CIVILIAN BENEFITS PROGRAM
THIRD-PARTY ADMINISTRATOR SERVICES

Implementation Considerations

January 4, 2018

City of Los Angeles
- Implementation Considerations
- Implementation Transition Phases
- Next Steps
Implementation Considerations

The City’s Benefits Program Third-Party Administrator (TPA) is responsible for managing the activities of 25,000+ civilian employees and 33,000+ dependents. Core services include:

- Eligibility and benefit elections recordkeeping;
- Enrollment, termination, and life event processing;
- Dependent eligibility verification;
- Customized participant enrollment website and dedicated customer service call center for members to make benefits elections and report life event changes;
- Communication notices (e.g., Personal Enrollment Worksheets, confirmation statements, etc.);
- Bi-weekly transmission of election and termination information to LAwell benefits service providers;
- Report production (e.g. Open Enrollment activity, call center statistics, demographic reports, family status change report, dual coverage report, direct billing report, etc.).

While a routine TPA implementation could be accomplished over five to six months, we suggest a **12-15 month** timeframe due to factors unique to the City:

- Proprietary payroll system
- Multiple MOUs and benefits service providers
- Legacy Benefits TPA system
  - A thorough discovery process is recommended to ensure all manual processes are identified, programmed and tested.
- Limited City staffing combined with competing projects and priorities
- Staff training and participant education/communications
- System conversion “blackout” period
  - To facilitate migration from one administrative platform to another some transactions may be temporarily suspended 1-5 days to validate data conversion
    - Recommend conversion during Q2 2019 to minimize complications associated with 2019 and 2020 Annual Enrollment periods
Implementation Transition Phases

A. Pre-implementation
B. Discovery
C. Design
D. Build
E. Test
F. Training and Communications
G. Go Live
Pre-implementation

Activities that should occur prior to the Discovery phase

- Identify Implementation Team
  - Benefits TPA (i.e., implementation and relationship leads, IT, operations, communications)
  - City (i.e., project sponsor\(^1\), project manager, benefits, HR, IT, and payroll liaisons)
  - Mercer (i.e., account manager, IT liaison)
  - Other partners (i.e., insurance vendors, consultant, etc.)

- Establish project communication requirements and frequency (i.e., project updates, committee meetings, project teams, etc.)

This phase of the project is projected to take between 4-6 weeks.

\(^1\) Project Sponsor (often a manager or executive) provides guidance to the project manager and team, acts as an escalation point for decisions and issues beyond the authority of the project manager; and acts as an additional line of communication and observation with team members, and other stakeholders.
Pre-implementation

Activities that should occur prior to the Discovery phase

- Finalize service level agreement and develop transition plan with milestones consistent with target Go Live date
  - Benefits TPA develops the initial transition plan with input from its conversion specialist and subject matter experts including:
    - IT personnel
    - Communications (e.g., print and web media)
    - Ongoing client relationship manager
    - Dedicated on-site resource
  - City and other project stakeholders (i.e., Mercer, benefits service providers, consultant, etc.) provide feedback that is incorporated into the final version of the transition plan
  - Final transition plan is distributed to all stakeholders and includes:
    - Roles and responsibilities
    - Project milestone deadlines

This phase of the project is projected to take between 4-6 weeks.
This phase of the project is typically associated with the Benefits TPA completing their detailed due diligence on all aspects of benefits administration

- Benefits TPA prepares and reviews its initial gap analysis study with Implementation Team
  - Resolves terminology variances between the parties
  - Validates City’s standard and ad-hoc reporting needs (i.e., format, frequency, etc.)
  - Identifies any activities that currently require manual processing
  - Secures vendor support through the design, build, and testing phases

- Establish a requirements sign-off process
  - City should designate a point person responsible for securing sign-offs and/or collecting adjustments
    - Typically this individual is the designated project lead with periodic support from the project sponsor as needed

This phase of the project is projected to take between 10-14 weeks.

---

1. Gap Analysis is a technique used by organizations to determine what steps need to be taken in order to move from its current state to its desired, future state. The process involves (1) listing characteristic factors (i.e., attributes, competencies, performance levels) of the present situation ("what is"), (2) listing factors needed to achieve future objectives ("what should be"), and then (3) highlighting the gaps that exist and need to be filled.
Design

After the Benefits TPA completes most of their due diligence they will begin building the requirements of the system, as well as the processes that they intend to follow, post go-live.

- Design decisions may require input from stakeholders outside the core Implementation Team.
  - Determining the “right” amount of history to bring forward into the new system
  - Converting historic ad-hoc manual processes into system-based procedures

- Having access to a network of individuals outside the Implementation Team, with historical perspective and diverse points of view, can assist the Implementation Team in making timely and thoughtful design decisions.

This phase of the project, which runs concurrently with the Build and Test phases, is projected to take between 25-30 weeks.
Build

The Benefits TPA bears much of the responsibility for the system build phase, but the City does have a responsibility for ensuring that the agreed upon design is reflected in the system.

- Development tasks will be broken down into segments
  - Breaking up the development effort is crucial in order to deliver interim results
  - Provides the City opportunities to validate system development is on the right track

This phase of the project, which runs concurrently with the Design and Test phases, is projected to take between 25-30 weeks.
The City has a responsibility of ensuring that what the Benefits TPA builds, matches the City’s documented needs and is error free.

- **Test Cases**
  - Conducted by the City to validate the new system performs as intended
    - Cases developed with input from Benefits, HR, IT, and Payroll, can be used in the future when the Benefits TPA implements changes to their system.

- **Parallel Payroll Testing**
  - The Benefits TPA tests the legacy and new system to validate payroll deductions (i.e., taxes, benefits, etc.) are accurately processed. Discrepancy categories may include:
    - Entry errors
    - Errors resulting from the old system
    - Explainable or acceptable differences (such as rounding errors)
    - Errors in rule creation
    - Unexplainable errors
  - Typically two consecutive payroll cycles are tested so errors can be identified and corrected
    - Parallel testing is a very large consumer of resources and requires substantial planning

*This phase of the project, which runs concurrently with the Design and Build phases, is projected to take between 25-30 weeks.*
Training and Communications

Preparing all stakeholders for the “new” way of administering benefits

Training

- A continuous process that is emphasized throughout the implementation process and beyond
  - Tailor training requirements to different users (i.e., participants, benefits, HR, IT, payroll)
- Require the Benefits TPA to produce and maintain an administrative manual
- Have Benefits TPA customer service representatives participate in City of Los Angeles cultural awareness training

Communications

- Promote system features and enhancements relative to existing benefits administration platform
- Provide FAQs and step by step instructions for using the new benefits administration system
- Educate staff and participants on and how to manage life events during the one to five day system conversion transaction “blackout” period

These activities are projected to take between 10-15 weeks.
Go Live

Support of transitioning to the new Benefits TPA for “live” services

- Benefits TPA maintains a complete list of open/outstanding items
  - Issues are accounted for and action plans are established for timely resolution

- Continuous monitoring of Benefits TPA system performance and customer service responsiveness relative to the project plan and contractual commitments, to ensure City satisfaction with the Benefits TPA.
If the JLMBC recommends to the General Manager Personnel Department that Morneau Shepell be selected as the Civilian Benefits Program Third-Party Administrator (TPA):

- Initiate preparation of service agreement
- Draft a transition plan with milestones consistent with the City’s target Go Live date
- Schedule implementation kick-off meeting with key stakeholders
  - Benefits TPA (i.e., implementation and relationship leads, IT, operations, communications)
  - City (i.e., project sponsor, designated project lead, benefits, HR, IT, and payroll liaisons)
  - Mercer (i.e., account manager, IT liaison)
  - Other partners (i.e., insurance vendors, consultant, etc.)
- Develop initial data requests