

# Advisory Committee Meeting- 07/31/2024

## 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
- 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

- Cami Feek, ESD Commissioner
- Alison Eldridge, Deputy Director
- John Mattes, Operations Manager
- Eve Sheng- Managing Actuary
- Karissa Burgess- Actuary 2
- Rebecca Grady, Leave and Care Research & Data Manager
- Steve Zawoysky- Treasury Manager
- April Amundson- Leave and Care Policy and Rules Manager
- Caitlyn Jekel- Government Relations Director
- Brian Kennedy- LCD Legislative Manager
- Amanda Siemandel, MA3- running slides
- Erika Ayala, Administrative Assistant 4- taking notes

## 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*
- *Adjourn*

## Introductions & approval of May Minutes

<b>DISCUSSION</b>	Start time 1:03 PM
<ul style="list-style-type: none"><li>• Samantha Grad moved to approve May minutes</li><li>• Rose Gunderson seconds</li><li>• May 2024 Advisory Committee Meeting minutes approved</li><li>• 7/31/2024 will be Bob Battles last Advisory Committee meeting</li></ul>	

## Update on the Recruitment of Leave and Care Director

<b>NAME</b>	Cami Feek
<ul style="list-style-type: none"><li>• <b>Update of Leave and Care Director</b></li><li>• We are not rushing to fill this position as we want to ensure we find the right candidate</li><li>• Feedback has been collected from AC member of recommendations they may have</li><li>• The PDF will be looked reviewed and updated</li><li>• We would like to have one AC member from Employer Interests and one AC member from Employee Interests on the panel for interviews</li></ul>	

## Recently Attended Paid Leave events in Washington DC

<b>NAME</b>	Alison Eldridge, April Amundson and Rebecca Grady
<ul style="list-style-type: none"><li>• Paid Family and Medical Leave Collaborators Convening – Center for Law and Social Policy and Family Values and Work<ul style="list-style-type: none"><li>• Convening for nationwide PFML programs</li><li>• The 1<sup>st</sup> day and half was a PFML collaborative event</li></ul></li><li>• Paid Leave: Equity in Implementation Conference – Department of Labor Women’s Bureau<ul style="list-style-type: none"><li>• Half day conference</li></ul></li><li>• Half a day spent visiting the White House to discuss the program</li><li>• There are currently 14 states, Puerto Rico, and WA DC that have PFML programs</li><li>• Advocates from other states attended such as Pennsylvania</li><li>• Pennsylvania would like to stand up a PFML program and are currently working on getting this passed</li><li>• Washington state was the 5<sup>th</sup> state in the nation to stand up Paid Leave</li><li>• Gabby Quintana- It was a great place to connect with policy experts on issues. Gabby got to talk about her experience as a representative of our Advisory Committee. She got to sit on a panel to talk about the Medical Certification work that was done during the last leg session.</li><li>• Rebecca Grady sat in on the Data Committee</li></ul>	

## Financial and Program Updates

NAME	Rebecca Grady, Steve Zawoysky, and John Mattes
<ul style="list-style-type: none"> <li>• <i>Rebecca Grady</i></li> <li>• <b>Claim applications submitted by type</b></li> <li>• June 2024, we received 23,917 applications <ul style="list-style-type: none"> <li>• 6% less than the previous month</li> <li>• 12% more than June of last year</li> </ul> </li> <li>• 44% family, 56% medical</li> <li>• Three-month rolling average ~ 25K 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</li> <li>• June 2024 total unique paid leave claims: 50,386 <ul style="list-style-type: none"> <li>• 29% more than June of last year</li> </ul> </li> <li>• <b>Weekly benefit levels</b></li> <li>• June 2024 average weekly benefit for new claim years: \$1,059 <ul style="list-style-type: none"> <li>• 2024 running average to date is 5% higher than calendar year 2023</li> </ul> </li> <li>• Every January, the max benefit and average weekly wage change based on the state average wage which is dependent on the prior year.</li> <li>• Lengths of Leave(average)</li> <li>• June 2024 Claim</li> <li>• Family: 7.3 weeks</li> <li>• Medical: 6.8 weeks</li> <li>• June 2024 Claim year</li> <li>• 9.9 weeks</li> <li>• <i>Steve Zawoysky</i></li> <li>• <b>Monthly benefits paid(millions)</b></li> <li>• June 2024 had \$136.9 million in benefits paid <ul style="list-style-type: none"> <li>• 7% less than the previous month</li> <li>• 18% more than June 2023</li> </ul> </li> <li>• \$137.8 million average monthly benefits paid over last twelve months</li> <li>• <b>Monthly premiums remitted(millions)</b></li> <li>• Cyclical pattern of highest monthly premium transactions occurring at end of quarterly reporting months</li> <li>• Premiums assessed for each quarter are remitted in the month following that quarter</li> <li>• June 2024 remitted premiums were \$4 million, about the same level as June 2023</li> <li>• Premium remittance over previous twelve months: \$1.75 billion</li> <li>• June is not a reporting month, that's why premiums remitted are lower in June and July</li> <li>• <b>Premiums, benefits, operating expenses, and account balance by quarter(millions)</b></li> <li>• Benefits- \$443 million</li> <li>• Premiums- \$480 million</li> <li>• Operating expenses- \$17 million</li> <li>• Account balance- \$237 million</li> <li>• <b>Monthly ending account balance(millions)</b></li> <li>• June 2023 ending balance was \$211.4 million</li> <li>• June 2024 ending balance was \$237.4 million</li> <li>• Program operations contributed to a \$26.0 million increase in fund balance compared to June 2023</li> <li>• Program and financial operations contributed to the balance.</li> </ul>	

- Bob Battles- In looking at this, I see the monthly benefits. I can't tell what May of 2023 was. Did we have a drop in June 2023 as well? What is the reason the amount of paid benefits going out? Are we getting more claims, etc?
- Rebecca Grady- Generally it's been about the same May to June. This year in particular, especially when talking about dollar amount rather than applications. June is lower because it ended on a weekday. April was higher largely because March ended on a weekend and the last week of March claims were paid in April.  
It's also a combination of seeing every year the max benefit and state average wage increase so benefits amounts increase, and more claims are being paid on.
- Rose Gunderson- On page 16, the program operations contributed to 26mil increase in fund balance, how did it contribute?
- Steve Zawoysky- It was a combination of increasing premium collection in 2024 compared to 2023 and administrative operations didn't increase as much as our revenue collections did.
- Maggie Humphries- Is the growth rate steady throughout the year or do we see growth tapering?
- Rebecca Grady- Growth seems to be decreasing. On the application side of things, we've been seeing increase in some types of claims and decrease in others. We are seeing about the same rate of growth in 2024 and 2023.
- The benefit amount increases in January and the rate ends up higher.
- We have seen a lower growth rate in bonding, and it was the highest in the beginning. More people are becoming aware of the use for Medical Conditions and Family conditions.
- *John Mattes*
- **Time from application submission to first payment**
- June 2024 had least amount of working days then others
- June 2023
  - Average weeks- 4.7
  - Median weeks- 3.6
- June 2024
  - Average weeks- 4
  - Median weeks- 2.7
- **Phones**
- June 2023
  - Percentage of calls into queue- 75%
  - Percentage of calls answered from Paid Leave queue- 66%
  - Queue time for Paid Leave- 22:35
- May 2024
  - Percentage of calls into queue- 38%
  - Percentage of calls answered from Paid Leave queue- 65%
  - Queue time for Paid Leave- 23:46
- June 2024
  - Percentage of calls into queue- 37%
  - Percentage of calls answered from Paid Leave queue- 62%
  - Queue time for Paid Leave- 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

- Samantha Grad- Processing times are staying under 3 weeks. As we gear up for the next decision package, are we looking at the long end of how long someone should be waiting on the phone and how to achieve both quick processing times and quick phones times?
- John Mattes- We never formally adopted program hold times. We have talked in the past about a target 10-minute goal hold time.
- When application processing times increase, calls increase.
- All time is averaged between all queues. The Spanish queue wait time is shorter.
- Edsonya Charles- There is a significant drop in percentage of calls into the queue. Is the queue set at less?
- John Mattes- We did reduce the thresh hold to the number of calls able to get into the queue. Its not the ideal goal but it's the mitigation at this time.
- Maggie Humphries- In the DP for next year is there an ask for more staff for phones? Is opening the weekend and evening hours for phones in the talks?
- John Mattes- Yes, we are looking at upcoming asks for additional customer service staff. We are also still in the process of hiring more customer service staff approved from the last decision package. We hired about half the customer service staff, and we have interviews this week targeted for a September onboarding. We have a number of staff that are still in training that will be out in October 2024.
- It is on our radar to have flex phone hours. We did a survey a while ago asking when customers prefer to call, and they prefer to call early in the morning.
- Bob Battles- Allowing different times for people to calling would be so helpful. Are you looking at staggering lunches to address those calls coming in from service workers.
- John Mattes- We are constantly evaluating break and lunch schedules.
- Rose Gunderson- Are you using chat bot to screen calls?
- John Mattes- We do not currently have live chat or working chat bots. Our primary point of contact is our customer service for phones, e-mails and secure messages.
- Cami Feek- From an agency perspective, we have a position created to hire an agency performance manager.
- LCD has a strategic performance manager we just brought on as well.

## Actuarial Update

<b>NAME</b>	Karissa Burgess
<ul style="list-style-type: none"> <li>• <i>Actual to Expected Comparison</i></li> <li>• <b>Summary Current Experience (CY24 Q1*)</b></li> <li>• Account balance ending at \$222 million vs. FY23 projection of \$224 million</li> <li>• Covered employees grew more than expected, partially driven by CBA provision sunset</li> <li>• Strong economy and tight labor market pushed average wage 5% higher than expected</li> <li>• Estimated incident rate exceeded previous forecast across claim types</li> <li>• Expect higher trend in covered employees, incident rates from broadening coverages**</li> <li>• Claims are still developing at a higher rate than expected originally.</li> <li>• This is due to the CBA among other things.</li> <li>• <b>Covered Employees</b></li> <li>• More growth in 2024 Q1</li> <li>• Economic and Revenue Forecast Council a/o 6/2024 projected growth rates <ul style="list-style-type: none"> <li>• 2024 at 1.3%</li> </ul> </li> </ul>	

- Paid Leave will likely have a higher growth rate due to TNC Pilot and CBA provision sunset
- We are trending about what was projected last quarter
- Expecting 1.3% in programmatic changes and workforce increasing, this may be higher than expected
- Average wages, Actual to Projected
- Most recent quarters are coming in slightly higher than expected
  - Higher premiums per person
- **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 quarter shows higher claims than projected
- Both medical and family benefits contribute to the difference
- Any claims started in Q1, the bulk of their claims are in the Q1 number
- Total claims continues to grow
- **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.
- Approval rate is pretty standard, incident rate continues to grow
- As more claims are being submitted, more are approved, and more claims to be paid on
- **Weekly Benefit Payment and Duration**
- Claim duration in most recent quarters shows an increase
- As a person takes two days of leave in a week, that counts as 1 week of leave taken
- If duration increased that doesn't mean people are taking more leave, they are spreading their leave out as well
  - Showing lower payment rates
- *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.
- Lat quarters line was at the very top dark green shaded portion with the expectation the line will go a bit lower into the dark green section but still towards the top(references the graph in the AC presentation on page 30)
- Initially we were expected to go negative in April.
- Like it will occur earlier due to some of the following
  - Payment rates
  - When payment are paid
  - Premiums received will affect the account balance

## Current Program Priorities

NAME	Alison Eldridge
<ul style="list-style-type: none"> <li>• <b>Transportation Network Pilot Launch</b></li> <li>• Samantha Grad- We launched July 1, 2024.</li> <li>• This is primarily targeted for Uber and Lift drivers but is for a TNC</li> <li>• In July almost 800 people signed up</li> <li>• Companies will pay premiums if a TNC drive opts in</li> <li>• Many TNC drivers are doing so as a precaution</li> <li>• This is different from most independent contractors who only opt in if they know they will need to use the program</li> <li>• Cami Feek- I want to give a huge shoutout to the workgroup on this from start to finish. The mass amount of work you have all done building an understanding of the program</li> <li>• Caitlyn Jekel- Community outreach is a big focus, we need to meet our people where they are, location included</li> <li>• Samantha Grad- English is not the primary language for many of the TNC drivers, the QR code that we were able to provide delivers the form in a myriad of other languages</li> <li>• During the outreach event, we talked a lot of about birth of a child</li> <li>• Maggie Humphries- Congratulations, a lot of states are watching this pilot</li> <li>• Alison Eldridge- A number of people from other states knew that TNC was launching July 1 as well</li> <li>• Program Priorities</li> <li>• <b>Current program priorities</b></li> <li>• Several new projects including             <ul style="list-style-type: none"> <li>• Child support withholding</li> <li>• Annual employer sizing</li> <li>• 2025 annual changes</li> </ul> </li> <li>• Serious health condition certification (HB 2102) is now in closeout status rather than on target status.</li> <li>• Cloud migration phase 3(portal, etc) is no longer at risk and is now on target</li> <li>• Bob Battles- What does on target mean?</li> <li>• Alison Eldridge- For a vast majority of the projects, there is a date attached whether it is required by law or resources committed.</li> <li>• The project management teams timelines for all things are built based on scope and charter timelines.</li> <li>• <b>Future Work- Future is subjectional</b></li> <li>• <i>Next-Bolded items are, or enable Paid Leave Balance of Work</i></li> <li>• <b>Crossmatch UI with Paid Leave benefits</b></li> <li>• <b>Weekly claim calculations</b></li> <li>• <b>Benefit overpayments</b></li> <li>• Quality assurance revamp</li> <li>• 2024 1099s</li> <li>• Stable data infrastructure</li> <li>• WorkSource partnership</li> <li>• Benefit application improvements</li> <li>• <i>Later- could be two weeks or could be two months-Bolded items are, or enable Paid Leave Balance of Work</i></li> <li>• <b>Penalties and interest (employer and employee)</b></li> </ul>	

- **Adding county & legislative district to database**
- **Elective coverage for tribes**
- **Crossmatch L&I with Paid Leave Benefits**
- **Collections (employer and employee)**
- **Conditional benefit payments**
- Pre-application for benefits
- Implement community engagement
- Implement comprehensive authorized representative process
- Joe Kendo- Can you remind me of the WorkSource partnership and why its prioritized as next and not later?
- John Mattes- Last summer we partnered with our Employment Connections department and installed 2 paid leave phones that connect directly to paid leave and we offered in person services at 2 locations 1x a week. We closed out those pilots and are working to expand this to more offices
- Joe Kendo- These are the accessibility priorities that AC has been asking for.
- Bob Battles- What are the phone wait times like in the offices?
- John Mattes- Phones in WorkSource offices go to a separate queue, there is less wait time because the customer is in office
- Bob Battles- Crossmatch Paid Leave and UI benefits is a huge concern for us. Where are we at with this? Why wasn't this being done yesterday?
- Alison Eldridge- We are currently crossmatching between UI and PFML but it is very manual at this time. We plan to build it into the system more automatically.
- A vast majority of the time its caught after the mistake is made.
- Bob Battles- We don't collect overpayments as well. This affects both programs when you cant pay back one of the programs.
- Rose Gunderson- The three that are bolded, why are they bolded vs the rest? What is the manual processing for crossmatching?
- Bolded items are, or enable Paid Leave Balance of work
- John Mattes- The compliance division has a way to identify claims that have been filed through each department but its usually already past the point of both being filed.
- Edsonya Charles- Is there a process in place for L&I crossmatch?
- Alison Eldridge- Not yet.
- Rose Gunderson- That hasn't started?
- Alison Eldridge- This requires a data sharing agreement with L&I, we will have to amend the current existing agreement.
- Beth Marchand- 73 positions are in the process of being hired for Paid Leave Balance of work.
- Samantha Grad- Can you share where those job postings exist?
- Careers.wa.gov
- Maggie Humphries- The later tab, is there a sense of what later means? Collections for employers stands out to me. We have employers in writing stating they are not collecting or remitting payments and they should be, is there a timeline for this?
- Alison Eldridge- Assessing penalties and interests is a precursor for collections.
- We now have the Customer Compliance Division in our agency. We are assessing to see that the division with take on from this work.
- Bob Battles- Before assessing penalties, you will be able to collect overpayments?
- Alison Eldridge- Yes.



## Legislative Updates

NAME	Bryan Kennedy
<ul style="list-style-type: none"><li>• <b>Legislative Update</b></li><li>• Legislative reports on the horizon<ul style="list-style-type: none"><li>• Sept 1: Program Needs and Resources</li><li>• Nov 1: Actuarial Report</li><li>• Dec 1: Annual Report</li></ul></li><li>• Decision Packages due to Office of Financial Management by Sept 10<ul style="list-style-type: none"><li>• LCD leg package based on program growth</li><li>• Customer care team support</li><li>• Employer services support</li><li>• Technology M&amp;O (pending)</li></ul></li><li>• Agency led packages<ul style="list-style-type: none"><li>• Engagement and outreach</li><li>• Customer Compliance Division</li></ul></li><li>• <b>Continued discussion on decision package</b></li><li>• Decisions packages come due prior to our next meeting; we would love feedback on our approach.</li><li>• Options to keeping you informed and continuing engagement<ul style="list-style-type: none"><li>• Add an AC meeting in August</li><li>• Move the September meeting to the first week of the month</li><li>• Discuss in detail during business/labor meetings with Director in August</li></ul></li><li>• Bob Battles- When do we get to see those DPs? I would recommend giving us the DP as quickly as possible so that we can circulate to our groups for feedback.</li><li>• Bath Marchand- We have our director workgroups in August, do we want to bring the DP to those?</li><li>• Joe Kendo- We would like to have the opportunity to have them in hand prior to these meetings so we can discuss and possibly move Septembers AC meeting.</li><li>• Beth Marchand- We can send out the DP before the August workgroup meetings and we can discuss them at the meetings.</li><li>• Brian will get the DPs to AC within the week</li></ul>	

## Next Meeting

NAME	
<ul style="list-style-type: none"><li>• Currently 1-3pm on Wednesday September 25, 2024</li><li>• Proposed Topics</li><li>• Actuarial Report</li><li>• Budget Requests</li><li>• DP updates, Leg updates, and follow up questions for Decision Packages</li><li>• Customer Compliance maybe?</li><li>• Bob Battles- Shout out to your team and Caitlyn for the willingness to always be available and so willing to communicate and help.</li></ul>	

## Open Comment

NAME	
<ul style="list-style-type: none"><li>• No Open Comments</li><li>• Meeting adjourns at 2:30pm</li></ul>	