



Paid Family and Medical Leave Advisory Committee

Meeting Details: Date: Wednesday, October 25, 2023,
Time: 1:00pm - 3:00 pm
Location: Hybrid: Zoom and In-Person
212 Maple Park Ave SE, Olympia, WA 98501

Committee members present:

- Justin DeFour, Director ESD Leave & Care
- Edsonya Charles, PFML Ombuds

Employee Representatives

- Samantha Grad, Teamsters 117
- Maggie Humphreys, Moms Rising
- Joe Kendo, Washington State Labor Council
- Gabriela Quintana, Economic Opportunity Institute

Employer Representatives

- Christine Brewer, Brewer Public Affairs
- Bob Battles, Association of WA Business
- Julia Gorton, Washington Hospitality Association

ESD Staff

- John Mattes,
- Alison Eldridge
- Eve Sheng
- Brian Kennedy
- April Amundson
- Chi Underwood
- Mike Juhl
- Taiyler Pyle
- Erika Ayala
- Roberta Kowald

Meeting Opening and Notes Approval

ESD Leave & Care Director Justin DeFour opened the meeting at 1:01 PM welcoming those in person and those participating by Zoom.

Notes to approve September meeting minutes. Motion to approve by Joe Kendo. Seconded by Julia Gorton
September Minutes Approved. All in favor. None opposed.

Program and Fiscal Updates

Brian Kennedy, Forecast & Economic Analyst

- Expected to see an uptick of claim applications submitted in October as seen in the past.
- Will continue to stabilize throughout the rest of the year.
- September 2023, we received 20,865 applications.

- 10% less than last month
- 7% more than September of last year

Question: Joe Kendo: Is the 39,000 (in Slide 8) a reflection of current open claims?

Answer: Brian Kennedys answer: Slide 8 represents claims with at least one payment paid out in the month by type, this is not weekly claims. Someone could have multiple claims within the year.

- Jan-Sept 2023 average: \$1,003
- 7% higher than Jan-Sept of 2022, \$934 (reflective largely of Average annual wage increases by about 2%)
- Continue to see shift towards medical leave types ~ 45% family, 55% medical.
- Three-month rolling average ~ 21K claim applications.
- Approval rates continue to stay at around 86%

Question: Samantha Grad and Julia Gorton asked for clarification of tables on Slide 10: what is the difference between the tables on slide 10?

Brian Kennedys answer: The top graph shows lengths of leave per claim compared to 2022 and the bottom graph shows lengths of leave per claim year compared to 2022.

- September 2023 had \$119.2 million in benefits paid 15% less than August.
- 15% less than August
- 16% more than last September
- Over \$1 billion in benefits paid in 2023 Q1-Q3 \$193.2 million more, or 22% higher, than 2022 Q1-Q3
- \$193.2 million more, or 22% higher, than 2022 Q1-Q3
- \$11.4 million lower than projections
- \$115.6 million average monthly benefits paid over preceding twelve months.

Premiums:

Question: Bob Battles: You're getting most of the payments in the very first month?

Brian Kennedys answer: Most payments come in the last couple days of April if quarter ends March. Q2 Premiums remitted July through September were \$452.2 million compared to \$315.4 million in same period of 2022—an increase of 43%

We took in more premiums than were paid out; this is the 2nd quarter in a row this has happened.

Months Ending Account Balance:

Monthly Ending account balance

- The account has been running in a positive for 5 consecutive months.
- September 2022 ending balance was \$16.8 million.
- September 2023 ending balance was \$278.3 million.
- September year over year increase in account balance due to:
 - \$200 million FY23 supplemental budget transfer
 - \$61.5 million excess of total revenues over expenditures (includes benefits and administrative expenses)

John Mattes, Leave and Care Operations Director

- **Phones**

| Month | Percentage of calls into queue* | Percentage of calls answered from Paid Leave queue | Queue time for Paid Leave |
|----------------|---------------------------------|--|---------------------------|
| January 2023 | 79% | 68% | 08:27 |
| February 2023 | 81% | 65% | 09:42 |
| March 2023 | 85% | 66% | 04:12 |
| April 2023 | 84% | 62% | 05:59 |
| May 2023 | 82% | 60% | 12:27 |
| June 2023 | 75% | 66% | 22:35 |
| July 2023 | 62% | 57% | 27:23 |
| August 2023 | 66% | 50% | 25:24 |
| September 2023 | 48% | 46% | 29:20 |

Since September 2022:

- 6% increase in calls into queue.
- 38% decrease in calls answered

- **Time from application submission to first payment**

| Month | Average weeks | Median weeks |
|-----------|---------------|--------------|
| Jan 2023 | 4.5 | 3.3 |
| Feb 2023 | 4.3 | 3.3 |
| Mar 2023 | 3.9 | 2.9 |
| Apr 2023 | 4.2 | 3.0 |
| May 2023 | 4.2 | 3.1 |
| June 2023 | 4.7 | 3.6 |
| July 2023 | 5.3 | 4.3 |
| Aug 2023 | 5.3 | 4.4 |
| Sept 2023 | 5.1 | 4.4 |

- Processed more benefit applications in then were received in September 2023
- Improvement is expected for October, October is possibly going to be the highest amount of Benefit Applications processed throughout the year.
- We are prioritizing processing applications.
- Revamped staff training, split into 2 parts- Staff start in classroom, then out to "floor" to help customers, then back into the classroom to wrap up.
- Except some hiring to start next month (November)
- Hiring specifically DL positions in the next round of hiring

2024 Premium Rate Update

| | |
|---|--|
| Brian Kennedy | |
| | <ul style="list-style-type: none"> • 2024 premium rate is 0.74% • 2023 premium rate is 0.80% • Still some risk of short-term deficit in Q1 2025 (presented on in September Advisory Meeting) • Employer-employee contributions stayed relatively the same. <ul style="list-style-type: none"> ○ Employee portion reduced by roughly 1% ○ Inversely, employer portion grew by roughly 1% |
| Weekly Premium per Employee | |
| 2023 | <ul style="list-style-type: none"> • <i>0.8% rate with 50% Family and 50% Medical</i> <ul style="list-style-type: none"> ○ Minimum Wage (16.28/hr. or \$33,862/yr.) ○ Average Wage (\$82,886/yr.) ○ 2023 Social Security Cap (\$168,600/yr.) |
| 2024 | <ul style="list-style-type: none"> • <i>0.74% rate with 48% Family and 52% Medical</i> <ul style="list-style-type: none"> ○ Minimum Wage (16.28/hr. or \$33,862/yr.) ○ Average Wage (\$82,886/yr.) ○ 2023 Social Security Cap (\$168,600/yr.) |
| Annual Premium on median payroll for employers | |
| 2023 | <ul style="list-style-type: none"> • <i>0.8% rate with 50% Family and 50% Medical</i> <ul style="list-style-type: none"> ○ Small <50 (est. taxable wages \$115,578) ○ Medium 50-150 (est. taxable wages \$4,157,175) ○ Large >150 (est. taxable wages \$17,852,197) • <i>Per \$1 million payroll</i> |
| 2024 | <ul style="list-style-type: none"> • <i>0.74% rate with 48% Family and 52% Medical</i> <ul style="list-style-type: none"> ○ Small <50 (est. taxable wages \$115,578) ○ Medium 50-150 (est. taxable wages \$4,157,175) ○ Large >150 (est. taxable wages \$17,852,197) • <i>Per \$1 million payroll</i> |

Actuarial Update:

Eve Sheng : Managing Actuary

Paid Leave Vision and Mission Statements

- Vision-Shows Direction
 - For Washingtonians to be able to take time to care for themselves and the people they love
- Mission- Shows a promise made to me.
- To provide an easily accessible benefit that helps employers and employees maintain economic stability and peace of mind in challenging times.

| Current State | Recommendations/Actions | Future State (2-4 Years) |
|---|---|--|
| Data <ul style="list-style-type: none"> • Basic premium, wage, claim tables • Known key data challenges and its impact | A single source of truth meeting actuarial needs e.g. Actuarial data warehouse with consistent, accurate and complete data for both aggregate and defined levels' analysis | e.g. <ul style="list-style-type: none"> • Reconcile to ledger • Allow for segment level analysis • Reduce data work under 30% |
| Risk Management <ul style="list-style-type: none"> • Advised the financial condition today and in foreseeable future under existing pricing structure | Sound, trusted and cost-effective program e.g. <ul style="list-style-type: none"> • Consider adopting actuarial premium rates • Mitigate overpayment from conflicting wages • Address variance between premium paid vs. unpaid | e.g. <ul style="list-style-type: none"> • Adopt actuarial rate • Analytic solution for overpayment, delayed payment |
| Compliance <ul style="list-style-type: none"> • Incorporated sound claim liability in GAAP financial statements | Meet audit requirements and industry standard e.g. <ul style="list-style-type: none"> • Streamline in GAAP reporting process • Roadmap for official Statutory Accounting Principles (SAP) financial statements | e.g. <ul style="list-style-type: none"> • Robust GAAP reporting process • Pilot SAP financial statement |

- There is no difference in rate between private and public sector.
- Reporting- There is an accounting difference between private and public sector

Current Program Priorities and Updates

Alison Eldridge: Transformation Manager

You will notice a few changes in due dates on Annual changes, 5586, and expiring CBA provisions. The work will be done by January 1, 2023, there is some work that will be monitored and continued after to ensure everything operates smoothly and accurately.

| Project | Status | Due date |
|---|---------------|------------|
| Increase equitable benefit access using data | Nearing close | 9/30/2023 |
| WA Cares: Wage reporting and premiums collection | Nearing close | 10/15/2023 |
| Increasing Paid Leave support in WorkSource Centers | In progress | 10/31/2023 |
| Enable remaining employers to report online | In progress | 10/31/2023 |
| Unclaimed property | In progress | 10/31/2023 |
| Employer webinars | In progress | 12/31/2023 |
| Expiring CBA provisions for Paid Leave | In progress | 12/31/2023 |
| WA Cares: Elective coverage reporting and payments | In progress | 12/31/2023 |
| Annual changes 2024 | In initiation | 1/15/2024 |
| Sharing employee benefit data with employers (5586) | In progress | 1/15/2024 |
| 2023 1099s | In progress | 1/31/2024 |
| Cloud migration: AX and portal | In progress | 3/1/2024 |
| Community engagement model for Paid Leave benefits | In progress | 4/30/2024 |

Next

- Benefit application and adjudication improvements (including date of placement change)
- Redetermination improvements
- TNC Pilot (HB 1570)
- Develop a division employee engagement plan.
- Support performance management
- Withhold child support from Paid Leave benefits.
- Crossmatch UI with Paid Leave benefits

Later

- Benefit overpayments
- Penalties and interest (employer and employee)
- Adding county & legislative district to database
- Elective coverage for tribes
- Crossmatching L&I with Paid Leave benefits
- Collections (employer & employee)
- Conditional benefit payments
- Pre-application for benefits
- Implement community engagement program.
- Implement comprehensive authorized representative process.

April Amundson will be the staff working on the Expiring CBA work.

Question: Samantha Grad asked: What does that work look like?

April Amundsen Answer: We are working to determine which Employers this does and does not impact. Working with those we identified to get them access to wages data for those Employees this is impacting. Also examining the interplay with WA cares because that provision did not change in WA Cares

Question: Bob Battles: Looking at future work in the TNC project, how are you building into the system, knowing that every time Legislature meets, you will end up with a new project?

Alison Eldridge answer: We are trying to leverage the processes and systems we have now rather than create new systems to meet mandates. The project team looks at everything our list of things to be completed and does their best to match up our list vs what the Leg hands us in new work – we then manage and combine our projects with Leg projects.

Placement and Family Leave

April Amundson

Expiration of Entitlement: under RCW 50A.15.065

- Entitlement to family leave expires for birth or placement of a child at the end of the twelve-month period beginning on the date of such birth or placement.

Current definition of “placement”: when the child was “first placed” in the home.

Proposing changes to the current definition of “Placement”

- Propose to amend “placement” to begin at date of when the child was first placed in the home or date of adoption.
- Entitlement expires for a parent at the end of the 12 months period from when the child was first placed for foster care. If leave was not taken at foster care, then 12 months from when the child was adopted. **RCW 50A.15.065
- Parents can only have 12 weeks of bonding for a child and cannot take it for both foster placement and adoption.

Path Moving Forward

- 10/03/2023, CR 101 filed to propose amendments to the definition of placement.
- If adopted, the Rules changes will be effective and changes will be implemented Spring 2024.
- Depending on varying situations, bonding may not be the only option for foster parents.

Question from Samantha Grad ask: Just to clarify, do they have to stick to one bucket, or can they take some now as foster and some later as adoption occurs?

April Amundson answer: No, they cannot split the time or save leave expecting to use it once the child is adopted.

Comment Maggie Humphries comment: While we appreciate this hard work, we will continue to push for splitting between both foster and adoption.

Open Comment

Public Comment from Rich Reynold- Providence Health and Services WA:

Employers would really like to understand more regarding the internal standard service leave agreements and requirements for decisions and payout timeframes from PFML. The average person dependent on this program cannot wait 5-6 weeks when they file an application and be able to take care of everything that was needed.

Response John Mattes: We are constantly working on getting faster to process and prioritizing benefit applications. We understand the impact on customers waiting for their payments.

Question from Maggie Humphries: Can you explain how the Decision Package affects this?

Justin DeFour response: We are asking for three new teams to be funded to aid with processing benefit applications and to keep up with demand.

Justin DeFour: We work to hit a two-week goal internally, but advisory and PFML have never set anything definitively.

Comment from Bob Battles: If we get the decision package, can we meet the two-week goal and how long will it take to get there?

Response from John Mattes: With the decision package and staffing model we have requested, hopefully it will get us to two weeks.

Meeting Adjourned 12:50 PM

*Next meeting: Friday January 26, 11 AM 2024
(Hybrid: Zoom and In-person 212 Maple Park Ave SE, Olympia, WA 98501)*
