

Washington  
**Paid Family & Medical Leave**



**Employment Security Department**  
WASHINGTON STATE

# Advisory Committee Meeting

Wednesday, April 10, 2024

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Agenda    Introductions & approval of February minutes

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Actuarial update

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Leg. session wrap-up & future planning

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Financial & program updates

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Open comment

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Adjourn

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# Meeting structure

Only committee members and presenters will be unmuted during the meeting.

We ask members of the public to hold comments until Open Comment.

Comments and questions in chat will not be reviewed during Open Comment.

# Introductions

Advisory committee members will introduce themselves in-person or online.



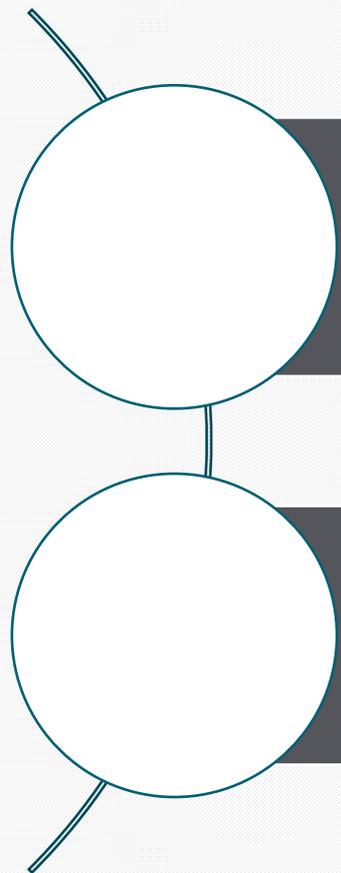
# Approve February minutes



# Actuarial update

Karissa Burgess, Actuary

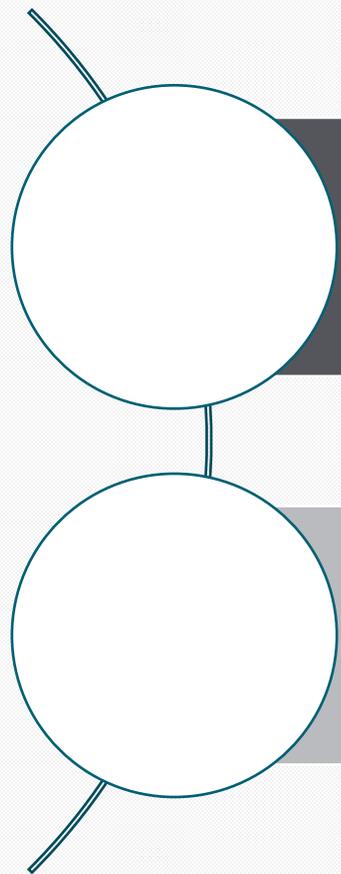
# Agenda



Recap of CY23 Experience

CA CY23 Update

# Agenda



Recap of CY23 Experience

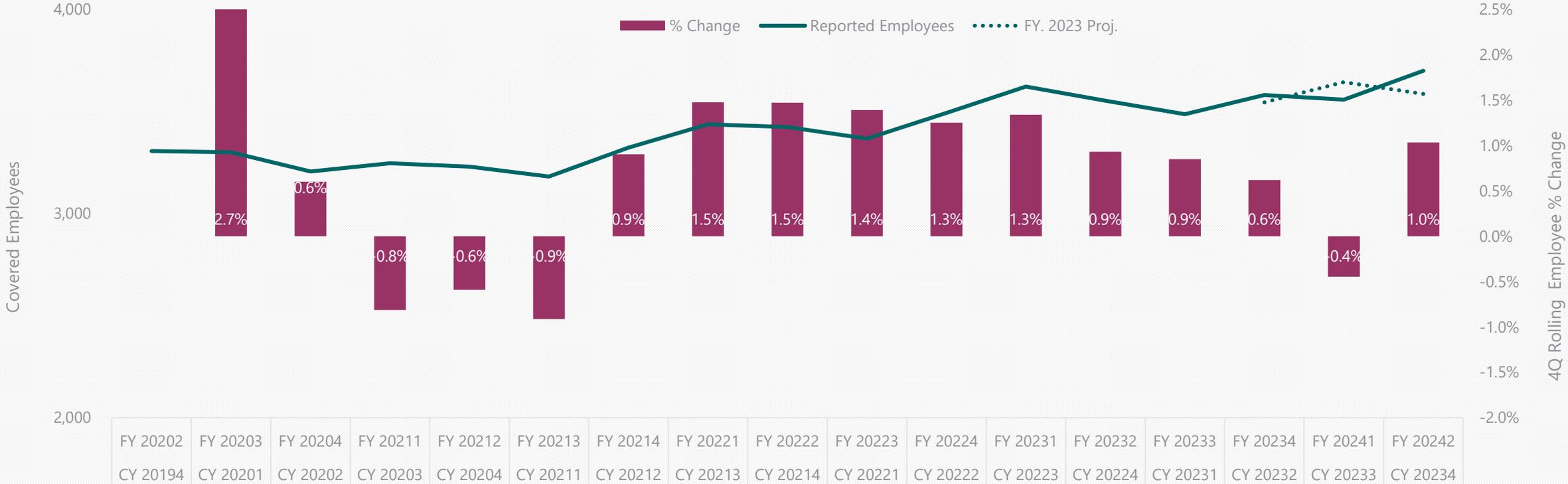
CA CY23 Update

# Recap CY23 Experience

- Covered employees in CY23 Q4 restated higher after updates, 2.1% growth in CY23. Initial FY24 employees now 0.4% higher than projected.
- Incident rates and claim duration were both 4% higher than expected in CY2023 Q4.
- Overall CY23 wages were close to projected, but average initial FY24 wages are lower than projected – would affect premiums assessed.
- Higher claims and lower premiums could result in earlier negative account balance than expected and a higher premium rate than expected for CY 2025

# Covered Employees

## Less Growth in Recent Quarters

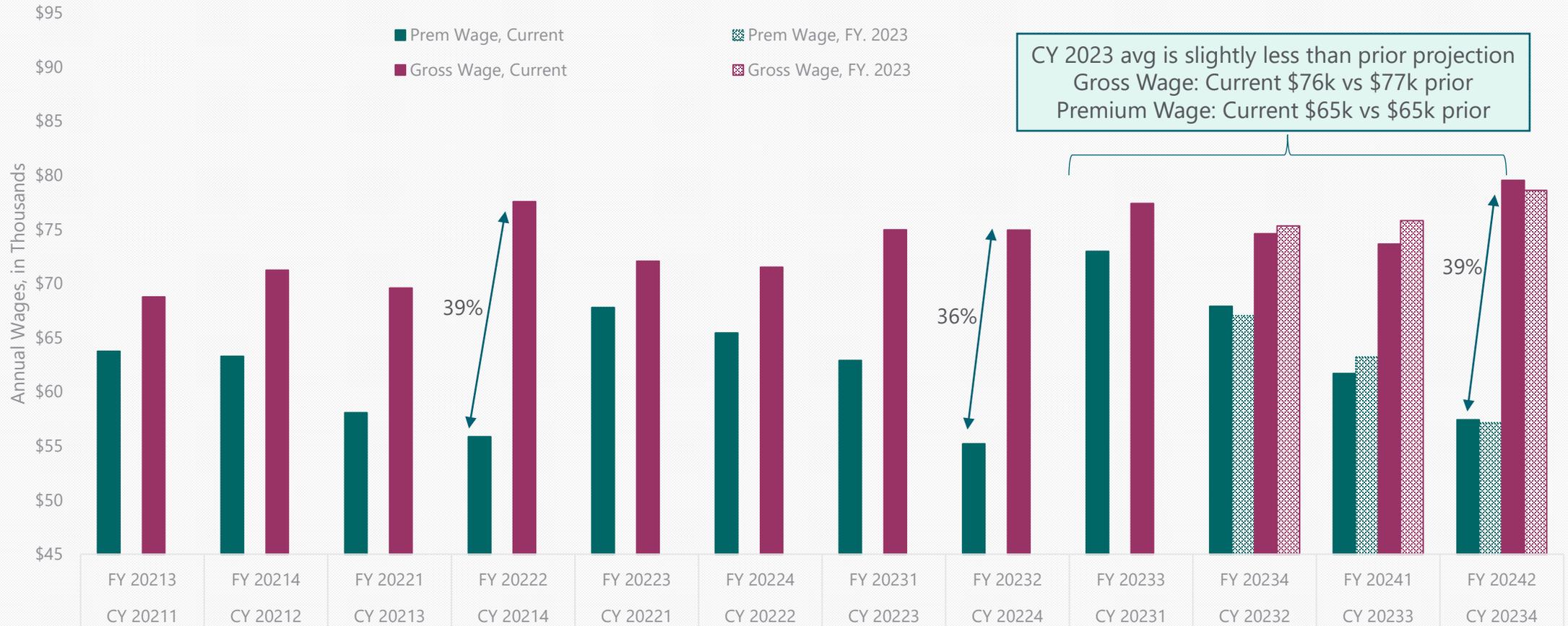


Actual YoY growth in 2023 was 2.1%.

Economic and Revenue Forecast Council a/o 1/2024 projected below growth rates

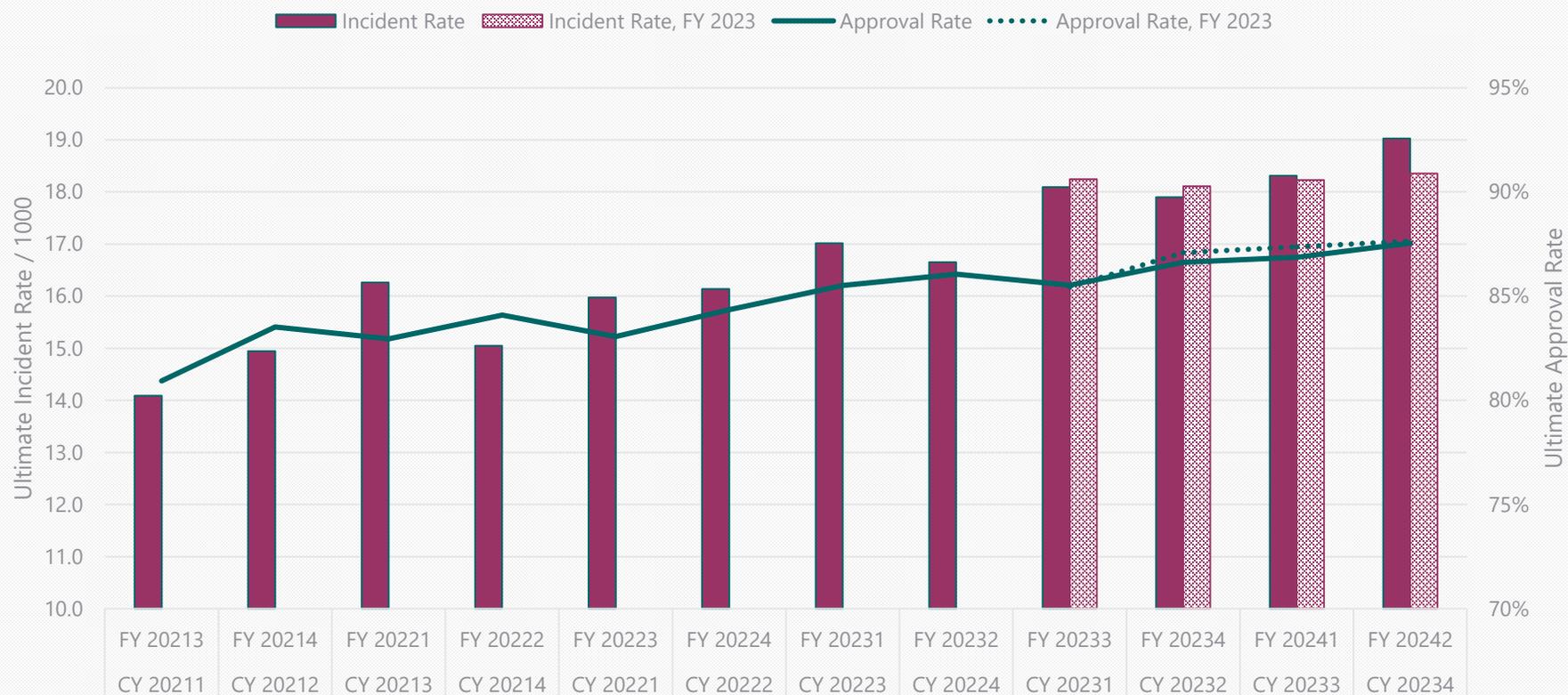
- 2022 at 4.7%
- 2023 at 2.7%

# Average Wages, Actual to Projected



While CY2023 average wages are slightly less than the prior projection, most of that difference is in most recent quarters, initial FY24 data.

# Incident Rate and Approval Rate

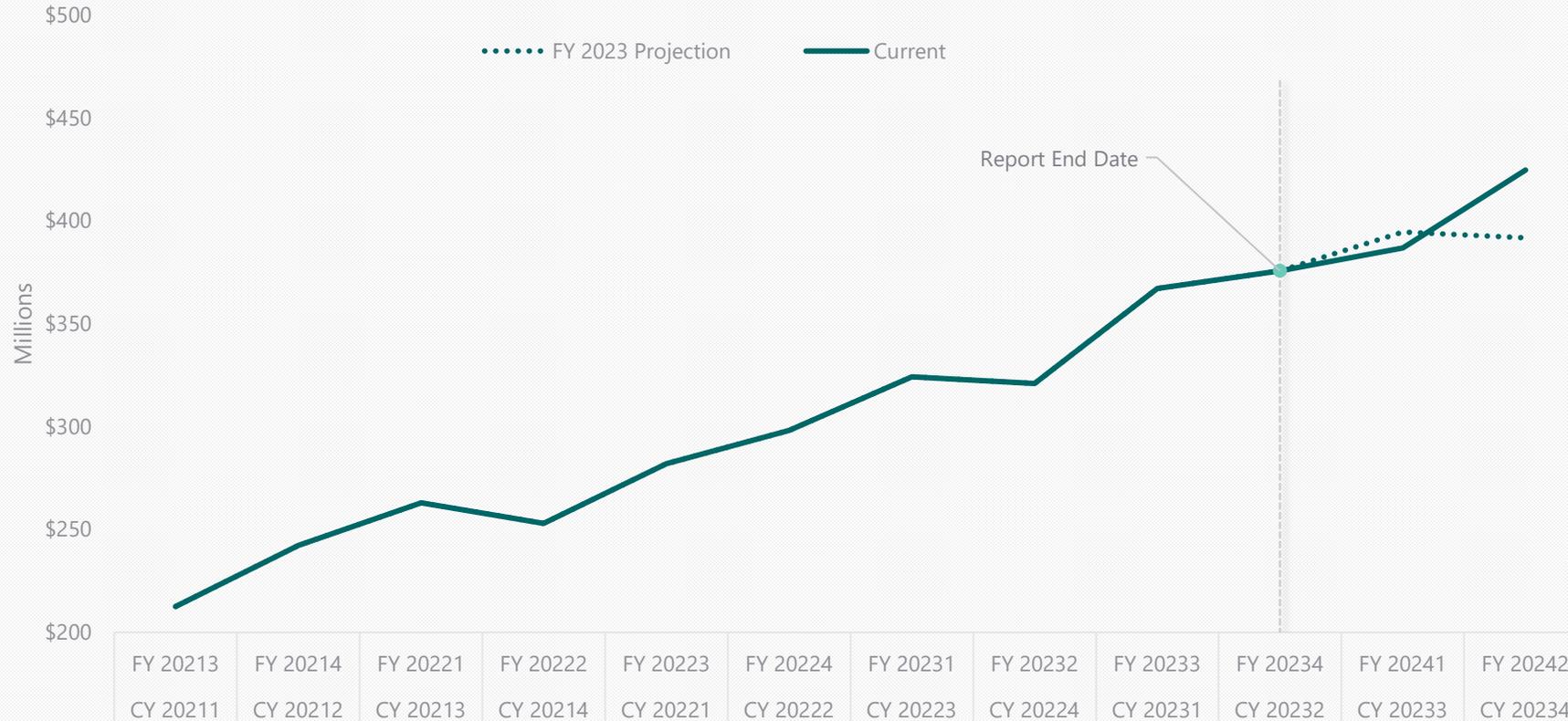


Larger increase in incident rate in most recent quarter. Incident rates are increased across most benefit types.

2023 & 2024 are actuarial estimates  
Claims shown by leave start date

# Leave Benefit by Fiscal Quarter

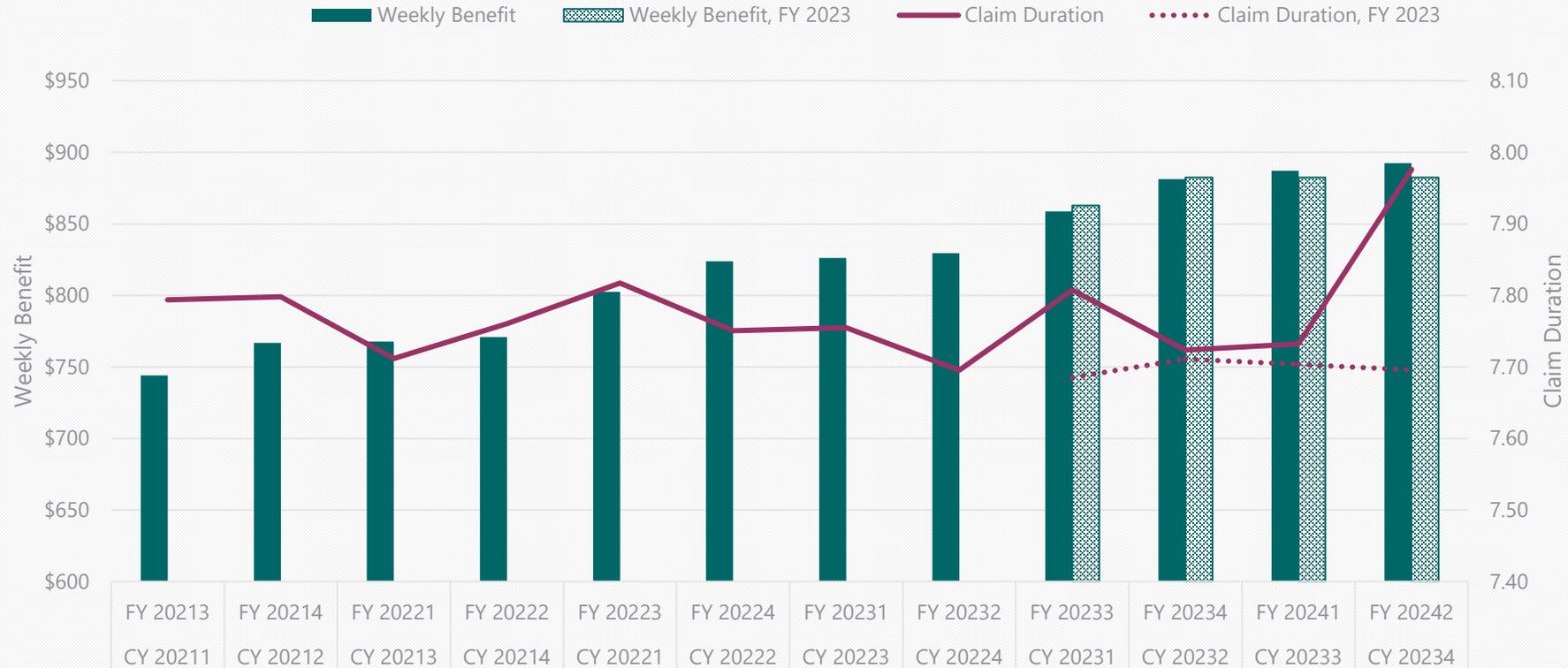
*Estimated ultimate payout for all the leaves first started in the quarter*



- Most recent quarter shows higher claims than projected with some offset in the previous quarter.
- Both Medical and Family benefits contribute to the difference.

2023 & 2024 are actuarial estimates  
Claims shown by leave start date

# Weekly Benefit and Duration



2023 & 2024 are actuarial estimates  
 Claims shown by leave start date

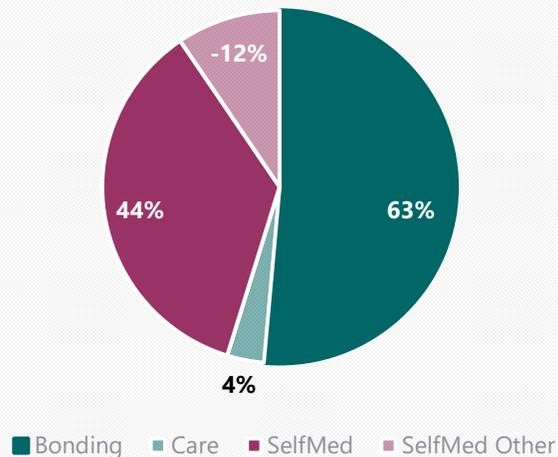
Claim duration in most recent quarter shows an increase.

Small differences in weekly benefits from what was projected, however seasonality difference could be driver.

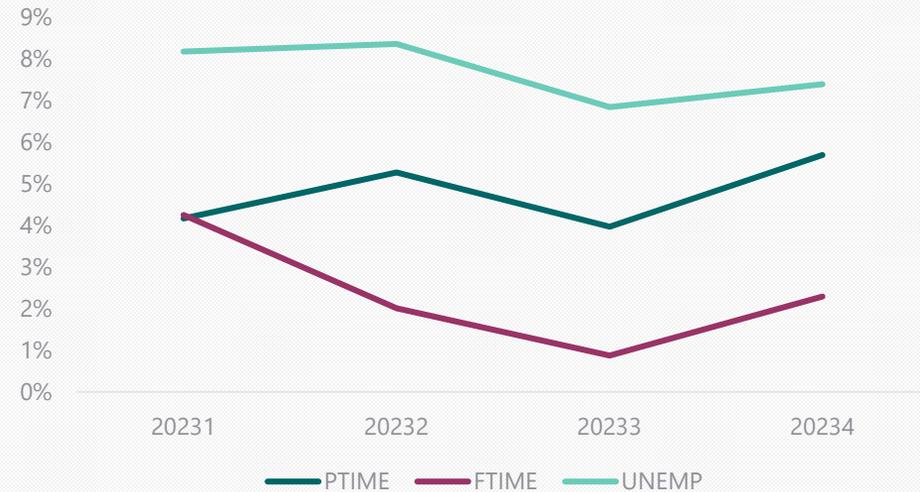
# Actual to Projected Claims Variance

- What is driving CY2023 Q4 claim increase?

Source of Variance from Projection



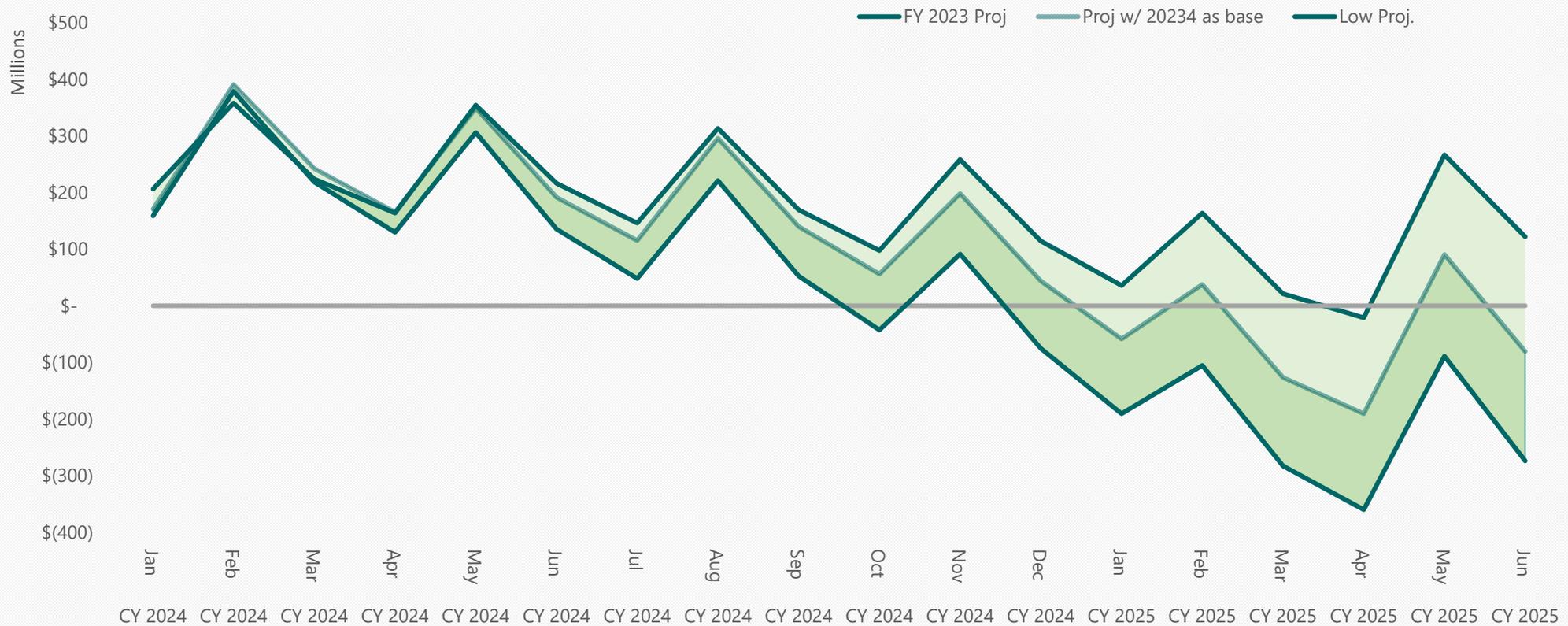
4Q Rolling Total Incidents Growth Rate



- Will claims continue at this rate?
  - Too early to say - some of the difference appears seasonal and/or situational, but claim submissions are still elevated so will continue to monitor.

# Account Balance 2024+

*Higher than expected claims will likely lead to earlier negative account balance than projected.*

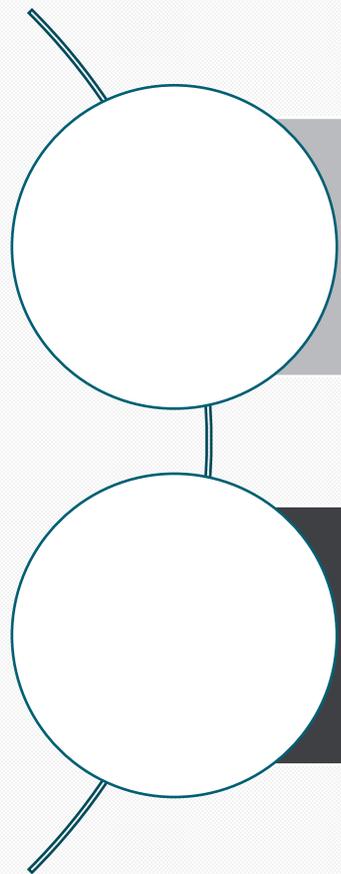


# CY2025 Baseline Rate

2024 Baseline Rate	↓
FY 2024 YTD Incurred Claims	↑
FY 2024 YTD Premium Assessed	↓
2025 Baseline Rate	↑ ↑

- Current rate method is retrospective.
- A year with low claims or a high account balance could result in lower than needed premium rates for the following year.
- This also results in an overcorrecting rate increase the proceeding year due to the losses being carried forward.
- A prospective rate method would largely address the above risks.

# Agenda



Recap of CY23 Experience

CA CY23 Update

# CA Program Summary

- CA PFL is a mature program added in 2004, most recent total claims trend of 10%.
- Current CA premium rate is 1.1% gross wages for CA PFL and CA Temp Disability.
  - Rate increase from 0.9% in 2023 to 1.1% in 2024 as well as removal of taxable wage cap.
- Total PFL total claims trend consistently 7-11% per year, with additional trend in years with program changes.
  - In recent years 3-6% of trend related to increase in filed claims.

# California PFML Programs

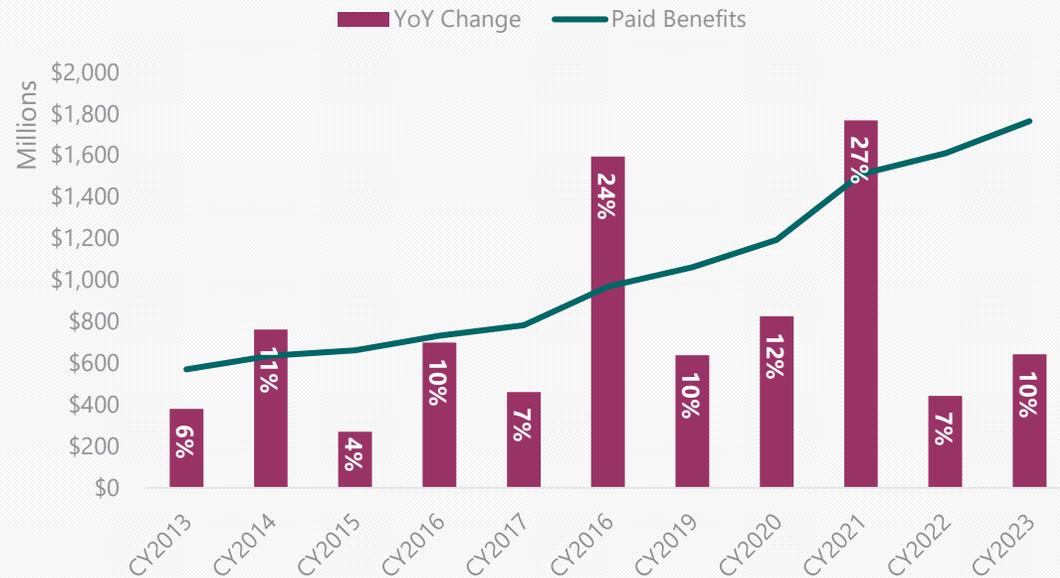
*Based on 2024 data*

Metric	California	
Benefit	Temp Disability	Paid Family Leave
Duration	104 weeks over 5 years	Up to 8 weeks
Max Payment	\$1,620	
Rate	1.1% Gross Wages*	

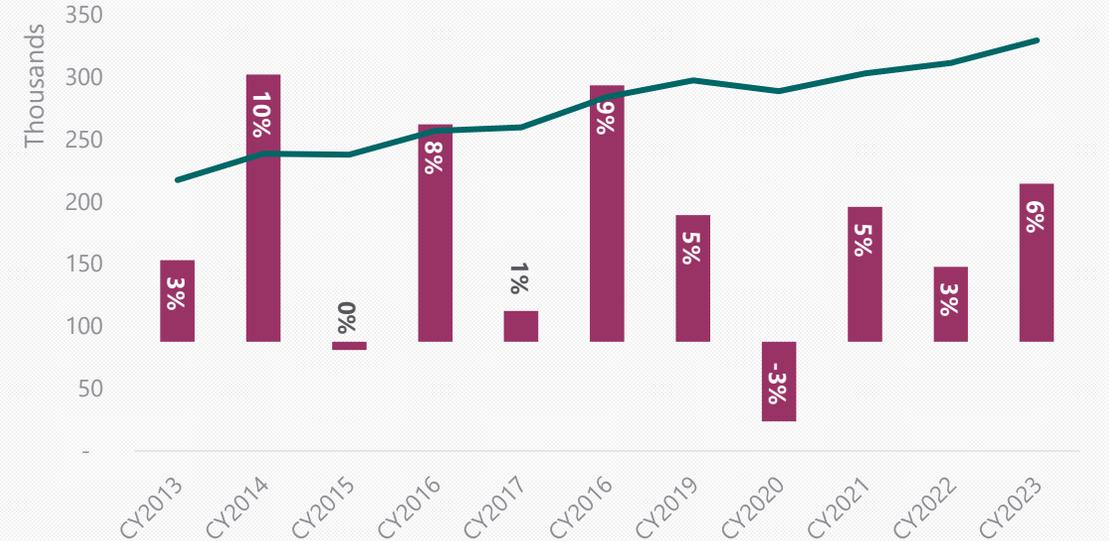
\*New in 2024, removed the taxable wage limit for premium withholdings

# California PFL Implemented 2004

Paid PFL Benefits (Millions) vs. YOY%



Initial Filed Claim Count vs. YOY%



2023 is an actuarial estimate

## Observations (CY 2013-2023)

- 2021 surge likely related to Covid and the increased benefit duration from 6 weeks to 8 in later 2015.
- Mature payment trends range 7-11% per year, with some situational volatility.

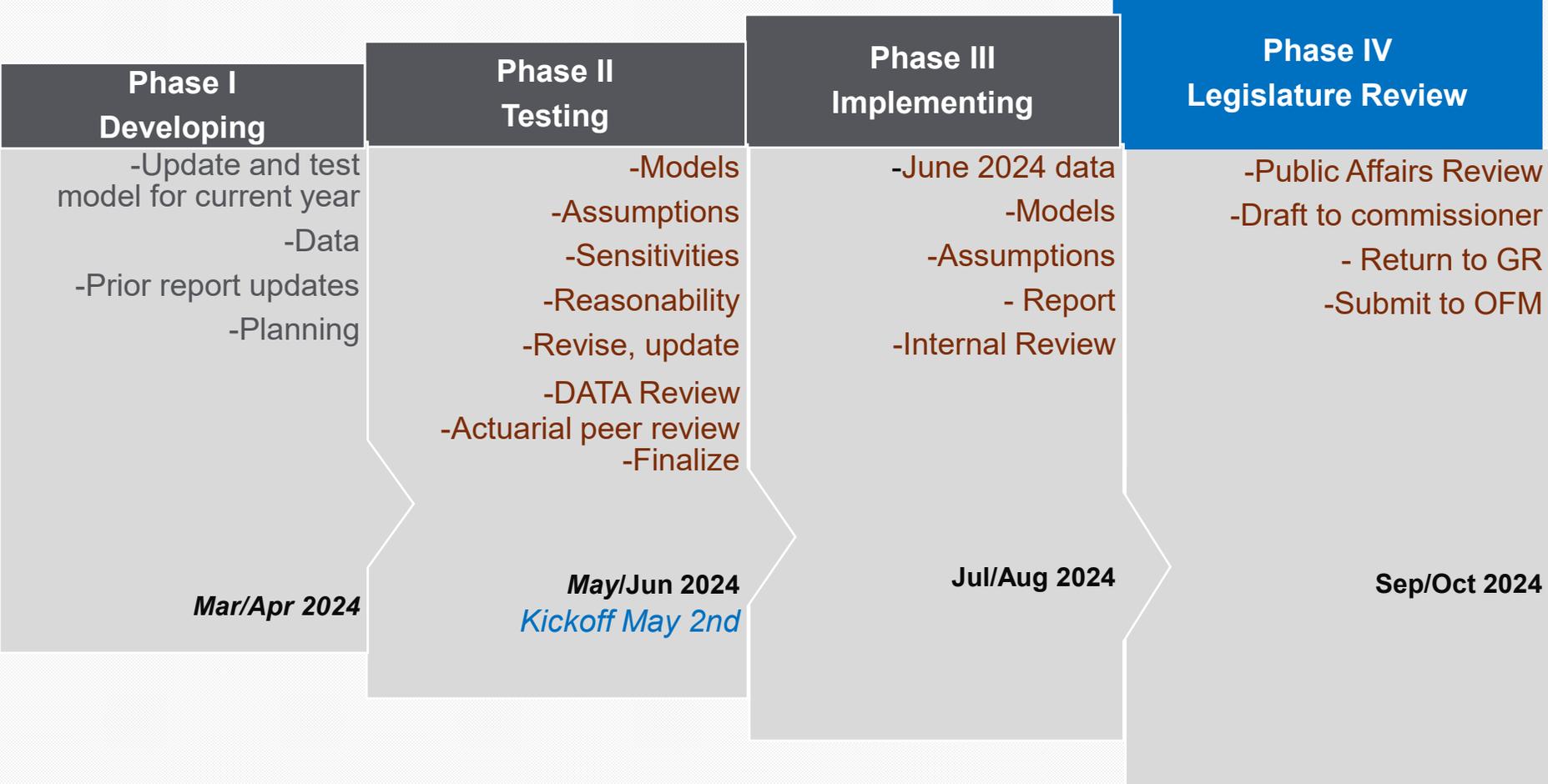
# Appendix

# Account Balance Current Update

- Ending CY 2023 account balance close to projected:
  - \$284M Actual
  - \$272M FY 2023 Projection
- Current cashflows won't reflect all of CY 2023 Q4 experience
  - Premiums have quarter lag
  - Claims with leave start dates in Q3 & Q4 are still developing

# Office of Actuarial Service 2024 Timeline

On-going  
Not Started



**Due to Legislature  
Nov 1st, 2024**

# Legislative session wrap-up & future planning

April Amundson, Leave and Care Policy and Rules Manager  
Caitlyn Jekel, Government Relations Director

# 2024 Legislative Session Recap

## Passed

- **HB 2102** – Requirements for the disclosure of health care information for qualifying persons to receive paid family and medical leave benefits.
- **Funding request** – Caseload staffing
- **Funding request** – Operations
- **Proviso** – Demographic data feasibility report

## Didn't pass

- **HB 2328** – Continued health benefits for firefighters of small fire districts.
- **HB 1959** – Extending certain requirements in the state paid family and medical leave program to employers with fewer than 50 employees.

# Future planning

## What's next

- **April 22-26** – ESD Executive Leadership Retreat
- **September 1** – Paid Leave Staffing and Program Needs Report
- **September** – Agency Request Legislation & Decision Packages to OFM/Gov
- **November 1** – Annual Paid Leave Actuarial Report
- **December 1** – Annual Report: Paid Family and Medical Leave

## Group discussion

- **Remaining topics from 2024**
- **Planning for ESD ARL/DP submissions**

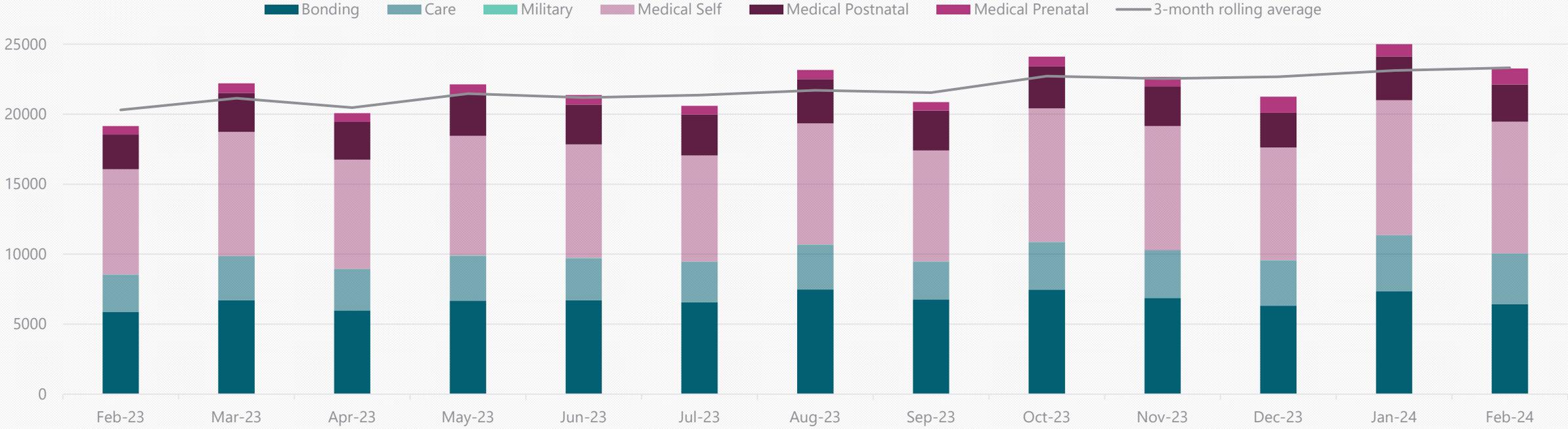
# Program and fiscal update

Rebecca Grady, Research and Data Manager

Steve Zawoysky, Treasury Manager

John Mattes, Operations Manager

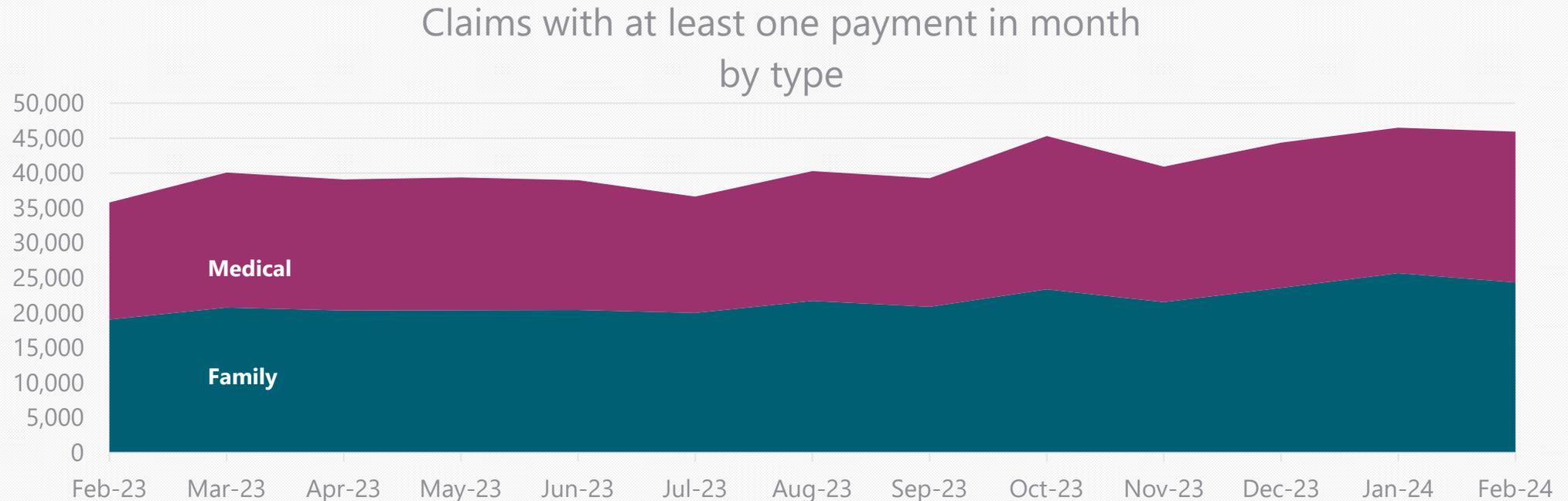
# Claim applications submitted by type



- February 2024, we received 23,253 applications
  - 9% less than the previous month
  - 21% more than February of last year
- Continue to see shift towards medical leave types ~ 48% family, 52% medical
- Three-month rolling average ~ 23.3K claim applications

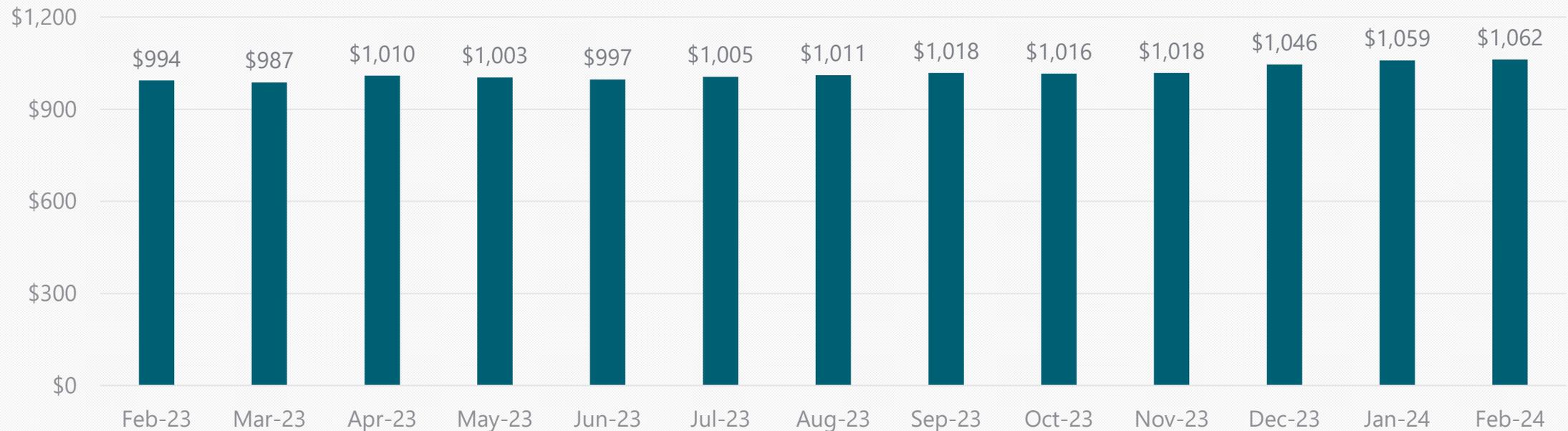
# Approval rate and monthly claims with payment(s)

- Percentage of claims approved continues to be relatively stable in past year
- Unique leave claims in the last 12 months – 121,862 family and 131,947 medical
- February 2024 total unique paid leave claims: 45,916
  - 28% more than January of last year



# Weekly benefit levels

- February 2024 average weekly benefit: \$1,062
  - 7% higher than February 2024
  - 5% higher than the 2023 average of \$1,008



*Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.*

# Lengths of leave (average)

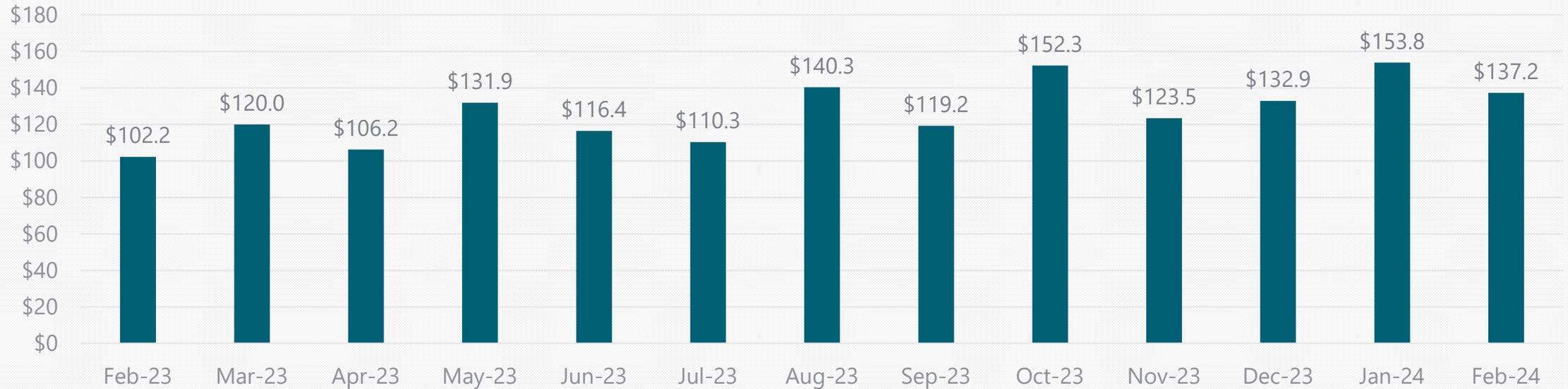
- February 2024
  - Family: 7.5 weeks
  - Medical: 6.8 weeks



- February 2024
  - 9.6 weeks



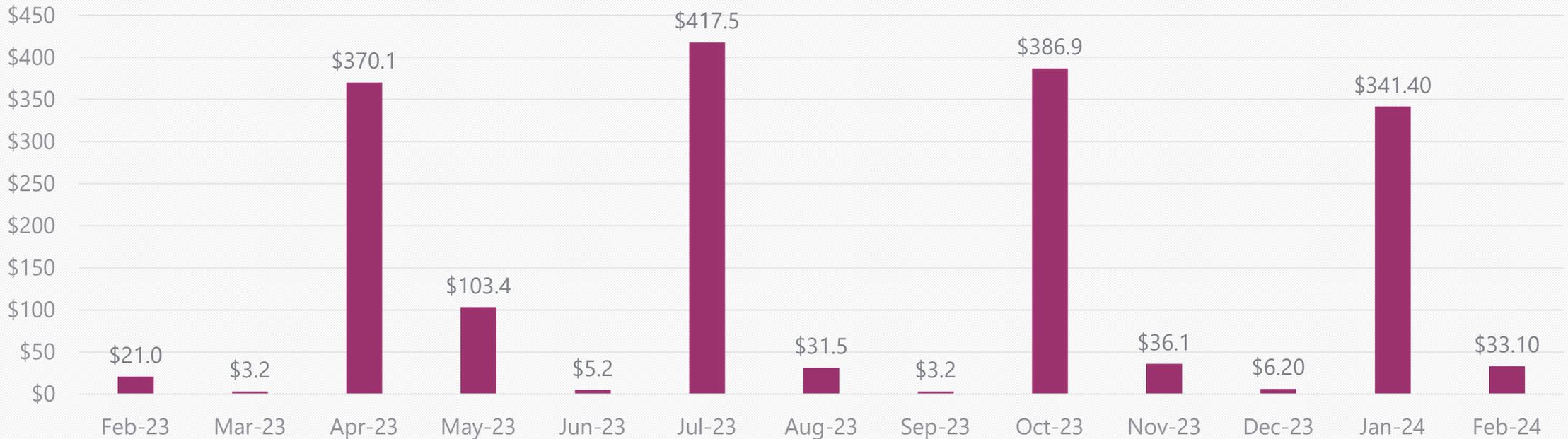
# Monthly benefits paid (millions)



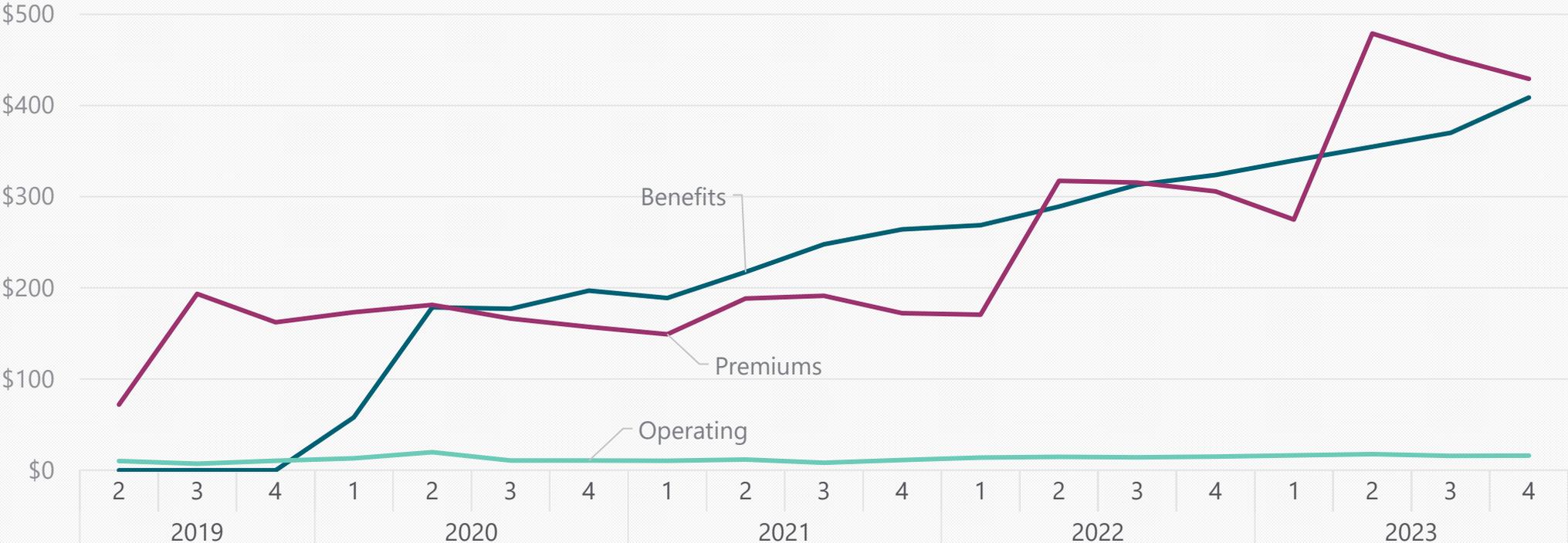
- February 2024 had \$137.2 million in benefits paid
  - 12% less than the previous month
  - 34% more than February 2023.
- \$128.7 million average monthly benefits paid over preceding twelve months

# Monthly premiums remitted (millions)

- Cyclical pattern of highest monthly premium transactions occurring at end of quarterly reporting months
- Premiums assessed for each quarter are remitted in the following quarter
- February 2024 remitted premiums were \$33.1 million – 58% more than February 2023.

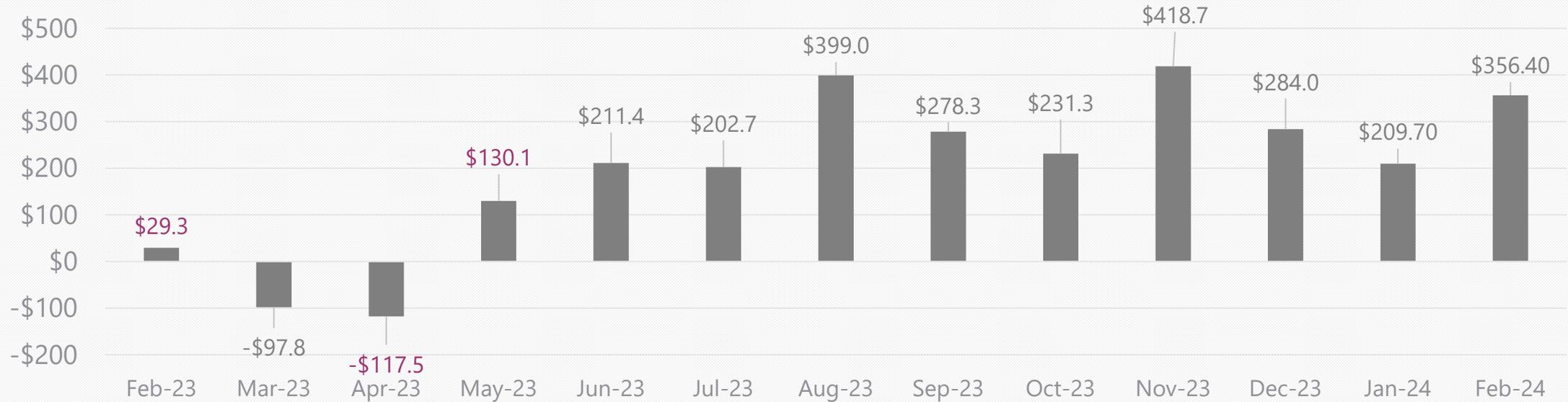


# Premiums, benefits, operating expenses, and account balance by quarter (millions)



	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	2019			2020				2021				2022				2023			
Benefits	\$0.0	\$0.0	\$0.0	\$58.1	\$178.7	\$177.0	\$196.9	\$188.7	\$217.2	\$247.6	\$264.0	\$268.7	\$289.0	\$313.0	\$323.7	\$339.5	\$354.5	\$369.9	\$408.6
Premiums	\$72.0	\$193.4	\$162.2	\$173.3	\$181.4	\$166.2	\$157.2	\$149.2	\$188.3	\$191.2	\$172.1	\$170.4	\$317.2	\$315.4	\$305.8	\$274.7	\$478.7	\$452.2	\$429.1
Operating	\$10.2	\$7.3	\$10.3	\$13.2	\$19.9	\$10.8	\$10.6	\$10.3	\$11.8	\$8.3	\$11.2	\$13.9	\$14.7	\$14.3	\$15.0	\$16.2	\$17.7	\$15.9	\$16.0
Account Balance	\$26.8	\$209.8	\$372.1	\$467.2	\$454.2	\$426.8	\$376.4	\$326.6	\$286.5	\$221.5	\$123.0	\$19.1	\$31.6	\$16.8	-\$18.5	-\$97.8	\$211.4	\$278.3	\$284.0

# Monthly ending account balance (millions)



- February 2023 ending balance was -\$29.3 million
- February 2024 ending balance was \$356.4 million
  - \$385.7 million increase in fund balance compared to previous year
- Operating activity over the previous twelve months has added \$185.7 million to fund balance

# Time from application submission to first payment

Month	Average weeks	Median weeks
Feb 2023	4.3	3.3
Feb 2024	4.2	3

Month	Average weeks	Median weeks
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
Oct 2023	4.3	3.3
Nov 2023	4.6	3.4
Dec 2023	4.5	3.4
Jan 2024	4.9	3.6
Feb 2024	4.2	3

# Phones

Month	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave
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
October 2023	31%	56%	28:27
November 2023	37%	57%	28:19
December 2023	42%	57%	28:54
January 2024	35%	65%	25:38
February 2024	35%	63%	26:41

## Comparing to February 2024 with 2023 year averages:

- 45% decrease in calls into queue
- 4% increase in the percentage of called answered from Paid Leave queue

# Current program priorities

Alison Eldridge, Assistant Director

# Current priorities

Project	Status
Cloud migration (phase 2 – AX)	In progress
Expiring the CBA provision for Paid Leave	In progress
Cloud migration (phase 3 – portal)	In progress
Claim year adjudication improvements	Initiation
TNC Pilot (SHB 1570)	In progress
2023 1099s	Nearing close
Employer access to benefit data (SSB 5586)	In progress
2023 Decision package hiring	Initiation
Customer Care performance metrics	In progress
Partnership to increase equitable benefit access using data	Nearing close
Developing a community engagement model for Paid Leave	In progress
Paid Leave customer stories	In progress
Leadership Academy	In progress

# Future work

## Next

- Medical certifications (HB 2102)
- 2024 Paid Leave staffing needs & resources
- Migration to SharePoint online
- **Withhold child support from Paid Leave benefits**
- **Redetermination improvements**
- Develop a division employee engagement plan
- Support performance management
- **Crossmatch UI with Paid Leave benefits**
- **Benefit overpayments**
- 2024 annual program report

## Later

- **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

# Next meeting

1 to 3 p.m. on Wednesday, May 22, 2024

## Proposed topics

- Ombuds update
- Others?

# Open comment

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Reminders Please frame your questions as a comment.

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If online -“Raise your hand” virtually

In person – let us know and we will give you the floor

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The meeting host will unmute online individuals to allow for the open comment.

In person we will call on you

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# Continue the conversation

**Justin DeFour**

Director, Paid Family & Medical Leave  
Employment Security Department

[Justin.defour@esd.wa.gov](mailto:Justin.defour@esd.wa.gov)



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