisfaction with the agency's service. However, satisfaction levels with the services provided by the agency's Call Center, Visitors' Center, and Subscriber Services are reported in **Figures 7.2.6-7.2.9**. Agency staff plan to review and analyze the comments received from survey respondents in the latter half of 2013 and will provide a report to senior leaders, as well as specific data to the appropriate operational areas for action.

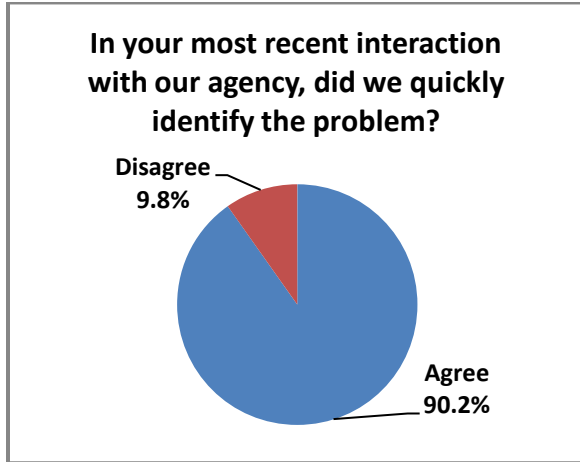## Agency Customer Satisfaction Survey Results (Figures 7.2.1-7.2.5)

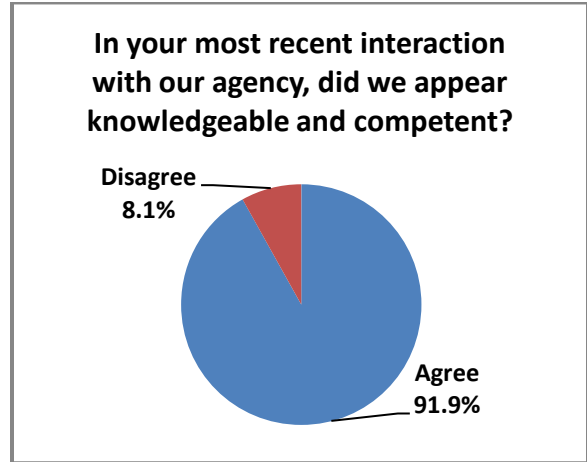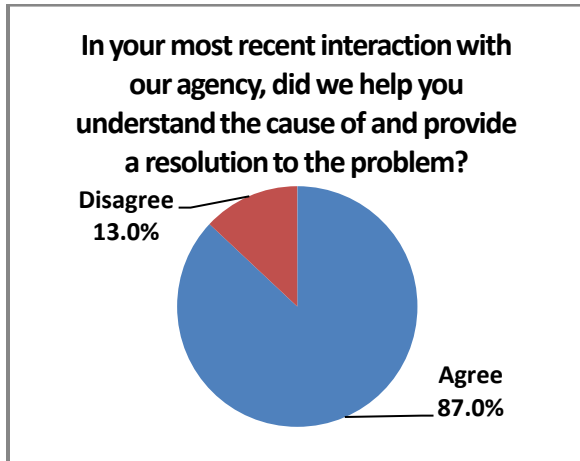**In your most recent interaction with our agency, did we quickly identify the problem?**

Disagree 9.8%

Agree 90.2%

Figure 7.2.1

In your most recent interaction with our agency, did we appear knowledgeable and competent?

Disagree 8.1%

Agree 91.9%

Figure 7.2.2

In your most recent interaction with our agency, did we help you understand the cause of and provide a resolution to the problem?

Disagree 13.0%

Agree 87.0%

Figure 7.2.3

In your most recent interaction with our agency, did we handle issues with courtesy and professionalism?

Disagree 5.2%

Agree 94.8%

Figure 7.2.4

Overall, were you satisfied with your most recent interaction?

Disagree 9.9%

Agree 90.1%

Figure 7.2.5

There is no trend data to report for prior years because the agency was established effective July 1, 2012, and this was the agency's first survey to measure customer satisfaction with the services the agency provides to its customers. A link to the survey was posted on the agency's public websites and social media pages. The survey was also disseminated through the agency's news feed subscriptions and by email to users of the Insurance Benefits MyBenefits and Retirement Benefits Member Access websites.

Visitor Customer Satisfaction Survey Results (Figures 7.2.6-7.2.7)

Retirement Benefits Visitors' Center Customer Satisfaction

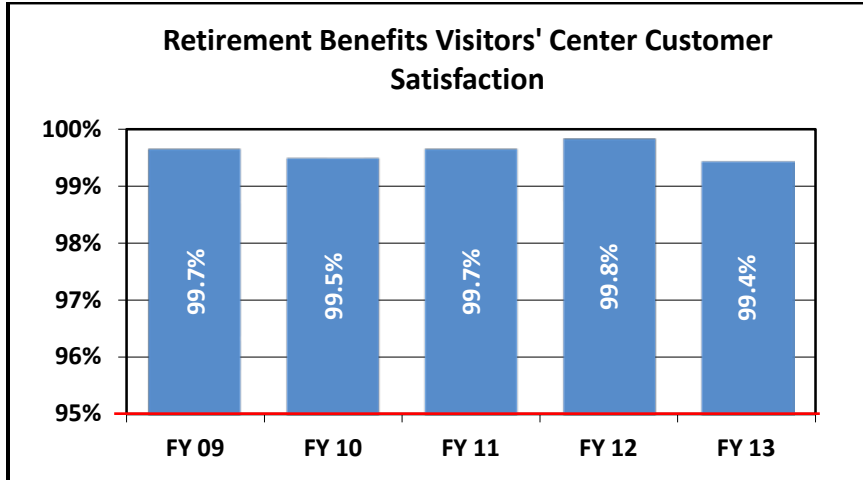| FY	%
FY 09	99.7%
FY 10	99.5%
FY 11	99.7%
FY 12	99.8%
FY 13	99.4%

Figure 7.2.6

Quality check surveys are conducted manually throughout the year by a department manager within a 24-48 hour period after a member completes a consultation. This method allows staff to ask if the member has any additional questions or concerns. The agency is creating a new survey for retirement and insurance and working on an automated process through which to email the survey to members.

Insurance Benefits Subscriber Services Customer Satisfaction

FY	%
FY 13	98.1%
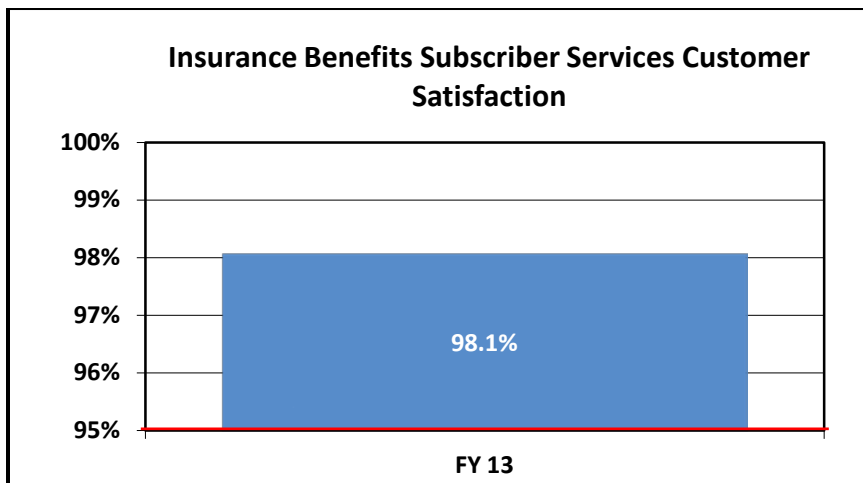
Figure 7.2.7

The agency's Insurance Benefits Subscriber Services Unit has a long commitment to providing high quality customer service. Statistics for prior years were not available for this report.

Customer Call Center Satisfaction Survey Results (Figures 7.2.8-7.2.9)

The Insurance and Retirement Benefits call centers were combined during the fiscal year. Customer satisfaction with the combined Customer Service Call Center's services in FY13 was 98.6 percent. Customer satisfaction statistics were maintained for Insurance Benefits and Retirement Benefits calls and are reported in **Figures 7.2.8** and **7.2.9**, respectively.
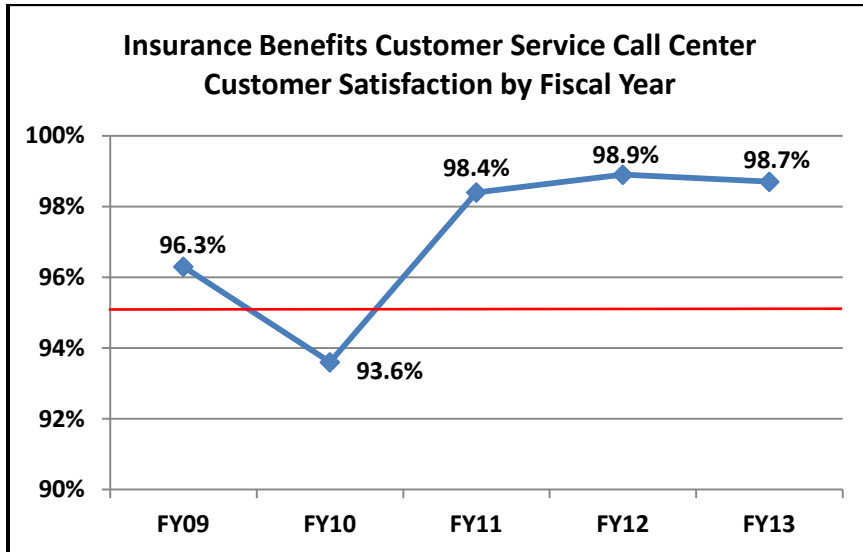
Insurance Benefits Customer Service Call Center Customer Satisfaction by Fiscal Year

Fiscal Year	Value
FY09	96.3%
FY10	93.6%
FY11	98.4%
FY12	98.9%
FY13	98.7%

Figure 7.2.8

The Customer Service Call Center has a message on the front-end of the phone system that tells callers about the survey. Either the caller asks to be transferred or the employee asks the caller if he or she would be interested in participating in the survey and then transfers the caller to the survey line. The Call Center's goal for customer satisfaction is 95 percent.
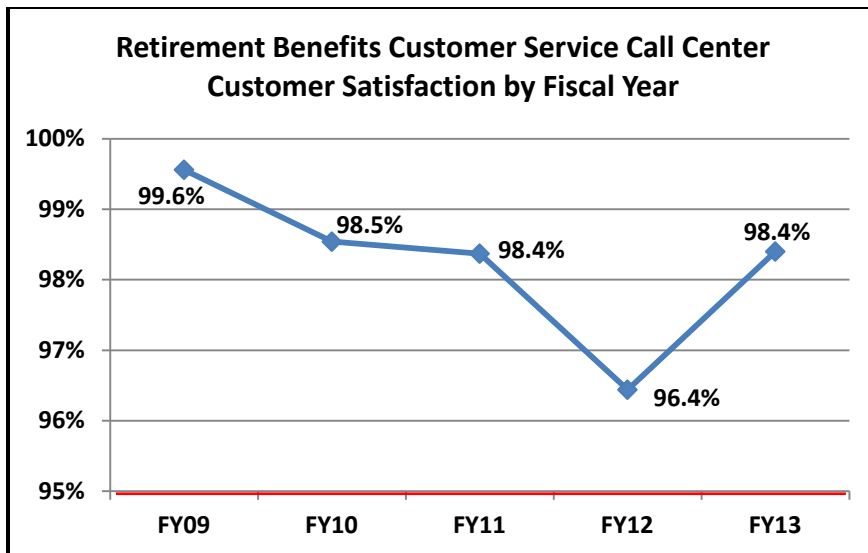
Retirement Benefits Customer Service Call Center Customer Satisfaction by Fiscal Year

Fiscal Year	Value
FY09	99.6%
FY10	98.5%
FY11	98.4%
FY12	96.4%
FY13	98.4%

Figure 7.2.9

Quality check surveys were conducted manually throughout the year by a department manager within a 24-48 hour period after a member completes a consultation. This method allows staff to ask if the member has any additional questions or concerns. For FY13 forward, the Customer Service Call Center has a message on the front-end of the phone system that tells callers about the survey. Either the caller asks to be transferred or the employee asks the caller if he or she would be interested in participating in the survey and then transfers the caller to the survey line.

7.3 What are your performance levels for your key measures on financial performance, including measures of cost containment, as appropriate?
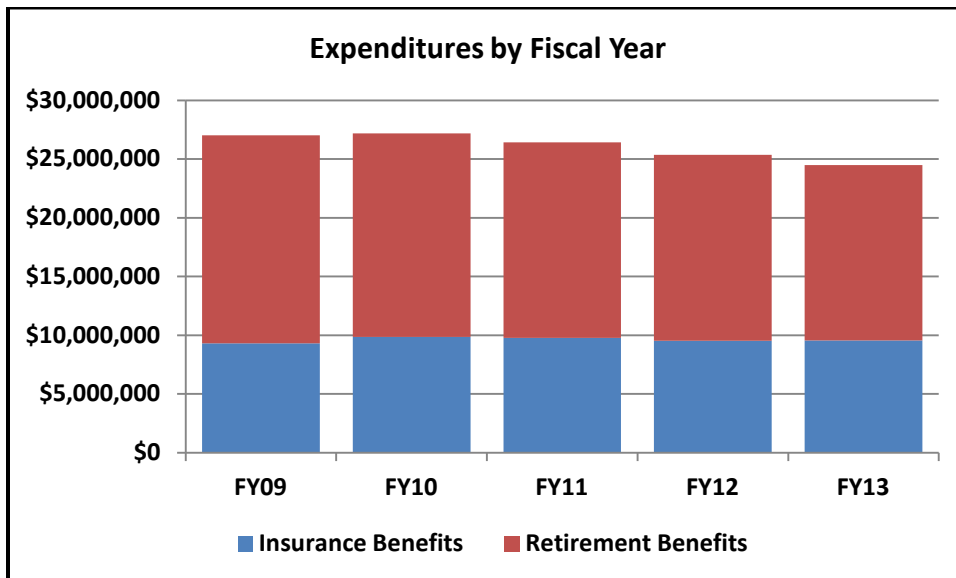
Figure 7.3.1
Being good fiscal stewards of the trust funds with which the agency has been entrusted is a core competency for PEBA. For the past five years, Retirement Benefits has continuously reduced its expenditures despite increased workloads and service demands, and significant legislative reforms that drove a plethora of information system and other work processes modifications. Insurance Benefits has held its costs steady over the past five-fiscal-year period as well. As an agency, FY13 total expenditures were down 3.5 percent from FY12.

Combined Employee and Employer Average Weighted Premiums

Figure 7.3.2

**Average Weighted Employee Premiums
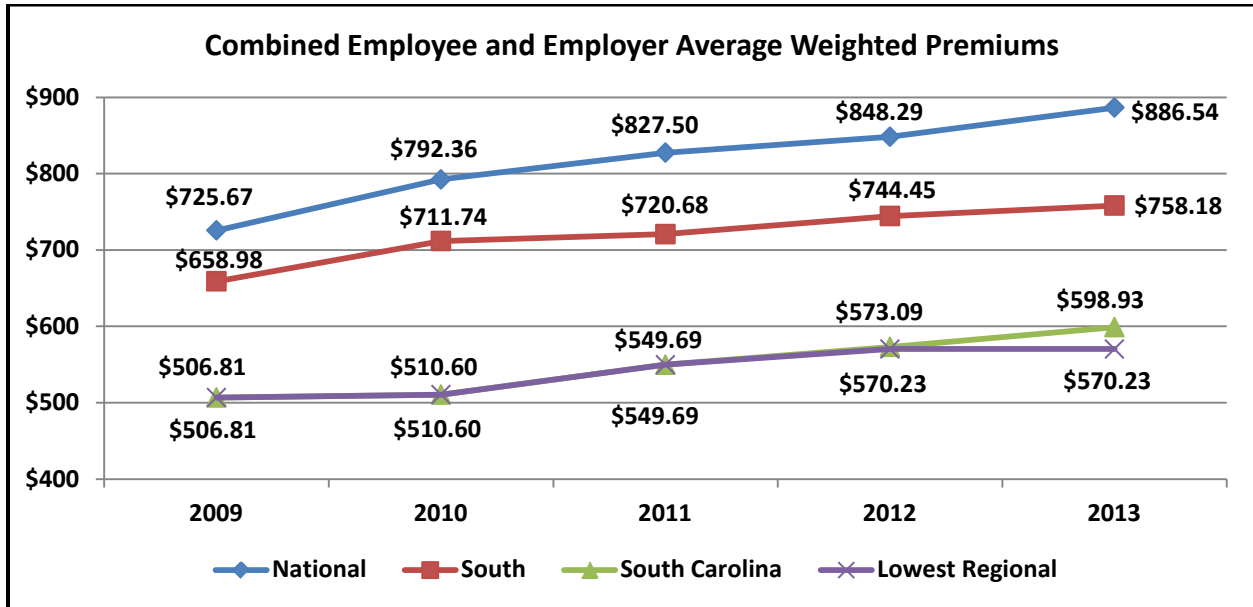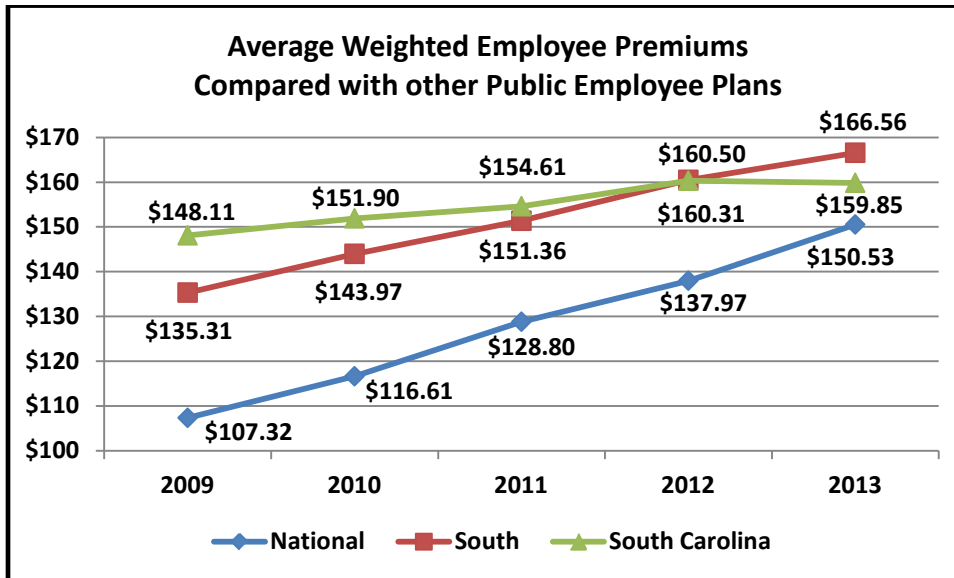Compared with other Public Employee Plans**

Figure 7.3.3

Notes for Figures 7.3.2 and 7.3.3. One of the key measures for the agency is to continue providing a comprehensive health insurance program that is responsive to customer needs and affordable for all stakeholders. To compare rates over time, the agency applies current enrollment to the previous years to normalize for changes in contract distribution. Comparison data is obtained through the agency's Insurance Benefits' annual 50-State Survey.

Additional Note for Figure 7.3.2. In 2013, South Carolina's total composite grew 4.5 percent behind a 6.4 percent increase in the employer composite and a 0.3 percent decrease in the

employee composite. The decrease in the employee composite was caused by tier enrollment changes that affected weights. Mississippi, which had the lowest regional composite, made no plan design or composite rate changes. The Mississippi plan has held premiums at the same levels in previous years without making any plan changes.
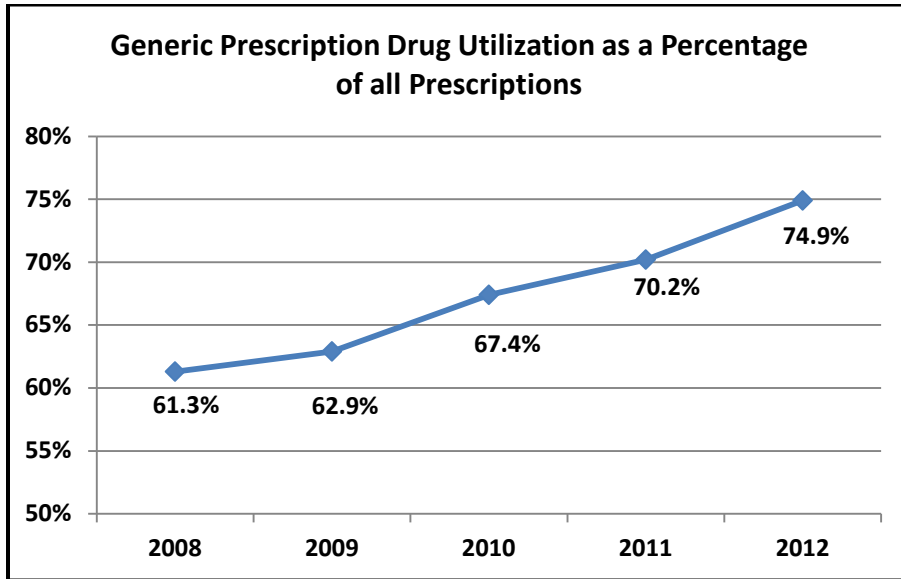

Figure 7.3.4

Generic drugs are medically comparable to name-brand medicines but cost much less. The plan encourages subscribers to use generics whenever possible through pricing incentives and promotion. The goal of 74 percent is based on Express Scripts' average for all governmental plans it administers and is adjusted annually.

Plan design and generic-incentive programs (member-pays-the-difference, preferred drug step therapy, and mail incentive programs) all drive generic utilization and ultimately the lowest cost to the plan. Every 1 percent increase in the generic dispensing rate results in about a 2 percent reduction in the plan's liability. In 2012, State Health Plan spending was approximately $554 million, so a 1 percent increase in the Generic Fill Rate would have resulted in an $11.08 million reduction in the plan's liability.

Dependent Eligibility Verification Project

PEBA Insurance Benefits' Dependent Eligibility Verification Project resulted in an estimated combined reduction in plan liability and employer costs of $4.5 million in FY13, 74 percent of which was the employer share. This project was implemented in FY12 to help ensure that only eligible dependents of plan subscribers are receiving health insurance benefits. Paying health insurance benefits to ineligible dependents diverts available resources from paying maximum benefits to eligible participants. By removing ineligible dependents from coverage, the combined reduction in plan liability and employer costs is estimated to be $19 million per year when the project is completed. PEBA Insurance Benefits also verifies dependent eligibility at the time of enrollment.

Other Cost Containment Results

Both Insurance Benefits and Retirement Benefits have realized cost savings since becoming an agency independent of the Budget and Control Board. As part of the Budget and Control Board, both offices were required to pay a portion of administrative functions such as general counsel, internal audit, and accounting. Since becoming a separate agency, the majority of these services have been absorbed by preexisting staff. The approximate annual cost savings is $422,766 for Insurance Benefits and $622,201 for Retirement Benefits. The agency was also able to consolidate the Insurance and Retirement Benefits' administrative functions and save one full-time equivalent (FTE) which was utilized in another area of the agency.

7.4 What are your performance levels and trends for your key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, workforce climate including workplace health, safety and security?
Since PEBA was established July 1, 2012, most of the agency's efforts during fiscal year 2013 were focused on getting the Board of Directors and agency up and running without interruption of services to customers. In addition to development and implementation of numerous policies and procedures, orientation and education was developed and presented to the new Board members. However, progress was made in development of the workforce and retention of employees with potential during the initial structuring of the new agency, a process during which a team of senior leaders extensively reviewed the skills and abilities of the joint workforce. The agency did not communicate these changes to all employees as well as it could have and senior leaders have included action steps in its strategic plan to prevent this from reoccurring. In addition, the agency's senior leaders have an open door policy and welcome suggestions from and meetings with employees.

The agency held an employee recognition awards ceremony and luncheon in May 2013 that was attended by several Board members, including the Board chairman, as well as senior leaders. Almost 50 employees were recognized for their accomplishments and service. The luncheon provided an opportunity for employees to interact with the new agency's leadership and with their "new" coworkers. Several multi-player yard games were available to employees during their lunch hour and provided additional opportunities for engagement. The agency's Employee Recognition and Community Involvement Committee, the members of which planned and facilitated the activities, received a number of comments from employees who indicated that this was the best employee recognition gathering in which they had ever participated.

The agency is committed to maintaining a healthy, safe, and secure workplace for its employees. The agency's facilities management staff work closely with the Office of General Services and other outside contractors and vendors to ensure the physical well being of the agency's workforce.

During the fiscal year, the Board and senior leaders began development of a workforce plan. The following broad strategies and action steps are part of the agency's strategic plan for FY14:

- **Develop workforce plans**
    - Develop a guide for the workforce planning process
    - Forecasting – where is the agency going and what will it take to get there?
    - Provide workforce data
    - Current staffing analysis and gap analysis
    - Action plan – what will the agency do to close the gap?
- **Initiate employee engagement activities**
    - Sharing of strategic plan (an informative summary as well)
    - Employee survey to gauge job satisfaction, communication, growth opportunities, supervisors, transition and the strategic plan

7.5 What are your performance levels and trends for your key measures of organizational effectiveness/operational efficiency, and work system performance (these could include measures related to the following: product, service, and work system innovation rates and improvement results; improvements to cycle time; supplier and partner performance; and results related to emergency drills or exercises)?

The Insurance and Retirement Benefits call centers were combined during the fiscal year. Call wait time for the combined Customer Service Call Center in FY13 was one minute, 9 seconds. Prior year statistics for call wait time statistics were maintained for Insurance Benefits and Retirement Benefits calls and are reported in **Figures 7.5.1** and **7.5.2**, respectively.

Customer Call Center Call Wait Times

The agency does not have benchmarks for its call center call wait times. The agency's pending strategic plan includes action steps through which additional performance measures will be established and benchmarking opportunities will be identified and implemented.
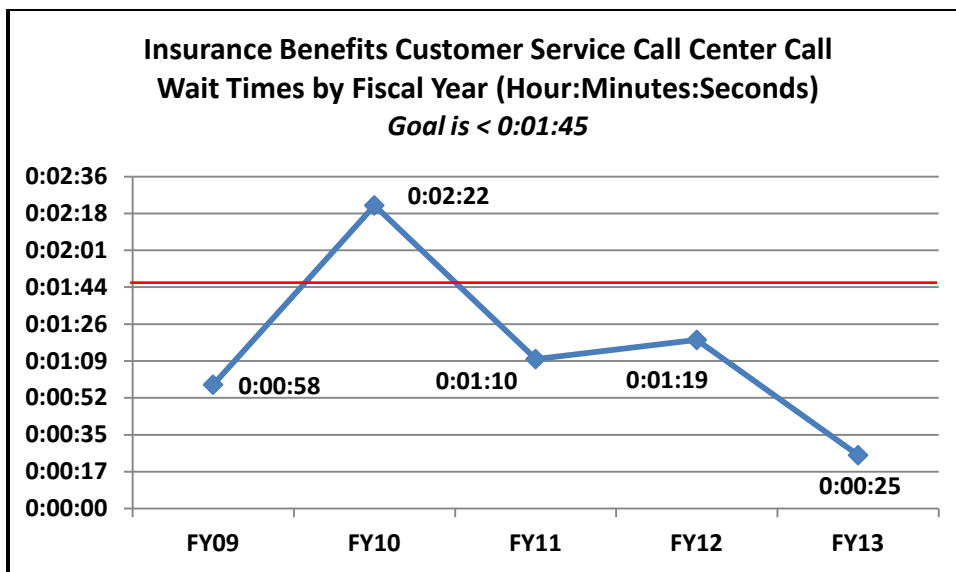

Figure 7.5.1

There are many factors that can impact call wait time. Peak customer demand historically occurred during biennial open enrollment periods. Staffing levels also impact call wait time as a result of unplanned absences and employee turnover. Process improvements, such as the implementation in prior years of a phone tree process, have helped reduce call wait time for the agency's customers. The Call Center strives for wait times of less than one minute, 45 seconds.
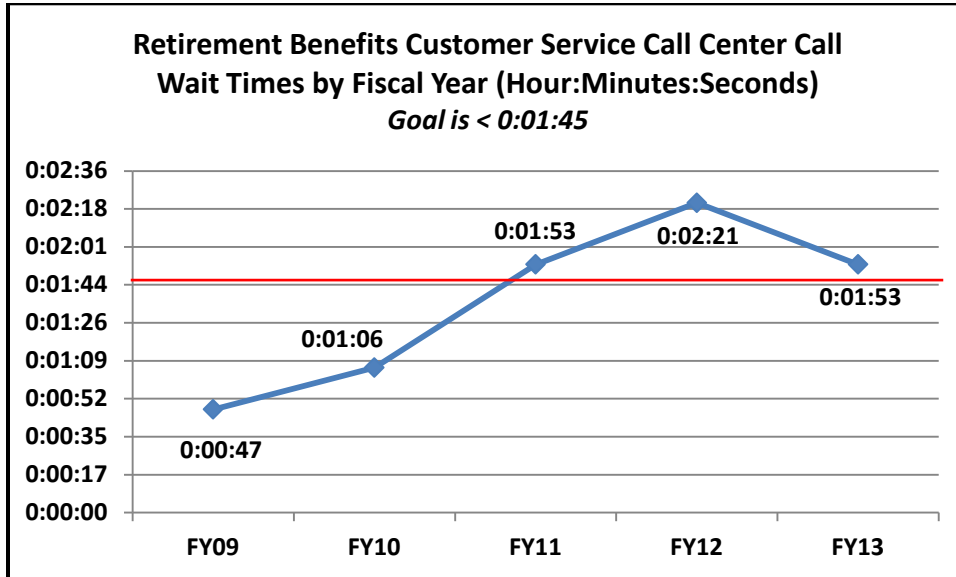

Figure 7.5.2

Call wait time increased during peak periods of customer demand such as the years in which retirement systems reform has been discussed and enacted. Call wait time dropped in FY13 due to implementation of the Insurance Benefits phone tree process for Retirement Benefits calls. Staffing levels also impact call wait times due to unplanned absences and employee turnover.

Customer Visitor Wait Times

The agency does not have benchmarks for its visitor wait times. The agency's pending strategic plan includes action steps through which additional performance measures will be established and benchmarking opportunities will be identified and implemented.
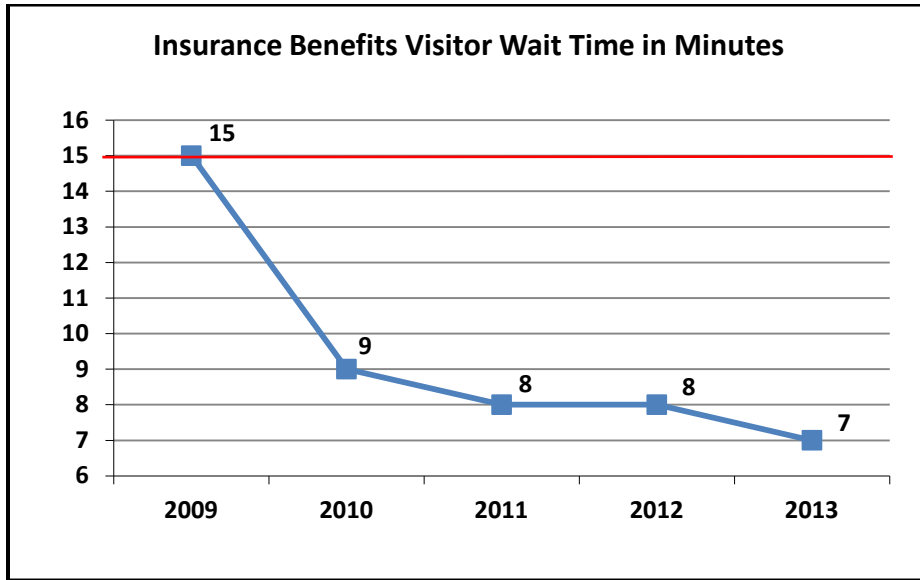
Insurance Benefits Visitor Wait Time in Minutes

[Line chart showing Insurance Benefits Visitor Wait Time in Minutes. Y-axis from 6 to 16 minutes. X-axis years 2009-2013. A red horizontal line is at 15. Values: 2009 = 15, 2010 = 9, 2011 = 8, 2012 = 8, 2013 = 7.]

Figure 7.5.3

Data shown is for calendar years except 2013, which is 1/1/13 through 6/30/13. Higher wait times historically coincided with biennial open enrollment periods. Process improvements, such as consultants logging contact notes at the end of the day and researching a subscriber's file while the visitor is in the consultant's office rather than while the subscriber waits, have reduced visitor wait time.
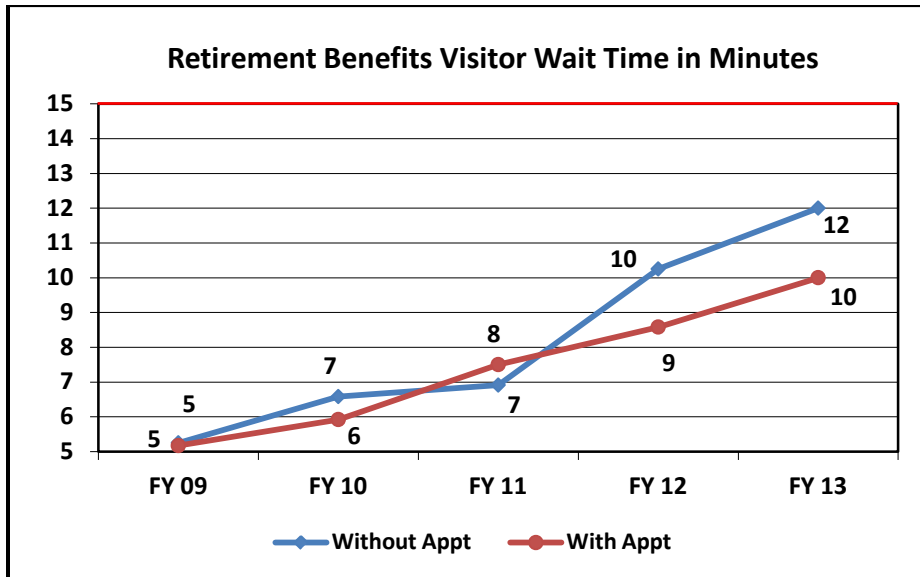
Retirement Benefits Visitor Wait Time in Minutes

[Line chart showing Retirement Benefits Visitor Wait Time in Minutes. Y-axis from 5 to 15 minutes. X-axis fiscal years FY 09 to FY 13. A red horizontal line is at 15. Without Appt (blue): FY 09 = 5, FY 10 = 7, FY 11 = 7, FY 12 = 10, FY 13 = 12. With Appt (red): FY 09 = 5, FY 10 = 6, FY 11 = 8, FY 12 = 9, FY 13 = 10. Legend: Without Appt, With Appt.]

Figure 7.5.4

Visitor wait time increased in FY12 and FY13 due to much higher visitor volume in response to pending and enacted retirement system reform. Visitor volume increased 27.8 percent from FY11 to FY12 and was 24.9 percent higher in FY13 than in FY11. The agency's Retirement Benefits staff was still able to see visitors within the 15-minute goal.

Hospitals Recognized for Process of Care Measures

Each year, the State Health Plan provides higher reimbursement payments to hospitals that perform well on important practices (measure criteria) that experts say every hospital should do for common illnesses. Created by the federal Centers for Medicare & Medicaid Services (CMS), the Process of Care measures show whether hospitals perform essential tasks recommended for patients being treated for a heart attack, heart failure, pneumonia or other ailments. The number of incentive winners in South Carolina grew from 15 in 2012 to 22 in 2013.

Hospitals that Received Process of Care Measures Award in FY13	
Allen Bennett Memorial Hospital	Anmed Health
Beaufort County Memorial Hospital	Carolina Pines Regional Medical Center
Carolinas Hospital System	Chesterfield General Hospital
Coastal Carolina Medical Center	Colleton Medical Center
Georgetown Memorial Hospital	Grand Strand Regional Medical Center
Greenville Memorial Hospital	Hillcrest Memorial Hospital
Hilton Head Regional Medical Center	Lexington Medical Center
McLeod Medical Center – Dillon	Medical University Hospital
Palmetto Health Baptist	Palmetto Health Baptist – Easley
Sister of Charity Providence Hospitals	Springs Memorial Hospital
Trident Medical Center	University Hospital

Figure 7.5.5

State Health Plan Hospital Reward Reimbursement					
Incurred Date	Amount Paid in Hospital Reimbursement	Total State Health Plan Reimbursement	Percentage Impact on Total State Health Plan	Number of Hospitals	Measure Criteria
2008	$1,598,229.02	$1,241,374,616.37	0.13%	12	4/20
2009	$4,125,509.53	$1,397,253,654.36	0.30%	20	4/21
2010	$5,194,587.94	$1,482,902,360.35	0.35%	18	5/23
2011	$4,644,827.68	$1,544,559,099.54	0.30%	15	6/24
2012	$6,154,724.25	$1,649,437,555.11	0.37%	15	7/25

Figure 7.5.6

Retirement Benefits Member Access

Additions to Online Self-Service Options		
09/30/2011 (Launch)	6/30/2012	6/30/2013
Secure registration for active members	Secure registration for annuitants	Viewing of payment information for annuitants
View and print member statements	Annuitant payment information in profile	Viewing of year-to-date information for annuitants
Update email address	1099-R tax documents by tax year	

| Additions to Online Self-Service Options		
09/30/2011 (Launch)	**6/30/2012**	**6/30/2013**
	for annuitants	
	TERI statements for annuitants	
	Annuity verification letters	
	Annuitant tax withholding modifications	
	Postal address update for active and inactive members and annuitants	
	Viewing of payment method for annuitants	
	Payment method/direct deposit changes for annuitants	
	View service purchase requests and invoices for active members	
	Submit service purchase request for active members	

Figure 7.5.7
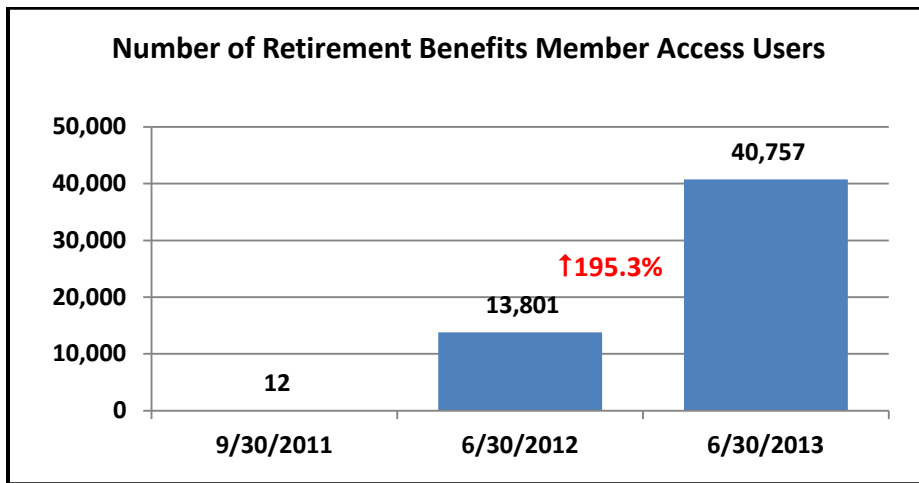
Figure 7.5.8

The first 12 users were employees testing the website. Following the addition of features and the promotion of the enhancements through the agency's news feeds and social media sites during fiscal year 2013, registration increased 195.3 percent from FY12. Member access is a key mechanism through which additional online services will be provided in FY14 and beyond. Online Retirement Benefits account access and services were introduced in response to customer demand and process improvement initiatives.

Impact of the Agency's Creation on Information Technology Department

The creation of the agency resulted in combined Information Technology staff and a host of new issues handled by the group. The physical moves of employees, which occurred throughout the fiscal year, necessitated expansion of server capacity and internet capability. The agency will issue a request for proposal in FY14 for an assessment of the agency's information technology systems and resources, which will help move the agency forward following the pending migration in late spring 2014 of Insurance Benefits staff from servers maintained by the State Division of Information Technology to PEBA's servers.
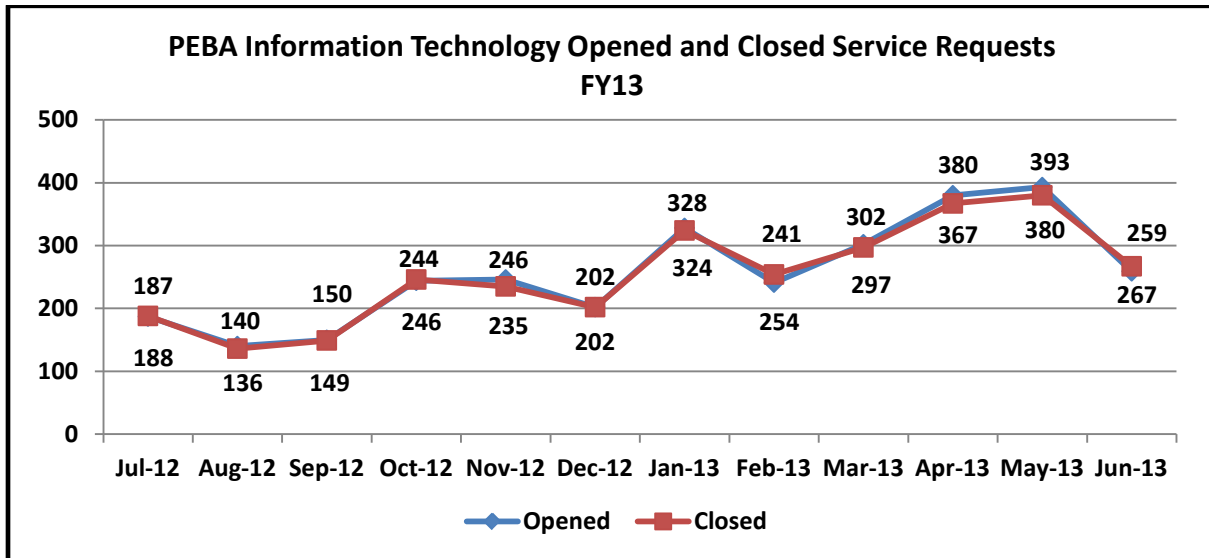

Figure 7.5.9

While a number of Insurance Benefits employees were still on servers maintained by the Department of State Information Technology, PEBA's Information Technology Help Desk staff fielded all requests for assistance from agency employees. The increase in Help Desk service requests was due in part to the department's user base increasing by 85 employees and the issues that arose with multiple moves of employees. Performance measures for the Help Desk and other IT areas will be developed in FY14 as part of the action steps of the agency's pending strategic plan.

Agency's Websites

PEBA's Insurance Benefits and Retirement Benefits staff were consolidated into what became a cohesive, high-functioning unit during FY13. The unit began integrating shared work processes, using the best processes and practices already in place for either insurance or retirement benefits, and began cross training, cross-communication and cross-promotion of all benefits programs and systems across all available communications media.
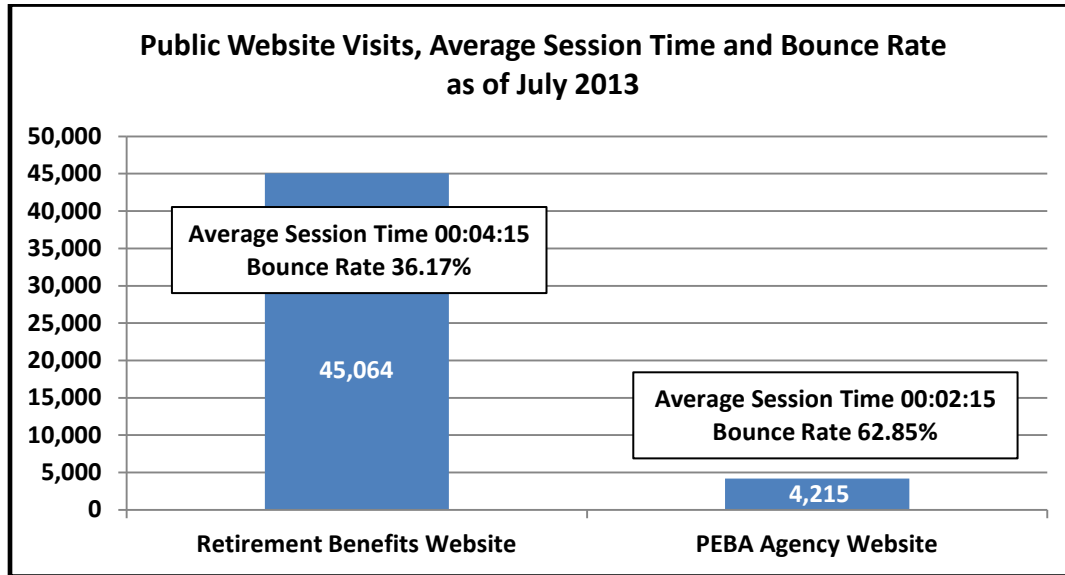
Public Website Visits, Average Session Time and Bounce Rate as of July 2013

Retirement Benefits Website	45,064 — Average Session Time 00:04:15, Bounce Rate 36.17%
PEBA Agency Website	4,215 — Average Session Time 00:02:15, Bounce Rate 62.85%

Figure 7.5.10

Insurance Benefits website statistics were not maintained by the agency and are not available for FY13. The agency added the site to its Google Analytics account in August 2013. PEBA's agency site was first published during FY13. An effectiveness measure for websites is the bounce rate, which represents the percentage of users who land on and then leave the site instead of viewing other pages within the site. The high bounce rate for the agency's website is due in part to the agency's decision to use its website primarily as a reference landing page for the agency's other websites, in addition to providing Board- and agency-specific information. A 50 percent bounce rate is average, according to *Inc. magazine*.

Agency's RSS (News) Feed Subscriptions

Number of Agency RSS Feed Subscribers
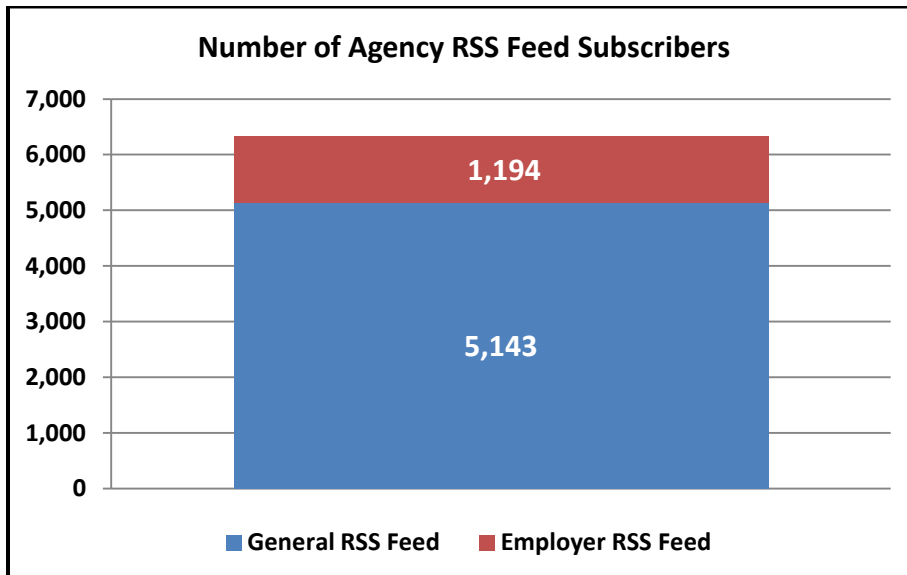
Employer RSS Feed: 1,194
General RSS Feed: 5,143

Figure 7.5.11

Retirement Benefits had two RSS (news) feed subscriptions – one for general information and updates and the other dedicated to information and updates for participating employers – which were expanded to fully represent the agency. In FY13, insurance program information and updates were added, as well as PEBA Board meeting- and other agency-related information. The agency is going to expand its RSS feed distribution in FY14 and hopes to increase the number of general RSS feed subscribers by at least 10 percent. Implementation of best practices will occur as well in FY14.

Agency's Social Media Presence

Communications staff monitors the agency's social media sites continually and officially during business hours and conducts periodic after-hours checks whenever possible. While Retirement Benefits launched its Facebook and Twitter pages in January 2011, Communications staff developed and implemented an extended informational campaign subsequent to the creation and branding of the agency to reintroduce the already established pages as PEBA social media pages.
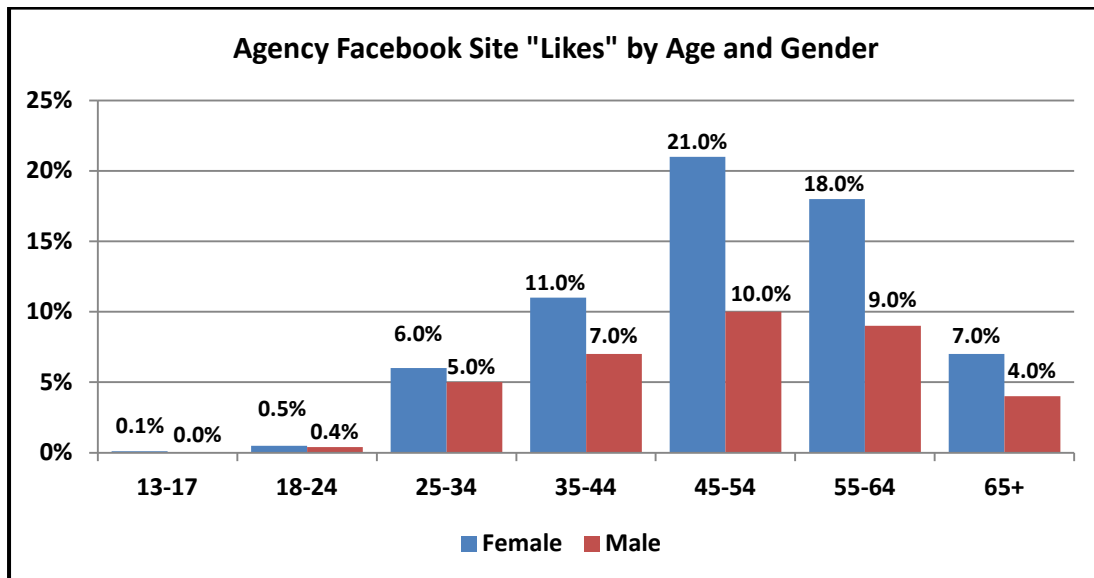

Agency Facebook Site "Likes" by Age and Gender

Age	Female	Male
13-17	0.1%	0.0%
18-24	0.5%	0.4%
25-34	6.0%	5.0%
35-44	11.0%	7.0%
45-54	21.0%	10.0%
55-64	18.0%	9.0%
65+	7.0%	4.0%

Figure 7.5.12

The agency's Twitter page has 278 "followers" and its Facebook site has 751 "likes." While analytics for Twitter are lacking, using Facebook's robust analytical tools, the agency can identify who is using its page and target the current audience through multigenerational content. Insights such as these also help staff develop strategies for targeting new audiences. Staff will begin preparing monthly and quarterly reports for this activity in FY14.

7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

The agency's Legal Department provides legal support for the PEBA Board, PEBA Insurance Benefits and PEBA Retirement Benefits, ensuring the agency's compliance with state and federal law.

The Legal Department was among the first departments to fully integrate its retirement and insurance staff after Act 278 of 2012 and was instrumental in implementing the directives of Sections 9-4-10 et seq., which created the PEBA Board and its governing structure. Legal staff implemented charters and governing documents for the Board and provided many hours of advice and services in conjunction with the Board's fiduciary responsibilities. The combined duties also have included Freedom of Information Act and ethics reviews for the Board and the agency.

PEBA Insurance Benefits provides health, dental, vision, life, and long term disability benefits to employees and retirees of state agencies, public schools districts, and local government participants, as well as their eligible dependents pursuant to Sections 1-11-710, -720, and -730 of the South Carolina Code of Laws. The Legal Department ensures compliance with state and federal laws, including HIPAA, HITECH, PPACA, USERRA, COBRA, and applicable portions of the Internal Revenue Code, as well as interactions with other federal benefits programs, including Medicare and Medicaid. The Legal Department advises PEBA Insurance Benefits concerning the proper administration of the insurance plans, including eligibility reviews of individual dependents and optional participant groups for compliance with federal and state requirements. PEBA's legal staff conducts appeals for claims for benefits and eligibility under the self-insured insurance benefits pursuant to Section 1-11-710(C) and assist in the drafting and implementation of contracts with the major vendors for both the fully- and self-insured benefits.

PEBA Retirement Benefits manages defined benefit plans, including SCRS, PORS, GARS, JSRS, and the SCNG Supplemental Retirement Plan, which are available to the employees of state agencies, public schools districts, and local government participants, pursuant to Title 9 of the South Carolina Code of Laws. PEBA also manages the State Optional Retirement Program, a defined contribution program, and provides support to the S.C. Deferred Compensation Commission with respect to the S.C. Deferred Compensation Program. PEBA's legal staff reviews the overall compliance of the plans pursuant to the Internal Revenue Code and other applicable federal and state laws. The Legal Department advises PEBA Retirement Benefits staff concerning the appropriate administration of the retirement plans under the laws governing the plans, including advice regarding monitoring and directing contributions, distributions, service benefit eligibility, and disability benefit eligibility. PEBA's legal staff handles claims appeals in according with Section 9-21-10 et seq., which includes conducting hearings and issuing Final Agency Determinations for those members who dispute an initial staff decision made by PEBA Retirement Benefits.

PEBA employees are required to attend annual training on security, social engineering, HIPAA compliance, and emergency evacuation of the building. Retirement Benefits employees had to take the initial HIPAA examination during the fiscal year.

PEBA is required by statute to have its financial records audited by external accountants each year. In addition, state law requires the agency to have external actuaries conduct annual valuations of the retirement systems and the OPEB trusts. Statute also requires that external

actuaries conduct an experience study of the retirement systems at least once every five years. PEBA staff contracts with highly qualified external accounting and actuarial vendors for these professional services.

Like most other state agencies, PEBA uses the South Carolina Enterprise Information System (SCEIS). From a human resources perspective, SCEIS has most notably improved compliance with Fair Labor and Standards Act (FLSA) requirements in the maintenance of attendance records and compensatory time and overtime compensation. It has also enforced consistency and compliance with state human resources regulations and reporting requirements and has automated some manual payroll practices.

The agency supports the communities it serves in several ways. In addition to participation in the state's annual United Way campaign, senior leaders encourage employees to get involved in their local communities and support the agency-wide service activities coordinated and facilitated by the agency's Employee Recognition and Community Involvement Committee. In FY13, 30 PEBA employees applied to participate in Richland County School District One's Lunch Buddies program.

The agency's most significant impact on the community is economic. Each year, the agency disburses more than $2.5 billion in retirement-related benefits and 94 percent of benefit recipients reside in South Carolina. Additionally, 98 percent of annuitants receive their monthly retirement benefit through electronic funds transfer. Also, in FY13, the agency disbursed more than $2.0 billion on behalf of the state's employee insurance programs.