Date: March 22, 2018

To: Joint Labor-Management Benefits Committee

From: Staff

Subject: LAwell Civilian Benefits Program Third-Party Administrator Transition Update

RECOMMENDATION
That the JLMBC receive and file staff update regarding the LAwell Civilian Benefits Program’s Third-Party Administrator transition.

DISCUSSION

A. Background

At its special meeting on January 4, 2018, the JLMBC recommended the selection of Morneau Shepell (Morneau) as the Third-Party Administrator (TPA) for the City of Los Angeles LAwell Civilian Benefits Program pursuant to the Request for Proposal for benefits TPA services that was released on May 8, 2017. At that meeting, the JLMBC also requested that staff provide regular status updates to the JLMBC on the progress of the transition. This report provides an update regarding the development of the transition plan for changing TPA service providers, a tentative transition implementation target date, and ongoing reporting.

B. Transition Planning

Following the JLMBC’s approval of the selection of Morneau as the City’s new benefits TPA, staff completed the correspondence and administrative processing required to close the RFP and confirm the selection of Morneau as the winning bidder. This process was completed on January 10, 2018. Subsequently, staff held a preliminary transition meeting with Morneau representatives on February 1, 2018. At this meeting, Morneau provided an overview of the stages that will guide the development of the implementation plan for successfully completing the transition. These stages include:

- Pre-Implementation
- Discovery
- Design, Configure & Build
- System and Acceptance Testing
- Transition to Ongoing Support

During this meeting, staff also discussed the different roles and responsibilities of key Morneau staff that will be dedicated to the implementation effort as well as the
implementation delivery schedule (see Attachment A).

Following this preliminary meeting, the initial transition planning took place over the course of an in-person, two-day meeting on February 27 and 28. Key agenda topics for the kick-off meeting on February 27 included the following subject areas below followed on February 28 by meetings with City benefits staff who utilize the benefits administration system.

- Introductions/Opening Remarks
- Discussion of Goals and Success Criteria
- Roles and Responsibilities of Morneau and City staff
- Review of Implementation Stages • Project Management
- Project Timeline

Additionally as part of these meetings, staff also engaged in a collaborative dialogue with Morneau representatives over the broader goals and service enhancements that would be addressed as part of the overall plan to streamline and improve benefits administration processes and enhance customer service. Although this is expected to evolve, staff’s tentative objectives for service enhancements include the following:

(a) Streamlining and simplifying administrative and operational processes for ongoing benefits administration by automating certain manual functions performed by staff such as direct billing and COBRA processing;
(b) Creating administrative efficiencies of ongoing benefits administration processing, including ongoing and Open Enrollment administration to minimize TPA payroll/processing errors and reduce manual processing;
(c) Incorporating and evolving the most current technology and tools to support members in making benefits elections due to new hire and/or life event changes and during Open Enrollment and promoting active member engagement with their benefits throughout the year;
(d) Providing for faster, more efficient, and a more user-friendly member website with enhanced capabilities such as 1) uploading dependent verification documentation (e.g. marriage and birth certificates) and making payments online and 2) providing access to historical data, educational information, and personalized communications;
(e) Increasing member satisfaction;
(f) Developing strategies for supporting the City’s ambitious, long-term communications objectives; and
(g) Developing strategies for long-term participant records management. Staff will provide the JLMBC with more details regarding the implementation schedule and project plan at its April 2018 meeting.

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C. Transition Planning

Based on initial discussion, staff is tentatively targeting an implementation effective date to take place within the first quarter of 2019 (specific target date to be determined). Staff’s initial assessment is that this length of time will be necessary to ensure that the benefits
administration system and processes are fully developed, including required payroll functionality as well as any service and administrative enhancements which will be identified as part of implementation planning. The contract with the incumbent benefits TPA provider, Mercer, expires on December 31, 2018. Staff has commenced discussions with Mercer on the timeline for de-conversion services and will report back to the JLMBC regarding any actions that may be required to extend the term of the contract to cover the additional time to complete the transition.

D. Ongoing Reporting

Moving forward, staff will present monthly TPA transition status reports and any related recommendations for action so that the JLMBC is fully informed of ongoing developments. In addition, JLMBC members are welcome to attend transition meetings but should contact staff prior to attending to ensure that any gatherings of Committee members are in compliance with requirements under the Ralph M. Brown Act.

Submitted by: ___________________________________

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