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## **Correspondence Memorandum**

**Date:** July 22, 2022

**To:** Group Insurance Board

**From:** Kathy Wienkes, Bureau Director, Employer & Contact Services  
 Michelle Baxter, Director, Office of Enterprise Initiatives  
 Brian Stamm, Deputy Director, Office of Strategic Health Policy

**Subject:** Insurance Administration System Implementation

**This memo is for informational purposes only. No Board action is required.**

**Background**

As presented to the Board on November 17, 2021 ([Ref. GIB | 11.17.2021 | 4](#)), Employee Trust Funds (ETF) is undergoing a multi-year transformation to modernize its benefits administration capabilities. ETF’s strategic goals are focused on the following to provide an effortless customer experience for our members and employers:

- Building a new technology and data infrastructure that supports and integrates data across multiple systems, employers, and third-party administrators (TPAs),
- Selecting and implementing off-the-shelf business solutions to manage over 20 million records, case workflows and insurance and pension benefits,
- Optimizing and measuring end – to – end business processes, and
- Attracting and retaining an agile and talented workforce.

The current “system” for managing enrollment for insurance benefits is an assortment of multiple systems and processes that do not interact with each other. Due to its fragility, any update to benefit administration programs, requires careful planning and meticulous testing. System limitations have prevented new benefit options from being made available to members in the past. ETF is installing a new insurance administration system (IAS) to solve these issues while simultaneously allowing for more flexibility in benefit administration. While this is a long-overdue step toward modernizing ETF’s data systems, the IAS project will affect resources available for other initiatives, including Group Insurance Board (Board) initiatives.

ETF published a Request for Proposals (RFP) for a new IAS in March 2020. IAS will be a software suite designed to manage enrollment and eligibility for insurance benefits an employer provides to its employees in a single, easy-to-use package. The scope of the

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RFP included eligibility and enrollment, billing and payments, communication and engagement, and self-service functionality for all users.

After completing an analysis of the proposals received, Benefitfocus was selected as the vendor to provide and operate the new IAS. Contract negotiations were completed and a 10-year contract between ETF and Benefitfocus was signed on July 30, 2021. The Employee Trust Funds Board (ETF Board) via the Budget and Operations Committee maintains oversight of ETF's strategic planning and the IAS project and receives regular updates on project status ([Ref. ETF Board | 06.23.2022 | 5](#)). While the Group Insurance Board, who sets policy and oversees administration of insurance benefits, does not have direct oversight of the IAS project, due to the scope of the IAS project the Board may be asked to make modifications to programs or contract amendments in the future to support the IAS implementation. Therefore, it is important for both the ETF Board and the Group Insurance Board to stay up to date on IAS activities.

### **About the Benefitfocus Solution**

Benefitfocus offers a single, cloud-based solution that personalizes the enrollment experience and streamlines benefits enrollment for all members. The Benefitfocus solution is expected to increase data quality, offer a single place to view benefits, add automated communications, and reduce paper processing. Benefitfocus' IAS supports real-time processing capabilities, the ability to reconcile employer reporting each month, and faster turnaround times for member requests. Enrollment will be automated and replace the existing, largely paper-based enrollment process. The new system will replace ETF's current health insurance enrollment system (MEBS), and support enrollment for other insurance programs, including life, income continuation, as well as most supplemental benefits. Members will have access to a self-service, web-based portal that will serve as a central resource for all benefit elections. The portal will also serve as a resource for members to learn more about their benefits through decision support tools, educational materials, benefit-specific messaging, and helpful videos.

Since the Board presentation on November 17, 2021, two items have been de-scoped from the project. First, the Long-Term Care (LTC) benefit, one of the supplemental benefits available to members, will not be included in IAS. This is due to the nature of the insurance product relationship being directly between members and the LTC vendor. Inserting IAS in-between that relationship would unnecessarily complicate enrollment and create a negative member experience. Secondly, the Health Insights platform, which is an optional claims data warehouse and reporting tool designed as an add-on to Benefitplace, was de-scoped due to its duplication to the DAISI data warehouse.

### **Project Timeline and Status**

The ETF and Benefitfocus teams began work on the IAS project in September 2021 with the Initiation and Planning Phase. In this phase, the two organizations combined efforts to plan project methodology, create a governance plan, establish a meeting cadence, develop a communications plan, and perform a stakeholder analysis.

During the subsequent Discovery and Build Phase, Benefitfocus and ETF developed a standard “base” configuration of ETF’s Benefitplace platform. To handle the multitude of tasks, four work groups were created to independently address an area of focus, while also collaborating on cross-functional tasks as a larger group. A brief description of the accomplishments to date are listed below.

#### Enrollment and Eligibility

- Identified requirements to provide members the ability to enroll in benefits.
- Built the base configuration of Benefitplace using the approved requirements and business rules.
- Identified all life event considerations to provide members the ability to make updates to the benefits as they experience such events.

#### Billing and Payroll Deductions

- Gained initial understanding of billing options available under the Benefitfocus solution and determined which option to pursue implementing.
- Started discussions with TPAs, including participating insurers, the pharmacy benefits manager, the Income Continuation Insurance program administrator, and wellness vendor, regarding future state billing processes.
- Collaborated on branding for invoice language to use when communicating with members and employers.

#### TPA Integrations and Reporting

- ETF and Benefitfocus have been and are currently working on data transfer specifications with contracted TPAs.
- Evaluation of reporting capabilities in the Benefitfocus platform will continue; some preliminary work has begun in building reporting capabilities internally.

#### ETF Systems Integrations and Updates

- Currently working to develop a new employer transaction application to provide a means for employers to deliver enrollment data to ETF.
- Developing the data conversion methodology and preparing for load of ETF member data into the new Benefitfocus platform.
- Planning system changes to ETF legacy systems during the transition to the Benefitplace platform.

In parallel with the Discovery and Build Phase, the ETF and Benefitfocus project teams have been working on the Testing Phase. Once the standard, base configuration was established and configured, ETF subject matter experts and test and quality leads engaged in User Acceptance Test (UAT) activity. To date, the test team has completed 525 test scripts with no critical errors outstanding.

It is important to note that some of the above activities are not viewed as “final” until employer group interactions are completed. The project team is now prepared to further

validate functionality included in the standard, base configuration and to enhance the platform to address unique needs of individual employers or group of employers.

The ETF and Benefitfocus teams recently established a revised implementation and deployment timeline. The revisions were based on numerous lessons learned, primarily centered on the complexity of current ETF processes and how to apply those existing processes to the new Benefitplace platform. The teams have set the target for a single deployment effort at the end of the second quarter of 2024, which will include all employers and provides ample time prior to annual open enrollment period.

To prepare employers for this single deployment, ETF will work with each of the employers to develop their specific employer release, then “shelve” them until the deployment go-live. The project team will work with each employer through a framework of activities required before “shelving” is approved. The framework includes detailed discussions about enrollment and eligibility, billing and payroll needs, integrations with a single sign on, TPA integrations, testing, identification and building of reporting needs, training, and employee communications.

Once the Employer Phase work is completed and all employers are in the “shelved” status, the project team will transition into the Operational Readiness Phase. This phase will include training; testing of all processes; preparing application environments; finalizing data conversion; operational support team engagement; delivery of standard process guides and operational procedures throughout ETF and with all employer administrators; and performing member outreach in preparation for go-live.

ETF does not anticipate that IAS will perform all functionalities for all users seamlessly at go-live. Members, employers, vendors, and other users of IAS should expect a series of incremental improvements over time as part of ETF’s transformational journey towards the effortless customer experience.

### **Considerations for the Group Insurance Board**

The Board is familiar with ETF staff presenting policy and process recommendations under the framework of the Healthcare Triple Aim related to insurance benefits under their purview. This memo outlines ETF activities to improve eligibility and enrollment processing and the effect these efforts will have on other ETF projects, including Board initiatives.

While the benefits of the flexibility available to the Board will be a welcome addition, the most important improvement will be in ETF’s ability to meet customer expectations. Three primary groups of customers that will benefit from this project have been identified: members, employers, and TPAs.

Members will have access to a personalized portal for easy access to benefit information, education tools, and targeted messaging. Most employers will see some increased efficiencies in processes and a reduction in enrollment errors due to built-in

business rules. TPAs will benefit from streamlined data flows, increased data quality, and less reliance on manual processing.

This upgrade comes at a cost in terms of time and resources. This project requires significant time and effort from a dedicated team within ETF and draws upon experts from all aspects of ETF's business areas. As ETF builds the new IAS, internal IT staff must simultaneously maintain current systems until the transition is complete. We are also taking steps to ease this burden on our employer partners and collaborate with vendor partners throughout the duration of the project. Despite ETF's best efforts to increase operational capacity, ETF will face challenges moving forward with other major initiatives at its customary speed while the IAS project is underway.

This memo is the first in a series of memos that will be presented to the Board quarterly until the Benefitfocus IAS is fully operational. Now that the Board has a baseline knowledge of the IAS project, ETF staff will focus future memos on progress updates. If the Board has requests for specific information for future memos, please voice those requests and ETF staff will be sure to include that information moving forward.

Staff will be available at the Board meeting to answer any questions.