Retirement Board Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: September 18, 2019

SUBJECT: Annual Report on Disability Retirement

		Deliberation	Receive
SUBMITTED FOR:	___ Consent	___ and Action	__X_ and File

RECOMMENDATION

Staff recommends that the Board receive and file this annual report for the fiscal year ended June 30, 2019.

PURPOSE

This item supports the 2019-20 Strategic Management Plan to enhance the services provided to SCERS' customers by improving efficiency, effectiveness, and accountability. This item supports those efforts by reporting on the Disability Retirement Applications resolved during the past fiscal year, reviewing average processing times, and providing updates on administrative changes and/or other improvements planned for the current fiscal year.

EXECUTIVE SUMMARY

For the fiscal year ending June 30, 2019, Staff concluded fewer applications (28 applications vs. a three-year average of 52 applications) than in prior years while maintaining an average processing time of 1 year, 9 months, which is consistent with prior years. (See Appendix)

SCERS experienced a 100% turnover of disability retirement staff with no dedicated resources in the last half of the fiscal year. During this time, SCERS reallocated resources and used management employees to address disability retirement needs. SCERS recently hired dedicated staff to manage the program and continues to recruit additional staff.

Staff is improving processes and developing tools to improve workload management and communication with members while working through a backlog of applications.
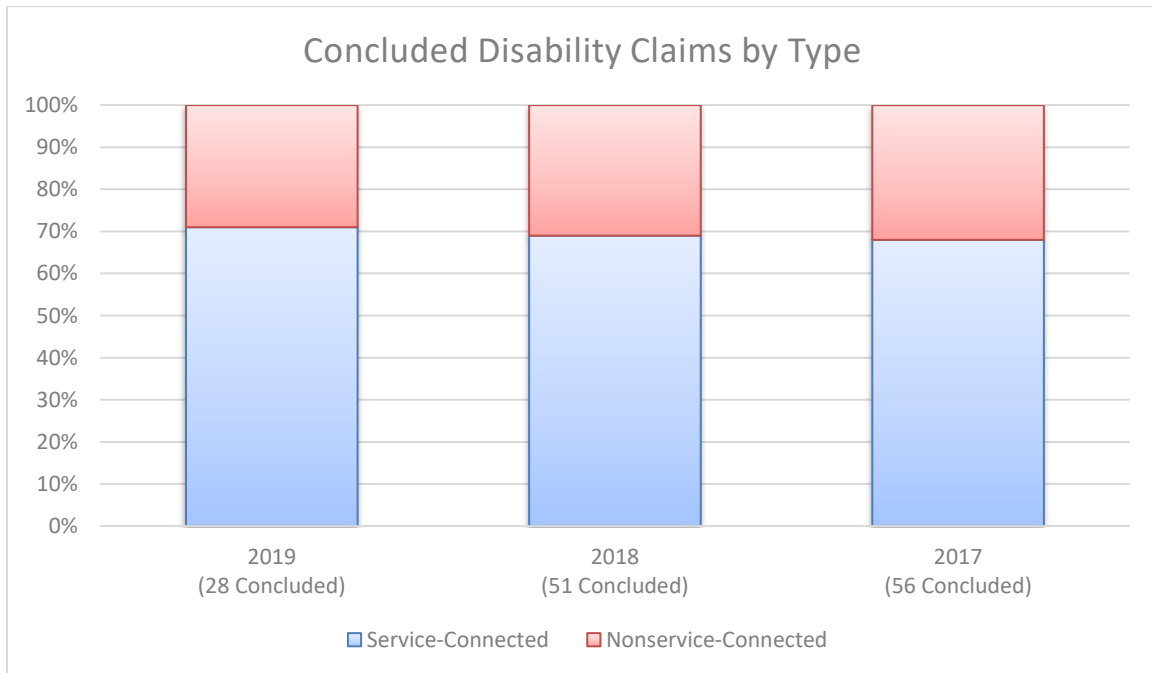
DISCUSSION

During the fiscal year ended June 30, 2019, staff received 37 disability retirement applications, which is consistent with applications received in recent years. Staff concluded fewer applications than in each of the preceding two years. Service-connected claims represented 71% of total disability retirement claims with 29% of claims being nonservice-connected, which is consistent with prior years.

SERVICE-CONNECTED VS. NONSERVICE-CONNECTED

Concluded Disability Claims by Type

| | 2019 (28 Concluded) | 2018 (51 Concluded) | 2017 (56 Concluded) |

Service-Connected   Nonservice-Connected

When comparing the number of applications between approvals, denials, and withdrawn cases, 64% of all disability retirement claims were approved and 36% were denied. No applications were withdrawn during this fiscal year. In contrast, an average of 51% of applications in prior years were approved, 34% were denied, and 16% were withdrawn. Staff is researching the difference in withdrawn applications to understand the circumstances that led to withdrawals in the past compared to no withdrawals during fiscal year 2019.

APPROVED / DENIED / WITHDRAWN
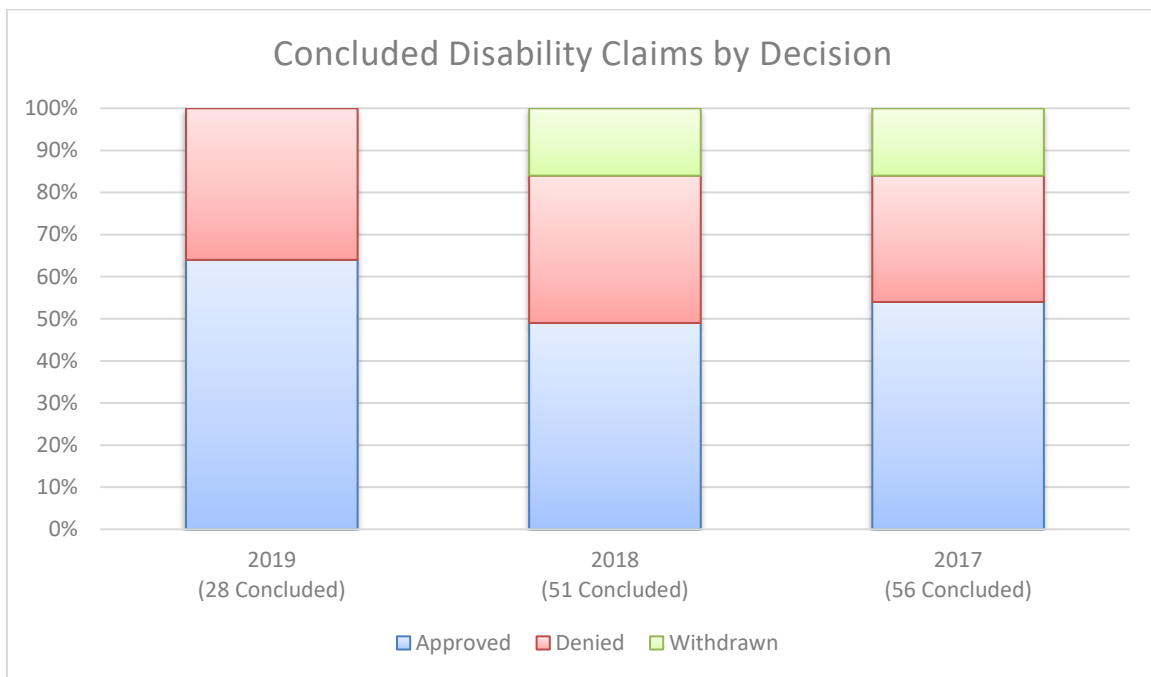
Of the 20 service-connected disability retirement claims concluded during the fiscal year, 50% of claims were approved and 50% were denied with no withdrawals. In contrast, all eight nonservice-connected disability retirement claims concluded during the fiscal year were approved with no denials and no withdrawals.
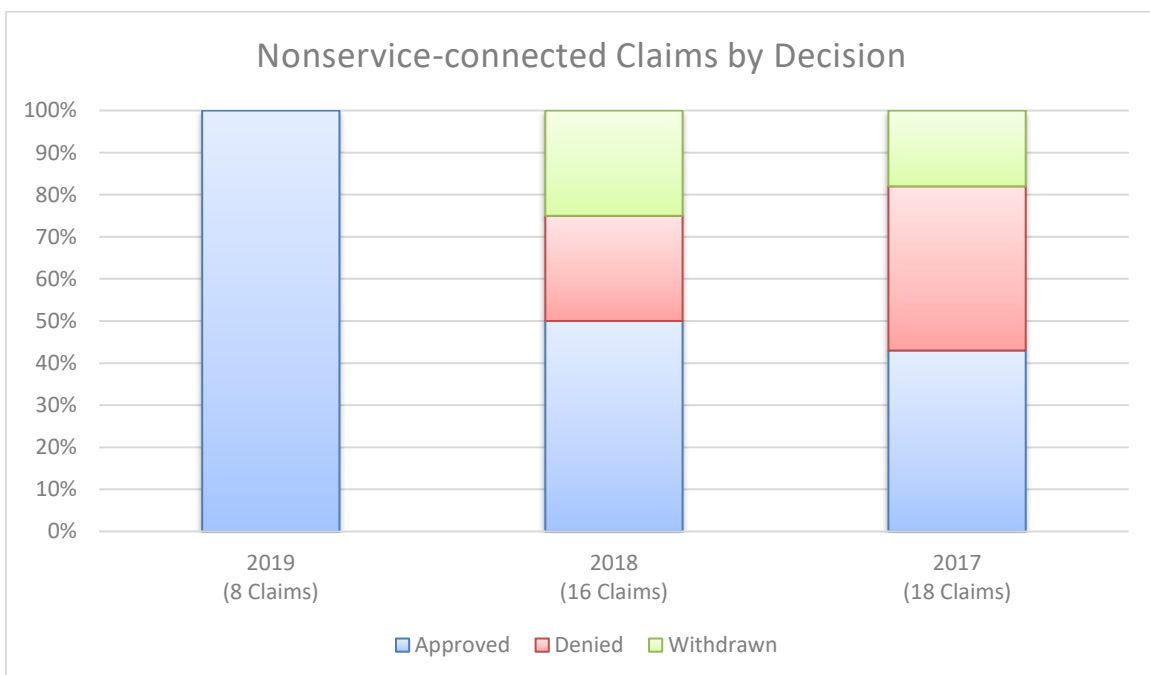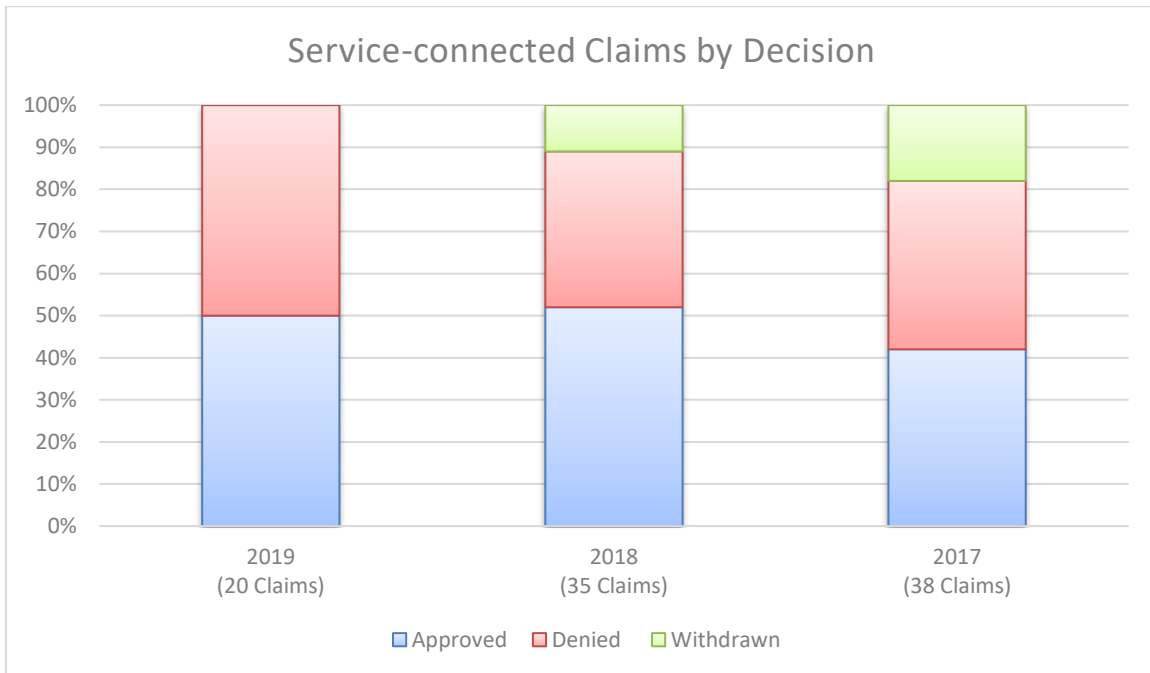
Average processing time remained consistent with prior years. The average processing time to conclude a disability claim was 1 year, 9 months and a median processing time of 1 year, 3 months. The majority of staff recommendations for approval were concluded in 12 months or less, while disability claims referred to hearing and denied concluded between 1.5 to 3.5 years on average. This does not include 5 cases that were appealed to Superior Court.

Time to Conclude Disability Claims
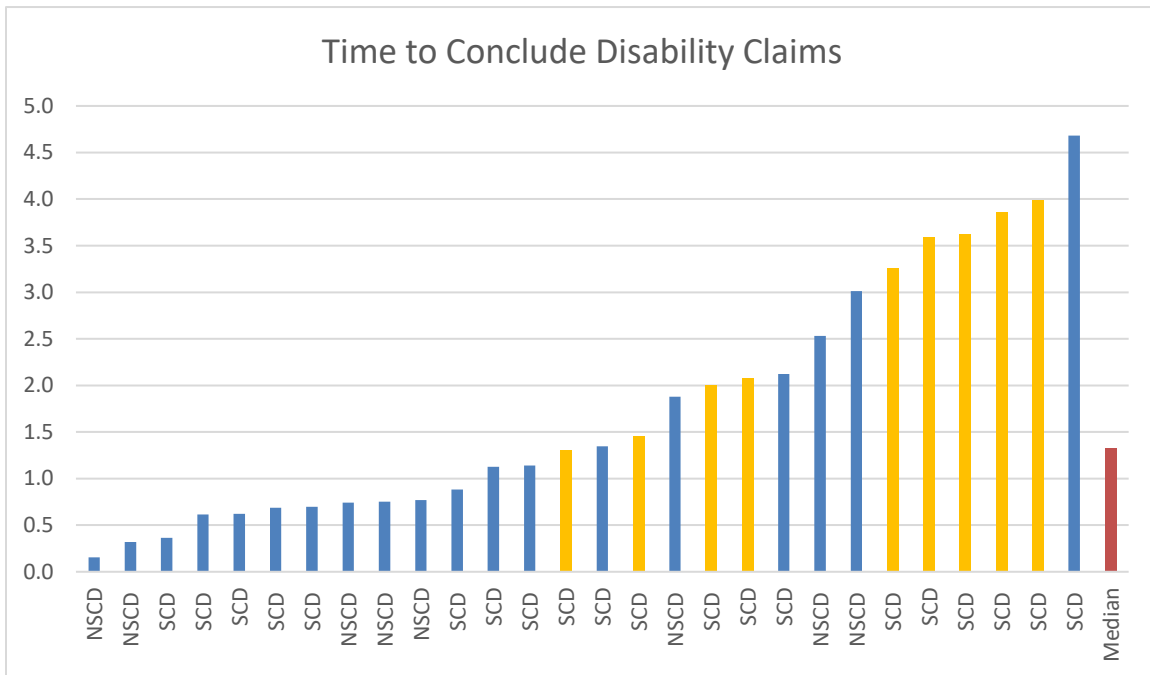
ANALYSIS

Most applications received by SCERS were approved for disability, while those applications recommended for denial were almost always upheld in the adjudication process.

While staff concluded fewer applications than in prior years and the average processing time remained consistent with prior years, the decrease in concluded applications during this fiscal year is not a reliable indicator of a trend. Staff has been processing a backlog of applications over the past several years. In 2016 there were over 100 applications in inventory to be processed. To date, SCERS has 56 applications in inventory. The focus for the remainder of the calendar year is to continue processing the backlog. The goal for the current fiscal year is to process applications on a flow basis and to establish a baseline for workload and performance.

The disability retirement program experienced challenges during the year with two key events, the implementation of the Disability Retirement Procedures and a complete turnover in staff. The first half of the fiscal year was spent transitioning from the former Disability Retirement Bylaws and implementing the newly adopted Disability Retirement Procedures that became effective July 1, 2018. The last half of the fiscal year was dedicated to re-deploying current resources to meet short-term disability retirement needs while recruiting to fill vacant positions. In July 2019,

SCERS recruited for and hired two positions to support the disability retirement program. SCERS will continue to recruit and train staff to adequately support the program.

OPPORTUNITIES

As SCERS continues staffing the disability retirement program, Staff is streamlining processes and establishing tools to better identify and manage the workload and the workflow. Staff aims to deliver better service to our members by providing timely and useful information early in the disability retirement process, providing better communication throughout the process, and processing applications faster.

Last year, Staff implemented the Disability Retirement Procedures and developed a new disability retirement application. Staff will continue to develop additional communication materials to help members better understand the disability retirement process, the requirements, and the timing to process and conclude a disability retirement claim.

Staff is also developing tools and reports to better manage the workload, which will enable Staff to better identify touchpoints and communications with members to ensure that they are kept informed and updated at regular intervals throughout the process.

Finally, Staff will leverage lessons from the service retirement program and develop performance metrics for the disability retirement program to better measure future performance and manage the service and deliverables to members.

Prepared by:

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Mario Sierras
Chief Benefits Officer

Reviewed by:

/S/

_____
Eric Stern
Chief Executive Officer

APPENDIX

Annual Period Ended 6/30/2019

28 Applications Concluded (8 NSCDR and 20 SCDR):
17 Staff Recommendations for Approval
 1 Proposed Decision for Approval
10 Proposed Decisions for Denial
 0 Withdrawn Applications
   Average Processing Time: 1 Year, 9 Months

Annual Period Ended 6/30/2018

51 Applications Concluded (16 NSCDR and 35 SCDR):
24 Staff Recommendations for Approval
 1 Proposed Decision for Approval
18 Proposed Decisions for Denial
 8 Withdrawn Applications
   Average Processing Time: 1 Year, 7 Months

Annual Period Ended 6/30/2017

56 Applications Concluded (18 NSCDR and 38 SCDR):
30 Staff Recommendations for Approval
 0 Proposed Decisions for Approval
17 Proposed Decisions for Denial
 9 Withdrawn Applications
   Average Processing Time: 1 Year, 9 Months