

OPERATIONS OVERSIGHT COMMITTEE AGENDA 1-13-11

MEMBERSHIP

Yves Chery, Chair

Edward L. Blecksmith, Vice Chair

William de la Garza

Will Pryor

Ed C. Morris, Alternate

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

II. APPROVAL OF THE MINUTES

of the Regular Meeting of December 9, 2010

III. FOR INFORMATION

A. 1996 Project Report (oral presentation)
Derwin Brown

B. Quality Assurance Review for Fiscal Year 2009-2010
Mike Mikhail

IV. MISCELLANEOUS

(Discussion)

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

VII. ADJOURNMENT

OPERATIONS OVERSIGHT COMMITTEE MINUTES 1-13-11

PRESENT

Yves Chery, Chair
William de la Garza, Vice Chair
Shawn R. Kehoe
Ed C. Morris
Simon S. Russin, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Edward L. Blecksmith
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill
Janice Golden
Derwin Brown
Mike Mikhail

The meeting was called to order by Chery at 11:05 a.m.

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

All regular members of the Committee were present.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 9, 2010

A motion was made by Mr. Morris, seconded by Mr. Kehoe, to approve the minutes of the regular meeting of December 9, 2010. The motion passed unanimously.

III. FOR INFORMATION

A. 1996 Project Report (oral presentation)

Derwin Brown

Derwin Brown gave a progress report on the 1996 contribution rate error report. After a mass contribution rate change in July 1996, an error report revealed a possible 6,417 members who might have been effected, as this rate change caused both underpayments and overpayments of contributions.

In January 2009, Quality Assurance staff pre-screened 79 sample cases to gauge the depth of the discrepancies in the contribution rates, and a processing plan was developed to effectively analyze members' accounts and address those discrepancies. In March 2009, a database containing the 6,417 members was created, legal guidelines were established, and a strategic plan of action was discussed and finalized.

Three functional teams were formed to work on the project, including Quality Assurance analysts, Claims Processing trainees, and a Claims Processing supervisor. Cases were assigned on a weekly basis, with weekly review and feedback.

As of January 10, 2011, of the 6,417 cases, 5,075 have been analyzed and corrected, 452 have been analyzed but not yet corrected, and 890 have been assigned with the analysis in progress.

The status of the analyzed cases as of January 13, 2011 shows 52% with no action needed. Forty-eight percent needed correction, ranging from cosmetic corrections such as adjusting a membership date, up to providing refunds to members.

Due to the March, 2011 retirements, some of the staff working on the 1996 project have been assigned to the retirement estimate and agenda processes. Therefore, it is estimated that analysis of the last of the 1996 cases will be completed by mid-April 2011.

B. Quality Assurance Review for Fiscal Year 2009-2010

Mike Mikhail

(This item was taken first at the request of staff)

Mike Mikhail presented the quality assurance review for 2009-2010. During that period 21 processes were audited. There were 9,335 samples audited, reflecting an overall decrease of approximately 3% from the previous year. The decrease in the number of samples was due to the focus on more critical processes such as signed purchase

contracts, monthly retirement agenda, contract set up, withdrawals, and refunds, in addition to special projects. Of the total samples, there were 915 exceptions resulting in a 2% decrease in the number of exceptions from the previous fiscal year. There are no outstanding exceptions for the Claims Processing or Member Services divisions.

Overall, the accuracy rate increased by .32% over the last fiscal year. Of the 21 processes audited, 20 met the targeted accuracy rate of 95% and above. In fact, four processes reached 100% accuracy.

In the 2010-2011 fiscal year, quality reviews will continue to focus on processes that have financial impact, such as the new retiree payroll, new retiree payment adjustments, disability adjustments, and retirement benefit adjustments. While the 1996 project should be completed in 2011, Quality Assurance will be starting another special project to analyze and audit accounts of employees hired between 1982 and 1991 whose memberships began after the date of their plan election.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT