Correspondence Memorandum

Date: June 11, 2025 (Revised)

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 | 05.21.25 | 12).

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 C for the most recent report.

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 05/30/2025

Board	Mtg Date	Item #
BUD	06.19.25	5

IAS Implementation

ETF will proceed with a limited implementation with the Universities of Wisconsin (UWs) on July 1, 2025, followed by a full implementation with all other employers targeted for March 1, 2026.

A limited implementation with the UWs will include eligibility and enrollment for active employees within My Insurance Benefits (Benefitplace). Billing, payments, and related reporting will continue to be managed as they are today. This approach will include several other key components to support end-to-end processes, including ETF's new Employer Transaction Application (ETA) that allows for eligibility information to be received and submitted to My Insurance Benefits, and the member and employer portals that provides entry into My Insurance Benefits and the ETA.

Doing a focused implementation of My Insurance Benefits with the UWs will allow us to:
- Continue to resolve issues in My Insurance Benefits
- Learn from the UWs' experience in the system and make improvements for the launch to all employers
- Look for opportunities to optimize the customer experience within the system
- Facilitate the UWs' successful implementation of Workday, their new technology platform for human resources, finance, and other administrative processes, on July 1

This decision was made in close consultation with program leadership and key stakeholders, all of whom have expressed their support for this revised approach. The decision reflects our commitment to ensuring a stable, successful transition that prioritizes system readiness, data integrity, and user adoption.

This reporting period reflects a temporary narrowing of scope, focusing exclusively on the launch with the UWs, which has been prioritized to ensure successful delivery within the defined timeline. This shift allows for greater visibility into progress, risks, and key decisions associated with this critical initiative. Concurrently, a comprehensive replanning effort is underway for the remaining components of the broader program. We anticipate that full program reporting—covering all projects—will resume in the next board report, once revised plans and updated timelines are finalized.

IAS OIA's Observations and Status

OIA's May report has recommended the Program include additional local employers in the new testing plan, and we appreciate their insight and perspective (see Attachment C). While we recognize the potential value of this approach, implementing it at this time would expand the scope of the program beyond what was originally approved. Given our current priorities, timeline, and resource constraints, we do not plan to pursue this recommendation within the current program. However, we will document it for consideration in future projects/programs.

<u>IAS Summary</u>

- Data Transformation continues UW Mock Conversion efforts and researching/resolving exception errors. Production Conversion and Manual Updates will start the week of June 2. Securian Enrollment extract development started.
- The UWs has started using the Employer Portal to access ETA.
- Cutover completed assessment to automatically bridge enrollments from My Insurance Benefits to MEBs. Targeting to complete a significant number of transactions prior to Open Enrollment.
- COBRA process definition and solution confirmation are underway.
- Automated Benefit Detail Extract (ABDE) automation, requirements, testing, and validation are underway.
- Replanning efforts are currently underway for the remaining employers, including resolution of outstanding defects and the addition of an end-to-end testing cycle that is expected to run through August.

Table 1. IAS UWs Launch: Health

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

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

Table 2. IAS UWs Launch: Project Milestones

Key Project Milestone	Due Date	Status
Content Management	5/30/2025	On Target
COBRA Solution Confirmation	6/9/2025	At Risk
Vendor Integration	6/11/2025	On Target
User Access Management	6/11/2025	On Target
ABDE	6/13/2025	At Risk
Production Conversion and Manual Updates	6/30/2025	On Target
Cutover	7/1/2025	On Target
Hyper Care	7/31/2025	On Target

Table 2. IAS UWs Launch: 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	The UWs will be required to manually update enrollments in legacy from My Insurance Benefits. This could result in increased workload, data inconsistencies, errors in processing, and delays in business operations.	5	2	10	System integration is currently being worked on to automate standard transactions.	
2	COBRA notifications must be completed manually due to the absence of system automation or functionality. This reliance on manual effort increases the potential for human error, delays, inconsistent outcomes, and resource strain.	4	2	8	Evaluating options that may be available.	
3	The UWs are also going live with a new system during the same timeframe as our implementation. This overlap may limit their availability for coordination, increase competition for shared resources, and introduce interdependencies that could impact timelines, data exchange, or overall system performance.	4	2	8	Development of key support processes are underway.	

PAS Search and Selection

Accomplishments
- Notices of intent to award were issued to TELUS Health and Heywood.
- Both vendors were sent a Proof of Concept (POC) contract.
- Use case and tabletop topics have been finalized and shared with both vendors.
- POCs have been scheduled and will occur September 29-November 21, 2025.

Table 3. PAS Search and Selection: Health

Overall Health	Schedule	Scope	Budget	Transition Management
On Target	At Risk[*]	On Target	On Target	On Target

Table 4. PAS Search and Selection: Project Milestones

	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	10/18/2024	100%	Complete
Initial Vendor Selection for POCs (includes initial Department Terms and Conditions (DTC) contract negotiations)	10/15/2024	08/29/2025[*]	72%	On Target
POC	03/21/2025	12/17/2025	28%	On Target
Final Vendor Selection (includes contract negotiations)	12/17/2025	3/6/2026	0%	Not Started

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[*] DTC contract negotiations are now occurring prior to the POC. With this change, the schedule remains slightly at risk due to unknown time needed for contracting.

Table 5. 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	POC – Overlap of POC with initial post IAS Go-Live stabilization period and 2nd phase of IAS Go-Live activities due to contracting delays.	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.	↑
3	Resource – Overburdening staff who are already assigned to other projects.	5	4	20	Focus on resource allocation – assigning individuals not assigned to IAS and identifying areas where there is overlap.	↑
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.	→

#	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	Contracting – Wis. Stat. § 16.705(1r) Ability to make an award because all vendors have personnel that we would be working with that aren't US based.	5	1	5	BCAP monitoring with OLS	➡

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 March Report

Attachment B: IAS Program Review April Report

Attachment C: IAS Program Review May Report