

Advisory Committee Meeting- 10/23/24

Attendance

Committee Members Present

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

Employee Representatives

- Samantha Grad, Teamsters 117
- Maggie Humphries, Moms Rising
- Gabriela Quintana, Economic Opportunity Institute

Employer Representatives

- Rose Gundersen, Washington Retail Association
- Tammie Hetrick, Washington Food Industry

ESD Staff

- Cami Feek- ESD Commissioner
- Alison Eldridge- Deputy Director
- Caitlyn Jekel- Government Relations Director
- John Mattes- Leave and Care Operations Manager
- Mike Juhl- Leave and Care IT Senior Manager
- Cezanne Levesque- Leave and Care Transformation Manager
- Eve Sheng- Managing Actuary
- Karissa Burgess- Actuary 2
- Rebecca Grady, Leave and Care Research& Data Manager
- Brian Kennedy- Leave and Care Legislative Manager
- Jason Barrett- Lead Tax Policy Specialist
- Matt Buelow- Customer Compliance Director
- Amanda Siemandel, MA3- running slides
- Erika Ayala, Administrative Assistant 4- taking notes

Agenda

- *Introductions & approval of September minutes*
- *LCD Director update*
- *Financial and program updates*
- *Customer data and analysis*
- *2025 Premium rate*
- *Customer Compliance Division update*
- *Current program priorities*
- *Legislative updates*
- *Open comment*
- *Adjourn*

Introductions & approval of September Minutes

DISCUSSION	
<ul style="list-style-type: none"> • Not enough Advisory Members present to approve September's minutes. 	

LCD Director Update

NAME	
<ul style="list-style-type: none"> • Leave and Care Reorg taking place November 1, 2024 <ul style="list-style-type: none"> ○ We have more executive leaders coming in and partnering ○ Lisa Kissler- Chief innovation officer <ul style="list-style-type: none"> ▪ Product ▪ Transformation ▪ IT ○ Matt LaPalm- Interim PPP Director <ul style="list-style-type: none"> ▪ Emily Gray ▪ Melony Sin • JLARC Hearing for the PFML audit is taking place 11/06/24 from 10am- 12pm. • John Mattes, Beth Marchand, Alison Eldridge, and Matt Buelow will be present to support to answer questions 	

Financial and Program Updates

NAME	Rebecca Grady, Steve Zawoysky and John Mattes
<ul style="list-style-type: none"> • Claim applications submitted by type • September 2024, we received 25,194 applications <ul style="list-style-type: none"> • 4% less than the previous month • 21% more than September of last year • 43% family, 57% medical • Three-month rolling average ~ 26K claim applications • October's applications submitted is looking higher than September 2024 applications submitted • October seems to trend higher than September every year • Samantha Grad- On the 21% more applications submitted this September than last September, is 21% a good ballpark for a trend from September to October • Rebecca Grady- The increase is roughly 15-17% and not 21% 	

- **Approval rate and monthly claims with payment(s)**
- 85% of claims were approved in September 2024
 - Slightly lower than 87-88% the previous three months
- September 2024 total unique claims that received payment: 52,823
- 34% more than September of last year
- We see more bonding leave come in the summer months which tend to have a higher approval rate
- **Weekly benefit levels**
- September 2024 average weekly benefit for new claim years: \$1,062
 - 2024 running average to date is 5% higher than calendar year 2023
- We continue to see a step up in January and then flattening out throughout the year
- **Lengths of leave**
- September 2024 (Claim)
 - Family: 7.5 weeks
 - Medical: 6.9 weeks
- September 2024 (Claim Year)
 - 9.7 weeks
- These are pretty steady trends that we have been seeing
- **Monthly benefits paid**
- September 2024 had \$159.9 million in benefits paid
 - 3% more than the previous month
 - 34% more than September 2023
- \$147.1 million average monthly benefits paid over last twelve months
- During the preceding twelve months, \$1.77 billion in benefits paid
- **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
- \$5.9 million in premiums remitted in September 2024
 - September is always light because it follows reporting months
- Premium remittance over previous twelve months: \$1.76 billion
- **Premiums, benefits, operating expenses, and account balance by quarter**
- 2023 Q3
 - Benefits \$370 million
 - Premiums \$452 million
 - Operating \$16 million
 - Account Balance \$278 million
- 2024 Q3
 - Benefits \$482 million
 - Premiums \$459 million
 - Operating \$17 million
 - Account Balance \$209 million
- Premiums received in Q3 2024 were a bit lower than what was paid out
- We see significant jumps in benefits paid out and the account balance from the previous year
- The account balance decreased from the end of June to September
 - Q2 \$237 million ending account balance
 - Q3 \$209 million ending account balance
- **Monthly ending account balance**

- September 2024 ending fund balance was \$208.8 million
 - \$69.5 million less than end of September 2023
- This decrease is a result of growth in benefits outpacing growth in premiums
- **Time from application submission to first payment**
- September 2023
 - Average weeks- 5.2
 - Median weeks- 4.4
- September 2024
 - Average weeks- 4.4
 - Median weeks- 3.1
- A record number of applications being received in August 2024, led to an increase in processing time
- September is the tail end of staff leave usage and summertime off (vacations, pto, etc)
- Samantha Grad- If people were able to submit both applications at one time, would it cut down on the time from application submission to first payment?
- John Mattes- Yes it could.
- Samantha Grad- How do we do this as a simple solution, how can we take that back and see what this looks like?
- Cezanne Levesque- We would love for a customer to say they would like to apply for both. We would like to get something sooner along these lines rather than waiting and building the whole thing at ones. Possibly asking if they want to apply for both and create a duplicate application on the back end.
- Samantha Grad- Currently many people feel like they are applying for both at the same time, and this would alleviate that issue.
- **Phones**
- 10% fewer Paid Leave calls received in September than in August
- Percentage of calls answered from Paid Leave queue increased 2 points from August 2024
- We will also have an improved number of calls when a large number of our staff come out of training mid-November
- Samantha Grad- Is there data for how many calls are going out from our staff?
- John Mattes- We do have that data and can bring that next time

Customer data and Analysis

NAME	
<ul style="list-style-type: none"> • Leading Call reasons (scale 0-20%) • Top 6 reasons customers are calling • Leave start and End date 17%- how to extend or when leave can start • Employer Contact 13%- premium calculations, employer access issues, amended or rejected wage reports, individual benefit usage for employees and basic usage of PFML • Weekly Claim Corrections 9% • Paid Leave Documentation Support 8%- assistance uploading documents, how to get documents from pcp to Paid Leave, etc • Application Assistance 8%- SAW issues and issues logging in 	

- Weekly Claim Payments 7%- when will they receive their payments, how long it takes to process payments and weekly claim proration
- **Website Updates (April- September 2024)**
- Goal: Improve self-service to reduce phone calls on common topics
- Strategy: Update content to answer common questions and embed links to forms, guides and technical support within relevant pages
- We pulled a lot out of the help center and moved
- Tried to add info in places a customer thinks they should be looking so they don't have to search
- Engagement numbers have gone up and time spent reviewing pages/info-getting ready to apply was 37 seconds and people are now spending 1.5 minutes
- April
 - Benefit Customers- ID Document requirement information
- May
 - Employers/TPAs- Reporting topics
- June
 - Healthcare providers- Updated content and added certification form links
 - Employers/TPAs- Premiums, payments, and data access topics
 - Benefit customers- Certifications and common questions
- July
 - Employers/TPAs- More reporting topics and common questions
- September
 - Employers/TPAs- Updated "How Paid Leave works" page
 - Benefits Customers- Added "Technical Support" links
- More product improvements (June- September 2024)
- Goals: Improve rates of self-service to reduce phone calls
- Strategies: Updates to customer accounts, guides and letters
- June
 - Certification forms and paper benefit applications- Side-by-side English/Spanish and 24 other languages
 - Cezanne will get Samantha a list of the 24 additional languages
 - Benefit guide- Significant revisions, simplified navigation
 - Employer notifications- Added 1-pager answering common questions about workers using benefit
- July
 - Benefit customer portal- Show when customers requested benefit application reviews
- September
 - Benefit approval letters- Simplified letter, added 2-page insert about how paid leave works and weekly claims
- **Requests for review improvements (June 2024)**
- Goals: Simplify staff processes and decrease status calls and duplicate requests.
- Strategy: Show customers submitted date, topic and status within their account
- There was a drop in request for reviews and redeterminations in June 2024 when the processes changed
- We no longer have to convert from a miscellaneous case to request for review
- Edsonya Charles- This is a huge improvement, those request for reviews went into a black hold because customers couldn't see that they submitted them other then the email they received that they were submitted

- **Incoming Work and Customer Contact**

- There has been a 26% decrease in phone calls
- Applications being submitted has not decreased but the number of calls coming in, has
- We had a process change in September- We started a pilot where instead of working weekly claims was being done by some teams for their only task in their work bucket, we now have everyone processing some weekly claims daily
- It reduces the number of calls when people receive payments quicker
- Samantha Grad- We really appreciate it. Workers and employers panic when they cannot get through, so giving them tools to be able to figure these things out on their own and alleviate having to call make a difference.

2025 Premium Rate

NAME	Karissa Burgess
<ul style="list-style-type: none"> • 2025 Premium Rate Calculation • 140% (benefits paid + admin costs) - Sept 30 account balance/ taxable wages = Total Premium Rate <ul style="list-style-type: none"> ○ 140% (\$1,653,501,020 + \$69,192,763) - \$208,783,874/ \$242,002,809,498 = 0.92% • Projected to Actual 2025 Premium Rate • Actual 2025 rate is close to projected, .01% difference • Projected 2025 Rate: 0.91% • Actual 2025 Rate: 0.92% • Actual rate is close to what was projected • Before rounding the actual rate up to nearest .01%, the rate is .9104%, near the cutoff for 0.91% rate • 2025 Premium Rate Details • 0.92% premium rate <ul style="list-style-type: none"> ○ Higher than 2024 rate (0.74%). Magnitude of change was expected ○ Projected short-term deficits → projected to start 2025 Q1 through 2026 • Employer-employee portion of contributions stayed relatively the same <ul style="list-style-type: none"> ○ Employee portion grew by roughly 0.1% (71.43% → 71.52%) ○ Inversely, employer portion decreased by roughly 0.1% (28.57% → 28.48%) • Premium per Employee Examples • <u>2024 0.74% rate with 48% Family and 52% Medical</u> • <i>2025 Minimum Wage (16.66/hr or \$34,653/yr)</i> <ul style="list-style-type: none"> ○ Employee Weekly- \$3.25 ○ Employee Annually- \$183.17 ○ Employer Annually- \$73.26 • <i>Average Wage (\$89,138/yr)</i> <ul style="list-style-type: none"> ○ Employee Weekly- \$9.06 ○ Employee Annually- \$471.17 ○ Employer Annually- \$188.45 • <i>2025 Social Security Cap (\$176,100/yr)</i> <ul style="list-style-type: none"> ○ Employee Weekly- \$17.90 	

- Employee Annually- \$930.83
- Employer Annually- \$372.31
- 2025 0.92% rate with 48% Family and 52% Medical
- *2025 Minimum Wage (16.66/hr or \$34,653/yr)*
 - Employee Weekly- \$4.38
 - Employee Annually- \$228.01
 - Employer Annually- \$90.80
- *Average Wage (\$89,138/yr)*
 - Employee Weekly- \$11.28
 - Employee Annually- \$586.51
 - Employer Annually- \$233.56
- *2025 Social Security Cap (\$176,100/yr)*
 - Employee Weekly- \$22.28
 - Employee Annually- \$1,158.71
 - Employer Annually- \$461.41
- **Annual Premium on Median Payroll for Employers**
- 2024 0.74% rate with 48% Family and 52% Medical
 - Small <50 (est. taxable wages \$118,977) - Employer Premium \$252
 - Medium 50-150 (est. taxable wages \$3,817,824) - Employer Premium \$8,072
 - Large >150 (est. taxable wages \$16,686,968) - Employer Premium \$35,279
 - Per \$1 million payroll- \$2,114
- 2025 0.92% rate with 48% Family and 52% Medical
 - Small <50 (est. taxable wages \$118,977) - Employer Premium \$312
 - Medium 50-150 (est. taxable wages \$3,817,824) - Employer Premium \$10,003
 - Large >150 (est. taxable wages \$16,686,968) - Employer Premium \$43,723
 - Per \$1 million payroll- \$2,620

Customer Compliance Division Update

NAME	Matt Buelow
<ul style="list-style-type: none"> ● Customer compliance division's work ● Now <ul style="list-style-type: none"> ● UI cross match is in place, needs work but is in place ● Fraud management (including UI/Paid Leave overlap investigations) ● Employer audit ● Illegal acts investigations ● Paid Leave balance of work <ul style="list-style-type: none"> ● Employer premium collections ● Employee overpayment collections ● Paid Leave/LNI crossmatch ● Current DP request 	

- Small team to proactively assist customers to the right program(s)
- This will be to catch people ahead of time to prevent them from gathering multiple benefits instead of on the backend after it's already been done
- Most of the time this is not intentional so we would love to catch it before it done already

- **Why centralize compliance activities?**

- Protect integrity of agency's trust funds/accounts
- Look at compliance holistically across programs and increase efficiencies
- Improved and accelerated fraud detection and prevention
- Better ability to proactively prevent duplication of benefits through customer service
- Better meet expected service levels and ensure more consistent and equitable outcomes for customers
- Decision package
- 32 new FTE for Paid Leave activities, including
- 14.5 Benefit Specialist 3s (auditors and illegal acts investigators)-funding comes from PFML and UI
- 3.5 Benefit Specialist 4s (supervisors for audit, illegal acts, and prevention of duplication of benefits)
- One Financial Examiner (audit)- currently we only have 1 auditor
- One Investigator 3 and one Investigator 4 (fraud team)- crossmatch will increase the workload
- Six Program Coordinator 2s and one Program Coordinator 3 (collections team)- we don't currently have a collections team
- Four support positions for administrative, training, analytics and intelligence functions
- Maggie Humphries- For the paid leave balance of work- employer collections, are we looking at retrospectively or current?
- Matt Buelow- I am not sure but there is not reason we shouldn't be going back unless there are laws preventing us from doing so. We are currently getting ready to look at a few accounts that we have not received anything from.
- Samantha Grad- How long will these processes and audits take because in the meantime, people are still being denied.
- Matt Buelow- We do not have any actual targets yet; we are building out what joint audit looks like. Someone not having a wage report filed for them is a hurdle but not a deciding factor because we have fact finding procedures in place with employees and employers. If someone is denied, they have appeals rights as well.
- Samantha Grad- Many workers hear denial and just accept it, they do not bring it to PFML
- Edsonya Charles- This creates multiple hurdles because it still prolongs the employees from receiving their benefits.
- There was a directive at one time that if an employee does not have Employer hours and wages reports, the employer was referred to the compliance team.
- John Mattes- Referrals from specialists that employers have not reported is a part of it. Employers that we have been unsuccessful in collecting premiums from, we referred to the compliance division.
- Rose Gundersen-Workers receiving a delay in benefits, what are the barriers and how serious in delay in paying premiums or not reporting hours/wages is caused?
- John Mattes- When fact finding with an employee and employer, we have a timeliness requirement that we have to give both parties time to respond and that is the delay. We have to wait for both parties to have the timeline abided by.
- Edsonya Charles- If someone applies, it takes 3 weeks for their application to be reviewed, if hours/wages are missing then fact finding happens, the Employer gets two weeks to respond and by then sometimes the application has been denied, so then a redetermination has to be submitted which takes another 3 weeks to review, etc.

- Maggie Humphries- When trying to enforce employer responsibilities, why are you sending it to compliance. Are you not successful or are you being ignored?
- John Mattes- Sometimes we have gotten incorrect contact information, or we consistently hit other barriers such as reaching the incorrect departments needed to contact, among other things.
- Edsonya Charles- We are concerned for the delay in penalties and interests and the overpayment process for employees. We have fraud implemented but cannot collect back from employees and we only have the two years to collect.
- Matt Buelow- Overpayments need to be implemented before collections can be implemented.

Current Program Priorities

NAME	Alison Eldridge
<ul style="list-style-type: none"> • Current Projects • One new project: Expanded Paid Leave/WorkSource collaboration • Employer access to benefit data (SSB 5586)- On target • TNC Pilot (SHB 1570-) On target • Annual program report- On target • Claim year redetermination improvements- On target • Cloud migration phase 3 (portal, etc.)- On target • Decision package hiring- On target • Developing a community engagement model for Paid Leave benefits Close out Employer sizing calculation- On target • Withholding child support from Paid Leave benefits- On target • Actuarial report- On target • Unclaimed property 2024- On target • 2025 annual changes (premium rate, weekly benefit amount, SS cap)- On target • Migration to SharePoint online- On target • ITIN & dialect updates to benefit application- On target • 2024 1099s- Initiating • Expanded Paid Leave/WorkSource collaboration- Initiating • Future work • 2025 legislative session • Weekly claim redeterminations • Benefit overpayments • Quality assurance revamp • Stable data infrastructure • Benefit application improvements • Implement community engagement program • Penalties and interest (employer) • Penalties and interest (employee) • Later 	

- Benefit duplication prevention and automation
- 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 comprehensive authorized representative process
- Edsonya Charles- I need clarification of what on target means
- Alison Eldridge- The status of the project within our portfolio, it's based on the timeline planned out in the portfolio
- Alison can add a target end date slide for those things on target from the portfolio timeline
- Samantha Grad- How do we make it so people can submit both applications at the same time, where does that fall into the balance of work?
- Cezanne Levesque- It not a balance of work project but we would like to get it started sooner rather than later but cannot promise a timeline
- We have a list of things that are not balance of work that we are working on as well
- Samantha Grad- If you get the whole DP, do you think some of these things will come off the list faster? We need to know so that we can advocate best with the legislature. We need tangible things to point to advocate with them.
- Brian Kennedy- Our Decision Packages are largely focused on meeting customer needs rather than the balance of work. We have already asked in previous decision packages for staff for balance of work
- Beth Marchand- Alison and Cezanne have a great roadmap of when projects are starting and ending that they can share with the group
- Maggie Humphries- The graph on slide 14 shows an increase in operational costs but premiums and payments decrease
- The leg can get a sense that operational costs are not really growing they generally sit around 3-6%
- Rose Gundersen- The increase staff request in the decision package, what about potentially counting the scale of this overtime that operational costs have been flat but there is an increase in program usage
- Beth Marchand- Matt Buelow has already left, we will have to follow up with Matt to ask how Customer Compliance will increase operational costs

Legislative Updates

NAME	Brian Kennedy
<ul style="list-style-type: none"> • Caitlyn Jekel announces that this will be her last Advisory Committee meeting as she is leaving ESD. Josh Dye will take over in the interim • Legislative affairs manager, Josh Dye will take over as the interim Gov Relations Director through this leg session • Brian Kennedy is the leg lead for the division • Legislative update • Legislative reports on the horizon <ul style="list-style-type: none"> • Nov. 1: Actuarial Report 	

- Dec. 1: Annual Report
- Preparing for legislative session
 - No agency request legislation
 - Good time to analyze impacts of potential policy changes for 2025 session

Next Meeting

NAME	1 to 3 p.m. on Wednesday, December 18, 2024
<ul style="list-style-type: none"> • Proposed topics • Program performance targets • Paid Leave Annual Report • UW Job Protection Report • We will be ready to share the performance targets/metrics • JLARC will be presenting, and we can see if we can get that to present at the December meeting • Job protection report will be releases 12/1/24 • Advisory committee suggestions/ comments • Those are large topics to cover at one meeting • Samantha Grad- I could commit to stay longer but not start earlier • Maggie Humphries- We could add some additional time or break it up • We will also need to discuss the scheduling of 2025 Advisory Committee meetings • Beth Marchand- We can discuss priorities of the next meeting in some of our smaller meetings. 	

Open Comment

NAME	
<ul style="list-style-type: none"> • No open comment 	

Adjourn @ 2:20pm