Correspondence Memorandum

Date: February 14, 2025

To: Group Insurance Board

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Subject: Insurance Administration System Implementation Update

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

Background

As first presented to the Group Insurance Board (Board) on Aug 17, 2022 (Ref. GIB | 08.17.22 | 3), the Department of Employee Trust Funds (ETF) is undergoing a multi-year, multi-part program to implement an insurance administration system (IAS). To provide transparency to the Board, ETF provides quarterly updates on the progress of the IAS implementation.

The Employee Trust Funds Board (ETF Board) and its Budget and Operations Committee (Committee) oversee ETF's modernization efforts and individual program implementations, such as IAS. Quarterly reports are provided, highlighting the status of key IAS program milestones and risks. The most recent update was provided at the Committee's December 12, 2024, meeting (Ref. BUD | 12.12.24 | 6) This memo provides the status of each project within the IAS Program between November 2024 and February 2025. Those projects are as follows: Reporting, User Access Management, Data Transformation, Retiree and Inactive Members, Billing and Payment Application, State Employers (DOA STAR and Non STAR, UW, UWHC), Local Employers, End-to-End Testing, Content Management, Vendor Integrations, COBRA, Cutover, Transition Management (Training and Communication), and Annual Renewal.

Reviewed and approved by Diana Felsmann, Deputy Secretary
Electronically Signed 02/24/2025

Board	Mtg Date	Item #
GIB	03.12.25	4

Overall Program
The overall program status is "At Risk." While the program has made significant progress toward milestones, several critical challenges and watch points require ongoing attention, including required Benefitplace enhancements, ETF development, defects from end-to-end testing, invoice issues, data accuracy, vendor delays, billing and payment challenges, and manual process inefficiencies.

To mitigate some key risks, teams have begun contingency planning for two critical areas: COBRA administration and Direct Pay solution development. Additional areas requiring contingency planning are also being identified.

Major upcoming goals include the completion of end-to-end testing, completion of member portal testing, resolution of invoice-related issues, finalization of key reporting and payment integrations, and preparation for cutover activities. Additionally, data migration will require extensive staff involvement for validation and manual entry of items not converted.

Reporting
The reporting project is focused on enhancing reporting capabilities through data accuracy, accessibility, and usability to support informed decision-making. The team has analyzed and tested key data sources, integrating validated data into the data lake for end-to-end testing and report development. Data quality and consistency issues persist, but remediation is in progress. The team is working with stakeholders to finalize report needs, prioritize gaps, and address dependencies on data availability and Benefitfocus responsiveness.

User Access Management
The User Access Management project encompasses each of the applications needed for employers and members to access My Insurance Benefits and other related applications. User acceptance testing is in progress for the member portal and on track to be complete by February 21, 2025. The employer portal is on track to go live on April 22, 2025, along with the employer transaction application (ETA).

Data Transformation
The Data Transformation project completed key testing milestones, including daily multi-sponsor iMax file testing, a conversion file load into Benefitplace, and launching the ETA staging environment for local employer data. Automation and error resolution efforts continue to support a smooth cutover.

The team is managing daily iMax file processing, addressing end-to-end testing issues, and completing development for the ETA production release. February conversion testing is underway, with preparations for March testing in progress.

Retirees and Inactive Members

The ETF Retiree Administration System (RAS) is an application that ETF staff use to view and manage payroll and eligibility information. Development is still on track, with end-to-end testing progressing as planned. Medicare and eligibility functionality will be available at go-live for internal use; however, significant issues remain and will require manual interventions.

Due to poor Medicare user experience in Benefitplace, ETF program management scaled back member participation in December of 2024. Internal administrative users will manually handle Medicare enrollments and updates using traditional paper-based methods until an alternative solution is determined.

Tax data files for the wellness program were included in this project and are delayed beyond the July 1, 2025, go live date. ETF expects them to be ready before November to support vendors and tax reporting. The delay is not expected to negatively impact operations.

Billing and Payment Application

The Billing and Payment Application project is addressing concerns around inaccurate rates, working closely with the Benefitfocus and Certifi teams to ensure accurate billing. In parallel, the team is focused on the Direct Pay solution and automating scenarios where possible. Of the 22 key business scenarios, five core scenarios are anticipated to be automated for go live, while others will need to be handled manually, posing some risk.

Contingency planning is under way for Direct Pay scenarios that will not be automated, with efforts to identify other billing and payment processes needing mitigation.

Employers

This set of projects within the IAS program focuses specifically on preparing employers to use the new system and processes.

State Employers

Development work for both the Universities of Wisconsin (UW) and University of Wisconsin Hospitals and Clinics (UWHC) is complete. The IAS team is working with UW and UWHC to support end-to-end testing and identify cutover needs.

The Department of Administration (DOA) has been involved in end-to-end testing since December. As the first employer to test Cycle 1, DOA identified key issues that impacted other employers starting in January. Despite facing defect challenges, DOA continues retesting and preparing data for the March test conversion.

Local Employers and Data Collection

The Local Employers and Data Collection project continues collaborating with local employers to collect six data elements needed to build an employer profile and ensure

members are created within the IAS system. Data collection efforts will continue through May 2025 for both the initial and refreshed data. Below are updates on collection efforts for each of the six data elements.

- **Employee Conversion Data.** Initial employee conversion data has been collected from approximately 98% of local employers (899 of 921).

- **Intake and Configuration Data.** Intake and configuration data has been collected from approximately 99% of local employers (917 of 921).

- **ICI Enrollment Data.** ICI data has been collected from approximately 97% of local employers (347 of 359).

- **Accident (Supplemental Benefit) Enrollment.** Data has been collected from approximately 97% of local employers (114 of 118)

- **Security Access Agreement.** Security access agreements have been collected from 100% of local employers (all 921).

A disenrollment process is in place for non-responding employers, with multiple communication and escalation levels. ETF is working with employers to ensure preparedness for go live and will report to the Board if further intervention is needed.

End-to-End Testing
End-to-End Testing occurs in three cycles. Cycle One and Cycle Two are complete. Cycle Three will begin on February 24 and end on March 21, which is a two-week extension from the original timeline. During Cycle One and Two, several issues were identified, which will be addressed in the next cycle.

The largest risk to the project is the volume of defect tickets, particularly within the Benefitplace software. While the overall volume of defects is typical for a program of this scale, the time required for Benefitfocus to resolve some of the issues is lengthy. ETF program leadership is working closely with Benefitfocus' leadership team to expedite resolution where they can.

There is a risk that ETF may not meet the end-to-end exit criteria as defined, and an evaluation will be needed to determine a path forward. To mitigate this, the team is prioritizing, resolving, and retesting high-impact tickets. ETF and Benefitfocus will rank open issues from most likely to resolve to least likely to resolve, and individualized mitigations plans will be developed for less resolvable issues.

Functional areas of concern include:
- Benefit enrollment (including pharmacy, rehire scenarios, member ID assignment, etc.)

- Billing and payment (including Invoice calculations (benefit rates) and reporting needed to calculate vendor payments)
- Aggregate role functionality needed for internal staff.

Content Management
The Content Management team completed guiding principles for employer email notifications triggered by system and user activities (e.g., open enrollment, eligibility). These principles ensure consistency in content management services for employers and internal processes, with a focus on the user experience. The team will use these principles to set expectations with employers, particularly large state employers, and to prioritize remaining project scope post-go live.

Vendor Integrations
The Vendor Integration team made significant progress with 17 vendors and Benefitfocus. Key accomplishments include finalizing data exchange protocols, alignment of premium payment processes, and strengthening stakeholder collaboration. A framework for go-live manual processes is being established to address limitations in Benefitfocus' automation capabilities, and a new report is under development to provide vendors with key effective date information for enrollment processing.

Challenges remain, particularly around vendor concerns about manual processes and human error. To mitigate risks, the team has implemented detailed timelines, communication plans, and validation strategies. Biweekly all-vendor meetings have been crucial in fostering alignment and addressing concerns.

Moving forward, the focus will be on ensuring vendor readiness for the freeze and post-freeze periods, completing testing and contingency plans, and monitoring data accuracy to support go-live schedule. Continued stakeholder collaboration will be key to overcoming challenges and ensuring a smooth transition.

COBRA
The COBRA project aims to implement a Voya-managed platform, Benefitfocus's parent company and COBRA administration partner, to handle all COBRA administration, eliminating employer and ETF involvement. However, Voya has delayed the build twice, putting go-live at risk. To mitigate this, a team is developing contingency plans that include interim solutions for COBRA enrollments and a transition plan for Voya's eventual implementation.

Cutover
The Cutover Project manages the transition from legacy systems to My Insurance Benefits, ensuring technical and business readiness. Since November, the team finalized its strategy, initiated execution, and organized steps with stakeholders. Two simulation conversions in March will prepare for May and June cutover activities.

Key risks include resource availability and accurate sequencing of steps. To mitigate this, additional resources have been assigned, with more joining post end-to-end testing. The team has also refined tabletop exercises, using specialized groups to enhance accuracy and detail in planning.

Training
The IAS Training team has developed and shared a strategy for live, virtual, and on-demand training, set to begin in April for ETF staff and May for employers. Progress depends on timely project completion across other areas.

Communications
The Communications team distributed employer newsletters with key updates and engaged DOA, UW, and UWHC to refine change management strategies. They continue supporting modernization efforts, governance processes, and COBRA mitigation planning. Collaboration with IT and business teams has advanced procedural updates and cross-team initiatives to ensure a smooth transition.

Annual Renewal
The IAS program will be adding another project called the Annual Renewal project to capture the development work needed to ready IAS for open enrollment 2026. This project's charter is currently under development. The project will work closely with ETF's long-standing open enrollment annual project to ensure changes are made to all relevant processes. At the outset, ETF acknowledges the inherent risks to this project given the short amount of time between go-live and open enrollment.

Delegation of Authority
At the October 2024 Board meeting, the Board approved delegating limited authority to the ETF Secretary to make program changes needed due to IAS implementation (Ref. GIB | 10.03.24 | 4). The Board asked ETF to include the use of this delegated authority as a standing agenda item at their Board meetings. As of the publication of this memo, ETF has not used the authority delegated by the Board.

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