Correspondence Memorandum

Date: March 26, 2025

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 continue to put the program at risk.

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 | 03.12.2025 | 4).

As previously communicated, the Office of Internal Audit (OIA) is conducting an independent review of the IAS program. This review aims to assess program management and ensure the achievement of key outcomes. See Attachment A and Attachment B for the most recent reports.

The Pension Administration System (PAS) Search and Selection Project's overall health is green, although schedule for individual milestones may be slightly at risk. Notice of Intent to Award was sent March 23, 2025, and can be found on ETF's website at https://etf.wi.gov/node/37111.

Reviewed and approved by John Voelker, Secretary
Electronically Signed 03/26/2025

Board	Mtg Date	Item #
BUD	03.27.25	6

IAS Implementation

Key Challenges and their Impacts
1. My Insurance Benefits Defects and Enhancements:
   - Challenge: Essential defect resolution and required enhancements from BenefitFocus to the "My Insurance Benefits" system are pending to correct errors and meet go-live functionality requirements.
   - Impact: Delayed enhancements could compromise system functionality at launch, increasing the risk of operational inefficiencies and user dissatisfaction.
2. Retiree Testing:
   - Challenge: Testing for retiree-related scenarios could not be completed due to pending vendor defect resolution.
   - Impact: The delay affects readiness for end-to-end testing and could result in unresolved issues that impact retirees at go-live.
3. Billing Solutions:
   - Challenge: Internal delays in developing retiree and direct pay billing solutions are hindering progress.
   - Impact: This creates dependencies that could affect financial accuracy and operational efficiency at launch.
4. Reporting:
   - Challenge: Data inconsistencies and incomplete data from both internal and external sources pose risks to accurate and timely reporting, as critical data needed for report creation has not yet been received.
   - Impact: These issues could lead to inaccurate financial reporting, affecting compliance, budgeting, forecasting, and overall financial decision-making. Misreporting could also result in financial discrepancies, audit challenges, and an erosion of stakeholder confidence in the organization's financial integrity.
5. End-to-End Testing:
   - Challenge: Incomplete development of key components and delayed defect resolution has resulted in the need for another testing cycle to validate some scenarios.
   - Impact: This raises the risk of undiscovered issues surfacing post-launch, affecting program stability.
6. Operational Readiness:
   - Challenge: Manual workarounds are required to meet project scope due to gaps in automation.
   - Impact: Manual processes may strain resources and affect long-term sustainability until automation is implemented.

In response, we are actively engaging with BenefitFocus to clarify enhancement timelines, ensure alignment on critical deliverables, and escalate priority issues. We are also adjusting testing schedules to accommodate delays and ensure comprehensive

validation of all scenarios before go-live, and prioritizing outstanding billing solutions to minimize disruptions and ensure readiness for retiree and direct pay processes.

Further, we are anticipating and beginning to plan for a stabilization period post-go-live to address unresolved issues and refine manual processes. This planning will also look to develop a clear plan to transition manual workarounds into automated solutions to enhance long-term efficiency and scalability.

OIA Observations and Status

1. Go-Live Readiness Plan
   Status: In progress
   - **Action Taken:** Development of go-live readiness plans and criteria are in progress.
2. Manual Activities
   Status: In progress
   - **Action Taken:** Manual processes have been identified, and each division and/or office are currently evaluating resource needs.
3. Project Status Chart
   Status: Addressed
   - **Action Taken:** Program managers are reviewing the weekly status to ensure accurate reporting.
4. Testing Strategy
   Status: In progress
   - **Action Taken:** We added an additional testing cycle to ensure those that were not completed during end-to-end or failed during testing or under development but not completed are tested prior to go-live.

Table 1. IAS Implementation: Health

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

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

Project Name	Start Date*	End Date	% Complete: Actual	% Complete: Expected	Status†
DOA STAR / Non-STAR	08/16/2024	05/02/2025	79%	83%	On Track
UW	08/10/2022	05/02/2025	86%	87%	On Track
UWHC	06/16/2023	05/02/2025	79%	80%	On Track
Local Employers	08/06/2024	05/02/2025	87%	86%	At Risk
Retiree and Inactive (Retiree Legacy and Retirement Administration System)	05/20/2024	05/02/2025	87%	88%	On Track
Data Transformation	08/12/2024	07/01/2025	92%	96%	At Risk
Billing and Payment	08/16/2024	09/12/2025	75%	87%	At Risk
Vendor Integration	09/09/2021	07/01/2025	93%	93%	At Risk
User Access Management (Portals and ID Proofing)	08/16/2024	07/01/2025	87%	86%	On Track
Reporting	09/26/2023	01/06/2026	58%	63%	At Risk
COBRA	04/03/2024	~~07/30/2025~~ 12/30/2025	67%	68%	At Risk
Content Management	03/28/2024	~~12/27/2024~~ 5/30/2025	85%	84%	On Track
End to End Testing	05/06/2024	03/31/2024	95%	95%	At Risk
Cutover	7/1/2024	12/30/2025	49%	48%	At Risk
Annual Renewal	10/14/2024	12/30/2025	33%	37%	On Track
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.	↓
2	Benefit Focus Defects and Enhancements: Required enhancements not being completed as planned.	5	5	25	Receiving weekly and daily updates through meetings with BenefitFocus Leadership and product teams.	→
3	Operational Readiness: High level of process changes and acceptance of such changes for ETF, Employers, Members, and Vendors.	5	4	20	Engaging with business owners for additional support.	→
4	Reporting required to perform business operations while fully identified and planned, must be prioritized for end-to-end testing.	5	4	20	Added and changed key resources to better support reporting project.	→
5	Development: Internal development not being completed in time to meet E2E testing needs	4	4	16	Added two additional testing cycles and closely monitoring development and managing sequence of tests to align with delivery.	→
6	Ineffective Program Management and Oversight	4	3	12	Several items were implemented to Strengthen accountability across the program and those continue. Plans are kept up to date as well as risks and issues.	↑

PAS Search and Selection

Accomplishments
- Proposer demonstrations completed.
- Vendor evaluations completed.
- Intent to award published.
- Proof of Concept planning started.

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
System Requirements	04/08/2024	08/30/2024	100%	Complete
Develop, Write and Publish RFP	08/19/2024	10/14/2024	100%	Complete
Initial Vendor Selection for Proof of Concepts (includes contract negotiations)	11/18/2024	05/22/2025*	80%	On Target
Proof of Concept	03/21/2025	12/17/2025	0%	On Target
Final Vendor Selection (includes contract negotiations)	12/17/2025	3/6/2026	0%	Not Started

*Schedule may be at risk due to unknown time needed for the proof of concept (POC) contracting effort and the impact that may have.

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.	➡

#	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
2	Proof of Concept – Overlap of Proof of Concept with IAS Go-Live due to contracting delays Proof of Concept- Overlap of Proof of Concept with IAS stabilization period	5	5	25	Contract requirements related to the POC may delay the POC timeline causing an overlap with IAS go-live. Will need to delay POC if this is realized which will result in a delay of beginning the overall implementation project. Contractual delay risk was mitigated through changing the timeline. We will monitor the post go-live period for potential impacts. The RFP contains a clause that responses are good for 18 months (May 18, 2026).	→
3	Resource – Overburdening staff who are already assigned to other projects.	5	4	20	Focus on resource allocation – assigning individuals not assigned to IAS.	→
4	Budget – No or delayed budget approval may delay the start of the implementation or preferred vendors becoming unavailable	5	4	20	Developed 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. 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.	→
5	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.	→
6	Contracting - Wis. Stat. 16.705 (1r) Ability to make an award because all vendors or our preferred vendor have personnel that we would be working with that aren't US based.	5	1	5	BCAP discussing with OLS.	→

#	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 ✛
6	Proof of Concept – Overlap of Proof of Concept with IAS Go-Live due to contracting delays Proof of Concept- Overlap of Proof of Concept with IAS stabilization period	5	5	25	Contract requirements related to the POC may delay the POC timeline causing an overlap with IAS go-live. Will need to delay POC if this is realized which will result in a delay of beginning the overall implementation project. Contractual delay risk was mitigated through changing the timeline. We will monitor the post go-live period for potential impacts. The RFP contains a clause that responses are good for 18 months (May 18, 2026).	➡

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.

Attachment A: IAS Program Review December and January Report

Attachment B: IAS Program Review February Report