

# Advisory Committee Meeting- 05/22/2024

## Attendance

### Committee Members Present

- Beth Marchand, Director ESD Leave and Care
- Edsonya Charles, PFML Ombuds

### Employee Representatives

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

### Employer Representatives

- Rose Gunderson, Washington Retail Association
- Bob Battles, Association of WA Business
- Julia Gorton, Washington Hospitality Association

### ESD Staff

- George Rohrer, Leave and Care Customer Service Manager
- Alison Eldridge, Leave and Care Deputy Director
- Eve Sheng- Managing Actuary
- Karissa Burgess- Actuary 2
- Rebecca Gracy, Leave and Care Research& Date Manager
- April Amundson- Leave and Care Policy and Rules Manager
- Bryan Kennedy- LCD Legislative Manager
- Caitlyn Jekel- Government Relations Director
- Amanda Siemandel, MA3- running slides
- Erika Ayala, Administrative Assistant 4- taking notes

## Agenda

- *Introductions & approval of April minutes*
- *Financial and program updates*
- *Actuarial update*
- *Ombuds report*
- *Current program priorities*
- *Future planning*
- *Open comment*
- *Adjourn*

## Introductions & approval of April Minutes

<b>DISCUSSION</b>	Start time 1:02 pm
<ul style="list-style-type: none"> <li>Justin DeFour has left Leave and Care, Alison Eldrige will be facilitating Mays Advisory Meeting.</li> <li>Bob Battles motions to approve April 2024 advisory minutes</li> <li>Samantha Grad 2nds the motions to approve minutes</li> <li>All in favor- April 2024 Advisory Meeting Minutes approved</li> <li>Review of Meeting Structure guidelines</li> </ul>	

## Financial and Program Updates

<b>NAME</b>	Steve Zawoysky, Rebecca Grady George Rohrer
<ul style="list-style-type: none"> <li><i>Rebecca Grady</i></li> <li><b>Claims Applications submitted by type</b></li> <li>April 2024, we received 25,178 applications             <ul style="list-style-type: none"> <li>4% more than the previous month</li> <li>25% more than April of last year</li> <li>In the past two years we've seen April slightly lower than March, April 24 being higher then March 24 is new information</li> </ul> </li> <li>Continue to see shift towards medical leave types ~ 48% family, 52% medical</li> <li>Three-month rolling average ~ 24K claim applications</li> <li><b>Approval rate and monthly claims with payment(s)</b></li> <li>Percentage of claims approved continues to be relatively stable in past year</li> <li>Unique leave claims in the last 12 months – 121,862 family and 131,947 medical</li> <li>April 2024 total unique paid leave claims: 23,910             <ul style="list-style-type: none"> <li>63% fewer than April of last year</li> </ul> </li> <li><b>Weekly Benefit Levels</b></li> <li>April 2024 average weekly benefit: \$1,060             <ul style="list-style-type: none"> <li>5% higher than April 2024</li> <li>5% higher than the 2023 average of \$1,008</li> </ul> </li> <li><b>Lengths of Leave</b></li> <li>Theres not much change from March 24 to April 24</li> <li>April 2024-Claim             <ul style="list-style-type: none"> <li>Family: 7.3 weeks</li> <li>Medical: 6.9 weeks</li> </ul> </li> </ul>	

- April 2024- Claim Year
  - 9.7 Weeks
- Steve Zawoysky
- **Monthly Benefits Paid**
- April 2023 had \$106.2 million in benefits paid
- March 2024 had \$141.3 million in benefits paid
- April 2024 had \$157.9 million in benefits paid
  - 12% more than the previous month
  - 49% more than April 2023
- \$134.7 million average monthly benefits paid over last twelve months
- Bob Battles- Is the increase we are seeing with the benefits paid being the highest because of more claims or the increase in the average weekly wage?
- Steve Zawoysky- It is mostly due to an increase in claims but the increase in the average weekly wage could be a contributing factor as well.
- Rose Gunderson- April is exceptionally high, what is the number of claimants applying April 2024 vs last year April 2023?
- Rebecca Grady- Rebecca will follow up with exact number of claimants/claims numbers for the higher months. We have also improved our backlog on processing time which could impact this number
- Current approval rate is high 80s
- **Monthly Premiums Remitted**
- 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
- April 2024 remitted premiums were \$445.1 million – 20% more than April 2023.
- Premium remittance over previous twelve months: \$1.82 billion
- **Premiums, benefits, operating expenses, and account balance by quarter(graph-millions)**



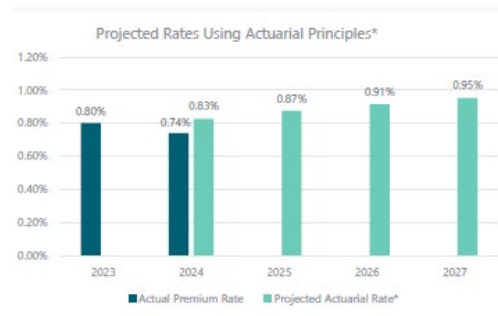
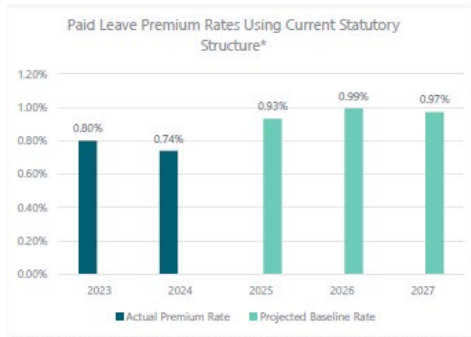
- Q1 you see the typical trend
- As the quarters go on, more people hit the social security wage gap
- As the SS Wage gap is met, the quarters following wages, premiums are no longer applied.
- **Monthly Ending Account Balance**
- April 2023 ending balance was -\$117.5 million
- April 2024 ending balance was \$170.0 million
- \$287.5 million increase in fund balance compared to 2023
  - Financial performance over previous twelve months contributed to \$87.5 million of the increase
- Rob Rohrer
- **Time from application submission to first payment**
- April 2023
  - Average Weeks- 2.6
  - Median Weeks- 2.4
- April 2024

- Average Weeks- 2.2
- Median Weeks- 2
- January 2024 Average Weeks- 4.9
- February 2024 Average Weeks- 4.2
- March 2024 Average Weeks 2.3
- **Phones**
- Comparing April 2024 with March 2024:
  - 5 percentage point decrease in % of PFML calls answered from queue, 7-minute increase in PFML queue time \*Includes WA Cares
- March 2024
  - % of calls into que- 38%
  - % of calls answered from Paid Leave que- 69%
  - Queue time for Paid Leave- 18:56
- April 2024
  - % of calls into que- 37%
  - % of calls answered from Paid Leave que- 64%
  - Queue time for Paid Leave- 24:04
- Due to the backlog of applications and processing timeline mitigations, the que is still set to 50

## Actuarial Update

<b>NAME</b>	Karissa Burgess
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- **Account Balance Projections**
- Nov. Report: first short-term deficit to occur in Q1 2025
- The graph shown in the April Advisory meeting is similar to the graph show in May, the difference is that it shows a bit farther out in April 2025
- Update: may occur sooner, be more severe, and take longer to stabilize
- Assuming there is no big outside change we do not know about (unknown variables, cash projections, etc), it will take a few years before the account balances don't show negative anymore
- The rate decreases in 2024 does contribute to the account deficit



- Statutory Data Comes from the past years(left) vs actuarial principles which is forward looking data(right)
- Bob Battles- We didn't use actuarial principles when we set up rates because we didn't have actuaries. This does not look radically different from what we were already told and anticipate as cost. Do you use the past to look forward?
- Karissa Burgess- Yes.

- Actuarial principles assumed we had an adequate rate in 2024 but we didn't, so actuarial forward-looking data shows corrected actions.
- Bob Battles- Didn't we always establish a rate with the mind set to keep with 3 months reserve?
- Eve Sheng- Historical trend based off of past information, program maturity, comparison to other states, etc is the Statutory data. The actuarial looks ahead to make corrective actions.
- Bob Battles- Does it require statutory change to apply actuarial principles when calculating the premium rate?
- Caitlyn Jekel- The Leg did set a rate setting structure.
- We don't need to change the rate setting next year but we will want to suggest working with actuarial principles.
- Caitlyn Jekel- We have no mechanism to increase the rate based on actuarial principles.
- The Solvency surcharge was removed in statute which did give the agency more flexibility when taking away solvency but kept the high cap.
- When the program becomes stable, we can capture a true trend rather than set premium rates built on data from many years ago.
- Rebecca Grady- The maximum rate cap statute does allow the rate to be set at the maximum but does not allow us to have the flexibility, it just allows us to use a formula that can produce a rate up to that cap.
- If the formula is 8%, there is no mechanism the following year to set the rate at 9% rather than 8, there's no flexibility because we don't have solvency surcharge.
- 3-month reserve target- if we think we are overcharging or will go over the reserve target, we are required to dial premium rates back down/lower the rates
- Rose Gunderson- What is the reason for 2024's lower rate?
- Caitlyn Jekel- The investment of 2 million dollars skewed projections.

## Ombuds Report

<b>NAME</b>	Edsonya Charles
<ul style="list-style-type: none"> <li>• <b>2023 contact data</b></li> <li>• 1,005 employee</li> <li>• 48 employer</li> <li>• 39 human resources</li> <li>• 5 self-employed</li> <li>• 5 referrals from constituent services</li> <li>• 38 other (including advocates, HCP's, etc.)</li> <li>• 948 phone calls</li> <li>• 309 emails</li> <li>• 44 both called and emailed</li> <li>• <b>Topics</b></li> <li>• Educate and inform- 428 total <ul style="list-style-type: none"> <li>○ Eligibility/How to apply: 64%</li> <li>○ Health benefits, PFML and FMLA, PTO, job protection: 27%</li> <li>○ Other: 9%</li> </ul> </li> <li>• Submitted application (approved, denied, etc.)- 78 total</li> <li>• Application assistance- 61 total</li> </ul>	

- Weekly claims- 57 total
- Delay- 54 total
- Unlawful Acts complaints against employer- 53 total
- Access (technical troubleshooting of SAW, etc.)- 51 total
- Redeterminations- 26 total
- Employer reporting-14 total
- Tax 1099-G- 5 total
- Appeals and appeal status- 2 total
- Fraud- 2 total
- Other topics- 133 total
- No topic included in message, and voicemail left for customer (or customer was able to resolve their issue prior to contact)- 337 total
- **Ongoing issues and Concerns**
- Not Implemented- Not Changed
- Employer problems with receiving notifications; i.e., not available through portal; desire for all electronic access (partially implemented 1/2024)
- No benefit overpayment process, employer penalties and interest, or child support withholding
- UI/LNI crossmatch
- Pre-approval/conditional approval
- Conditional payments
- Room For Improvement
- FMLA/Paid Leave stacking
- Transition from medical to bonding leave for birthing parent
- Redeterminations
- Short-term disability providers
- Confusion about application: Employees mistakenly believe employer or provider applied for them
- Confusion about elective coverage
- Unlawful acts
- Healthcare provider/medical certification issues (partially resolved by SHB 2102)
- Compliance audits
- Predetermination fraud process
- Fraud detection and response
- Employers' failure to report
- Coordination with voluntary plans
- Coordination and data-sharing with other states
  - Joe Kendo- What kinds of things/ analysis has to happen to share data between bordering states/ other states, etc.
  - April Amundson- Conversation between WA policy and Oregon Paid Leave policy team
  - There is a significant difference in eligibility requirements between state programs
  - If they meet eligibility for both states, nothing prevents them from applying for benefits from both states
  - Privacy changes and how do we work out which states the customer applies to?
- Payment records for employers
- Leg. Change/ESD Interpretation
- FMLA/Paid Leave stacking
- Adoption/placement

- Employer problems with notification-privacy rules.
- SSA premium cap
- 10-day allowance for employers to respond to disputed hours/wages
- Localization
- Eight consecutive hours requirement
- **Hardship and Accommodation Requests**
- Updated the wait time to be able to apply for a hardship request from 4 weeks to 1 week.
- Bob Battles- What is a hardship request?
- Edsonya Charles- When you have been waiting at least 1 week for the department to make a decision on your application and have imminent financial hardship, you can ask that your application be accelerated. If approved, you move to the front of the que and the application is processed within the day or couple days.

Hardship requests					
	Total requests	Approved	Denied (financial)	Denied (<four weeks)	Other
Jan. 1 – Dec. 31, 2022	48	2	0	38	7
Jan. 1 – March 19, 2023	12	2	0	6	4
	Total requests	Approved	Denied (financial)	Denied (<one week)	Other
March 20 – Jan. 31, 2023	1,494	393	468	156	477
Reasonable accommodation requests					
Jan. 1 to Dec. 31, 2023	160	25% increase over 2022			

- Hardship requests-2 days turnaround
- RA- 1 day turnaround

## Current Program Priorities

NAME	Alison Eldridge
<ul style="list-style-type: none"> <li>• Alison Introduced Beth Marchand as Interim LCD Director</li> <li>• Beth, introduces herself, background, etc. Beth is currently the Director of PPP division (before interim LCD Director role)</li> <li>• Beths current plan is to meet with team, meet with stakeholders, sent survey out to whole division</li> <li>• Paid leave balance of work is a high, high priority for Beth</li> <li>• Commissioner will run the process to recruit for a new LCD Director, still some unknown, 3-6 months roughly for replacement LCD Director</li> <li>• <i>Mike Juhl</i></li> <li>• AX is in the cloud!!!</li> <li>• The second phase of cloud migration is complete- AX(financial system) moved to cloud</li> <li>• Have not yet had a bug from this software deployment</li> <li>• Bob Battles-Does this help with access to portal issues?</li> <li>• Mike Juhl- More so second order effects of this update rather than direct service to customers It frees up capacity for staff to focus on direct customer service.</li> <li>• <i>Alison Eldridge</i></li> <li>• <b>Current Priorities</b></li> <li>• Cloud migration (phase 2 – AX)- Nearing Close</li> <li>• Claim year adjudication improvements- In progress</li> <li>• Cloud migration (phase 3 – portal)- In progress</li> <li>• Expiring the CBA provision for Paid Leave- Nearing Close</li> <li>• TNC Pilot (SHB 1570)- In progress</li> </ul>	

- Employer access to benefit data (SSB 5586)- In progress
- Customer Care performance metrics- In progress
- 2023 Decision package hiring- In progress
- Health provider certification (HB 2102)- In progress
- Partnership to increase equitable benefit access using data- Close Out
- Developing a community engagement model for Paid Leave- In progress
- Paid Leave customer stories- In progress
- Leadership Academy- Nearing Close
- 2024 staffing needs and resources report- In progress
- 2024 annual report- In progress
- **Future Work-some of these things were dependent upon the AX Cloud migration**
- Next
- 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
- Later
- Penalties and interest (employer and employee)
- Adding country and 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

## Policy and Legislative Planning

<b>NAME</b>	Bryan Kennedy and April Amundson
<ul style="list-style-type: none"> <li>• <b>Legislative discussion</b></li> <li>• <i>Framework</i></li> <li>• Limited or no impact on completing remaining balance of work</li> <li>• Limited impact on financial security and rate setting</li> <li>• <i>Potential customer experience improvements</i></li> <li>• Time to First Payment/Planned Leave</li> <li>• Safe Leave</li> </ul>	



- Employer administration
- **8 “consecutive” hours**
- *Policy concept*
- Remove the word “consecutive” from minimum weekly claim duration in RCW 50A.15.020(2).
- *Known issues*
- Removal would increase flexibility for workers to stay connected to employment.
- Impacts employers/employees with non-traditional schedules (such as service industries).
- Creates confusion for employers & employees (compounds with waiting week).
- *Supporting data*
- Retail & accommodation and food services sectors among lowest utilization compared to eligible workers
- 2022 Awareness study indicated that 23% of respondents noted this as a challenge.
- **Waiting week**
- *Policy concept*
- Remove “waiting period” from all events - RCW 50A.15.020(1)
- *Known issues*
- Creates inequity around job protection
- Creates confusion for customers especially for birthing parents
- Potentially increases hours of leave taken
- *Supporting data*
- Most common reason cited for not taking leave related to inability to afford the loss of income
- FMLA does not require waiting week
- RCW 50A.05.010(23)(a)(ii)(C) - Any period of incapacity or treatment for such incapacity due to a chronic serious health condition... periodic visits for treatment, continues over time, may be episodic.
- **Safe Leave**
- *Policy concept*
- Adding a leave type relating to domestic violence, sexual assault, bias crimes, and stalking for the employee/ family.
- *Known issues*
- Large implementation/administrative burden → could impact remaining balance of work
- Larger potential for impacting rate setting
- Alignment with bipartisan national leave
- Most new state programs include it: OR, CO, MN, ME
- No consistent leave allowance across states
- *Supporting data*
- CT: 2023 annual report - 95 safe leave claims → 0.2% of all claims
- OR: 1.5% of all claims thus far
- **Employer Administration**
- *Non-legislative concepts but potential funding requests*
- Increase staff to support employer experience → product/research/communications
- Sample policies for employers to utilize
- Improve employer toolkits and guides
- Expand outreach and communications
- *Policy concepts*
- Adjustments to voluntary plans
- Fee structure/types of plans available
- *Known issues*

- Employers don't always have enough information or the right information
- Administering job protection, supplemental benefits, or plan for backfilling vacancies
- Anecdotally hear HR departments providing differing information
- **Interim planning recommendation**
- Discuss high-level legislative ideas with Advisory Committee.
- Establish workgroups: June through July.
- Finalize policies to move forward: July Advisory Meeting.

## Celebrating Paid Leave

<b>NAME</b>	Alison Eldridge
<ul style="list-style-type: none"> <li>• <b>Celebrating 5 years of Paid Leave</b></li> <li>• July 31, 2024, between 11 and 2 (exact times TBD)</li> <li>• UW Tacoma</li> <li>• Governor Inslee, Commission Feek, Advisory Committee Members, Stakeholders, Partners, Customers</li> <li>• <b>Next Advisory Committee Meeting</b></li> <li>• 1-3 p.m. on Wednesday July 2024</li> <li>• Given the anniversary event, do we want to reschedule?</li> <li>• Advisory committee members ask that we keep scheduled for July 31<sup>st</sup> and work around the time of the event.</li> <li>• <i>Proposed topics</i></li> <li>• Quarterly account update</li> <li>• Quarterly program volumes, wait time update</li> </ul>	

## Open Comment

<b>NAME</b>	5 minutes left for open comment
<ul style="list-style-type: none"> <li>• Elias- Homeopathic physician specializing in pediatric care</li> <li>• Why are homeopathic physicians not included as an eligible provider to sign the Serious Health Condition form.</li> <li>• April Amundson will follow up with Elias.</li> </ul>	

Adjourn at 2pm