Correspondence Memorandum

Date: August 26, 2024

To: Budget and Operations Committee

From: Michelle Baxter, Director
Office of Enterprise Initiatives

Subject: ETF Modernization Projects Update

This memo is for informational purposes only. No Committee action is required.

Below are the Department of Employee Trust Funds' (ETF's) modernization projects updates through the date of this report. This provides the Budget and Operations Committee (Committee) with an overview of modernization highlights, health, major milestones, and key issues and risks.

Executive Summary
The Insurance Administration System (IAS) program was designed to streamline the administration of multiple insurance benefits, enhance process efficiency, and improve customer service through online access. While we have made significant progress toward our milestones, several critical challenges now put the program at risk.

These challenges include:

- **Vendor Enhancements**: Essential updates from our vendor, BenefitFocus are needed to correct BenefitsPlace, or "My Insurance Benefits" system, to correct errors and deliver the required functionality for go-live.

- **Retiree Testing Delays**: Testing for the retiree group has been postponed due to pending vendor enhancements aimed at resolving issues identified during initial testing.

- **Billing Solutions**: Delays in internal solutions related to retiree and direct pay billing are also impacting progress.

- **Reporting**: Dependencies on internal and external data sources, reconciliation requirements, lack of clear solutions and inconsistencies all pose risks to data accuracy and reporting.

Reviewed and approved by John Voelker, Secretary
Electronically Signed 09/11/2024

Board	Mtg Date	Item #
BUD	09.19.24	5

- **End-to-End Testing**: Incomplete development of key components prevents comprehensive scenario validation and increases the risk of unresolved issues at go-live.
- **Operational Readiness**: Manual workarounds are currently required to meet project scope. It is essential to identify key manual processes and create a clear automation roadmap to transition to sustainable, long-term solutions.

In response, we are actively working with the vendor to gain clarity on enhancement timelines, realigning testing schedules, and prioritizing the resolution of outstanding billing issues. Further, we are anticipating and beginning to plan for a post-implementation stabilization period and to prioritize and address manual workarounds.

Following the reset of the IAS implementation date to July 2025, and in line with recommendations from the Office of Internal Audit's (OIA's) independent review, we have introduced additional oversight measures, including:

- **Program Management Team**: Comprised of the Office of Enterprise Initiatives (OEI) and key ETF leaders, this team oversees progress, addresses escalated issues, and risks, and makes critical decisions that are not able to be resolved at lower levels.
- **Strategic Council**: ETF's senior leadership receives regular updates from OEI and reviews OIA's findings and recommendations to ensure accountability.

Project teams are continuing to work diligently to complete remaining tasks and ensure all stakeholders are prepared for the system's launch. For more details, please refer to the "IAS Update" memo (Ref. GIB | 08.14.24 | 13D).

As previously communicated, OIA is conducting an independent review of the IAS program. This review aims to assess program management and ensure the achievement of key outcomes. Two monthly memos have been provided to the IAS program management team that identified several important findings largely related to program management. Additional information is available in the "IAS Program Review" progress report shared with ETF's Audit Committee (Ref. AUD | 09.19.24 | 3A). Throughout this memo are efforts identified to enhance IAS program management, including enhanced governance oversight, a baselined program plan, and additional factors considered when evaluating IAS project health.

The Pension Administration System (PAS) Search and Selection Project overall health is green although schedule for individual milestones is slightly at risk. Discovery sessions to define system requirements are nearing completion, and development of the Request for Proposal (RFP) is underway.

IAS Implementation

Accomplishments

General:

- Implemented additional governance to enhance program oversight and overall accountability. The effectiveness of these changes will be evaluated over the next few months and adjustments made if necessary.

- All project plans were reviewed and updated to reflect the remaining work, and a full program plan was established to create more transparency across the projects and the program.

- Work continues to build operational readiness plans and a go-live checklist.

Employers:

- Universities of Wisconsin (UW): Additional calendar configuration has been completed to support UW.

- Department of Administration (DOA): Carrier codes were added to invoices to enable interunit billing testing, with payroll testing and issue resolution underway.

- UW Hospital and Clinics (UWHC): An enhancement was delivered to support UWHC's deduction-based file.

- Local Employers:
  - 98.7% (916 of 928) of security access agreements have been collected for My Insurance Benefits access.
  - 97% of data elements required to build an employer in the system have been collected.
  - 81% of employee conversion data has been collected.

- Retirees and Inactive Members:
  - Retiree conversion testing achieved a 99% success rate.

Data Transformation:

- 98% of the records sent to BenefitsPlace were successfully uploaded (approximately 89,095 members).

Vendor Integrations:

- BenefitFocus has reengaged with vendors who were previously paused due to timing of work, and recurring meetings have been reestablished.

- Applicable vendors are preparing for retiree and inactive file testing.

Table 1. IAS Implementation: Health

Overall Health	Schedule	Scope	Budget	Transition Management
At Risk	At Risk	On Target	At Risk	On Target

Table 2 (see below) provides an overview of project timelines, progress, and status, offering a snapshot of each project's performance.

Table 2. IAS Program Projects

Project Name	Start Date*	End Date	% Complete: Actual	% Complete: Expected	Status†
BenefitsPlace Core System (non-Medicare)	08/09/2021	06/30/2022	100%	100%	Complete
BenefitsPlace (Medicare, Aggregate and other enhancements)	08/09/2021	05/02/2025	26%	TBD	TBD
DOA STAR / Non-STAR	08/16/2024	05/02/2025	38%	53%	At Risk
UW	08/10/2022	05/02/2025	86%	86%	On Track
UWHC	06/16/2023	05/02/2025	62%	63%	On Track
Local Employers	08/06/2024	05/02/2025	21%	59%	At Risk
Retiree and Inactive (Retiree Legacy and Retirement Administration System)	05/20/2024	05/02/2025	13%	13%	At Risk
Data Transformation	08/12/2024	07/01/2025	66%	70%	At Risk
Billing and Payment	08/16/2024	07/01/2025	40%	52%	At Risk
Vendor Integration	09/09/2021	07/01/2025	88%	89%	At Risk

Project Name	Start Date[*]	End Date	% Complete: Actual	% Complete: Expected	Status[†]
User Access Management (Portals and ID Proofing)	08/16/2024	07/01/2025	66%	52%	On Track
Reporting	09/26/2023	01/06/2026	35%	37%	At Risk
COBRA	04/03/2024	07/30/2025	24%	24%	On Track
Content Management	03/28/2024	12/27/2024	44%	44%	On Track
End to End Testing	05/06/2024	03/31/2024	42%	36%	On Track
Cutover	TBD	TBD	0%	0%	Not Started
Post-Go-Live Stabilization	07/01/2025	06/30/2026	0%	0%	Not Started

[*] Start date is based on the development of the new project plans and may not represent the actual start date of the project.
[†] Status is related to the actual percentage complete compared to expected percentage complete and other factors including emerging risks, dependencies, availability of key resources, stakeholder engagement, and scope changes.

Table 3. IAS Implementation: Key Risks

#	Risk Description Summary of the risk.	Impact Rating: 1 (low) to 5 (high)	Probability (Prob.) Rating: 1 (low) to 5 (high)	Priority (IMPACT x PROB.)	Mitigation Notes What can be done to lower or eliminate the impact or probability.	Trend
1	Resource: Departure of key resources and resource conflicts may disrupt project continuity and productivity.	5	5	25	Developing a comprehensive onboarding program to quickly bring new hires and newly assigned business leaders up to speed.	↓

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2	Retiree: Required enhancements not being completed as planned.	5	5	25	Meeting regularly with BenefitFocus product team for regular updates. Have requested additional status reporting from vendor for further transparency. Note: These enhancements are needed as part of end-to-end testing and required for go-live.	➡
3	Ineffective Program Management and Oversight	5	4	20	Strengthen accountability measures. Ensure project plans are established, dependencies identified, and plans are kept up to date as well as risks and issues. Enhance monitoring tools and practices through the creation of a program level plan and dashboard.	➡
4	Operational Readiness: High level of process changes and acceptance of such changes for ETF, Employers, Members, and Vendors.	5	4	20	Added additional transition managers and divided assignments to ensure acceptance. Reviewing the addition of scope to the user access management project that could provide early log in opportunities for member self-service.	➡

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5	Reporting required to perform business operations while fully identified and planned, must be prioritized for end-to-end testing.	4	4	16	End-to-end and Reporting Project Managers are working closely to finalize the reports needed for End-to-end testing.	➡
6	Local Employers: Enrollment data collection from over 900 local employers.	3	4	12	Updated process for collection to increase security and ease of use. Escalating as needed. Note: Not receiving this and other data may result in the need to remove employers from participation.	➡

PAS Search and Selection

Accomplishments

- Continued hosting discovery sessions to identify business rules and requirements.
- Completed Operational Needs Assessment.
- Started draft of the RFP.

Table 4. PAS Search and Selection: Health

Overall Health	Schedule	Scope	Budget	Transition Management
On Target	At Risk	On Target	On Target	On Target

Table 5. PAS Search and Selection: Project Milestones

Key Project Milestone	Start Date	End Date	% Complete: Duration	Status
Initiation	03/18/2024	05/03/2024	100%	Complete

Key Project Milestone	Start Date	End Date	% Complete: Duration	Status
System Requirements	04/08/2024	08/30/2024	97%	At Risk
Develop, Write and Publish RFP	08/19/2024	09/27/2024	52%	At Risk
Vendor Selection (includes contract negotiations)	10/15/2024	05/16/2025	0%	Not Started

Table 6. PAS Search and Selection: Top Risks

#	Risk Description Summary of the risk.	Impact Rating: 1 (low) to 5 (high)	Probability (Prob.) Rating: 1 (low) to 5 (high)	Priority (IMPACT x PROB.)	Mitigation Notes What can be done to lower or eliminate the impact or probability.	Trend
1	Resource: Insufficient resources may lead to delays.	5	5	25	Focus on resource allocation – assigning individuals not assigned to IAS. Also, completing pre-work in advance to limit the resource time needed.	➡
2	Budget: No or delayed budget approval may result in preferred vendors becoming unavailable.	5	4	20	Will need to work with selected vendor to determine start date and may need to delay if vendor is not available or select a different vendor.	➡
3	Budget: No or delayed budget approval may delay the start of the implementation.	4	4	16	Developing budget request with the assistance of ETF's Strategic Partner, Linea and targeting to have initial responses to the RFP by the finalization of ETF's biennial budget request.	➡

| # | Risk Description

Summary of the risk. | Impact

Rating: 1 (low) to 5 (high) | Probability (Prob.)

Rating: 1 (low) to 5 (high) | Priority

(IMPACT x PROB.) | Mitigation Notes

What can be done to lower or eliminate the impact or probability. | Trend |
|---|---|---|---|---|---|---|
| 4 | Vendor: Limited vendors to meet solution requirements. May influence vendor availability and potential delay in implementation timeline. | 3 | 3 | 9 | Will need to consider vendor availability during the selection process and to assess a realistic start date of the implementation project. | ➡ |

Status Key:

Status	Description
Completed	Completed.
On Target	On track to meet expected end date.
At Risk	At risk of not meeting expected end date. Requires attention.
Late	Past expected end date. Requires immediate attention and mitigation.

Risk Key:

PROBABILITY					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5
	IMPACT				

Staff will be at the Committee meeting to answer any questions.