South Carolina Public Employee Benefit Authority

PEBA Future State Organization

Operational Assessment: Phase II

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Future State Organization

1   Introduction

Pension and benefit organizations modernizing benefits administration system (BAS) processes and technology will define a future state organizational structure to optimize new program design and achieve the future state vision. The future state is defined as the organization operating at "steady state" after new operational system implementation.

Several Operational Assessment (OA) deliverables, as well as benefit industry best practices, were used in developing PEBA's future state vision and organizational alignment. The first input was a thorough understanding of PEBA's current operational and technological landscape. A necessary step to identify enhancement opportunities and pain points. Second, a process and technology centric lens was applied to the As-Is phase processes, along with process owner collaboration, to identify PEBA's most important future state business functions (Big Ideas). Last, analysis of industry peer organizations brought forward the most current organizational design and strategy options. The analysis, when combined with the process and technology change inherent with a modernized BAS implementation, brought forward the following PEBA organizational enhancement opportunities:

- Maximize human resource allocation across the OA impacted business units
- Leverage process automation and new technologies to gain operational efficiencies
- Pursue functional synergies and eliminate redundancies through consolidation and elimination of operational silos
- Deliver an exemplary customer experience through enhanced relationship management capabilities and dedicated service for unique customer segments
- Maintain a culture of risk management and quality through automated reconciliation and controls
- Enable continuous improvement and employee fulfillment through the development of new skills and operational disciplines

This organizational analysis addresses the people portion of a BAS implementation. To maximize effectiveness of the new program, PEBA has the opportunity to adjust its organizational structure and more fully consolidate functional processes across the organization, while leveraging technology. The goal of this document is to define the future state organizational structure that fully utilizes modern technology and process improvement.

2   Guiding Principles

The following guiding principles and actions have been defined to govern the To-Be organizational structure and future PEBA support model:

- Enhance the current customer-centric operations approach. Align services and the organization to the customer that is responsible (and being served), across all PEBA benefit programs, to enhance the customer experience.

- Consolidate common functions, independent of PEBA benefit program, creating departments with common purpose and affinity. Optimize information flow within departments and across business units.
- Eliminate redundant activity, automate manual processes, and redistribute resources to accommodate new value-added processes.
- Organize and enable departments to support perpetual change and continuous improvement.
- Expand the "generalist" service strategy within a department or discipline, by enhancing the resource knowledge base and supporting multiple programs and processes within a department.
- Consider best practices and the organizational structure of other peer funds, while still recognizing PEBA's unique circumstances.
- Standardize audit and quality assurance disciplines across PEBA operational programs. Operations leadership will direct audit activity based on management direction or transaction risk levels, which change over time.
- Segregate duties when completing certain financial transactions. Divide financial transaction initiation and confirmation process steps, where prudent, to ensure quality and auditability.
- Consider span of control and department headcount, but let strategic goals and operational process alignment drive the organizational structure.
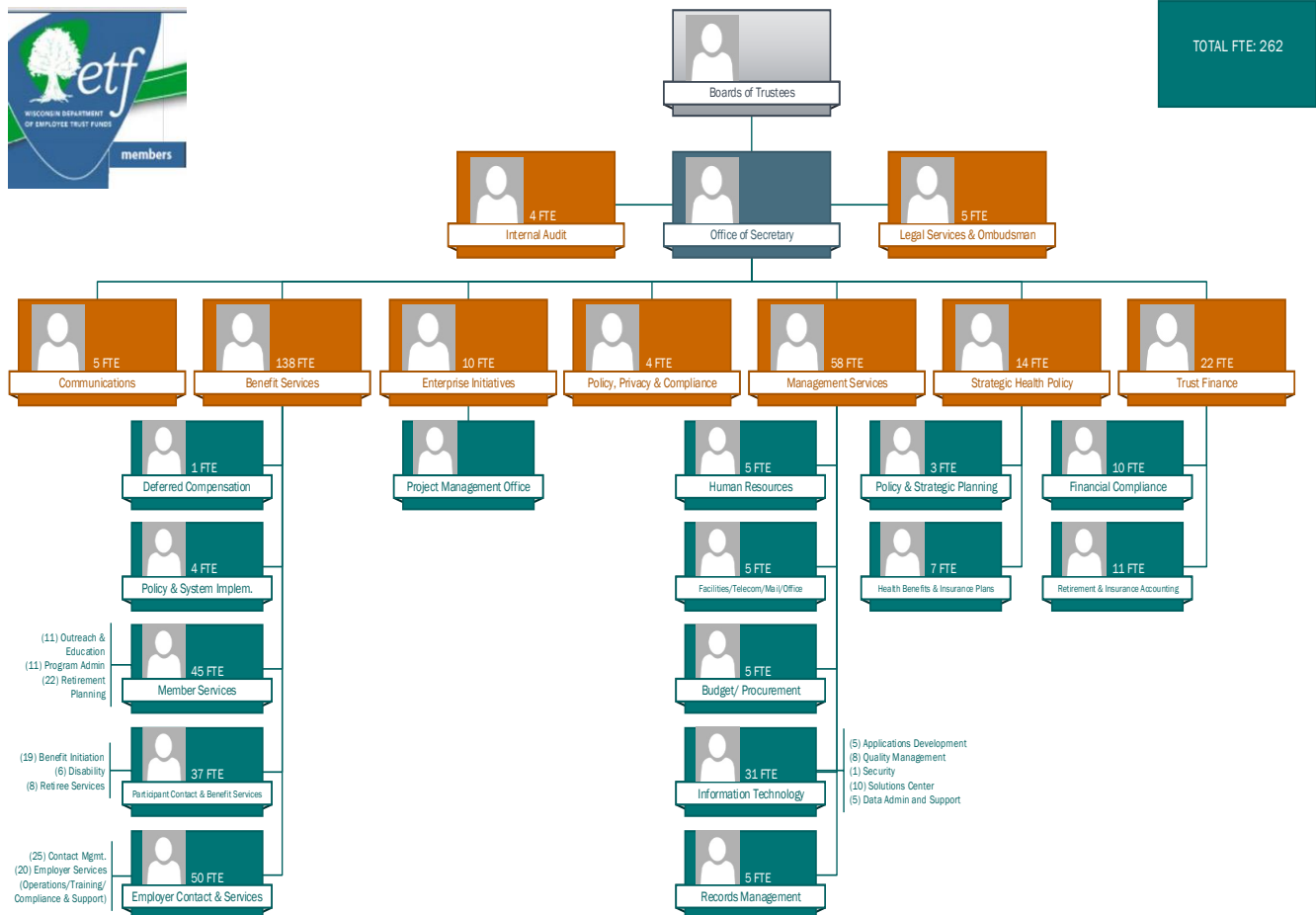
3 Peer Organization Structures

This section of the report depicts peer pension and benefit organizational structure examples and the current PEBA organizational structure.

As pension and benefits agencies modernize operations, there are a number of organizational model options to consider. Organizational structures can focus around major benefit programs. This structure often makes sense when disparate systems, tools, and unique staff skills are required to support multiple and differing benefit programs. Other organizational structures are function-centric, aligning staff to execute similar key business functions. This arrangement often makes practical sense when there are a limited number of support systems or when a single benefit program is the primary focus across an enterprise. Still other organizational structures are customer-centric, aligning staff around the customer groups being served. This arrangement often makes practical sense when agency systems and tools provide for a consolidated view of customers. Considering best practices, the majority of pension and benefit agencies take a hybrid approach, organizing certain business units around customer segments and other business units around separate business functions.

There is no single correct solution for a pension and benefit agency organizational design. Different organizational structures perform effectively as all have unique management styles, approaches, and skills. The industry standard (a hybrid organizational model) often has specialized and highly skilled resources organized into a common department focused on a unique business function (Enrollment, Finance, etc.). These organizations similarly have customer service functions organized purely by the customers they service (Employer Contact Center).
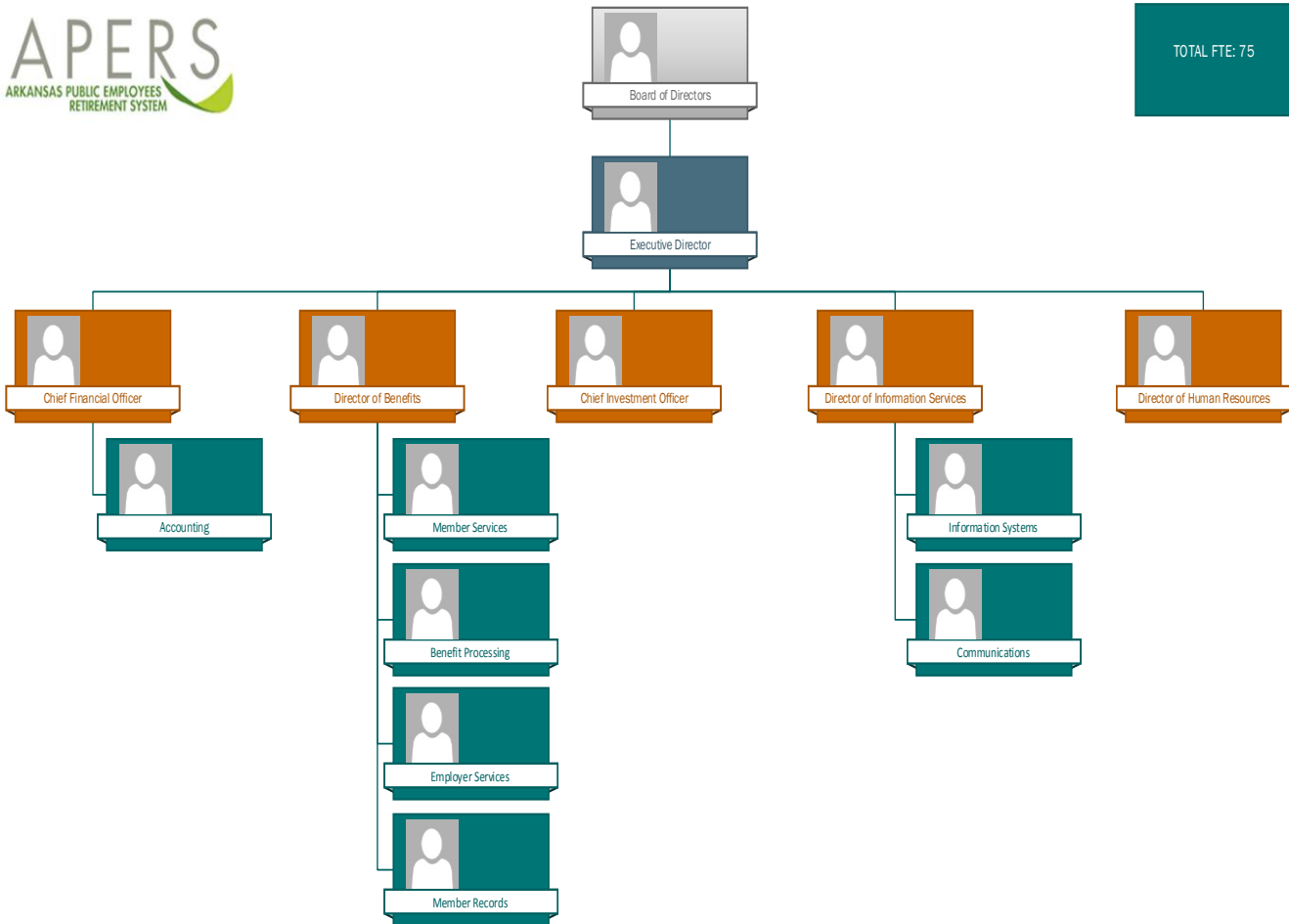
The following diagrams are hybrid organizational model examples capable of supporting the new PEBA operating environment and guiding principles. These structure are currently in place at the Wisconsin Employee Trust Fund and Arkansas PERS organizations.

TOTAL FTE: 262

	Boards of Trustees	
4 FTE Internal Audit	Office of Secretary	5 FTE Legal Services & Ombudsman

Organization chart:

- 5 FTE — Communications
  - 1 FTE — Deferred Compensation
  - 4 FTE — Policy & System Implem.
  - 45 FTE — Member Services
    - (11) Outreach & Education
    - (11) Program Admin
    - (22) Retirement Planning
  - 37 FTE — Participant Contact & Benefit Services
    - (19) Benefit Initiation
    - (6) Disability
    - (8) Retiree Services
  - 50 FTE — Employer Contact & Services
    - (25) Contact Mgmt.
    - (20) Employer Services (Operations/Training/Compliance & Support)
- 138 FTE — Benefit Services
- 10 FTE — Enterprise Initiatives
  - Project Management Office
- 4 FTE — Policy, Privacy & Compliance
- 58 FTE — Management Services
  - 5 FTE — Human Resources
  - 5 FTE — Facilities/Telecom/Mail/Office
  - 5 FTE — Budget/ Procurement
  - 31 FTE — Information Technology
    - (5) Applications Development
    - (8) Quality Management
    - (1) Security
    - (10) Solutions Center
    - (5) Data Admin and Support
  - 5 FTE — Records Management
- 14 FTE — Strategic Health Policy
  - 3 FTE — Policy & Strategic Planning
  - 7 FTE — Health Benefits & Insurance Plans
- 22 FTE — Trust Finance
  - 10 FTE — Financial Compliance
  - 11 FTE — Retirement & Insurance Accounting

APERS
ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM

TOTAL FTE: 75

Board of Directors

Executive Director

- Chief Financial Officer
  - Accounting
- Director of Benefits
  - Member Services
  - Benefit Processing
  - Employer Services
  - Member Records
- Chief Investment Officer
- Director of Information Services
  - Information Systems
  - Communications
- Director of Human Resources

3.1 Peer Organizational Analysis Summary

To summarize the hybrid organizational approach implemented at a peer benefit organization, some of the common organizational model trends for PEBA to consider include:

- Contact centers (leveraging CRM technologies) organized into customer-centric functional groups
- Financial processes consolidated across all benefit programs
- Mail intake and imaging departments consolidated, leveraging workflow technology to efficiently index and distribute work to downstream business units
- Operations quality and audit functions consolidated, applying enterprise wide quality standards
- Enterprise initiative departments responsible for the planning, strategy and control of multiple concurrent projects and strategic initiatives

Any number of hybrid organizational model options can be defined and best practices implemented based on unique agency needs. The split of functional and customer-centric responsibilities is unique to every organization. Best fit compromises will determine the ideal

model for PEBA. It is a best practice to establish an early To-Be organizational vision to manage stakeholder expectations, gain future state vision consensus and plan for the changes.
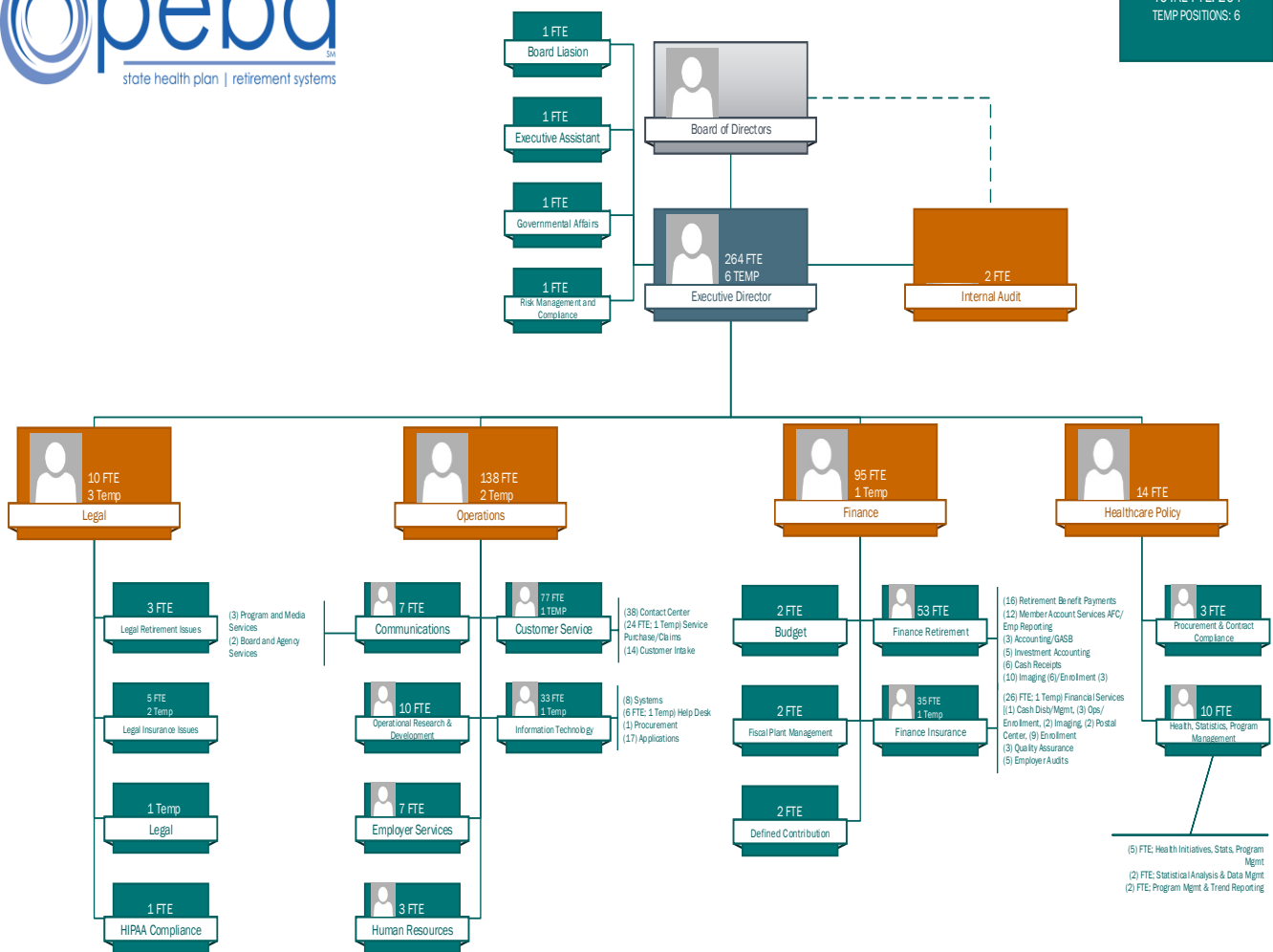
4 Current State and Proposed Future State Organizational Structure Diagram

The following diagrams provides a high level side-by-side comparison of PEBA's current state organizational structure and proposed future state organizational structure:

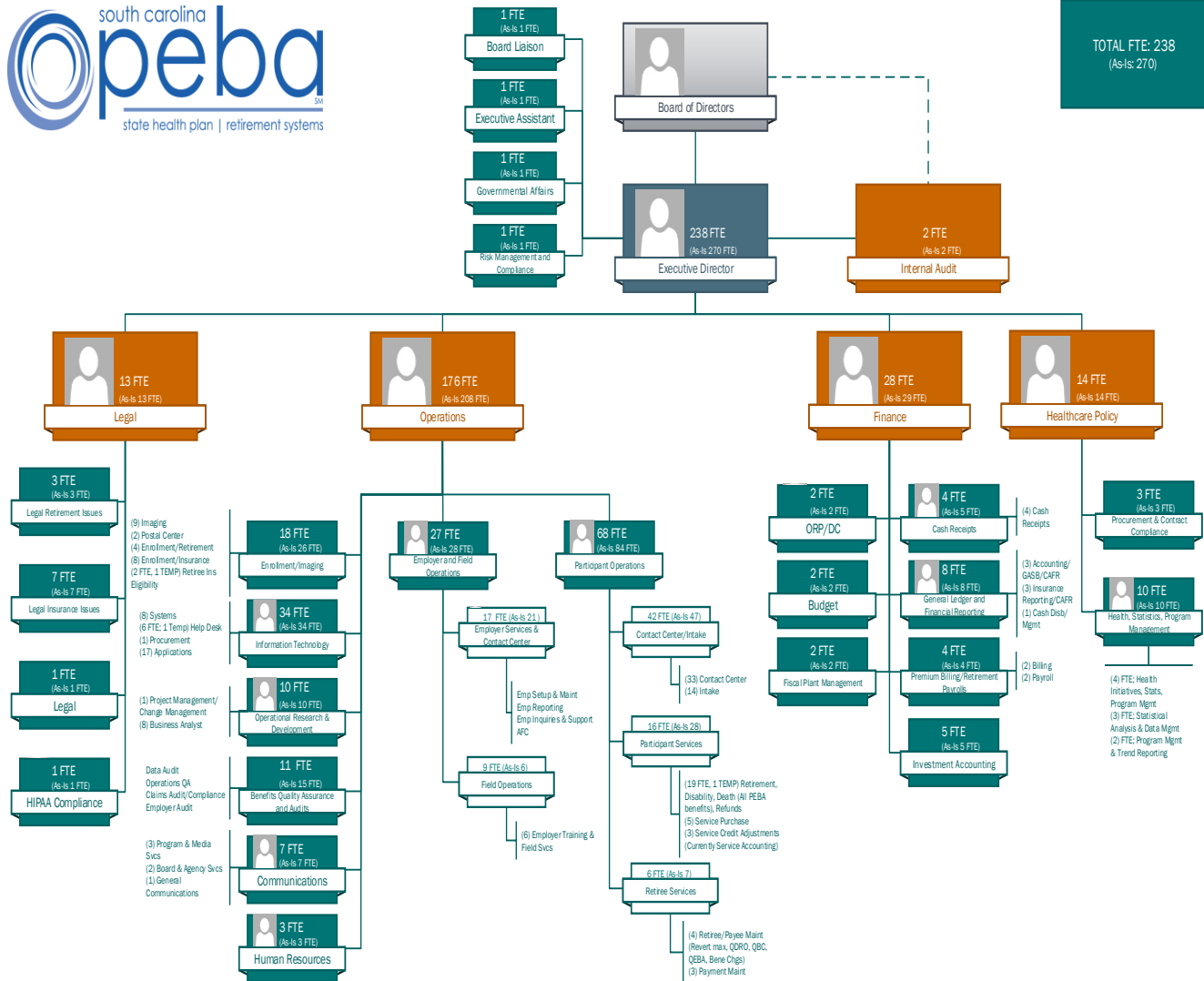### 4.1 PEBA As-Is Organizational Structure

4.2 PEBA Proposed To-Be Organizational Structure

5 To-Be Organizational Change Recommendations & Benefits

The proposed PEBA future state organizational structure above leverages the industry standard hybrid organizational model. The structure isolates common business functions to maximize "back office" functions, while bringing customer-facing departments together to serve unique customer groups (employers and participants).

5.1 Common Enrollment & Demographics

A PEBA enrollment and demographics business unit will have primary responsibility for managing participant and employer updates through the new integrated PEBA enrollment process. Participants and employers will initiate enrollment requests through online self-service portals. Supporting documentation will be automatically uploaded and reviewed as needed. Eligibility determinations for new employees, open enrollment and retiree insurance eligibility, will be primarily automated in the new system and supported by the common enrollment business unit. Active participant demographic data changes (address, phone, email, etc.), beneficiary and dependent changes, and life event changes (marriage, divorce, birth of a child, etc.) will also be the enrollment business unit's responsibility.

In certain complex scenarios, exception cases will require enrollment and demographics subject matter experts to review and process requests manually. It is also expected that enrollment and active participant changes will continue to be received on paper and processed manually, although at much lower volumes. These enrollment business unit system entries will be supported by business rules, controls and data validations to ensure high quality processing.

It is also being proposed that imaging and mail intake will continue to be handled by the enrollment and demographic department. The department will act as a central hub for the receipt of paper requests, up-front imaging, creating workflows, and routing work to appropriate downstream business units.

Retirement, disability and death claims will be initiated through participant portals in the Claims business unit. At the completion of a claim, automated enrollment processing will also occur. The enrollment business unit will support these integrated functions and would be responsible for all enrollments, no matter when or how initiated.

Key Recommendation	Current Business Unit	Proposed Business Unit	Benefits
Consolidate Enrollment, Imaging and Postal to support all PEBA benefit programs	Retirement Enrollment and Imaging Insurance Enrollment and Imaging	Enrollment and Imaging	Increased operational efficiency, centralized controls, and reduced staffing levels

5.2   Customer-centric Operations Business Unit

A customer centric operational structure is recommended for several portions of PEBA's client-facing business units. PEBA services different customer types, namely employers and participants (members, subscribers, and retirees), utilizing unique business functions and customer information. As a standard, customer centric models will be supported with information system and processes that are targeted specifically for a customer group. Specifically, modern BAS operational system with integrated customer profiles, customer contact history, and customer relationship management (CRM) system integration provide the optimal customer centric technology platform.

For PEBA, customer focus would come through the creation of an Employer Services and Participant Services business units. For participants and employers being served, a specialized PEBA group will be formed to create a single business unit touch-point for each customer group. Expertise and cross training to support the customer type will be emphasized. This more focused

customer-centric model is recommended over the program-centric support that is currently occurring across multiple PEBA business units.

5.2.1   Employer Service and Contact Center

An employer services contact center department, composed of employer service specialists supporting all employer programs is recommended. This business unit will be the employer's central point of contact. The business unit will manage employer calls, secure messages, email and employer requests/transactions and will be a consolidation of the current employer contact center and premium billing contact center support business units.

Employers calling PEBA will be identified systematically by integrated voice response (IVR), telephony and call management technologies and subsequently routed to assigned service "cluster" queues. A cluster is defined as a small group of contact center and back office staff that are assigned (as a group) to individual employers. Cluster members are not only knowledgeable about employer programs but are knowledgeable about their assigned employers. With this model, employers will not be required to navigate through different functional business units, as the current state requires. Instead, service clusters of two to three assigned PEBA employer service specialists supporting blocks of employer groups. A cluster would, for example, manage a small blocks of high touch employer groups (USC, Greenville County School District, etc.), or large blocks of low touch employer groups (a group of local-subs). This clustered support structure provides the benefits of dedicated resources, while also providing higher levels of resource availability and broader functional expertise. Service clusters collaboratively support employers.

Employer specialists, who belong to a cluster(s), will be responsible for assisting employers on all issues and requests, including but not limited to enrollment, premium billing, employer reporting, AFC, invoicing, general employer questions, and inquiries that may be made on a participant's behalf. In addition to managing phone queues, the service cluster will also be responsible for defining and initiating expert or exception business process or interpretation requests from employers.

In addition to contact center support, three other back office support business units are recommended to be included in the Employer Service Center. These employer centric functions include Member Account Service, Employer Reporting, and AFC. These functions require specialized employer program knowledge and communications, which will be serviced through all-purpose employer support clusters.

Centralizing employer support functions will enhance affinity with employers and their needs, as well as fostering deeper employer relationships and goodwill. Additionally, as the vision of the new PEBA operating model is attained, knowledge management capabilities will enable accurate and consistent information dissemination of program rules and statute, policies and procedures, and other employer service information.

5.2.2   Participant Contact Center & Intake

The Participant Contact Center Intake department will deliver excellent customer service throughout the participant's relationship with PEBA. Participant Service representatives will provide integrated support for retirement and insurance benefit program requests by phone and in-person, or through other communication channels including secure message, email, and chat.

Participant customer service, like Employer Services, will be supported by new enabling technology that will support the information needs of active and retired participants, survivors, beneficiaries and other subscribers. Telephony, IVR, CRM and call management tools will provide PEBA Participant Contact Center representatives with information that is timely (screen pop technology), and necessary (a holistic customer view and the reason for the customer call), to heighten efficient and effective customer service delivery.

5.2.3   Participant Services

The Participant Services business unit will be responsible for member and subscriber account functions. The functions supported in this business unit will include standard retirement claims functions (refunds, disability retirement, service retirement, death claims), but will also include all service purchase functions, inactive Required Minimum Distribution processing, death matches, and adoption benefit administration. The supported functions primarily will be services provided to non-retiree participants.

To clarify service purchase functions supported by this group, it is proposed that establishing and maintaining service purchase installment notes will be handled by this business unit, while any cash receipts for lump sum or installment purchases would be a Finance business unit responsibility. The split in responsibilities between Participant Services and Finance segregates financial activity from operational activity and creates additional risk management control (separation of duties).

Generally, processes performed by Participant Services (a business unit of Participant Operations) will service all benefit programs. As acclimation to the new system is achieved even higher process efficiency will occur. After initial implementation of the new system, similar peer agencies have seen participant service requests decrease as new automated, self-service channels are utilized.

5.2.4   Retiree Services

The Retiree Services business unit will be responsible for retirement benefit service needs, subsequent to a retirement claim (service retirement, disability retirement, etc.). While still under the umbrella of the customer-centric Participant Operations, Retiree Services has unique domain knowledge on benefit adjustments supporting a number of business events including retroactive retirement changes, recalculations, reverting to maximum payments, benefit pop-up provisions, QDRO, QBC, etc.). This business unit will have responsibility to ensure accuracy of the benefit payment amount, but will not be responsible for the actual payroll processing. Retiree payroll will be managed and balanced in Finance business unit.

Payment maintenance and retiree demographic maintenance processes (changing financial institution ACH information, address changes, stop pay and reissues, etc.) will also be managed by this business unit. Oversight and exception processing, of what will be higher volume self-service transactions, will also be a focus of this expert group.

As compared to current operations, this business unit's customer facing responsibilities will not change dramatically in the future. Change will come with new system automation and the shift of payment processing and balancing functions to the finance and accounting business unit.

Key Recommendation	Current Business Unit	Proposed Business Unit	Benefits
Separate the current contact center into business units supporting key customer groups	Customer Contact Center (Employer support function)	Employer Services and Contact Center	Enhanced employer relationships, improved caller experience, and reduced staffing
Create employer specialists (liaisons) assigned as central points-of-contact for employers	Member Account Services ER	Employer Services and Contact Center	Simplified employer contacts, increasing focus on key employer relationships
Review AFC issues and participant accounts proactively, prior to retirement request	Member Account Services AFC	Employer Services and Contact Center	Proactive risk management, reduced staffing
Shift Employer Reporting (report processing) to a specialized employer servicing group. ER cash receipts remains in Finance	Employer Reporting	Employer Services and Contact Center	Simplified employer contacts, increasing focus on key customer relationships and adherence to the best practice of separating operational processing and cash management duties
Separate the current contact center into business units supporting key customer groups	Customer Contact Center (Participant support functions)	Participant Contact Center and Intake	Increasing focus on Participant relationships
Shift service accounting operational functions to Participant Services	Service Accounting	Participant Services	Enhanced service and process support, reduced staffing
Shift payee and payment account services to Retiree Services	Finance Retirement - Retirement Benefit Payments	Retiree Services	Increased operational efficiency, reduced staffing

5.3   Consolidated Retirement and Insurance Finance

The proposed Finance business unit will have responsibility for all common financial and accounting functions performed across benefit programs. The creation of this group will consolidate financial functions across the organization. A consolidated financial operations business unit will efficiently execute agency financial activity, implement agency-wide and consistent financial controls, appropriately separate financial activity from operational activity, and create common accounting and financial reporting outcomes. As seen by previous peer organization structure examples, the industry standard is to organize financial functions under a common business unit that supports cash receipts, trust/cash management and disbursements, premium billing and other invoices, disbursements, general ledger and financial reporting, and other financial functions.

5.3.1 Cash Receipts

As insurance and retirement cash receipt systems and processes align through the use of electronic remittance, automated allocations and electronic deposits (Check 21), the future organizational recommendation is to consolidate all cash receipt functions under one business unit. New operational system creating enhanced automated payment processing will shift the work emphasis of this group from manual check management to process oversight, control, and issue resolution. Physical cash receipts sent to PEBA (though reduced in volume) will be up-front imaged by the Enrollment business unit, with workflows created and routed to the consolidated cash receipts department which will input and manage the remittance. Over time, with a decreasing number of physical checks, a single cash receipts function will create efficiency and economies of scale (reduced resource requirements), process standardization and resource flexibility to support other finance functions.

5.3.2 General Ledger, Financial Reporting and Cash Disbursements

The cash disbursement, general ledger, financial reporting and agency responsibilities will be consolidated, given their close business function symmetry. With retirement payroll processing, insurance disbursements (vendor payments, claim payments, etc.), and all other payment processes consolidated into a common disbursement function, this business unit will define and execute consistent processes and controls, independent of disbursing program or recipient. With payment processes closely tied to general ledger activity and subsequent financial reporting, this combined business unit can have heightened resource flexibility. Given the seasonal timing of payrolls, ledger closing, tax processing, and financial reporting, this business unit can be cross-trained to easily move resources within the unit to support the inherent seasonal projects. With increasing and more stringent GASB, CAFR, and overall financial reporting and compliance requirements, aligning these expert resources to common processes (ledger postings, 1099s, 1095s,W-2s,CAFR creation, SCEIS reconciliation, and financial statement creation) across all PEBA benefit programs is an industry best practice.

5.3.3 Premium Billing, Invoicing, and Retirement Payrolls

Premium billing, invoicing, payment processing, and retirement payroll/disbursement balancing functions will be improved and more highly automated with the improvements provided by a new integrated BAS solution. These closely related functions are proposed to be consolidated into a common business unit, gaining efficiencies and synergies as all billing and payment programs will be supported. Specialized domain knowledge is required in this business unit, as there are many balancing and audit items needed in support of disbursement requests initiated from many operational and administrative business units.

This group will have responsibility and control of the payments and balance points, whereas the business units and system validations and calculations will be responsible for determining payment amounts. With increased system automation, staff can focus efforts on billing adjustments, corrections and complex issues, relieving the manual processing and reconciliation that exists in the current system. As with the general ledger and reporting business unit, a consolidated billing and payment business unit will provide for resource flexibility to shift resources during peak demand periods (monthly premium billing cycle, monthly payrolls, and quarterly SCEIS invoicing, etc.).

Key Recommendation	Current Business Unit	Proposed Business Unit	Benefits
Consolidate cash receipts into common function and business unit	Retirement Cash Receipts Insurance Cash Receipts	Cash Receipts	Ability to employ common financial processes and functions, reduced staffing
Consolidate disbursement, general ledger and financial reporting into a common Finance business unit	Retirement Accounting Insurance Finance Retirement GASB Cash Disbursements	General Ledger and Financial Reporting	Increased functional synergies across all benefit programs, create common approaches and consolidation of financial reporting, ability to employ common financial processes and functions, mitigate key person risks
Consolidate invoicing, billing, and retirement payroll balancing functions into common business unit	Retirement Accounting Insurance Finance	Premium Billing and Retirement Payrolls	Increased functional synergies, ability to employ common financial processes and functions

5.4   Consolidated Operational Quality Assurance and Audits

5.4.1   Quality Assurance

A consolidated Quality Assurance and Audit department will provide a pool of operational quality resources, deployed as directed by Operations leadership. Under this guidance, an enterprise-wide view of risk will be applied, identifying processing activities, threshold boundaries, and overall priorities that will enable efficient QA inspection and audit that is the most important to the agency. This common quality assurance approach with the identification of quality and audit needs driven by risk prioritization, will result in an enterprise-wide and consistent view of operational quality performance.

With administrative systems using centralized business rule engines, certain transactions will not need manual quality assurance at exceedingly high sampling rates. Rather, exceptions and highly complex transactions will be the new QA focal point. Although spot checking of lower risk processes will still be performed, monitoring high risk transactions and compliance requirements on a regular schedule, inherent risk mandates the level of spot checking and inspection. As insurance and retirement quality assurance and audit resources collaborate on a continuous basis, processes and tools will be standardized and functional synergies created. Quality and risk mitigation best practices can then be shared and implemented across benefit programs and functions, resulting in high quality services, efficient processing, and overall higher compliance.

5.4.2   Insurance Employer Audits

The processes currently performed by the Insurance employer audit function will, for the most part, be automated with new employer data gathering during employer reporting. With this enhanced data, validation rules, and cross referencing of employer audit needs before data is accepted by PEBA, minimal resources will be required to support ongoing employer audit functions. Employer data quality and detail will increase significantly upon implementing the new

employer portal and reporting process, and is expected to include necessary insurance data (employee deductions, additional effective and processing data fields, etc.). This increase in quality and detail provides new process automation opportunities, increasing coordination between employer reporting and insurance enrollment choices at the individual participant level, and enforcing eligibility and optional retirement program rules (contractors determined ineligible for health insurance). Automation is supported by detailed business rules and data validations, and shifting the data quality onus to employers, rather than PEBA manual reviews and reconciliation. Employer audit resources continue monitoring employer reporting, but with greater automation their primary focus becomes exceptions and employer activity exceeding risk threshold parameters.

Key Recommendation	Current Business Unit	Proposed Business Unit	Benefits
Consolidate QA and Audits functions, prioritizing effort on highest risk Operational need, initiate automatic audits for exceptions and cases exceeding risk thresholds	Retirement Benefits QA Insurance Employer Audits Insurance Finance QA Insurance Claims Audit Insurance Finance QA	Quality Assurance and Audits	Independent quality assessment, common risk mitigation and audit techniques, automated identification of his risk transactions, reduced staffing levels upon consolidation

6   Capacity Analysis

Given increasing system automation, integration, and organization changes described above, this section provides staffing requirement impact analysis to support the proposed future business operation. The capacity analysis projects the overall PEBA workforce and capacity level impacts across the affected business units.

The proposed organizational structure, driven by a hybrid approach of customer centric business units that will be customer facing and functional business units for back office, expert functions, conveys two key outcomes. First, there is a significant amount of operational activity that is currently being executed in Finance business units of the organization. A movement and consolidation of common functions will create synergies, common processes, and a reduced level of staffing required to perform PEBA work efforts. Note that these efficiencies can be achieved, but only with a combination of new processes and new operational systems. With the current systems and current processes dictating manual and sometime inefficient processes, the majority of gains cannot be achieved by just reorganizing (without process or system changes). Second, given the system and process changes identified, over 30 FTEs can be reduced as new processes and organizational impacts are institutionalized. This will not occur until the new system and processes reach a familiar and constant state, which may be up to 1-2 years after change is implemented.

In the future state, virtually all new system activity will be tracked. New sources of data and operational metrics will be available to support staffing decision and budgeting. As this new data becomes available, PEBA will have the opportunity to continually monitor performance and new operational needs. This enhanced information will enable PEBA long term human resource capacity planning.

Note that staffing impacts will be managed under PEBA approved policies and practices. With a significant number of current staff eligible for retirement (45% of PEBA staff eligible to retire in 5 years), resource attrition can likely be attained as a significant number of retirements occurs. With a 4-5 year timeframe for required new process and system implementation, an organic approach can be applied for staff reductions over time, leveraging PEBA staff retirement attrition to reach capacity level targets.

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Operations	Enrollment, Demographics & Imaging	Imaging	9	6	-3	-33%	Reduced number of physical documents received as functions shift to online processing, Increased number of supporting document uploads will also reduce imaging requirements
Operations	Enrollment, Demographics & Imaging	Postal	2	2	0	0%	Specialized courier function between post office and other agencies, Need at least one backup licensed and trained resource able to perform functions and drive state vehicles, Flex to assist imaging group as needed
Operations	Enrollment, Demographics & Imaging	Enrollment & Demo and Beneficiary Maintenance (Active)	4	3	-1	-25%	Increased enrollment self-service (particularly for retirement insurance enrollments) and enabled support document uploads, Significantly reduced number of physical enrollment documents received. Certain transactions will still require physical documents (beneficiary changes), but automated upload support document confirmation will still be required
Operations	Enrollment, Demographics & Imaging	Insurance Enrollment	11	7	-4	-36%	Automated retiree insurance eligibility functions (resources reduced in half), Increased self-service for enrollments and enabled support document uploads, Significantly reduced receipt of physical enrollment documents, Support document confirmation will still be required
Operations	Employer Services and Contact Center	Employer Contact Center	5	5	0	0%	Centralized point of contact for employers enabled through a consolidated employer contact center, Approximately 10%-15% of current calls received in the contact center come from employers and associated

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
							resources to service those call levels will shift to the employer contact center
Operations	Employer Services and Contact Center	Finance / accounting Contact Center	4	4	0	0%	Centralized point of contact for employers routed through an employer contact center, Employer calls in the Finance contact will be serviced by the consolidated employer contact center, Current resources supporting these premium billing related questions will reside in the new employer contact center
Operations	Employer Services and Contact Center	Employer Reporting	6	5	-1	-17%	Cleansed and audited employer reporting data, prior to PEBA submission will reduce current manual effort and reconciliation, More frequent reports with additional data fields will require a slight addition of audit and verification activity, However, as employers become more proficient with the new system, support needs decrease
Operations	Employer Services and Contact Center	AFC	6	3	-3	-50%	Expected elimination of AFC backlog over the first few years (after implementation), as required AFC eligibility and calculation data is obtained through employer reporting, AFC issues will be resolved in advance of receiving a retirement claim. This department will handle complex exception cases, Higher quality data will reduce AFC resource needs
Operations	Field Operations and Training	Training & Field Services	6	9	3	50%	Continued benefit seminar support, employer system refresher training, retirement readiness training, employer and member group meetings and PEBA advocacy messaging, Continued member and retiree communications and promotions, Focused training (and re-training/refresher) efforts after implementation increasing resource needs, Continued stated goal of 2 employer enablement sessions per year

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Operations	Participant Contact Center/Intake	Participant Contact Center	33	30	-3	-9%	Increased productivity with a new integrated system and CRM tools, New self-service channels will reduce participant calls by 10%-15%, Reduced call volumes will enable reduction in participant contact center staff by approximately 10%, Participant contact centers will continue to flex as needed with Intake staff
Operations	Participant Contact Center/Intake	Intake	14	12	-2	-14%	Increased self-service for participants and enhanced retirement readiness tools will reduce intake volumes by 10%-15%, Current members served by Intake will be serviced online, via enhanced member portal information and capabilities, Intake staff will continue to flex as needed to the Participant contact center during peak demand periods
Operations	Participant Services	Refunds, Retirement, Disability, Death Claims	20	10	-10	-50%	Coordinated death claims process and up-to-date data exchange between PEBA and employers (reduced number of TBRs, monthly reporting, etc.) will increase automation and efficiency, Self-service utilization and higher automation will enhance fraud detection and significantly reduced manual data entry
Operations	Participant Services	Service Purchase	5	3	-2	-40%	With automation enhancements to the certification process (salary, military service time, etc.), there will be electronically submitted documents, reduced manual processes and less physical paper, Currently there is a significant manual process for opening mail, generating correspondence and certification requests
Operations	Participant Services	Service Credit Adjustments	3	3	0	0%	Specialized service credit adjustments (currently Service Accounting) will still be required, Staff can be cross trained and flex to assist in other Participant Services business units as needed

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Operations	Retiree Services	Payee Maintenance - Revert to Max, QDRO, QBC, QEBA, Joint and Survivor, IDB Beneficiary Change	4	4	0	0%	Support of more complex Retiree Services transactions will require continued existing resource levels, With additional opportunities for self-service, staff can flex to assist in payment maintenance requests, as demand dictates
Operations	Retiree Services	Payment Maintenance - Stop Payment and Re-issue, EFT Changes, Demographic Changes	3	2	-1	-33%	With an increase in automation, electronically submitted support documents, and integrated rule-based controls, less volume will need to be manually done by this business unit, Extended retiree self-service payment and demographic updates will also reduce the level of manual system updates
Operations	Communications	Communications	6	6	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Operations	Human Resources	Human Resources	2	2	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Finance	Cash Receipts	Cash Receipts	4	3	-1	-25%	Increased number of automated payments (cash receipts) through self-service channels, reduced overpayments and underpayments supported by enforcing validation edits, efficient workflows and electronic deposit processes will reduce human resource needs, A common unit supporting all PEBA receipts will create opportunities for retirement and insurance cross training
Finance	General Ledger and Financial Reporting	Insurance Trust/Cash Disbursement Management	1	1	0	0%	Finance staff will flex to support as needed
Finance	General Ledger and Financial Reporting	General Ledger and Financial Reporting	6	6	0	0%	Current staffing levels are aligned to sufficiently perform these functions in the future, Finance staff will flex to support as needed

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Finance	Premium Billing, Payroll and Taxes	Premium Billing, Payroll and Taxes	4	4	0	0%	Finance staff will flex to support as needed
Finance	Budget	Budget	2	2	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Finance	Fiscal Plant Management	Fiscal Plant Management	2	2	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Finance	Investment Accounting	Investment Accounting	5	5	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future
Finance	Defined Contribution	Defined Contribution	2	2	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future
Operations	IT	Development & Prod Support	17	17	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future, Refer to the Future IT/ORD Demand deliverable for justification
Operations	IT	Infrastructure	8	8	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future, Refer to the Future IT/ORD Demand deliverable for justification
Operations	IT	Operations	7	7	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future, Refer to the Future IT/ORD Demand deliverable for justification
Operations	IT	Procurement	1	1	0	0%	Specialized function supporting procurement of hardware, software, peripherals and other specialized IT services
Operations	ORD	Project & Change Management	1	1	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future, Refer to the Future IT/ORD Demand deliverable for justification
Operations	ORD	Business Support	8	8	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future, Refer to the Future IT/ORD Demand deliverable for justification,
Operations	Benefits Quality Assurance and Audits	Employer Audit	2	1	-1	-50%	Enhanced automation and increased employer reporting data will reduce employer audit resource needs

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Operations	Benefits Quality Assurance and Audits	Insurance Claims Audit /Compliance	3	3	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future
Operations	Benefits Quality Assurance and Audits	Retirement Operations QA	7	4	-3	-43%	A risk-based sampling approach will be applied, reducing QA volume, There will be reduced manual effort required as tighter controls will be applied through a central business rules engine
Operations	Benefits Quality Assurance and Audits	Insurance Operations QA	3	3	0	0%	Current staffing level is aligned to sufficiently perform these functions in the future
Legal	Legal	Retirement Issues, Insurance Issues, Legal, HIPAA Compliance	12	12	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Internal Audit	Internal Audit	Internal Audit	2	2	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Healthcare Policy	Procurement & Contract Compliance	Procurement & Contract Compliance	3	3	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Healthcare Policy	Health, Statistics, Program Management	Health, Statistics, Program Management	9	9	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Executive Staff	Risk Management and Compliance	Risk Management and Compliance	1	1	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Executive Staff	Governmental Affairs	Governmental Affairs	1	1	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Executive Staff	Executive Assistant	Executive Assistant	1	1	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Executive Staff	Board Liaison	Board Liaison	1	1	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Leadership	Directors	Directors	9	9	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Leadership	Officers	Officers	4	4	0	0%	This is not a project focus business unit, No changes in staffing levels are expected

Future State Business Unit	Future State Department	Key Function	Current State Headcount	Future State Headcount	Headcount Change	% Change	Justification
Leadership	Executive Director	Executive Director	1	1	0	0%	This is not a project focus business unit, No changes in staffing levels are expected
Total			**270**	**238**	**-32**	**-12%**	

7   Organizational Capabilities

In addition to capacity impacts, the BAS modernization program will have a substantial impact on PEBA staff capabilities. This section provides a staff capability analysis enabling the organization to transition from the current operating model to the future operational design.

7.1   Capability Analysis

Understanding the PEBA workforce skills and attributes in the current state is an important first step towards building new operational capabilities. Training and development plans are most effective and efficient when based upon current state analysis, aimed at bridging gaps towards necessary capabilities supporting new technologies, processes, consolidated functions and a culture of continuous improvement. A multi-year BAS modernization program provides a lengthy runway for coordinated on-the-job learning and cross-training opportunities for concurrent PEBA capability development and system development.

For customer facing business processes, as PEBA's operational paradigm shifts away from program-centric departments towards customer-centric processes, PEBA staff will be responsible for integrated functions across all benefit programs that they have not historically supported. Cross-training already exists and will be a key component to fully realizing operational system design and overall resource flexibility. A successful cross-training program leverages enterprise-wide assessments and views of organizational skills, using skill matrix tools to map individual staff proficiency across function and benefit program needs. As PEBA creates a current resource skills matrix, the matrix will be used to identify and prioritize the critical training needs. For example, a function supported by a single key employee would be assigned high cross-training priority, as cross training for this function will ensure business continuity and mitigates key person risks. The skills matrix can also include work process information that can be used when designing new process workflows, as resource flexibility is optimally designed.

With cross-trained staff, PEBA is well equipped to meet resource demand fluctuations and staff will have a better understanding of the organization as a whole. Benefit program cross-training is essential in achieving the level of operational readiness required to execute the future state operating model.

In addition to a robust cross-training initiative, the PEBA capability enablement and training program will include the following:

- Business User Application and Process Proficiency
- Technical User Application Proficiency
- Project Manager and Change Facilitator Training
- Business Analyst Training
- Trainer Training

7.1.1 Business User Application and Process Proficiency

A necessary capability development initiative for any BAS modernization program includes robust business user training and enablement activities. Implementation vendor resources will be highly involved in planning, developing training materials and delivering this training activity. PEBA managers and SMEs, along with implementation vendor resources, will collaboratively develop the material, schedule, and program to enable new application business user proficiency.

A hands on, lab-type classroom environment, with a computer for each participant, is the preferred business user application training delivery method. This configuration provides the optimal participant learning opportunities, allowing full user engagement. Training session dates and times will be managed and documented in a detailed training plan (schedule, module development, module prerequisites and pre-work, workshops, agendas, training evaluations, documentation for ongoing use, etc.), with training session invitations sent in advance and attendance tracked. Certificates of completion will be provided upon completion of necessary training modules, proving the participant's relevant new system knowledge and capability. Training session knowledge assets will be documented and incorporated into a centralized, user-friendly knowledge management repository for ongoing use and reference.

A centralized knowledge management repository plays an important role in capturing, developing, sharing, and effectively using PEBA organizational knowledge and training materials. Proper deployment and use of knowledge management systems provides substantial value as agency knowledge is efficiently shared and consumed to deliver consistently high quality services. Knowledge assets (training guides and manuals, training modules, policies, procedures, business rules, training video content, how-to documents, workflow representations, business processes and process checklists, etc.) will be included in the centralized knowledge management repository. These bodies of knowledge and expertise will be shared and made searchable and usable for the entire organization.

All business users will be required to complete a system fundamentals module. This module provides all user roles with necessary and consistent skills baseline. Typically, the fundamentals module includes the following sections:

- Overall functionality and navigation techniques
- CRM entity/person search, setup and maintenance
- Workflow basics
- Imaging basics
- Security basics
- Correspondence and communications

Additional, more targeted functional training is provided to business users supporting specific job functions. Typical functional modules include, but are not limited to:

- Eligibility and enrollment processing
- Insurance enrollment
- Employer Reporting
- Premium billing
- Employer payment processing
- Service retirement and claims processing
- Service purchase processing and adjustments
- Retroactive and future dated transactions
- Employer invoices
- Refund processing
- Payroll and tax reporting
- General ledger reconciliation
- Query and reporting

Training modules typically vary in length, anywhere from 2 to 20 hours depending on the breadth of functionality included. At times training requires entire business units to step away from daily responsibilities to fully engage in training sessions. Business continuity is required in these scenarios and is coordinated through the detailed training plan schedule.

User workshops will be incorporated into the training plan after users have completed required training modules and had ample opportunity to gain hands on experience with the new system, documenting questions and issues as they arise. Workshops involving PEBA and the implementation vendor provide an opportunity for common user groups to work through specific functional challenges and issues.

Periodic refresher training is expected from the implementation vendors and covers condensed versions of the training plan and modules described above. As enterprise-level BAS software continues to change, with updates, fixes, enhancements and new releases, refresher training helps ensure that all users update their skills. Refresher training also takes into account the limited amount of detailed information that can be absorbed in a single training class and presents information multiple times, increasing the likelihood of information being delivered at the right "teachable moment". Refresher training is scheduled annually, at seasonal slowdowns by department, and is coordinated with the implementation vendor's release cycle, effectively combining training and testing.

Business analysts and SMEs are typically included in application training, but their involvement and training begins much earlier in the BAS implementation. These analysts and SMEs will be essential to successful system design and configuration. Both groups involved in the project will be initially trained to level-set their expectations, responsibilities, time commitments, and project goals, schedule and approach. Project materials including business rules and system diagrams will be understood, readily accessible, and available for future reference. This level-set helps avoid confusion and expedites timely and high quality system design. Implementation vendor resources will need to prepare business unit SMEs for effective participation in design sessions and the overall system development life cycle.

As new design is confirmed and detailed processes are driven out, the To-Be processes will be updated accordingly. Business users will then be trained for new business process proficiency. Ongoing process changes, as a result of common change drivers (new legislation, policy, benefit programs, process improvements, etc.), are expected to continue post implementation and business process documentation will be continuously updated to reflect the changes.

PEBA staff will primarily be accountable for preparing and delivering business process training for their departments. Process training will provide an enterprise-wide workflow perspective that includes process suppliers, inputs and outputs across upstream and downstream business units.

7.1.2 Technical User Application Proficiency

Technical users, including ORD BA's and IT staff, require training to become proficient in supporting the new system. The extent of the training is highly dependent upon the implementation vendor selected and the system maintenance and support strategy. Per the ORD and IT Demand Fulfillment deliverable guiding principles, PEBA intends to pursue a model of technical self-sufficiency. As a result, it is expected that ORD and IT resources will gain highly valuable on-the-job experience with the new system throughout the implementation project (co-development, collaborative design and configurations, testing, etc.).

The training program content will be defined by the implementation vendor, determining modules, training materials and other technical staff training and enablement requirements. Depending on project constraints, (budget, timeline, PEBA co-development and configuration technical resource allocation, level of customization) the implementation vendor training efforts will occur throughout the project and may extend beyond implementation until PEBA resources attain sufficient capability.

A similar training environment, as described above for business users, is provided for technical users. Technical training modules introduce technical users to the implementation vendor's architecture, component systems and tools, and typically include:

- Advanced workflow administration
- Advanced security administration
- Production control batches, imports, exports, interfaces
- Business rule management
- Technical architecture
- Design and development
- Configuration management
- Database administration
- Advanced query, reporting and data visualization
- Requirements, defect management and testing

In addition to training modules and on the job training, technical forums will be regularly scheduled on the technical functions listed above. Forums allow technical staff to share experiences and learn from each other. Technical forums will be informal, with a specific topic published in advance, and in a similar training lab environment.

7.1.3 Project Manager and Change Facilitator Training

As mentioned in the IT and ORD Demand Fulfillment deliverable, it is recommended that PEBA develop a program management capability. PEBA program management works with external vendor project management resources to define the structure, approach, and overall project management discipline used across a portfolio of concurrent PEBA projects. Program management directly manages projects that are PEBA's responsibility, and will have project management oversight responsibilities for implementation vendor progress, process, issues and risks. Program management support is established for the implementation project and will likely continue during post implementation support activities.

Project managers and change facilitators, with competencies in project management methodology (PMBOK, PMP, etc.) and organizational change management concepts (OCM/Prosci, ADKAR, etc.), will incorporate these disciplines across the organization during the implementation project and beyond. Resources supporting these functions will be instilling project management and change management disciplines, overseeing multiple concurrent projects, working in concert with the implementation vendor management, overseeing vendor project outcomes, and reinforcing and monitoring new user behavior. Strategic planning would also be supported by this group.

PEBA's future state business processes will need end-to-end management across the enterprise to align resources and improve performance. Project management disciplines provide a process improvement framework, leverages technology and creates a pattern for successful project execution (process mapping and modeling, brainstorming, business rule definition, benchmarking, and process monitoring). Additional methodology training (Six Sigma, Lean, and Total Quality Management) can provide a specific approach and tools to project managers. The project management methodology provides a common framework and language for projects and process improvement decisions and initiatives.

7.1.4 Business Analyst Training

Also mentioned in the IT and ORD Demand Fulfillment deliverable, there will be increasing demand for business solution architecture and business analysis, understanding new solution impact and options. These roles require specific training.

Business Analysts will need to develop critical thinking and business analysis skills as a competency baseline. They will also need to be trained on the new enabling business approaches, design techniques, and technology capabilities that will be incorporated into the implementation vendor solution. The business analyst will be expected to develop business solutions while applying logic, reasoning and thoughtful pro/con analysis. The analysts will be responsible for identifying impacts of proposed enhancements and system changes. The business solution architect requires much high analysis proficiencies with full knowledge and understanding of the business, technology and data underpinning of the new application and integrated environment. Solution architects will act as key thought leaders to confirm system enhancements are designed for strategic alignment and optimal performance.

7.1.5   Trainer Training

A train the trainer approach provides a cost effective and controlled method for enabling internal and external system users. PEBA training staff will work with implementation vendor training and documentation resources to develop a training approach and curriculum. The train-the-trainer approach will be used for both internal PEBA user training as well as training for employers, TPAs, and other external stakeholders. As described in the Business User Application training section above, trainers will be the first to be trained for a business unit. Once trained, while being supported by the implementation vendor during the first few sessions, PEBA trainers will be responsible for delivering all curriculum.