

Paid Family Leave System Implementation



District of Columbia Department of Employment Services Case Study



Client Overview

The District of Columbia's (the "District") Department of Employment Services (DOES) recently sought a vendor to design, develop, implement, and operate an automated, highly configurable, and integrated Paid Family Leave (PFL) Tax System that is compliant with District and Federal regulations.

DOES provides comprehensive employment services to ensure a competitive workforce, full employment, life-long learning, economic stability, and the highest quality of life for all District residents.

Problem Statement

Paid Family and Medical Leave (PFML) programs are gaining momentum with more and more state governments debating and passing PFML legislation. PFML is a "family and medical leave insurance program" supported by a State Trust Fund. PFML allows individuals to take paid time off from work to address:

- Care for a family member with an injury or serious health condition.
- Disability from an injury or serious health condition.
- Bonding time for parents after the birth or adoption of a new daughter or son.

The trust fund can be paid for by employee and/or employer contributions based on a percentage of their wages. In order to administer these programs, states need comprehensive solutions that can collect the PFML contributions, determine eligibility, process claims, adjudicate and/or appeal cases, and disburse payments to eligible PFML claimants.

The Universal Paid Leave Amendment Act (UPLAA) of 2016 provides District employees with paid leave for a number of medical-related needs, including up to eight weeks of paid parental leave to bond with a new child, six weeks of paid family leave to care for a covered family member with a serious health condition, and two weeks of paid medical leave to care for their own serious health condition. DOES needed a system that was compliant with the requirements of the UPLAA and other applicable laws and policies. They wanted the

system to function as an online portal for internal and external users and as the primary system for the processing of contributions/taxes, PFL claims, disbursement of benefit payments, communications with the employee/claimant population and healthcare providers, fraud detections and investigations, overpayment recovery, and overall quality assurance of the program. A primary requirement of the Paid Family Leave Tax System was to calculate taxes and process employer payments via ACH processing and paper checks.

In addition, the system had to include a web-based portal that was user-friendly and mobile accessible with self-service help available to all users, including learning management and tutorials to help facilitate interactive assistance.



Solution Overview

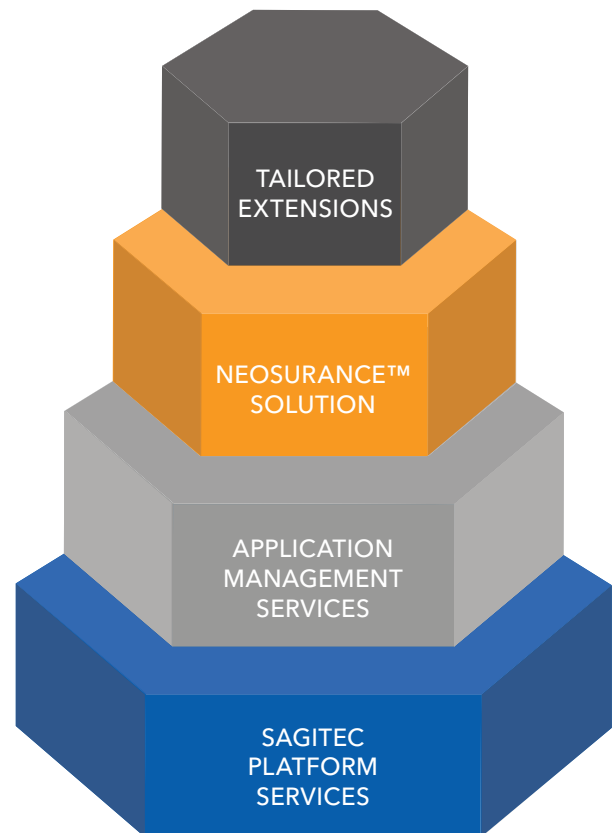
Sagitec's Neosurance™ solution provides all functionality required to administer PFL tax including operating, managing, tracking, and processing medical, family and parental leave claims processes. The Neosurance™ PFL claims processes include claims, appeals, complaints, fraud detection, recovering overpayments (including interest), executing user performance and management functions, as well as providing online communication capabilities and managing the completion of all workflows.

Neosurance™ is a combination of composable, reusable and loosely-coupled components built around a "Service Oriented Architecture" (SOA). These components are the foundation of the Neosurance™ platform: a multi-tier, object-oriented, database-agnostic software architecture built on and supported by Microsoft .NET technology and designed to enhance reusability and interoperability. As a result, Neosurance™ provides DOES with many benefits:

- Addresses new and emerging requirements with existing application capabilities.
- Supports organic business change.
- Out-of-the-box workflows and business rules tailored to meet District-specific needs are easily configurable by District staff to quickly support changes in laws and policies.
- Provides a platform that can evolve with changes in technology.
- Responds to federal and state law and policy changes quickly so DOES can adapt to changes within the environment for built-in compliance.
- Supports new self-service delivery channels as technology changes.
- Prebuilt interfaces for secure information and data exchanges with internal and external entities that provides an enterprise gateway and gateway integration.

The Neosurance™ solution can be divided and described as four layers, from the bottom up, from Layer 1 to Layer 4. The majority of the Neosurance™ solution is pre-built, using components from the bottom three layers. Together they form a core Labor and Employment Tax, Benefits, and Appeals solution with configurable options, negating the need to start from scratch. We focus our time on the top layer, tailoring extensions to support agency-specific needs.

Medical Provider Self Service Portal	Employer Registration	Wage Processing and Tax Reports
Employer Account Maintenance	Monetary Determinations	Program Integrity and Compliance
Field Audit	PFL Claims	General Ledger
Adjudication	Appeals	Collections
PFL Benefit Payments	Alerts and Messages	Reports and Dashboards
Employer and 3rd Party Administrator Self Service Portal		3rd Party Administrator Account Maintenance
Claimant Self Service Portal		Medical Provider Account Maintenance
Report/Analytic Services	Content/MS Office Services	SharePoint Services
Imaging Services	Administrator Services	File Processing Services
Audit Services	Directory Services	Security Services
Testing Services	Workflow Services	Batch Services
Correspondence Engine	Meta Data Cache Engine	Business Services Engine
Persistence Engine	Presentation Engine	Data Cache Engine
Rules Engine	Workflow Engine	Batch Engine
.NET Foundation Services		



Our solution has enabled us to expedite the project timelines as our platform is built for scalability, reliability, change, and growth with a shared common application residing in a shared, hosted infrastructure that promotes operational independence and sustainability for the long term.

Neosurance™ combines the best qualities of both package and custom software, providing a clear path for future upgrades with comparatively low cost and effort while avoiding technology obsolescence.

Sagitec's Framework™ on which Neosurance™ is Built

- We designed our business domain-neutral technology platform to mitigate the risk of technical obsolescence and the impacts of rapid business changes that our clients demand.
- The Framework™ supports our approach to system development and is integral to each of our 30 clients' ability to make quick changes or enhance technology as required in an increasingly changing marketplace.
- The technical framework separates the underlying architecture from the business solution. As a result, the pace of project implementation moves more quickly than it would with more traditional approaches.
- Our framework architecture was designed for the high performance, flexibility, and sustainability Labor and Employment agencies require.
- Sagitec's Framework is unique in that it separates the underlying software architecture from your business solution.
- Due to the loosely coupled, n-tier design of the architecture, patches and components can be applied and enhanced without any impact or modification to business rules or functionality and business rules can be changed without affecting the underlying software.

Here are all the functionalities that Sagitec's Neosurance™ solution provides for DOES:



Functionality for District Employers/TPAs

Employer/TPA Management

- Employer Registration
- Quarterly Wage Filing
- Adjust Wage and Tax Detail (Wage Amendments)
- View History of Wage and Tax Reports Submissions
- Field Audit
- Employer Succession
- Payment processing
 - Schedule and Submit ACH Payments (Debit and Credit)
 - Paper Check Voucher Processing
- Collections
- Experience Rate
- Employer Appeals Liability and Rate Adjustments
- View Payment History
- Employer Account Maintenance
 - Address Maintenance
 - Contact Maintenance
 - Unit (Location) Maintenance
 - Account Activity Audit Log
 - Agent Assignment (POA)
- Dashboard and Reporting

Agent Online Processing (TPAs)

- View All Employer Accounts Including Filing Status, Employer Status and Rates
- Maintain Agent Account Information
- Submit Quarterly Wage Files in Bulk for All Employer Accounts Through an Automated Wage Filing Process
- Submit Payments for All Employer Accounts
- Upload Power of Attorney (POA) Forms for Individual Employers or in Bulk for All Employers
- Submit Payments for All Employer Accounts
- System Administration
- Manage Core Operations
- Manage Employer/TPA Accounts
- Manage Wage Reporting and Tax Payments
- Manage Accounting
- Manage Compliance
- Manage Business Rules
- Manage Workflows
- Manage Security
- Manage Reporting
- Manage Correspondence and Notices
- Manage Batch and Real-Time Interfaces

Sagitec was chosen as the preferred partner for this implementation for various reasons. Here are some of them:

Built-In Compliance

Because our Neosurance™ solution was already hosted in the District's Office of the Chief Technology Officer (OCTO) data center, we clearly understood and already adhered to the District's processes and policies for IT implementations and operations, thus also reducing overall infrastructure costs.

Familiarity with DOES and OCTO

Sagitec teams have partnered with DOES and OCTO for over six years, using the Neosurance™ solution to implement Unemployment Insurance (UI) tax. As a result, we were in the best position to expedite the implementation of the PFL tax system.

Minimal Learning Curve for Internal and External Users

Employers/TPAs were already familiar with the Employer Self Service Portal (ESSP) UI functionality. Because the PFL tax user interfaces are nearly identical to those of the ESSP UI interfaces, adoption of the new solution was straightforward.

Single Portal for Employers/TPAs

DOES wanted employers/TPAs to have a single portal to process both UI and PFL tax business transactions. Since the Neosurance™ ESSP was already in place and receiving high customer praise it made sense to use the existing portal because of employer satisfaction and reduced overall project timelines and costs.

The Neosurance™ solution in production today with DOES allowed Sagitec to meet approximately 75% of the requirements for the PFL Tax System project.

No Additional Employer Data Conversion Required

With the implementation of ESSP, Sagitec had already converted all 33,000 employers and over 1,000 third-party agents. As a result, data needed for both UI and PFL tax was already present in ESSP and our solution approach did not require further data conversion for the PFL tax program.

Our team is extremely skilled, averaging 10 years of modernization experience and our labor and employment practice employs more than 350 practitioners. As a result of our solution, methodology and people, Sagitec has not had a single project failure over the last 15 years.

Results

This is the first employer-funded PFL system in the United States. Our solution expedited project timelines by accepting electronic PFL contributions and payments in just four months to allow DOES to begin funding the new program in anticipation of PFL claims in July 2020.

Since the implementation of the new PFL Tax system, DOES has been able to achieve the following:

- Over 8,000 employer account address updates were processed
- Over 30,000 wage filings were processed
- Over 4800 ACH payments processed
- Over a 1200 employer paper checks processed
- Over \$70 million in PFL taxes collected

“Strategically, we believe that our investment should include smart and efficient technology to implement our program. Our investment paid off and we are a national best practice in both technology and program administration.”

Unique Morris-Hughes

Director, Washington DC Department of Employment Services

About Sagitec

Sagitec Solutions, LLC, is a global software provider focused on solving complex, business-rule driven problems with domain experts and proven technology. They serve numerous Labor and Employment agencies in the United States. Their fully integrated, web-based Labor and Employment solutions, for Unemployment Insurance, Paid Family Medical Leave, and Disability Insurance meet the majority of agency requirements straight out-of-the-box, while also being extremely flexible to accommodate unique business rules and requirements. In addition to serving the Labor and Employment industry, Sagitec also designs and delivers software solutions for the public pension market and healthcare industries. With deep industry experience in software implementation and systems integration, project management, consulting, hosting, and software support, Sagitec is a partner clients can trust to drive their vision into action. For more information, visit: www.sagitec.com.



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