Date: May 3, 2018
To: Joint Labor-Management Benefits Committee
From: Staff
Subject: LAwell Civilian Benefits Program Third-Party Administrator Transition Update: March and April 2018

RECOMMENDATION
That the JLMBC receive and file the LAwell Civilian Benefits Program Third-Party Administrator transition update for March and April 2018.

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 a 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 various developments related to the transition.

B. Target Implementation Date and Mercer Contract Extension

Staff previously reported to the JLMBC at its March 22, 2018 meeting that it had targeted April 1, 2019 as the implementation effective date. The contract with the incumbent TPA, Mercer, expires December 31, 2018. Staff has informed Mercer of the target implementation date and that this will require that Mercer continue to perform all ongoing administration processes and Open Enrollment activities for the 2019 plan year. Morneau will assume ongoing benefits administration on April 1, 2019 and Open Enrollment activities for the 2020 plan year. Mercer indicated it will support the City as needed in ensuring a successful transition. In the interim, staff is working with Mercer on amending the current contract and outlining Mercer’s responsibilities as they relate to the transition. City Council approval of the Mercer contract extension will be required and staff will include this along with the report to Council regarding the 2019 Benefits Program adoption.
C. Transition Planning – Kick-Off Meeting and Requirements Gathering Workshops

Kick-Off Meeting

As reported to the JLMBC at its March 22, 2018 meeting, an initial transition planning meeting with Morneau representatives dedicated to the implementation effort took place over the course of an in-person, two-day meeting on February 27 and 28. During this meeting, staff and Morneau reviewed and discussed the goals and success criteria of the implementation effort, the roles and responsibilities of Morneau and City staff, and implementation stages and project timeline.

As part of these meetings, staff also engaged in a collaborative dialogue with Morneau 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. These enhancements will be included as part of the full implementation plan. Additionally, representatives from both the Controller’s Office and the Information Technology Agency (ITA) attended the meetings to discuss their role in supporting the implementation effort.

Requirements Gathering Workshops

As discussed during the initial planning meetings on February 27 and 28, the transition will take place over the course of five phases and time periods as described below. A brief description of the tasks involved in each of these phases is provided in Attachment A.

1. Pre-Implementation – Quarter One 2018 (Completed)
2. Discovery – Quarter Two 2018 (In progress)
3. Design, Configure & Build – Quarter Two to Quarter Three 2018
4. System and Acceptance Testing – Quarter Four 2018 to Quarter One 2019
5. Transition to Ongoing Support – Quarter One to Quarter Two 2019

The pre-implementation phase has now been completed and Morneau has begun the discovery phase of the implementation plan. The discovery phase involves working closely with Benefits Division staff to review and document program rules and how various provisions will be administered and configured in the new benefits administration system, Ariel. The discovery phase is labor intensive and requires that both parties review and document each benefits administration process as well as identify manual processes and service enhancements that would be configured and programmed in Ariel. Morneau will also perform a gap analysis to determine what steps are needed to move from the current state of benefits administration processing to the desired future state. The gap analysis involves (1) identifying and documenting the current state of benefits administration processing (“what is”); (2) identifying and documenting actions needed to achieve future objectives including eliminating manual processes and implementing service enhancements (“what should be”); and (3) highlighting the gaps that exist and need to be filled between present and future state.

The discovery phase is projected to take between 10 to 14 weeks through on-site workshops with Benefits Division staff. Each workshop is dedicated to drafting chapters within the requirements workbook detailing the business and systems requirements of each benefits administration process.
as part of defining the business processes and plan provisions document that will govern administration of the plan. Four requirements gathering workshops take place from March through May 2018 to complete the discovery phase. Workshop #1 was held on-site with City staff from March 19 to March 22, 2018 and covered the following topics:

- **Plan Analysis** – detailed analysis of the plan rules to determine how each plan provision will be administered and configured in Ariel
- **Business Processes** – detailed analysis and best practices on event management processes such as new hire processing and marriage, divorce, and birth life events
- **Enrollment Worksheets** – review of current benefits communications sent to employees, best practices, and recommendations on streamlining and improving content and delivery
- **Member-Level Website (Site & Security)** – access requirements, login protocols, and security-related features of the employee web portal
- **Member-Level Website (Site & Navigation Content)** – best-practices, navigation framework, content place-holders and components, and options for branding to fit with organizational identity and the City’s larger communications strategy
- **Participant Tools** – online and decision-making tools available to employees through the member website and configuration requirements to properly represent the City’s plan design

Workshop #2 was held on-site with City staff from April 17 to April 19, 2018 and covered the following topics:

- **Carrier Interfaces** – detailed analysis of process and data exchanges between the TPA and the various benefit carriers required to administer LAwell benefits
- **Business Processes (continued)** – the second workshop of detailed analysis and best practices on event management processes such as employment changes and eligibility criteria
- **Reporting** – review of standard report producing functions and data requirements
- **Data Conversion** – identification of the criteria, quantity, and source of data required at implementation
- **Human Resource Information System (HRIS) Interface** – analysis of ongoing data exchanges necessary between the TPA and City to preform daily benefits administration functions
- **Member-Level Website (Site & Navigation Content- continued)** – the second workshop of best-practices, navigation framework, content place-holders and components, and options for branding to fit with organizational identity and the City’s larger communications strategy

During these workshops staff also identified current inefficiencies associated with certain manual processes and discussed goals for improvements and service enhancements. Morneau will incorporate the City’s feedback in its documentation of the business requirements and work with the City to configure and program process improvements in Ariel. Following all four workshops, Morneau will finalize documentation of requirements for staff approval. Additionally, Morneau has scheduled recurring weekly implementation calls with City staff through April 1, 2019 to ensure all tasks are completed timely according to the implementation plan (see next section).
D. Implementation Plan

Morneau has developed a detailed implementation plan outlining the various tasks associated with each phase of the implementation effort, timeline/delivery schedule, and project milestones. A high level overview of this plan outlining project milestones is included in Attachment A. The project work plan governs tasks and objectives for the transition. The project work plan is also provided to the City’s payroll system, PaySR Governance Committee to ensure that the work is scheduled on the PaySR calendar and that staff from the Controller’s Office and ITA are assigned to support the project.

At its March 22, 2018 meeting, the JLMBC inquired as to the risks associated with the transition. To assist staff and the JLMBC in being able to more fully understand transition risks and how those risks are mitigated, Morneau has developed a summary of risk and mitigation measures:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
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<tbody>
<tr>
<td>Availability of key City resources</td>
<td>• Phased Design and Build period that includes demonstrations of the build at the conclusion of each phase; allows for smaller, more frequent input from City versus waterfall delivery at time of acceptance testing</td>
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<td>• 12 to 15 month delivery schedule to allow needed time for phased Design and Build stages as well as time to work around the City’s resource constraints during 2019 annual enrollment period</td>
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<td>• Incorporate existing project milestones/LAwell Program calendar/schedule of events into the transition plan to accommodate availability of City resources</td>
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<td>Proprietary Payroll System</td>
<td>• Allow time to configure the demographic file import and payroll export file according to existing file layout and requirements</td>
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<td>• Perform extensive user interviews with Benefits and Accounting payroll staff to ensure thorough understanding of current system and constraints</td>
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<td>• Support existing demographic and payroll file layouts but still evaluate for any changes that could improve delivery efficiency and/or quality</td>
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<td>• Build multiple rounds of parallel testing with payroll into the testing stage</td>
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<td>First time automation of participant communications fulfillment and distribution</td>
<td>• Dedicate time during discovery phase to understand current challenges and manual procedures performed for enrollment worksheets and other participant communications</td>
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<td>• Outline procedural changes needed to support automated fulfillment and distribution early to ensure acceptance by all stakeholders</td>
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<td>• Ensure transition plan accounts for time for end-to-end testing of participant communications creation and fulfillment</td>
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<td>Development of multiple new processes needed to eliminate current manual work</td>
<td>• Perform extensive user interviews focused on manual processes</td>
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<td>• Include new, automated processes in earlier phases of the Design and Build stage to allow for early acceptance and demonstrations of new automated processes</td>
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<td>• Schedule time in later phases to accommodate feedback from build demonstrations</td>
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It is important to note that this transition must also be managed around the considerable responsibilities of the Employee Benefits Division, which include ongoing or upcoming obligations over the next twelve months related to:

- Benefit administration and member service support
- The annual renewal process
- Reporting to City Council for adoption of the 2019 Civilian Benefits Program
- Open Enrollment communications development (including drafting the 2019 guide)
- Open Enrollment TPA programming of benefit design for 2019 plan year
- Affordable Care Act reporting and monitoring responsibilities
- Employee Benefits Trust Fund premium refunds
- Payroll and benefit service provider interfaces and corrections
- Budget development and monitoring
- Benefits Trust Fund accounting and reimbursements
- Benefit service provider contract development
- COBRA administration
- Catastrophic Illness Leave Donation program administration
- Communications initiatives (including the Wellness and Open Enrollment surveys)
- Development of benefit service provider goals, strategies and metrics for preventive, condition management, wellness, and communications initiatives
- Wellness ongoing communications/engagement program administration
- Wellness service provider contract development
- Wellness service provider implementation

Given these significant responsibilities, there may be situations in which the work of the transition must be prioritized above any additional contemplated projects to ensure the transition remains on schedule. Staff will advise the JLMBC regarding the progress of the transition and any required actions that may be required to mitigate resource constraints and potential impacts to the implementation plan delivery schedule.

Submitted by: __________________________
Paul Makowski

Approved by: __________________________
Steven Montagna
Implementation Stages

January – February
- Identify the Team
- Establish Project Governance & Cadence
- Agree on Roles and Responsibilities
- Discovery meeting preparation
- Complete Information Request
- Determine Project Milestones

March - April
- Team Kick-off
- User interviews
- Identify manual processes & current pain points
- Begin drafting requirements workbooks
- Establish requirements sign-off procedures
- Create and secure sign-off on implementation plan
- Perform gap analysis
- Submit Data Request
- Start Contracting

April - September
- Segment all development into 4 phases
- Complete requirements workbooks and secure sign-off
- Finalize Contract
- Configure and perform data conversion
- Configure, function test then demonstrate each phase to the City upon completion

October - January
- Integration testing
- Parallel payroll testing
- Acceptance testing
- Data conversion sign-off
- Create user documentation
- Perform user training

February - March
- Wrap-up training for all stakeholders
- Confirm completion of all participant and staff communications
- Finalize administration manual/procedures
- Finalize call-center training
- Confirm readiness for all system users, operations staff and call center staff
- Finalize procedures and communications on the transition and blackout period for conversion
- Confirm production systems readiness
# Delivery Schedule

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
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<td><strong>Discovery</strong></td>
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<td>Training. Communications</td>
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<td><strong>Stabilization &amp; Project Closure</strong></td>
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**2019 Annual Enrollment**

**Live Date**
## Proposed Milestone Dates

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Project Phase</th>
<th>Target Date</th>
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</thead>
<tbody>
<tr>
<td>✓ Identify the team, roles and responsibilities</td>
<td>Pre-implementation</td>
<td>2/27/2018</td>
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<tr>
<td>✓ Complete information Request</td>
<td>Pre-implementation</td>
<td>2/27/2018</td>
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<tr>
<td>✓ Outline delivery schedule</td>
<td>Pre-implementation</td>
<td>2/27/2018</td>
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<tr>
<td>✓ User Interviews</td>
<td>Discovery</td>
<td>2/28/2018</td>
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<tr>
<td>✓ Outline requirements plan and sign-off procedures</td>
<td>Discovery</td>
<td>3/12/2018</td>
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<tr>
<td>Project Work Plan complete</td>
<td>Discovery</td>
<td>4/17/2018</td>
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<tr>
<td>Requirements Workshops 1 complete &amp; client sign-off received</td>
<td>Discovery</td>
<td>4/17/2018</td>
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<tr>
<td>Requirements Workshop 2 complete and client sign-off received</td>
<td>Discovery</td>
<td>5/7/2018</td>
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<tr>
<td>Requirements Workshop 3 complete and client sign-off received</td>
<td>Discovery</td>
<td>5/28/2018</td>
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<tr>
<td>Requirements Workshop 4 complete and client sign-off received</td>
<td>Discovery</td>
<td>6/18/2018</td>
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<tr>
<td>Initial Data from Mercer to Morneau complete</td>
<td>Design, Configure, &amp; Build</td>
<td>7/23/2018</td>
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<tr>
<td>Begin Testing Interfaces with Carriers</td>
<td>Design, Configure, &amp; Build</td>
<td>7/31/2018</td>
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<tr>
<td>Phase 1 Design, Configure and Build Complete (Member Portal)</td>
<td>Design, Configure, &amp; Build</td>
<td>8/6/2018</td>
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<td>Phase 1 Training Complete (Member Portal)</td>
<td>Acceptance Testing</td>
<td>8/20/2018</td>
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<tr>
<td>Phase 1 Client Sign-off (Member Portal)</td>
<td>Acceptance Testing</td>
<td>9/24/2018</td>
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<tr>
<td>Phase 2 Design, Configure and Build Complete (Administrator Portal, Demographic Interface)</td>
<td>Design, Configure, &amp; Build</td>
<td>9/27/2018</td>
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<tr>
<td>Phase 2 Training Complete (Administrator Portal, Demographic Interface)</td>
<td>Acceptance Testing</td>
<td>10/12/2018</td>
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<td>Phase 2 Client Sign-off (Administrator Portal, Demographic Interface)</td>
<td>Acceptance Testing</td>
<td>11/16/2018</td>
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## Proposed Milestone Dates Continued

<table>
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<tr>
<th>Milestone</th>
<th>Project Phase</th>
<th>Target Date</th>
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</thead>
<tbody>
<tr>
<td>Phase 3 Design, Configure and Build Complete (Payroll, Billing, Reporting)</td>
<td>Design, Configure, &amp; Build</td>
<td>10/25/2018</td>
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<td>Phase 3 Training Complete (Payroll, Billing, Reporting)</td>
<td>Acceptance Testing</td>
<td>11/21/2018</td>
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<tr>
<td>Phase 3 Client Sign-off (Payroll, Billing, Reporting)</td>
<td>Acceptance Testing</td>
<td>1/9/2019</td>
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<tr>
<td>Parallel Testing with Payroll Complete</td>
<td>Acceptance Testing</td>
<td>3/18/2019</td>
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<tr>
<td>Sign-off on Knowledge Base for the Call Center</td>
<td>Transition</td>
<td>2/8/2019</td>
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<tr>
<td>Call Center Acceptance Testing Complete</td>
<td>Transition</td>
<td>3/21/2019</td>
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<tr>
<td>Sign-off on Transition Plan Execution</td>
<td>Transition</td>
<td>3/22/2019</td>
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<tr>
<td>Production Data Conversion Begins</td>
<td>Transition</td>
<td>3/23/2019</td>
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<tr>
<td>Production Validation</td>
<td>Transition</td>
<td>3/27/2019</td>
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<tr>
<td>Ariel Benefits System Live Date</td>
<td>Transition</td>
<td>4/1/2019</td>
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