



CASE STUDY SERIES

Long Term Care Partners Group Profile

- Joint Venture of MetLife & John Hancock
- Administers the largest group long term care insurance program in the nation
- 200,000+ individual federal employees enrolled
- Located in Portsmouth, NH

BudgetPak Results

- Significantly reduced cycle time
- Eliminated Excel templates
- Shifted “ownership” of headcount budgeting from H/R to line managers
- Improved ownership & accountability
- Increased engagement from line managers
- Greater transparency of how the numbers were developed

Summary

“People here really love BudgetPak” observes Linda Roth, CFO of Long term Care Partners, “It’s so much easier to use than our old budget templates and I’m much more confident in the numbers.”

Roth didn’t need to think long before deciding to implement XLERANT’s BudgetPak. “It was obvious the first time I saw it that BudgetPak was what we needed.”

Background

Long Term Care Partners (LTCP) located in Portsmouth, NH is a joint venture between two insurance company giants – MetLife and John Hancock. The company administers insurance programs for 20 million eligible Federal employees and their families.

Kay Coles James, former Director of the U.S. Office of Personnel Management, launched the initial Federal Long Term Care Insurance Program in 2002. "The ability to insure our futures and to honor our primary responsibilities is one of the nicest gifts we can make to our children, our spouses, other family members and, quite frankly, to ourselves," said James.

Linda Roth, LTCP’s Chief Financial Officer, recognized that in the intervening years the organization had outgrown the use of spreadsheets for budgeting. “We spent too much time on the mechanics of budgeting, and not enough time understanding what it meant for the business. I wanted to correct that.”

The trick was finding a budgeting application that not only the finance people would want to use. “It’s always been important that the line managers really understand and own their budgets, and they’re not all experts in Excel. I was hoping to find something more intuitive, and that’s what we have now with BudgetPak.”

Overview of LTCP

Long Term Care Partners, LLC (LTCP) is an administrative company serving the employees and retirees of the Federal government. A joint venture between John Hancock Financial Services, Inc. (John Hancock) and Metropolitan Life Insurance Company (MetLife), two of the nation's largest insurers, LTCP was formed expressly to service the Federal Long Term Care Insurance Program (FLTCIP) which was created by an Act of Congress in 2000.

Today, LTCP also administers BENEFEDS, a secure website enabling Federal Family members to enroll in and manage their FEDVIP (Federal Employees Dental and Vision Insurance Program) coverage, under the oversight of the U.S. Office of Personnel Management (OPM).

The Federal Long Term Care Insurance Program is the largest group long term care insurance program in the nation. It provides federal employees and annuitants, active and retired members of the uniformed services, and their qualified relatives the opportunity to apply for coverage at group rates.

The Problem

Prior to using BudgetPak budgeting, the Finance department would send out an Excel template to each department head. “Sometimes they’d mess up a formula or insert a row where they shouldn’t” observed Diane Nugent, who manages the day to day budgeting and forecasting process. “And sometimes they’d simply forget to budget something.”

Of course adding new accounts, or new departments, meant inserting columns and rows and updating links. Auditing the spreadsheets and the reports that they produced, which was the only way to ensure they were error free, was equally time consuming.

Not every line manager embraced Excel for budgeting, so the hands-on task of building a budget occasionally bounced back to the Finance department, which then ostensibly “owned” the numbers. In those cases it was then difficult to provide meaningful and insightful variance explanations of actual versus budgeted spending.

Implementation of Xlerant’s BudgetPak

Working closely with the team from Xlerant, first LTCP defined how they wanted the interactive budget map to look like; which entailed thinking through the most natural way to present budgeted accounts to managers (i.e., cost categories and sub-categories). Then the team defined the roll up structure, benefits calculations, some projects and security around who can see what. After configuring BudgetPak with both a local chart of accounts, as well as an enterprise chart of accounts (which feeds Hyperion Enterprise) and loading historical data; LTCP was up and running.

Benefits Realized

1. **Shifted Salary and Headcount Planning directly to line managers.** In the past the H/R department centralized headcount and salary budget development; with lots of phone calls and emails going back and forth. BudgetPak essentially automated the interview process that the H/R department use to do, which not only saved time, but eliminated a lot of miscommunication and misunderstanding. The line managers also have a better understanding of the numbers as well.
2. **Eliminated man-hours spent validating accuracy of reports.** Previously, the only way to ensure the accuracy of reports coming out of the Excel budgeting system was to audit hundreds of formulas and links; a very time intensive process. BudgetPak instead uses a powerful database and Microsoft Reporting Services which eliminates inaccuracies caused by Excel.
3. **Ability to budget by project.** Using BudgetPak LTCP can create and manage budgets for projects. For example; IT can budget for technology projects, Marketing budgets for marketing campaigns, H/R budgets for employee training programs, and so on.
4. **User acceptance.** End users, those managers outside of Finance, have embraced BudgetPak as an easy to use tool to assist them in building their budgets. "You should never really take that for granted," notes Roth, "These executives have pretty high expectations."
5. **Met reporting needs right out of the box.** Once BudgetPak has been configured for the LTCP chart of accounts and loaded with historical data, more than 10,000 permutations of reports were available on day one. These reports included standard variance reports, headcount and salary detail, project reports, asset reports and so on.
6. **Rigorous security, easy to maintain.** With sensitive salary and other data, security is crucial. "Adding new users and managing password policies is easy" says Nugent.
7. **Backup detail is now part of the system.** BudgetPak replaced the need for shadow spreadsheets, post-it notes, and legal pads. So now the Finance organization can answer a lot of the "why" questions without having to pick up the telephone and send off an email.
8. **Highly responsive vendor support.** "Xlerant has been a pleasure to work with" notes Roth. "They really seem to care."
9. **Built in Control & Intelligence.** This is one "micro" example. Recall that one issue LTCP had was someone forgetting to budget a line item. As managers budget an area in BudgetPak, a green check mark appears. After all the areas have a green check mark, the budget can be submitted for approval. In fact, a budget can't be submitted for approval unless all areas that a department is supposed to budget for, in fact have been budgeted.

For more detail on this application or to discuss how X Lerant can help you with your analytic requirements, send an email to Info@XLerant.com.

About X Lerant

X Lerant helps companies save time and add strategic value to their budget process by moving from accounting-centric to business-centric budgeting. X Lerant's award-winning BudgetPak software redefines Financial Planning & Analysis (FP&A) by guiding business managers through the process of building their budgets while providing financial managers a powerful front-end to any existing G/L, CPM, or ERP system. Hundreds of business managers are now engaged in budgeting in a very powerful new way.

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