

Washington
Paid Family & Medical Leave



Employment Security Department
WASHINGTON STATE

Advisory Committee Meeting

Wednesday, July 31, 2024

Agenda

Introductions & approval of May minutes

LCD Director recruitment process

Recent Paid Leave events

Financial & program updates

Actuarial update

Current program priorities

Legislative update

Open comment

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 May minutes



Update on the Recruitment of Leave and Care Director

Cami Feek, ESD Commissioner

Recently attended paid leave events in Washington DC

Paid Family and Medical Leave Collaborators Convening –
Center for Law and Social Policy and Family Values and Work

Paid Leave: Equity in Implementation Conference –
Department of Labor Women's Bureau

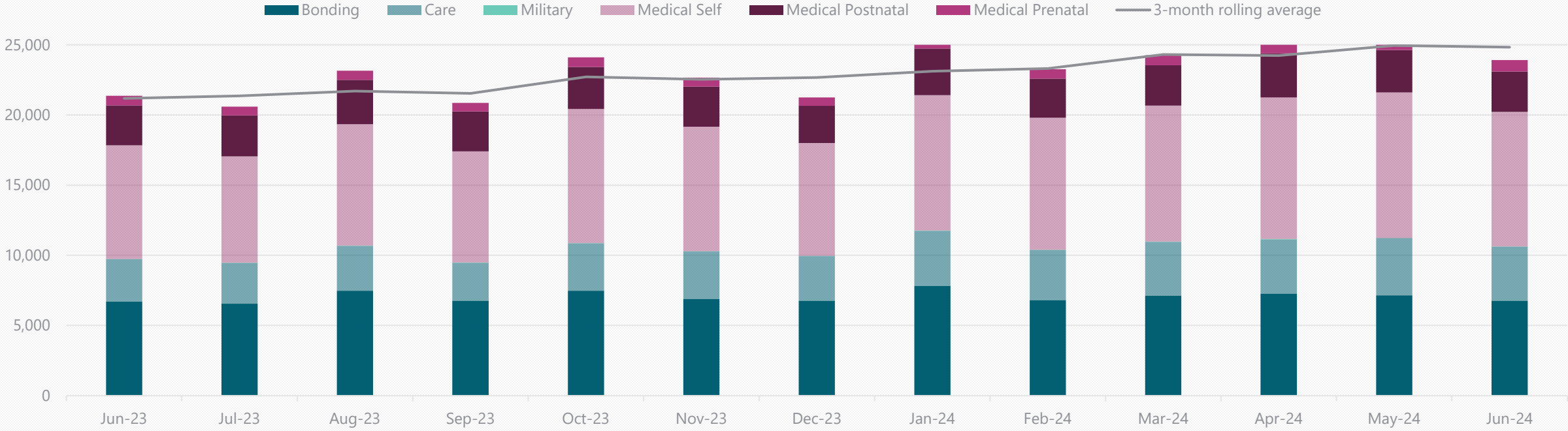
Financial & program update

Rebecca Grady, Research & Data Manager

Steve Zawoysky, Treasury Manager

John Mattes, Customer Service Manager

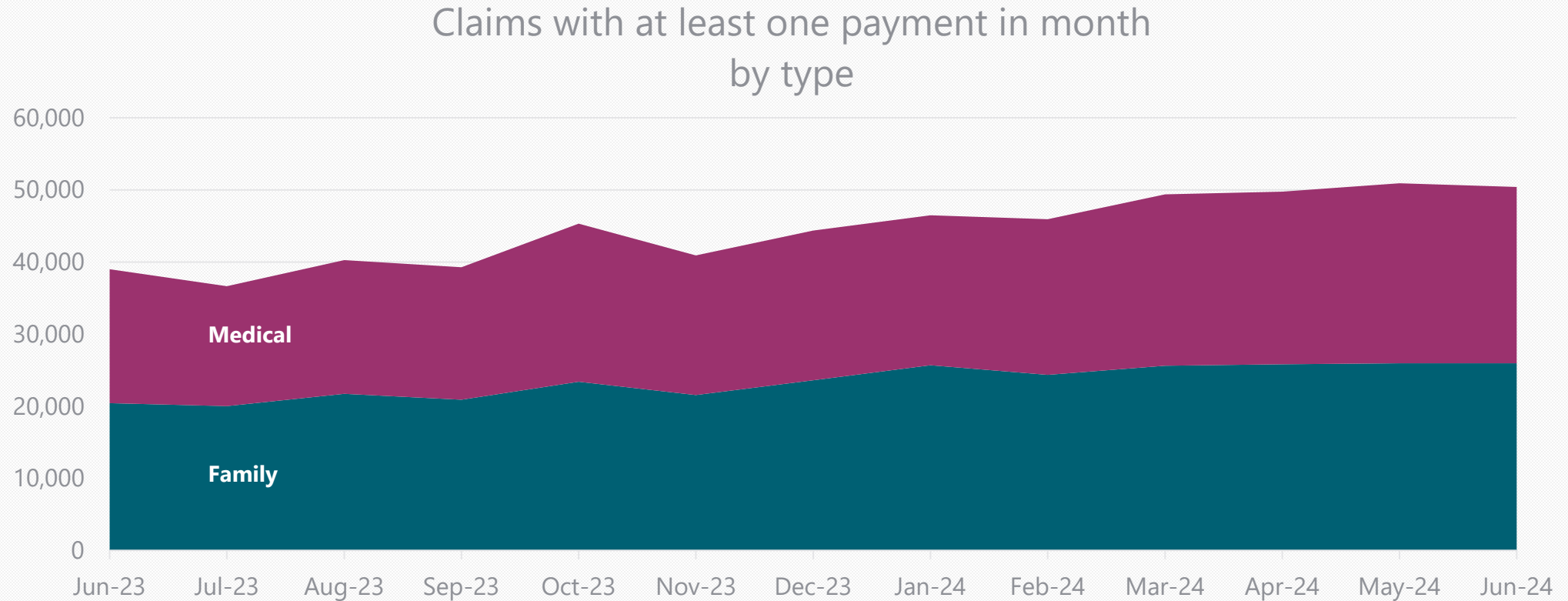
Claim applications submitted by type



- June 2024, we received 23,917 applications
 - 6% less than the previous month
 - 12% more than June of last year
- 44% family, 56% medical
- Three-month rolling average ~ 25K claim applications

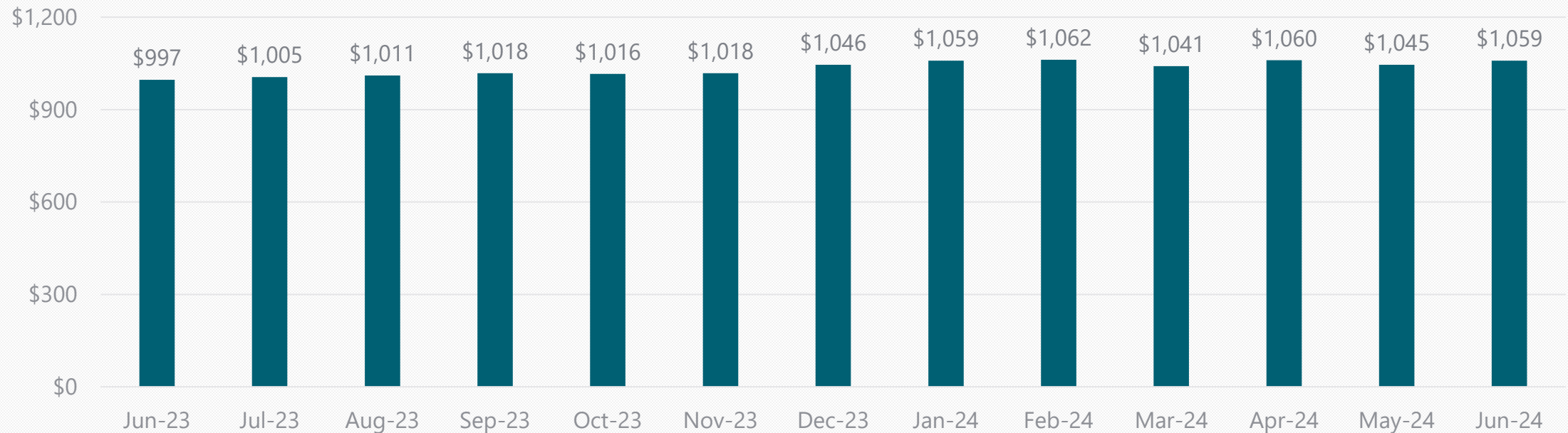
Approval rate and monthly claims with payment(s)

- Percentage of claims approved continues to be relatively stable
- June 2024 total unique paid leave claims: 50,386
 - 29% more than June of last year



Weekly benefit levels

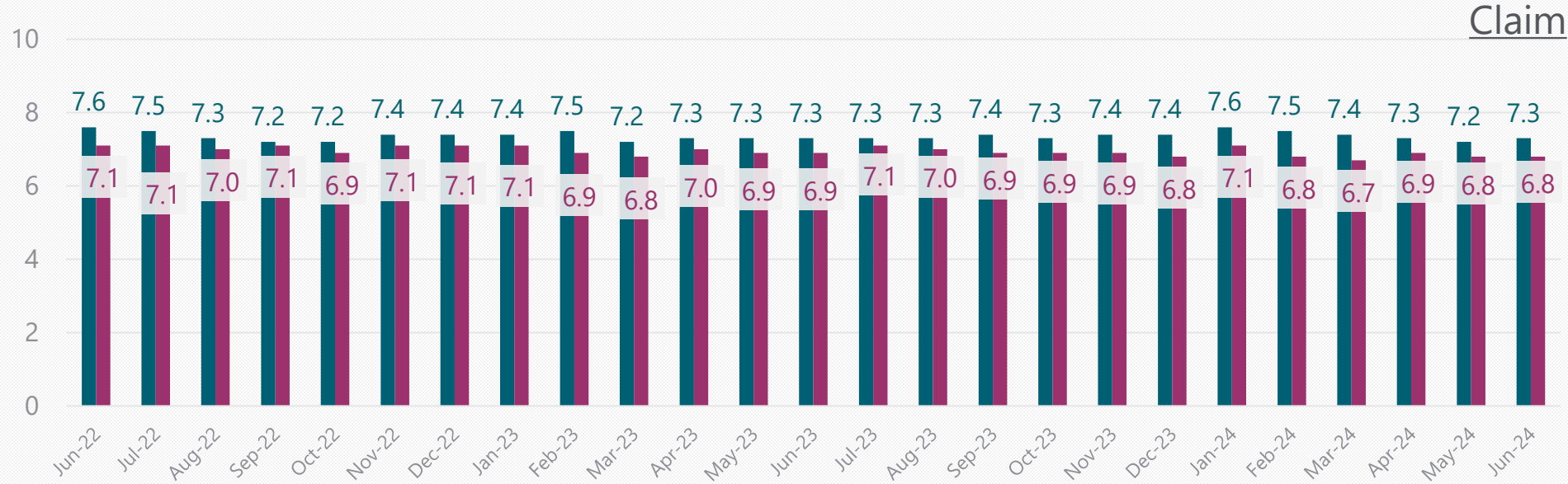
- June 2024 average weekly benefit for new claim years: \$1,059
 - 2024 running average to date is 5% higher than calendar year 2023



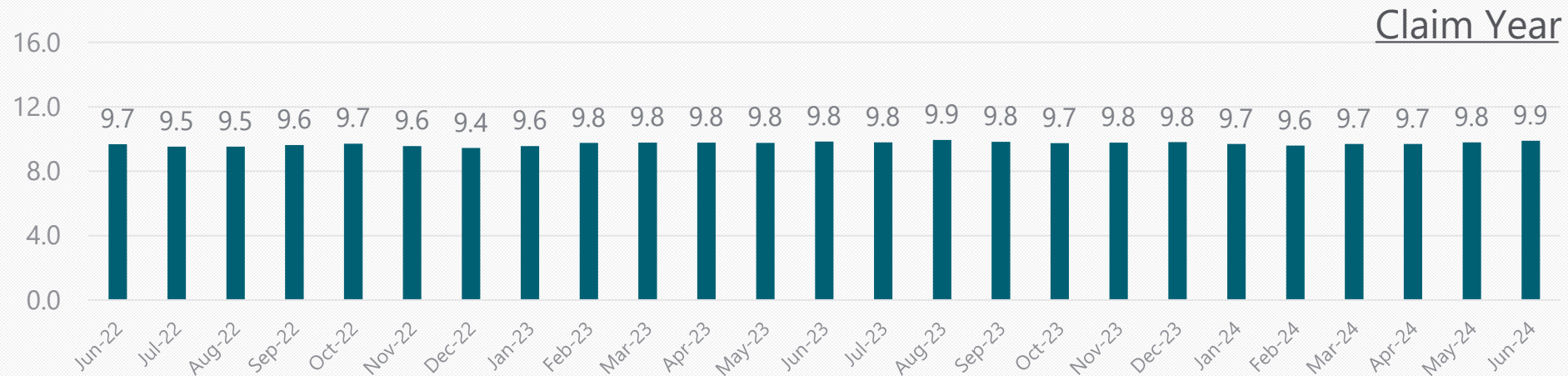
Technical note: Average weekly benefit amount for approved claims grouped by claim year start month, most recent months typically drop slightly as data matures.

Lengths of leave (average)

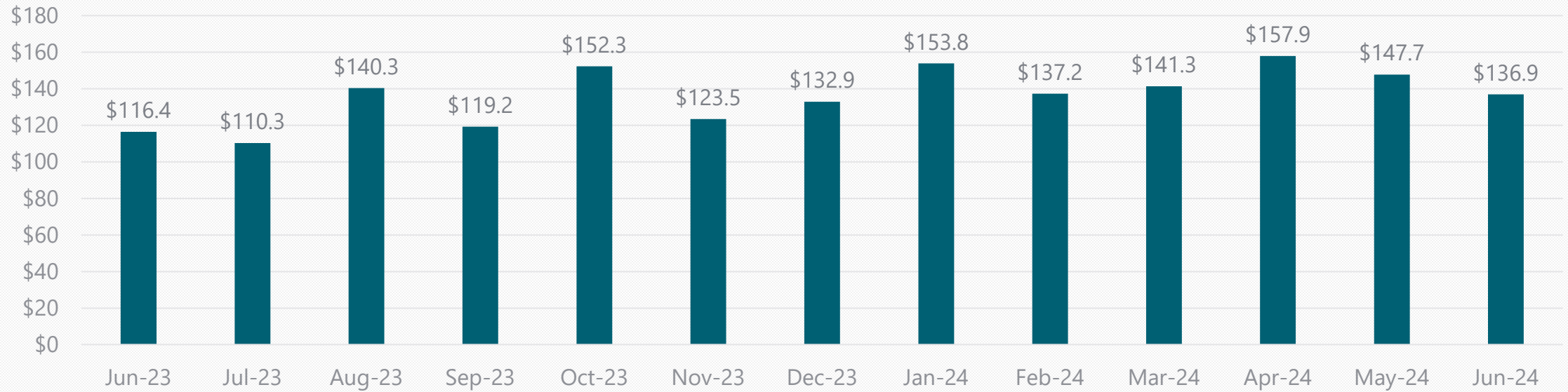
- June 2024
 - Family: 7.3 weeks
 - Medical: 6.8 weeks



- June 2024
 - 9.9 weeks



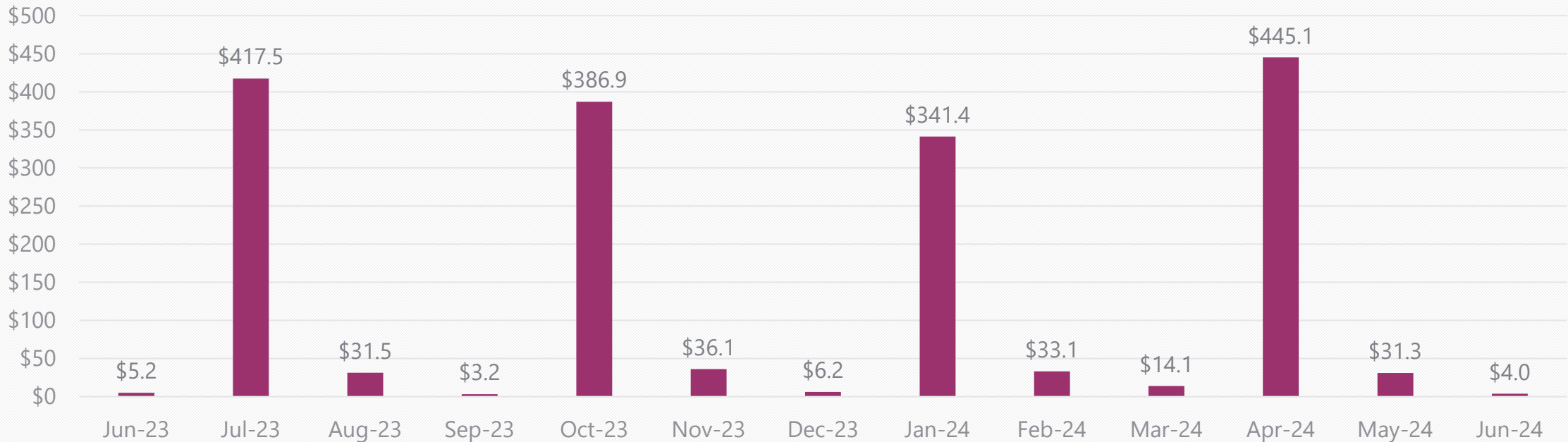
Monthly benefits paid (millions)



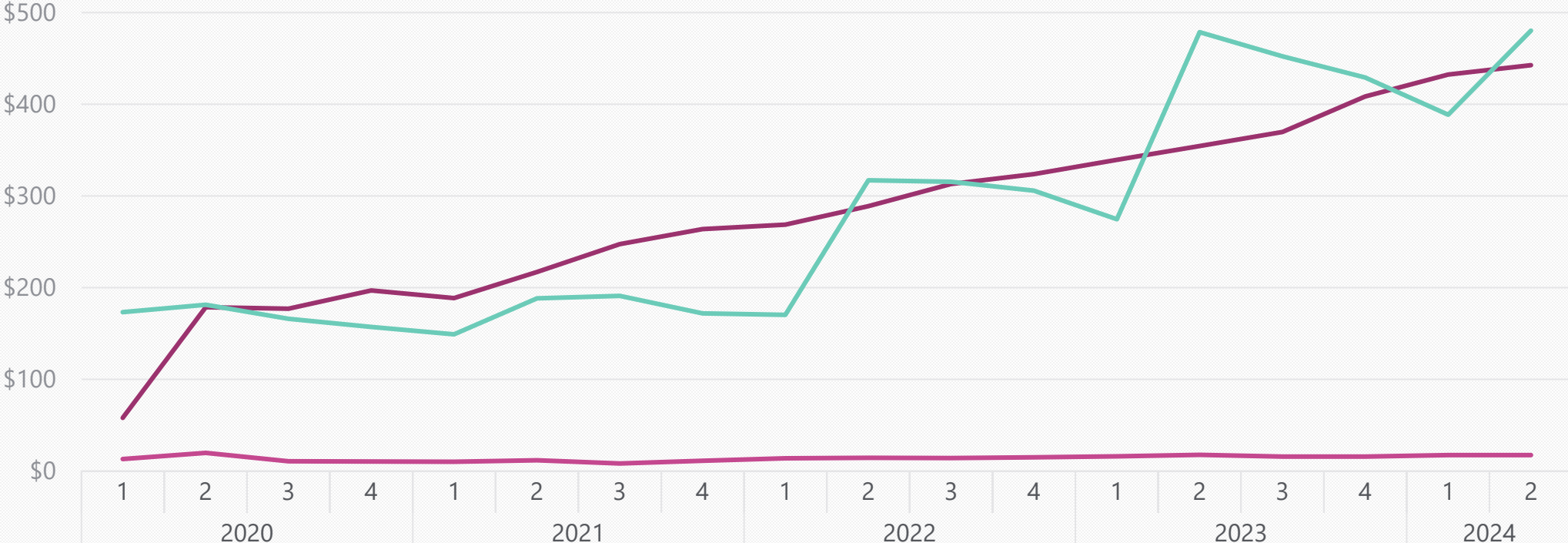
- June 2024 had \$136.9 million in benefits paid
 - 7% less than the previous month
 - 18% more than June 2023
- \$137.8 million average monthly benefits paid over last twelve months

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 month following that quarter
- June 2024 remitted premiums were \$4 million, about the same level as June 2023
- Premium remittance over previous twelve months: \$1.75 billion



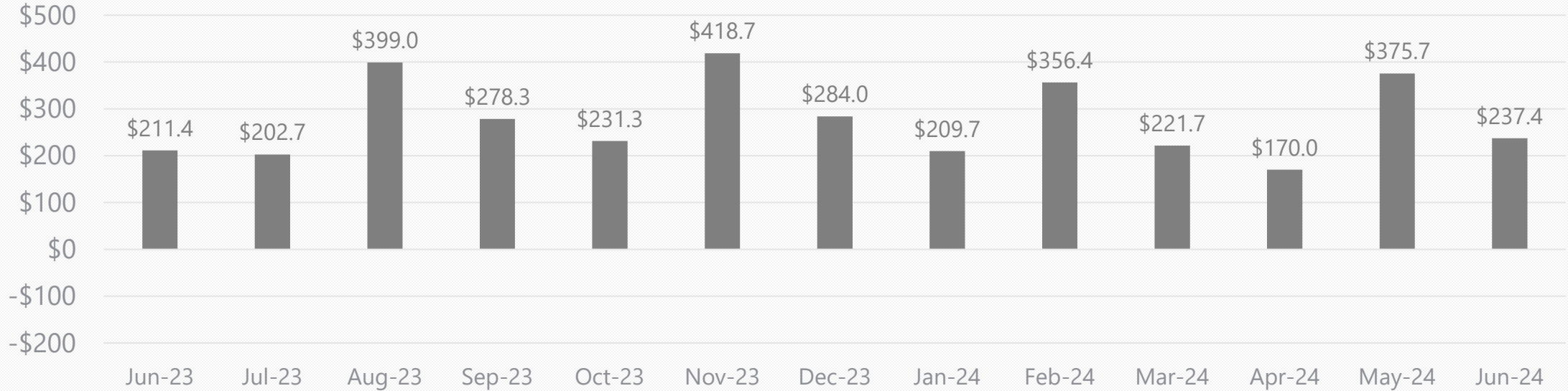
Premiums, benefits, operating expenses, and account balance by quarter (millions)



	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
	2020				2021				2022				2023				2024	
Benefits	\$58	\$179	\$177	\$197	\$189	\$217	\$248	\$264	\$269	\$289	\$313	\$324	\$339	\$355	\$370	\$409	\$432	\$443
Premiums	\$173	\$181	\$166	\$157	\$149	\$188	\$191	\$172	\$170	\$317	\$315	\$306	\$275	\$479	\$452	\$429	\$389	\$480
Operating	\$13	\$20	\$11	\$11	\$10	\$12	\$8	\$11	\$14	\$15	\$14	\$15	\$16	\$18	\$16	\$16	\$18	\$17
Account Balance	\$467	\$454	\$427	\$376	\$327	\$287	\$222	\$123	\$19	\$32	\$17	-\$19	-\$98	\$211	\$278	\$284	\$222	\$237

Technical note: Operating expenses in recent quarter are preliminary. Account balance, premiums, and expenses data are from different data systems so numbers will not exactly total within a quarter.

Monthly ending account balance (millions)



- June 2023 ending balance was \$211.4 million
- June 2024 ending balance was \$237.4 million
- Program operations contributed to a \$26.0 million increase in fund balance compared to June 2023

Time from application submission to first payment

Month	Average weeks	Median weeks
June 2023	4.7	3.6
June 2024	4	2.7

Month	Average weeks	Median weeks
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
Mar 2024	3.9	2.7
Apr 2024	3.9	2.7
May 2024	3.7	2.6
June 2024	4	2.7

Phones

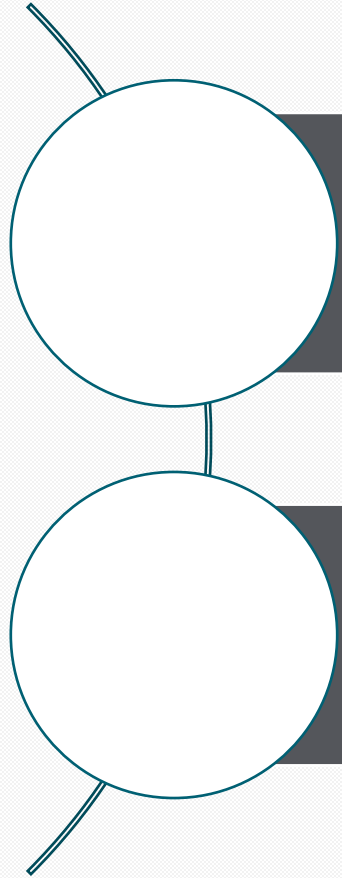
Month	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave
June 2023	75%	66%	22:35
July 2023	62%	57%	27:23
August 2023	66%	50%	25:24
September 2023	48%	46%	29:20
October 2023	31%	56%	28:27
November 2023	37%	57%	28:19
December 2023	42%	57%	28:54
January 2024	35%	65%	25:38
February 2024	35%	63%	26:41
March 2024	38%	69%	18:56
April 2024	37%	64%	24:04
May 2024	38%	65%	23:46
June 2024	37%	62%	26:58

- Percentage of calls into queue and calls answered from Paid Leave queue have been stable since January
- Significant decrease in percentage of calls into queue from June 2023 to June 2024

Actuarial update

Karissa Burgess, Actuary

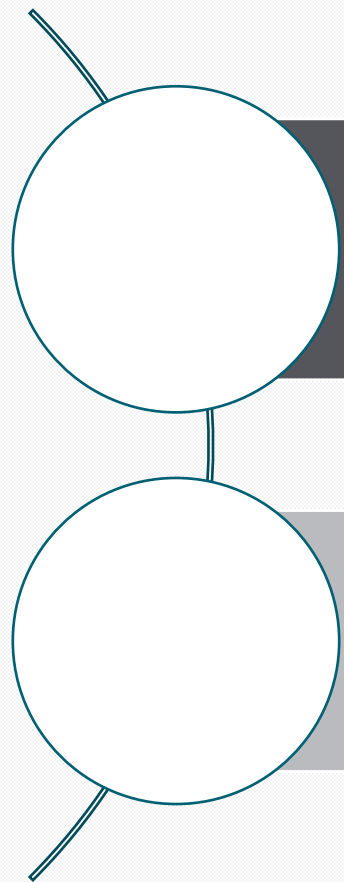
Agenda



Actual to Expected Comparison

Projection Update

Agenda



Actual to Expected Comparison

Projection Update

Summary Current Experience (CY24 Q1*)

- Account balance ending at \$222 million vs. FY23 projection of \$224 million
- Covered employees grew more than expected, partially driven by CBA provision sunset
- Strong economy and tight labor market pushed average wage 5% higher than expected
- Estimated incident rate exceeded previous forecast across claim types
- Expect higher trend in covered employees, incident rates from broadening coverages**

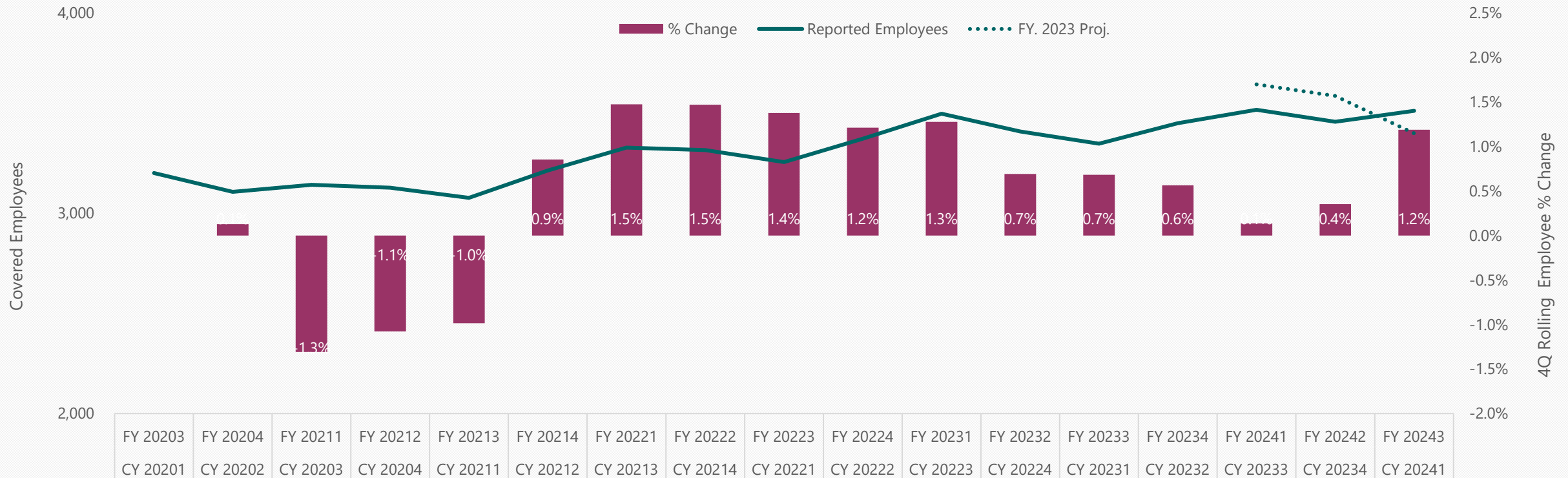
Notes: Membership was updated to reflect only employees without full coverage through voluntary plans, which will cause some metrics to shift from previous reporting.

*Wage and covered employees assessed in CY24 Q1, leave benefits starts CY24 Q1

** it means the program extending access to a larger population base (CBA, TNC)

Covered Employees

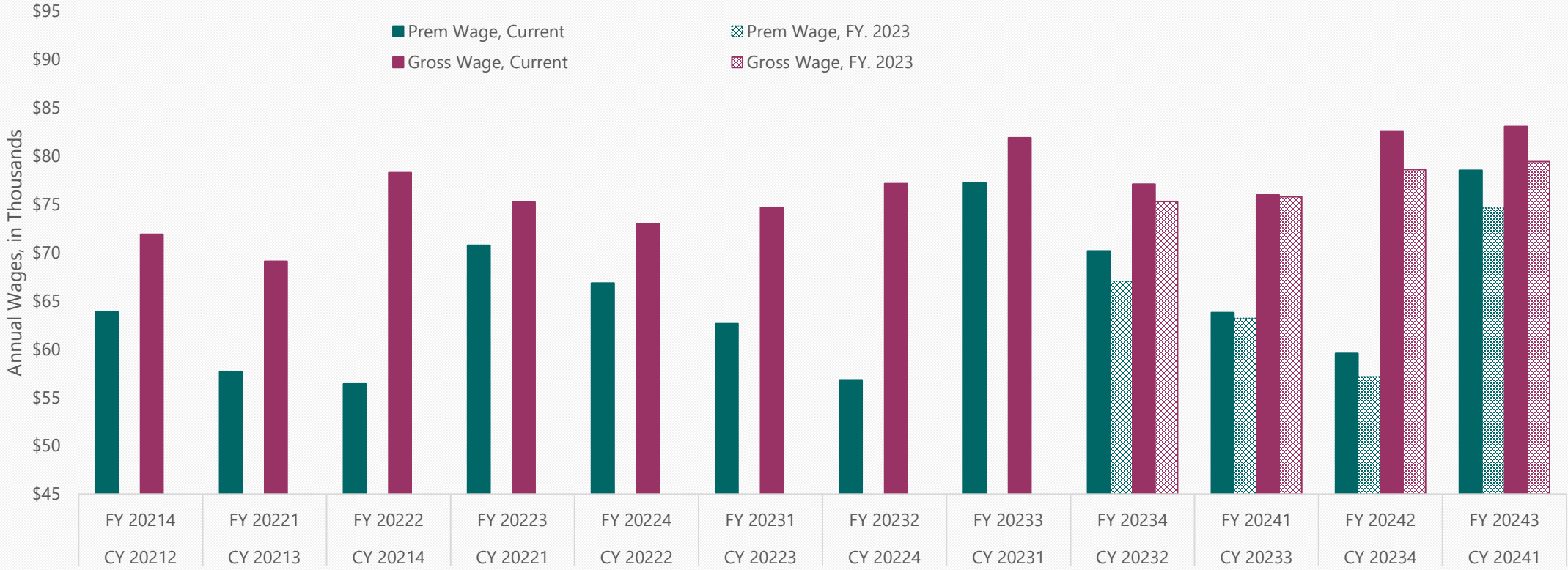
More growth in 2024 Q1



Economic and Revenue Forecast Council a/o 6/2024 projected growth rates

- 2024 at 1.3%
- Paid Leave will likely have a higher growth rate due to TNC Pilot and CBA provision sunset

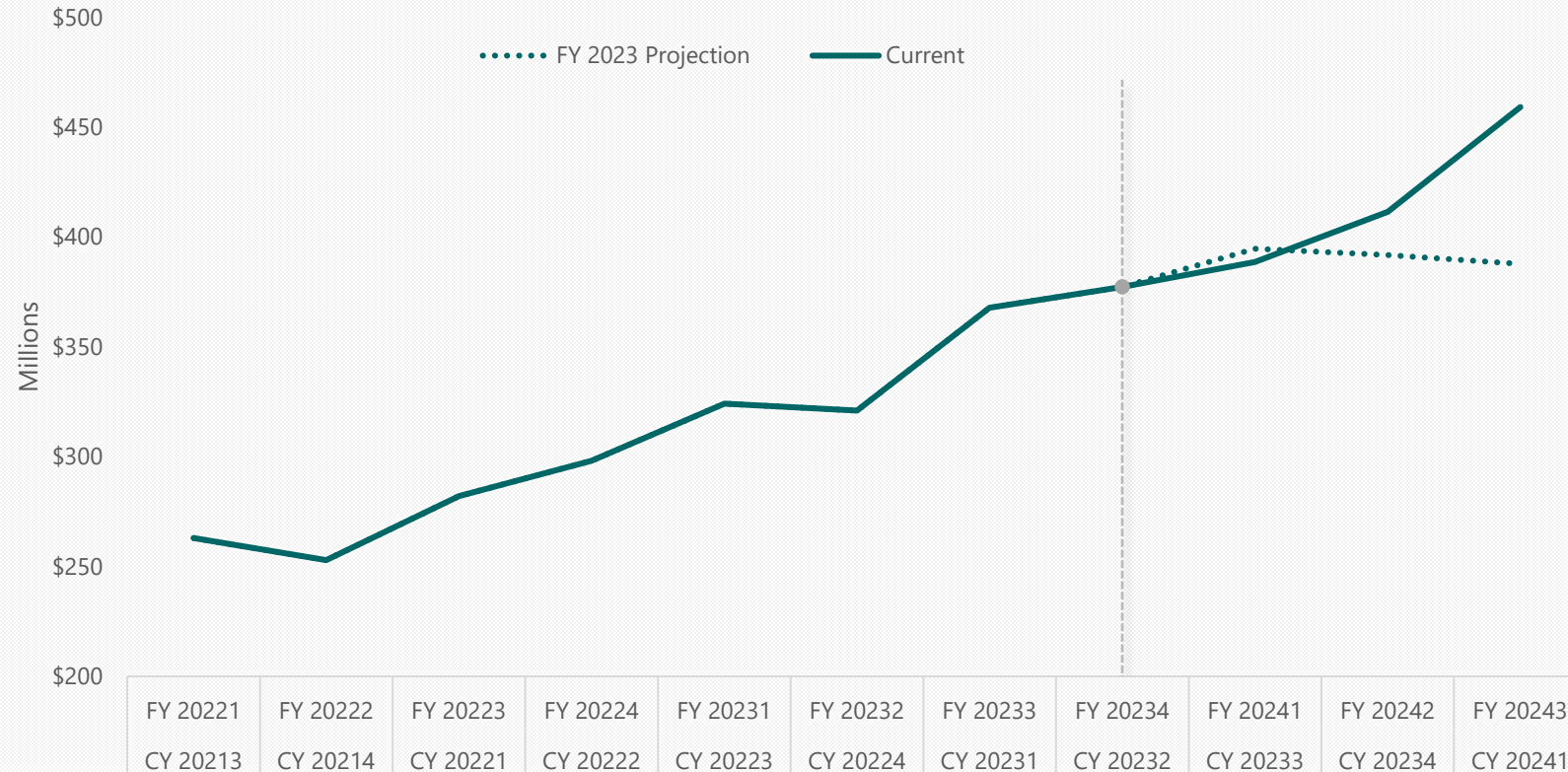
Average Wages, Actual to Projected



Most recent quarters coming in slightly higher than expected

Leave Benefit by Fiscal Quarter

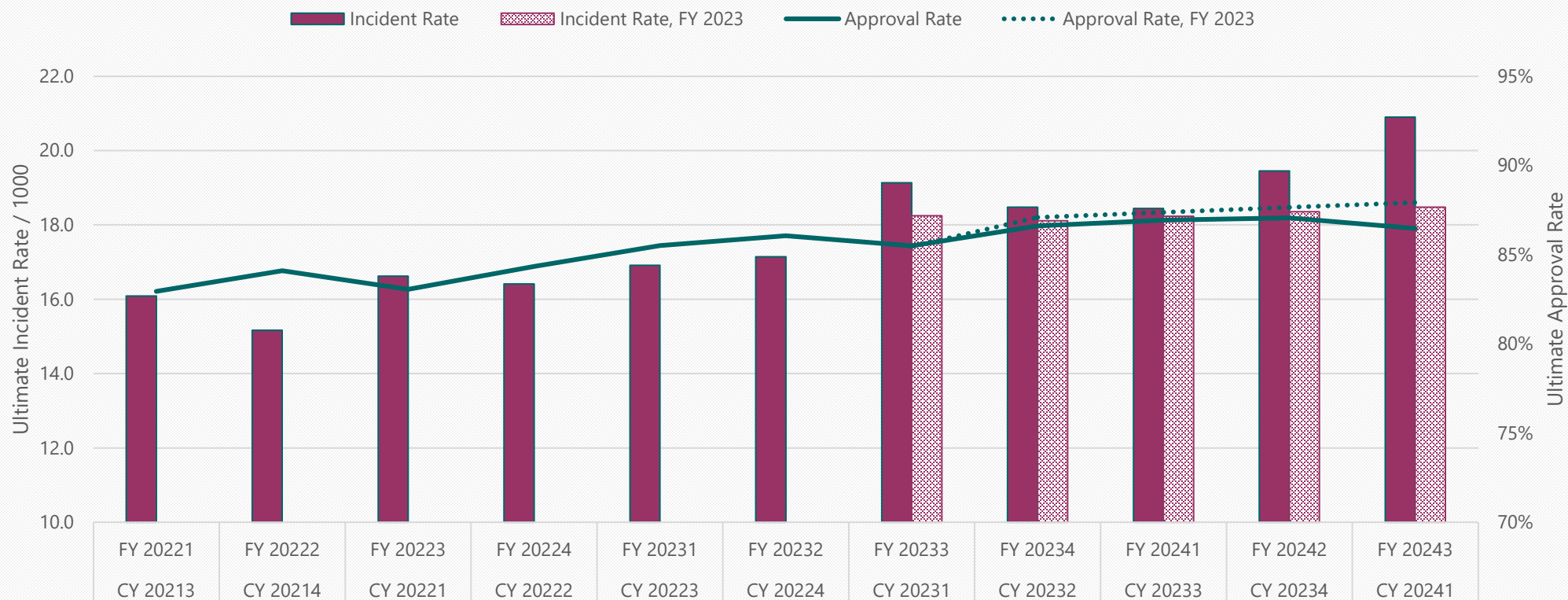
Estimated ultimate payout for all the leaves first started in the quarter



- PFML is a popular program and utilization continues to grow over time.
- Most recent quarters shows higher claims than projected.
- Both Medical and Family benefits contribute to the difference.

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

Incident Rate and Approval Rate

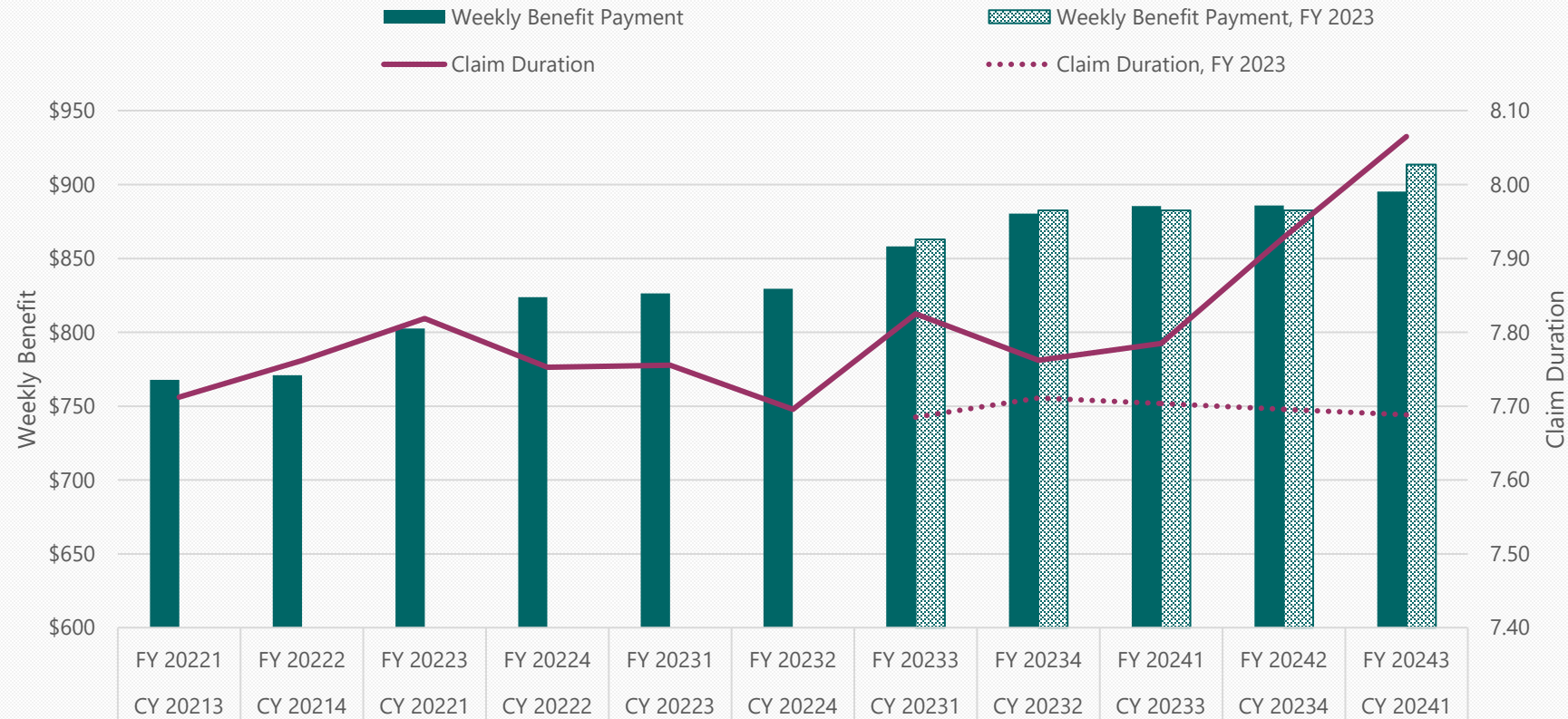


Larger increase in incident rate in most recent quarters. Incident rates are increased across most benefit types, but with most of the difference falling under Bonding and SelfMed.

Notes:

- Incident rate is the individual claims submitted/estimated employees eligible for benefits/1000
- 2023 and 2024 are actuarial estimates
- Claims are shown by leave start date

Weekly Benefit Payment and Duration

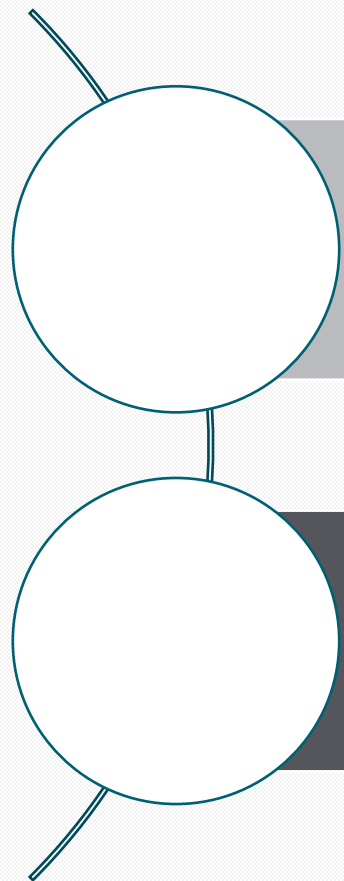


Claim duration in most recent quarters shows an increase

Notes:

- Duration and benefit payment shown are based on when leave was taken, any week with benefit utilized will count as a week.
- 2023 and 2024 are actuarial estimates
- Claims are shown by leave start date

Agenda



Actual to Expected Comparison

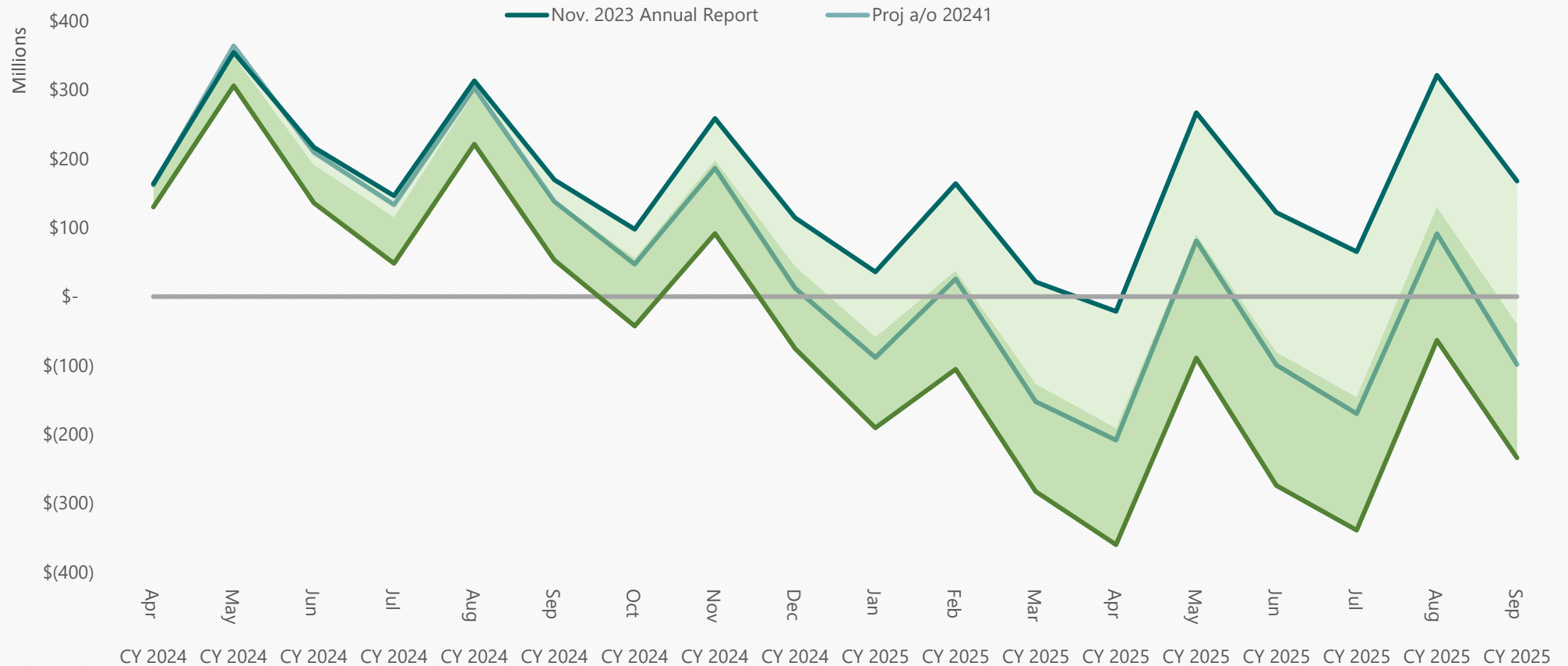
Projection Update

Other Potential Impacts

- The TNC Pilot has begun in CY24Q3. Elective employees tend to have higher program utilization rates so depending on the uptake this will affect future program experience.
- A full operational expense refresh will occur with the FY24 financial statements for the next quarterly update and any shifting could affect the projection.
- General changes such as legislative, policy, social changes will affect the projection.

Account Balance 2024+

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



Current program priorities

Alison Eldridge, Deputy Director

Transportation Network Pilot Launch



Current program priorities

Several new projects, including:

- Child support withholding
- Annual employer sizing
- 2025 annual changes

Project	Status
Customer Care performance metrics	Close out
<i>Employer access to benefit data (SSB 5586)</i>	<i>On target</i>
<i>TNC Pilot (SHB 1570)</i>	<i>On target</i>
<i>Annual program report</i>	<i>On target</i>
Claim year redetermination improvements	On target
Cloud migration phase 3 (portal, etc.)	At risk
Decision package hiring	On target
Developing a community engagement model for Paid Leave benefits	On target
<i>Employer sizing calculation</i>	<i>On target</i>
Leadership Academy	On target
Withholding child support from Paid Leave benefits	On target
<i>Division budget requests</i>	<i>On target</i>
<i>Actuarial report</i>	<i>On target</i>
<i>Unclaimed property 2024</i>	<i>On target</i>
<i>2025 annual changes (premium rate, weekly benefit amount, SS cap)</i>	<i>Initiating</i>
<i>Migration to SharePoint online</i>	<i>On target</i>
<i>Serious health condition certification (HB 2102)</i>	<i>On target</i>

Future work

Next

- **Crossmatch UI with Paid Leave benefits**
- **Weekly claim calculations**
- **Benefit overpayments**
- Quality assurance revamp
- 2024 1099s
- Stable data infrastructure
- WorkSource partnership
- Benefit application improvements

Later

- **Penalties and interest (employer and employee)**
- **Adding county & legislative district to database**
- **Elective coverage for tribes**
- **Crossmatch 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

Bolded items are, or enable, Paid Leave balance of work.

Legislative update

Brian Kennedy, LCD Legislative Manager

Legislative update

- Legislative reports on the horizon
 - Sept 1: Program Needs and Resources
 - Nov 1: Actuarial Report
 - Dec 1: Annual Report
- Decision Packages due to Office of Financial Management by Sept 10
 - LCD leg package based on program growth
 - Customer care team support
 - Employer services support
 - Technology M&O (pending)
 - Agency led packages
 - Engagement and outreach
 - Customer Compliance Division

Continued discussion on decision package

- Decisions packages come due prior to our next meeting; we would love feedback on our approach.
- Options to keeping you informed and continuing engagement
 1. Add an AC meeting in August
 2. Move the September meeting to the first week of the month
 3. Discuss in detail during business/labor meetings with Director in August

Next meeting

1 to 3 p.m. on Wednesday, September 25, 2024

Proposed topics

- Actuarial report preview
- Budget requests

Open comment

Reminders Please frame your questions as a comment.

If online, “raise your hand” virtually.

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

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

In-person we will call on you.

Continue the conversation

Beth Marchand, Interim Director
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Employment Security Department
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