

Washington
Paid Family & Medical Leave



Employment Security Department
WASHINGTON STATE

Advisory Committee Meeting

Wednesday, Sept. 24, 2025

Agenda	Introductions and approval of July minutes
	Program performance measures
	Program priorities
	Legislative update
	Actuarial report preview
	Paid Leave solvency options
	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 July minutes



Program performance measures

John Mattes, Employer Services Deputy Director

Customer-focused performance goals

Benefits wait time

- Time to application decision
- Time to first weekly claim processed

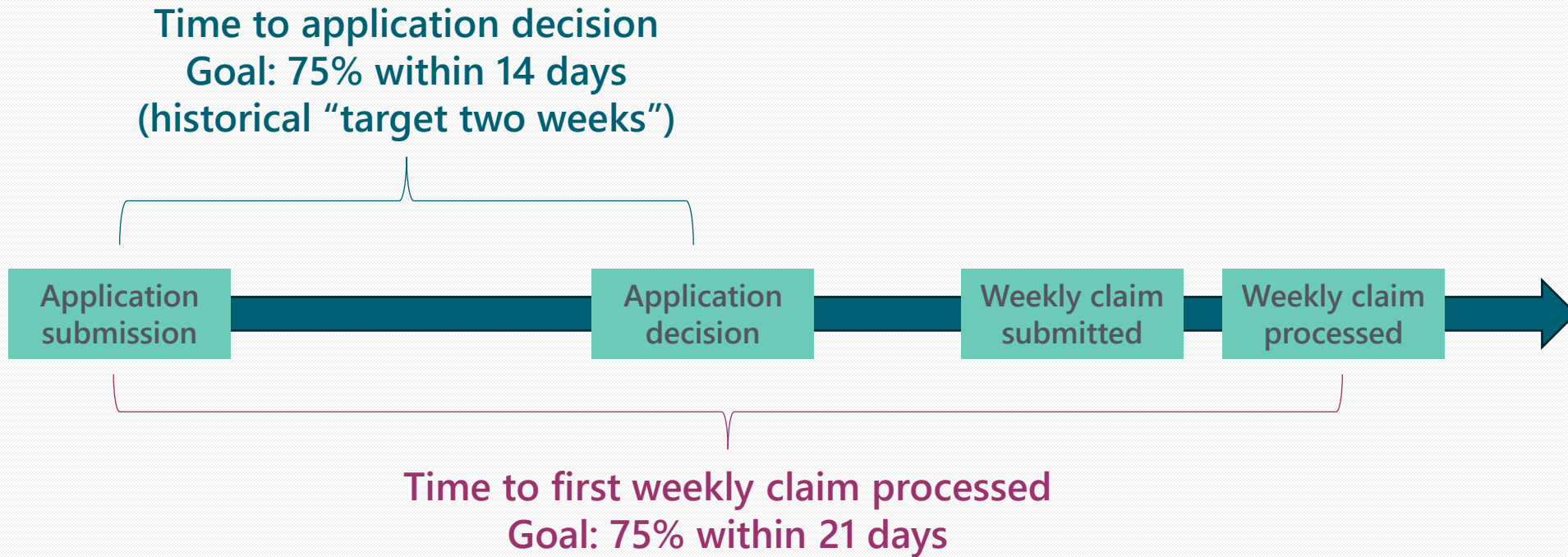
Customer contact response time

- Phone hold time
- Secure message & email response time

Employer accounts

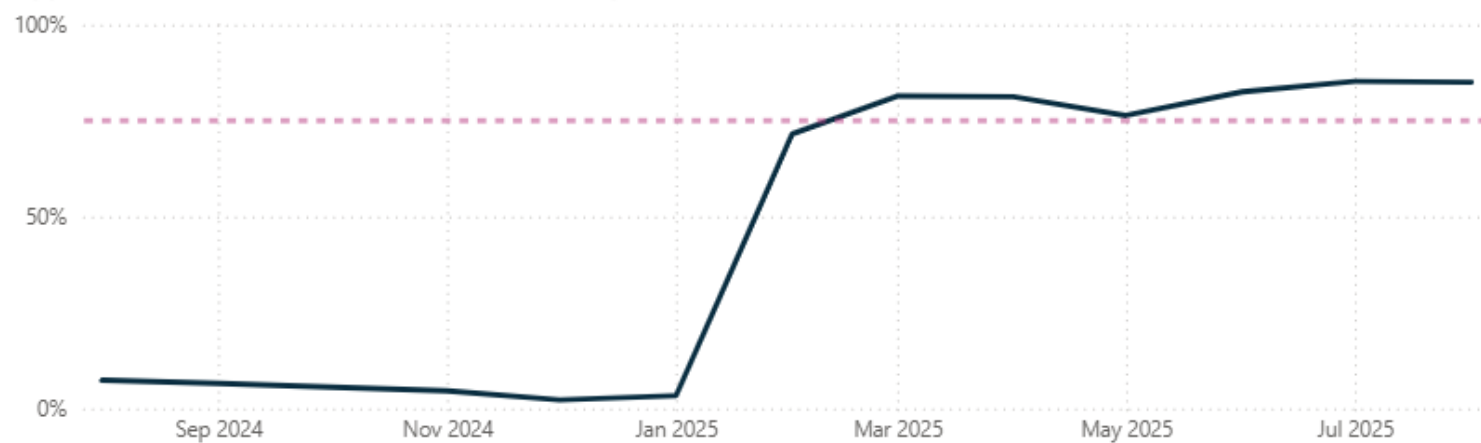
- Full account access

Benefit wait time



Leave processing times

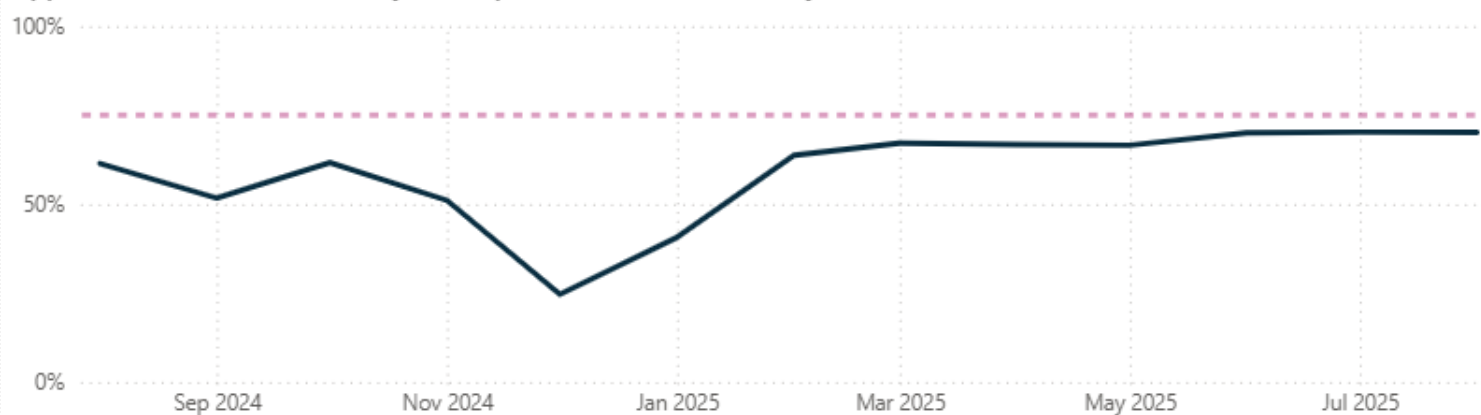
Applications with initial decision within 14 days (Goal: 75%)



August 2025, met goal with 85% of leave applications initially adjudicated within 14 days

- Same as the previous month
- 78 percentage points more than August 2024
- August 2025, median processing time was 9 days

Applications with first weekly claim processed within 21 days (Goal: 75%)



August 2025, under goal with 70% of applications having first weekly claim processed within 21 days

- Same as the previous month
- 9 percentage points higher than August 2024
- August 2025, median time from application submission to first weekly claim processed was 14 days

Customer contact response time



Phone hold time

Goal: 80% within 10 minutes

With zero receiving “high call volume” message



Secure message & email response time

Goal: 80% within 1 business day (or 2 calendar days)

Will need new tech functionality to track



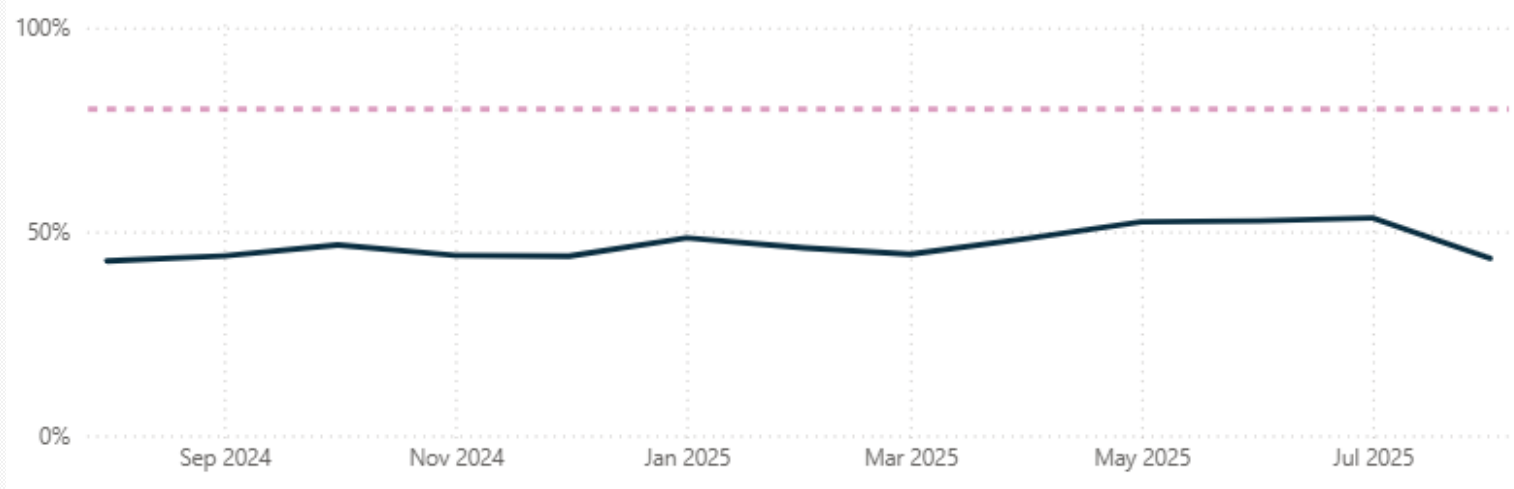
Overall responsiveness goal

80% of contacts meeting response time goals

Split out tracking by contact type and customer

Phone responsiveness

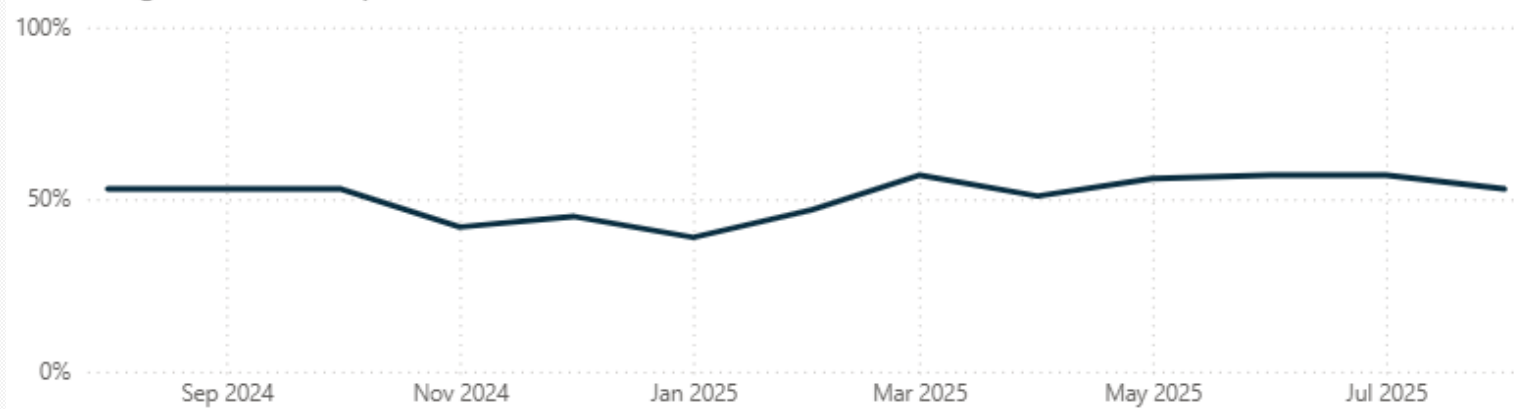
Phone hold time less than 10 minutes (Goal: 80%)



August 2025, 43% of Paid Leave phone calls were answered within 10 minutes.

- 10 percentage points more than the prior month
- The same as in August 2024
- August 2025, avg. phone queue time was 28 minutes

Percentage of calls into queue



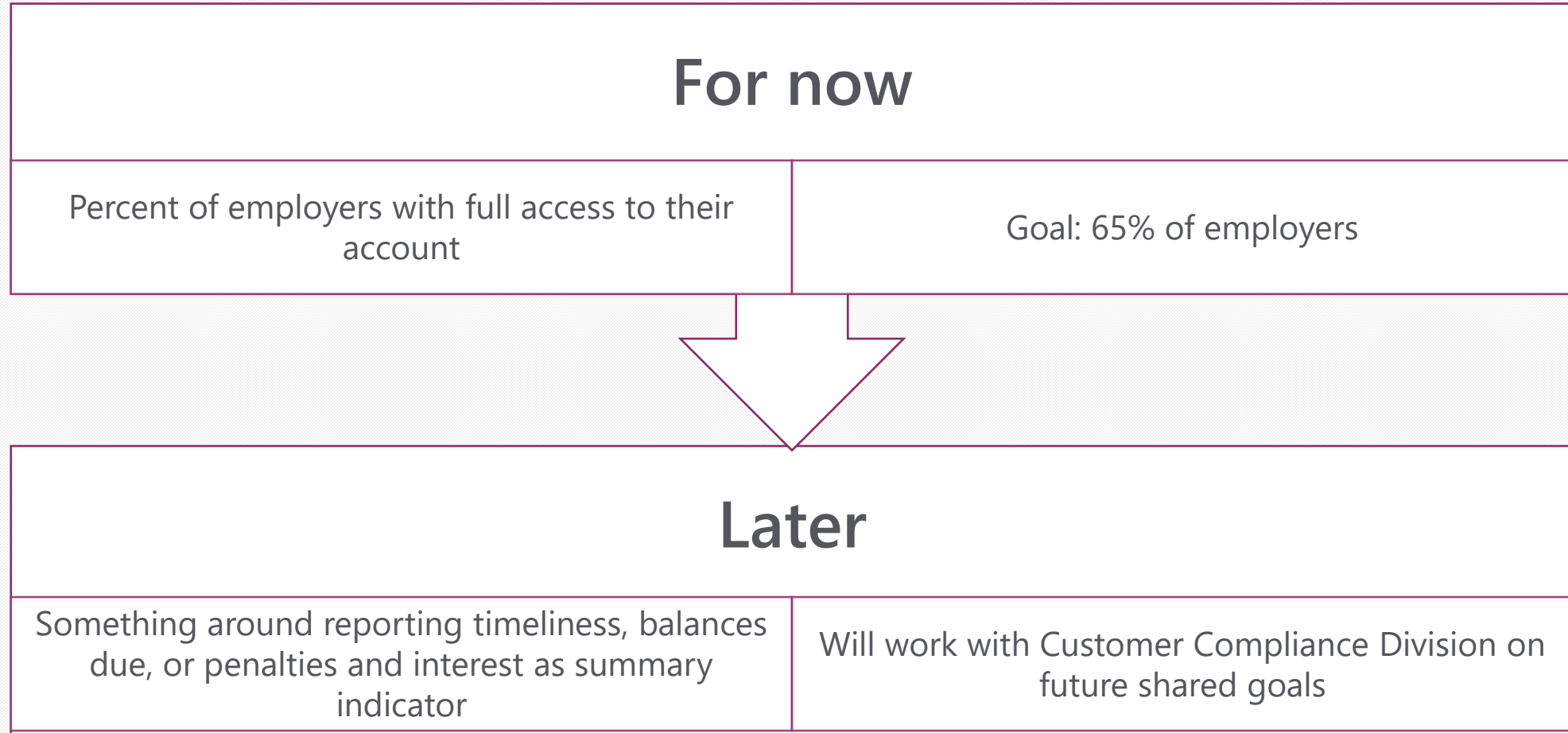
August 2025, 53% of calls to Leave and Care went into a queue

- 4 percentage points less than the previous month
- The same as in August 2024

Coming soon...

- Monthly tracking of progress toward
 - 80% of emails responded to within 1 business day
 - 80% of secure messages responded to within 1 business day

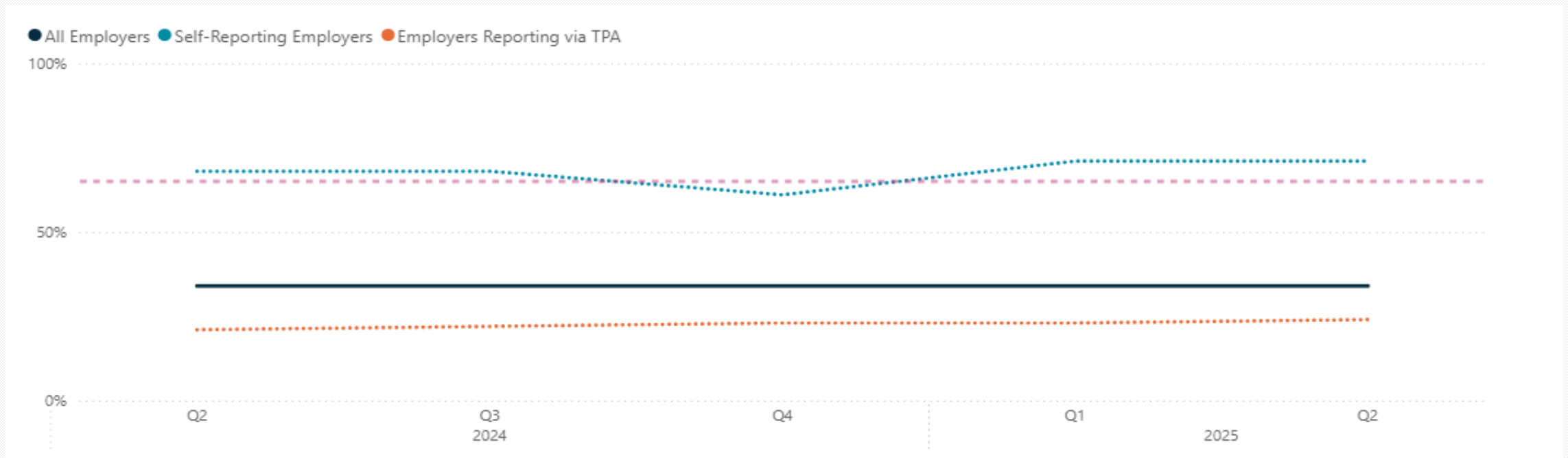
Employer accounts



Employers with full account access

Goal: 65% of employers with quarterly reporting had full employer account access

- Q2 2025, 34% had full access accounts
 - Same as previous quarter
- 71% of those employers reporting for themselves had full access
 - Same as previous quarter
- 24% of employers using a TPA had full access
 - 1 percentage point more than previous quarter



Summary of program performance goals

Performance Metric	Performance Goal	Current Status
Time to application decision	75% of applications with initial decision within 14 days	85%
Time to first weekly claim processed	75% of applications with initial decision within 21 days	70%
Phone hold time	80% of customers with less than 10-minute hold time	43% met hold time goal, 53% went into phone queue
Secure message & email response time	80% customers receiving a response in 1 business day	TBD
Full account access	65% of employer accounts with full access	34%

Program priorities

Alison Eldridge, Program Strategy Deputy Director

Leave and Care | Portfolio Dashboard Status Report

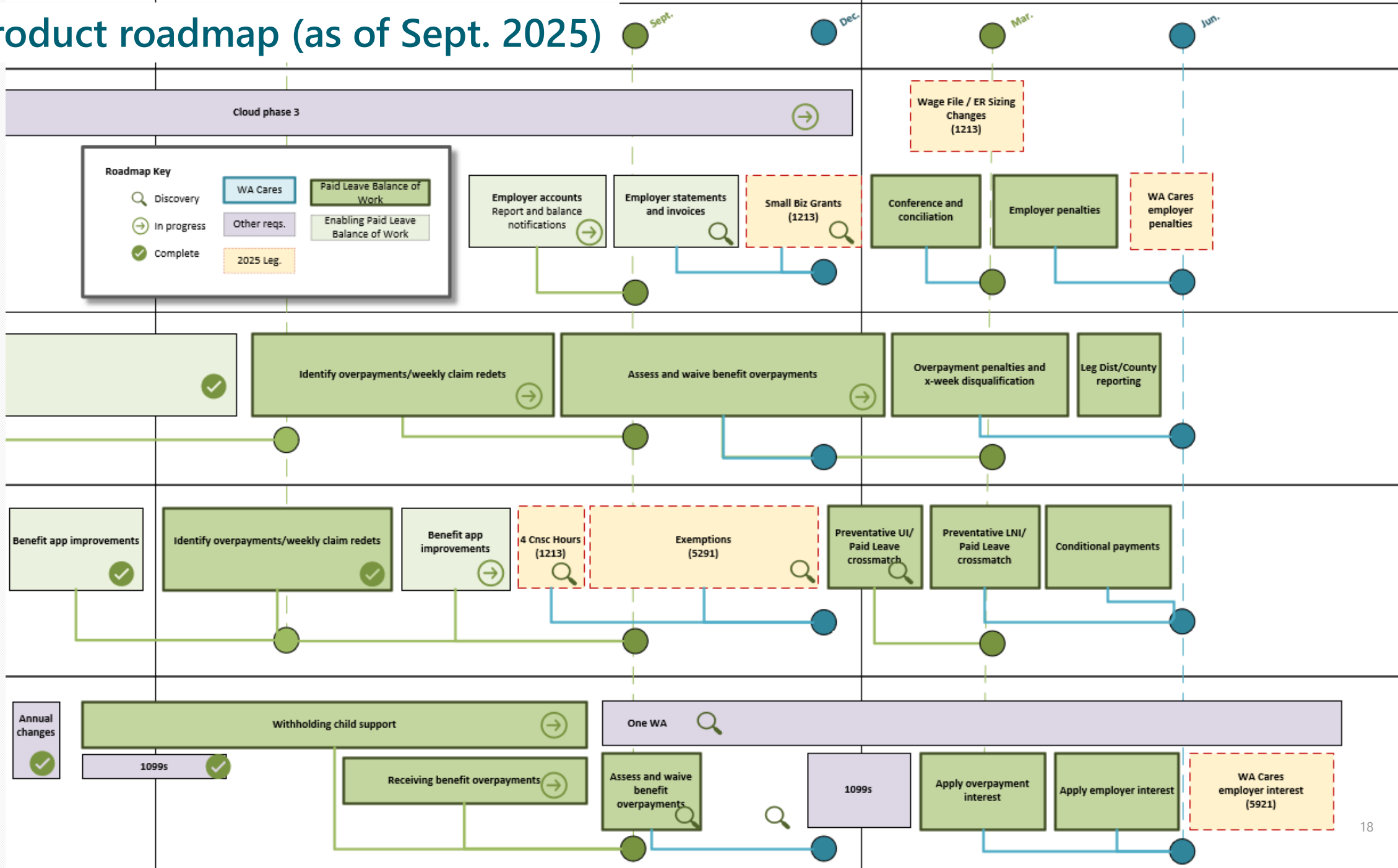
As of September 5, 2025

<div> <div>Overall Health</div> <div>Report Date</div> </div>									
<div> <div>Close Out</div> <div>On Target</div> <div>At Risk</div> <div>High Risk</div> <div>N/A (planning)</div> <div>Complete</div> </div>									
Lvl	Project Description	Theme	Sch	Res	Risk	Q2 - 2025	Q3 - 2025	Q4 - 2025	Q1 - 2026
0	2025 PFML Staffing Report	Legislation	<div></div>	<div></div>	<div></div>		<div>09/01/2025</div>	<div>★</div>	
3	Cloud Migration Portal	Enhancement	<div></div>	<div></div>	<div></div>	<div></div>	<div>TBD</div>		
2	Identify Overpayments in Weekly Claim Redeterminations	Balance of Work	<div></div>	<div></div>	<div></div>	<div></div>	<div>10/01/2025</div>		
3	Paid Leave Child Support Withholding	Balance of Work	<div></div>	<div></div>	<div></div>	<div></div>	<div>10/01/2025</div>		
1	Employer Sizing 2025	Annual project	<div></div>	<div></div>	<div></div>		<div>10/31/2025</div>		
0	Dockworkers reporting and premiums (SSB 5191)	Legislation	<div></div>	<div></div>	<div></div>	<div></div>	<div>11/01/2025</div>		
1	Unclaimed properties 2025	Annual project	<div></div>	<div></div>	<div></div>		<div>11/30/2025</div>		
0	2025 Annual Program Report	Legislation	<div></div>	<div></div>	<div></div>	<div></div>	<div>12/01/2025</div>		
4	WA Cares Contribution Determination	WA Cares	<div></div>	<div></div>	<div></div>	<div></div>	<div>12/31/2025</div>		
2	Benefit application enhancements 2025	Enhancements	<div></div>	<div></div>	<div></div>	<div></div>	<div>12/31/2025</div>		
2	WA Cares Exemptions 2026 (SSB 5291)	Legislation	<div></div>	<div></div>	<div></div>		<div>01/15/2026</div>		
2	Equitable hiring: Implementation of EO 24-04 and 24-05	Legislation	<div></div>	<div></div>	<div></div>	<div></div>	<div>01/16/2026</div>		
2	Receiving benefit overpayments	Balance of Work	<div></div>	<div></div>	<div></div>	<div></div>	<div>01/31/2026</div>		
4	Assess and waive benefit overpayments	Balance of Work	<div></div>	<div></div>	<div></div>	<div></div>	<div>01/31/2026</div>		
2	Employer account notifications and actions	Balance of Work	<div></div>	<div></div>	<div></div>	<div></div>	<div>01/31/2026</div>		
1	2026 Annual changes (premium rate, WBA, SS cap)	Annual project	<div></div>	<div></div>	<div></div>		<div>1/31/2026</div>		
2	Quality Assurance Revamp	Enhancement	<div></div>	<div></div>	<div></div>	<div></div>	<div>04/24/2026</div>		
2	WA Cares Annual Statements 2026	WA Cares	<div></div>	<div></div>	<div></div>		<div>04/30/2026</div>		
4	One Washington	Enhancements	<div></div>	<div></div>	<div></div>	<div></div>	<div>03/01/2027</div>		
2	Elective coverage for tribes	Balance of Work	<div></div>	<div></div>	<div></div>		<div></div>		
3	Job protection (ESSHB 1213)	Legislation	<div></div>	<div></div>	<div></div>		<div></div>		
2	2025 Small business grants (ESSHB 1213)	Legislation	<div></div>	<div></div>	<div></div>		<div></div>		
2	4-consecutive hours (ESSHB 1213)	Legislation	<div></div>	<div></div>	<div></div>		<div></div>		
1	2025 1099Gs	Annual project	<div></div>	<div></div>	<div></div>		<div></div>		

2025

2026

Product roadmap (as of Sept. 2025)



Balance of work *(as of Sept. 17, 2025)*

Benefit Overpayments

★ Claim year <u>redet</u> improvements	Overpayments in WC <u>redet</u> .	Receiving benefit overpayments	Assess and waive benefit overpayments	Assess penalties and apply disqualifications	Apply benefit overpayment interest	Payment plans and collections
03/2024 – 04/2025	12/2024 – 09/2025	02/2025 - 12/2025	05/2025 – 3/2026	11/2025 – 03/2026	11/2025 – 03/2026	01/2026 – 06/2026
100% complete	90% complete	70% complete	15% complete	0% complete	0% complete	0% complete

Employer Responsibilities, Interest, Penalties, and collections

Account notifications and actions	Employer collections, phase 1	Statements and invoices	Employer interest	Employer penalties	Conference and conciliation	Payment plans and collections
05/2025 – 01/2026	06/2025 – 12/2025	10/2025 – 03/2026	11/2025 – 03/2026	11/2025 – 03/2026	12/2025 – 03/2026	01/2026 – 06/2026
80% complete	40% complete	0% complete	0% complete	0% complete	0% complete	0% complete

Cross-program benefit payment detection and prevention

★ Send a letter to customers who have claims in both UI/PFML	Data service for UI/PFML	Stop the 2nd payment in PFML	Stop the 2 nd payment in UI	Correcting an improper payment in UI/PFML	Preventative UI/PFML Crossmatch	LNI/PFML claim overlap detection (manual)	LNI/PFML prevention and correction
07/2025 – 12/2025	09/2025 – 12/2025	-	-	-	-	-	-
100% complete	% complete	0% complete	0% complete	0% complete	0% complete	0% complete	0% complete

Other Program Requirements

Child support withholding	Elective coverage for tribes	Leg. Districts and county	Conditional payments
06/2024 – 09/2025	09/2025 – 12/2025	04/2026 – 06/2026	04/2026 – 06/2026
90% complete	15% complete	0% complete	0% complete

Undefined
Defined/no backlog
Defined/backlog ready
Complete/In Progress
Behind Schedule/at risk
Significant delay/ high risk

32+ features launched last week

Benefits

- Withholding child support.
- Application, weekly claim, and redetermination improvements to enable work on overpayments.

Employers

- Enabling work for penalties & interest, including detailed report status, calculation breakdown, and notifications.

Future work

Next

- WA Cares omnibus (SSB 5291)
- **Penalties and interest (employer)**
- **Crossmatch L&I with Paid Leave benefits**
- **Penalties and interest (employee)**
- **Conditional benefit payments**

Later

- Stable data infrastructure
- **Adding county & legislative district to database**
- **Collections (employer & employee)**
- Pre-application for benefits
- One application for birth and bonding
- Comprehensive authorized representative process

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

Paid Leave legislative update

Josh Dye, Director of Government Relations

Legislative update

Agency request legislation regarding legislative reports

- Paid Leave Annual Report to be submitted to Paid Leave Advisory Committee vs. legislature
- Content to remain the same
- Aims to achieve the following
 - Preserve transparency and oversight
 - Reduce administrative burden
 - Align reporting responsibilities to current operational structures

Strategies on IRS guidance

Actuarial report update

Karissa Burgess, Actuary

Introduction

The following is an overview of:

- Models used to develop the projection
- **Fiscal Year 2025 Performance**
- Historical Paid Leave rates and experience
- The current projection of Paid Leave rates and experience through 2029, **including solvency issues.**

Final 2026 rates will be available later this fall.

Rates shown after 2026 are only estimates based on current program projections.

- Actual rates after 2026 will be calculated with the current data and methodologies relevant for that time period.

Effort was made to make reasonable assumptions **regarding** future experience.

- Actual data can vary for many reasons, some of which are **detailed** in later slides.

Actuarial valuation, pricing and forecasting

Models and objectives

- **Valuation** model determines unpaid liabilities → financial health as of today
- **Pricing** model projects rates forward → adequate rate for foreseeable future
- **Forecast** model estimates possible financial experience → financial implication over time

Modeling main assumptions

- Covered and benefit-eligible employee growth
- Average gross wage growth and social security wage cap change
- Approved leave utilization rates trend
- Average leave benefit payment trend
- Leave benefit and premium collection pattern
- Misc items like programmatic changes

Note: Some actuarial assumptions are based on the financial condition as of FY2025. Any material changes of financial condition will arrive at different assumptions

Valuation model output – claim benefit metrics

Project historical experience to ultimate, estimate short & long-term trends, and expect positive future trend for some metrics

- Utilization rate growth accelerated in second half of FY, aligning with expected trends and historical utilization pattern seasonality.
- Recent data shows slight decrease in approval rates
- Weekly benefit payments continue to grow: 2.3% growth in FY25

Family				
Leave Start Quarter	Utilization Rate	Leave Approval %	Average Weekly Payment	Duration (weeks)
20243 (E)	11.4	90.8%	\$905	8.5
20244 (E)	11.7	90.0%	\$885	8.7
20251 (E)	12.3	89.3%	\$908	8.6
20252 (E)	12.2	89.1%	\$924	8.6

Medical				
Medical Leave Start Quarter	Utilization Rate	Leave Approval %	Average Weekly Payment	Duration (weeks)
20243 (E)	13.9	85.5%	\$905	7.5
20244 (E)	13.4	85.7%	\$906	7.5
20251 (E)	14.9	84.7%	\$927	7.5
20252 (E)	15.4	84.1%	\$937	7.5

Note: 20252 refers to second quarter of 2025

(E) indicates the numbers are estimated based on actuarial reserving analysis

Utilization rate is the number of leave count per 1000 eligible employees

Leave approval% is the non-denied claim counts as percentage ultimate reported claim counts

Duration is the average number of calendar weeks per claim

Refer to report for complete output

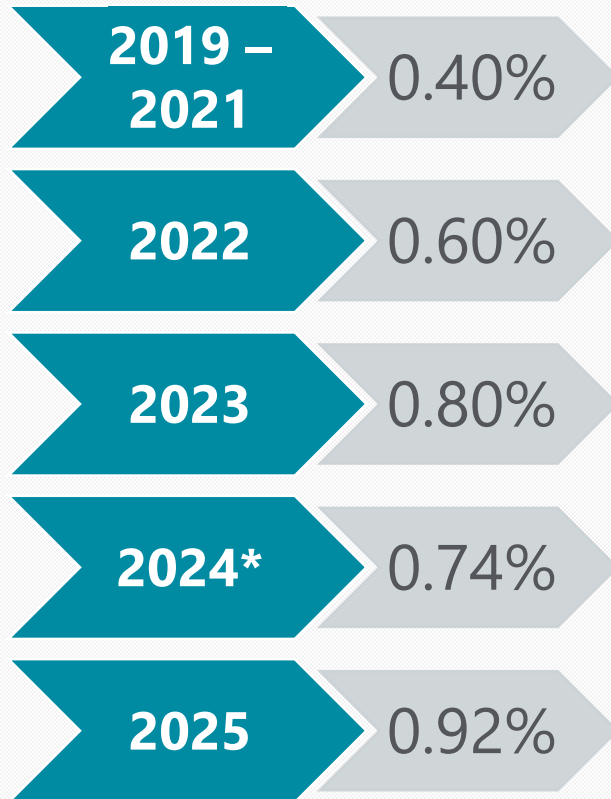
Fiscal Year 2025 Performance

Generally, FY25 results were close to what was projected as of the FY24 projection.

- FY25 ending account balance was close to projected, slightly higher at \$57M vs. \$3M.
- Total claims paid close to expected, slightly lower compared to FY24 projection.
- FY25 taxable wages were slightly lower than expected, offsetting some of the difference in claims.
- Covered employee growth was similar to FY24 projection

Paid Leave rate history and details

Historical rates and methodology changes

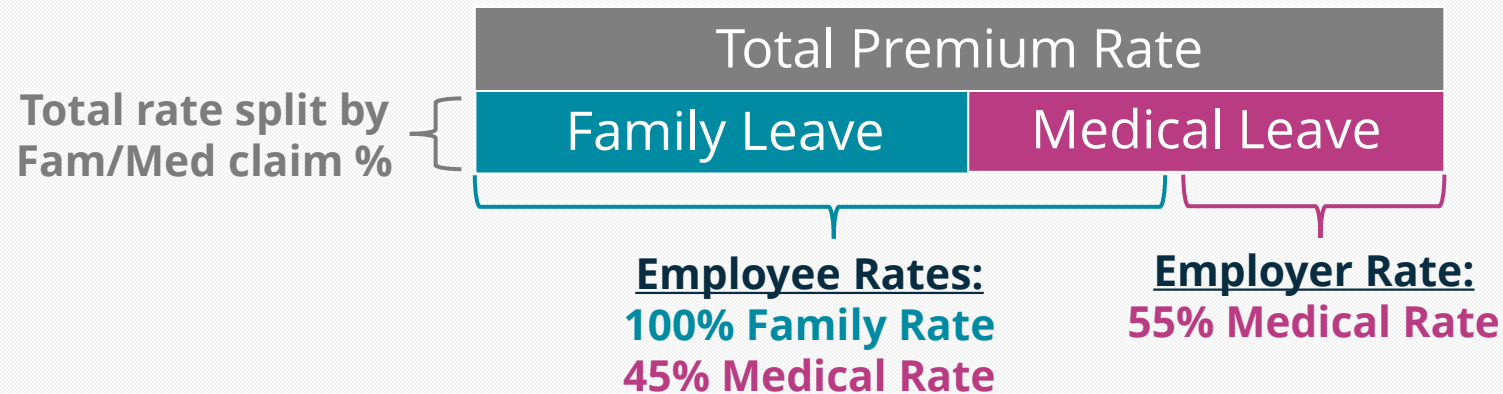


- Premium rate capped at 1.20%.
- Total rate includes
 - Family leave – 100% employee
 - Medical leave – 45% employee, 55% employer
- Small employers and elective employees exempt from employer rate (premium exemption).
- Total rate should be low enough to avoid exceeding 3-month reserve as March.
- **New formula used for 2024.**

*\$200 million cash injection in 2023 reflected is in 2024 rate.

Premium rate formula

$$\frac{140\% (\text{benefits paid} + \text{non-benefit expense}) - \text{Sep 30 account balance}}{\text{taxable wages}} = \text{Total Premium Rate}$$



Actuarial report: Executive summary

For fiscal year 2025

- Account ending balance was **\$57 million**, higher than FY24 projected \$3 million.
- Program growth is **stabilizing**. From FY24 to FY25:
 - The dollar amount of monthly leave payments increased 21%. The increase from FY23 to FY24 was 25%.
 - The number of claims increased by 15%. The increase from FY24 to FY25 was 14%.
 - Family Care and Serious Medical Condition leave types continue to have high growth rates

Program forecast

- Growth is projected to continue, ~75% growth (\$1.5B) in four years.
- Projected account **deficits expected to continue** and become sustained in 2029.
- Projected CY26 premium rate ~ 1.13%, reaching the max rate of 1.20% in CY27
- Engrossed Second Substitute House Bill 1213 (E2SHB 1213) effective in 2026

FY24 to FY25 Account Balance Change (\$M)

Decreases in account balance continue to be driven by larger increases in claims expenses than premium revenue.

FY24 End of Year	Account Balance	\$237.4	
Received Premiums	Rate Change	\$39.4	}
	Avg Wage Change	\$79.5	
Paid Claims	Bonding	-\$72.0	}
	Care	-\$78.2	
	SelfMed	-\$145.6	
	SelfMed (Birth)	-\$15.8	
Other		\$12.7	}
FY25 End of Year	Account Balance	\$57.2	

Received premiums are \$118.9M higher than FY24, mostly due to increase in average wages.

Paid claims are \$311.7M higher than FY24, mostly driven by SelfMed and Care.

Drivers like change in employee count and programmatic changes.

Note: Some data pieces include allocation/estimation, due to items like program changes not always having data granular enough to be exact, as well as reporting differences in sources.

FY25 claim benefit payment grew 21%

FY25 total claim payout at \$2.01 billion comparing to \$1.67 billion in FY24

Monthly claim benefit payment at \$167 million, 21% higher than prior fiscal year at \$139 million

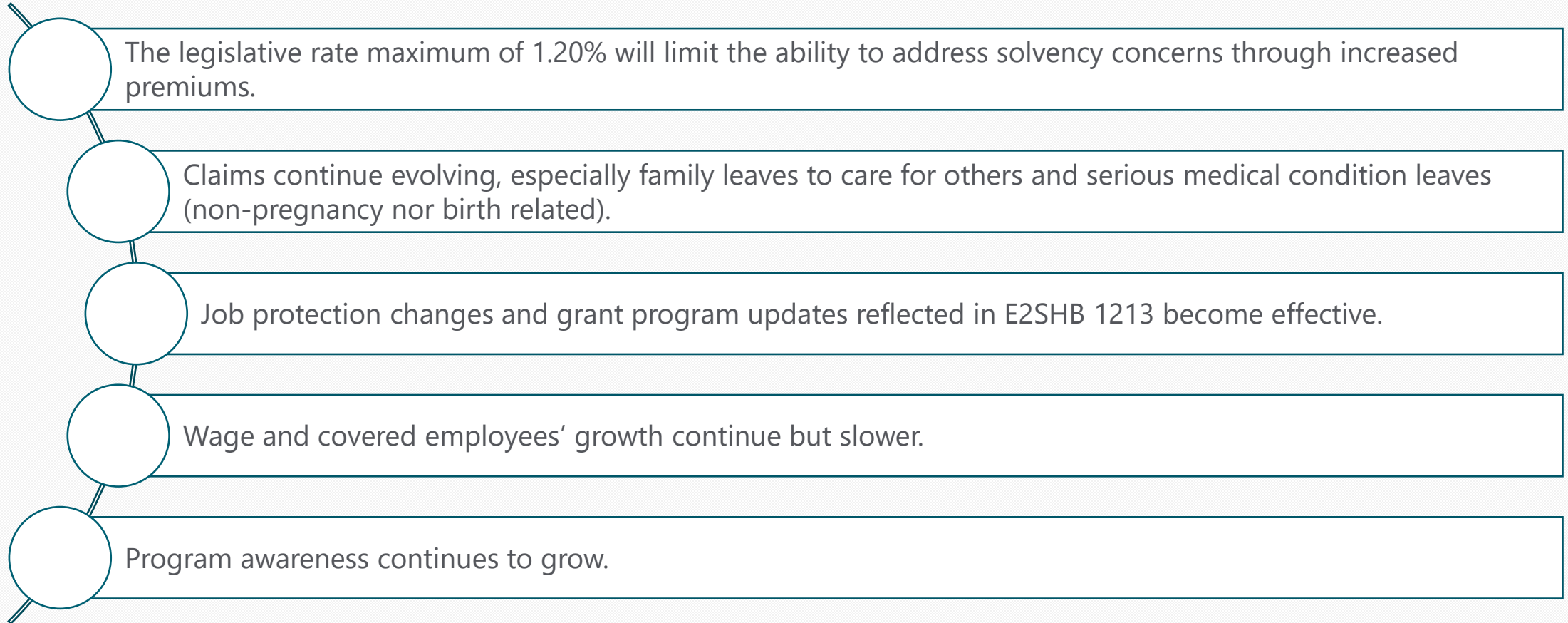
- Number of weekly claim payments up by 17.9%, slightly lower increase than prior year at 18.7%
- Average payment of leave benefit grew by 2.3%, smaller growth than prior fiscal year at 5.5%

Monthly reported claim counts at 26.8K, 3.4K more than prior fiscal year at 23.4K:

- Care and Serious Medical Condition claim submission trends continue to be higher: +30.3% Care and +18.6% Serious Medical Condition.
- While Bonding and birth-related claims do continue to grow, growth rates are at a much lower level: +7.0% Bonding, +5.4% birth-related claims.

What might we expect for Paid Leave's future?

Expect the growth of leave benefits to decelerate but outpace wage growth



How the future may differ from the projections

Economic conditions

- Labor market growth, unemployment rate, inflation etc.

Social dynamics, key aspects include:

- Overall trend of social norms
- Societal structures, such as family and work that can lead to behavior and social interactions
- Shift in communication patterns that could lead to significant impact of group behavior

Legislative and policy changes

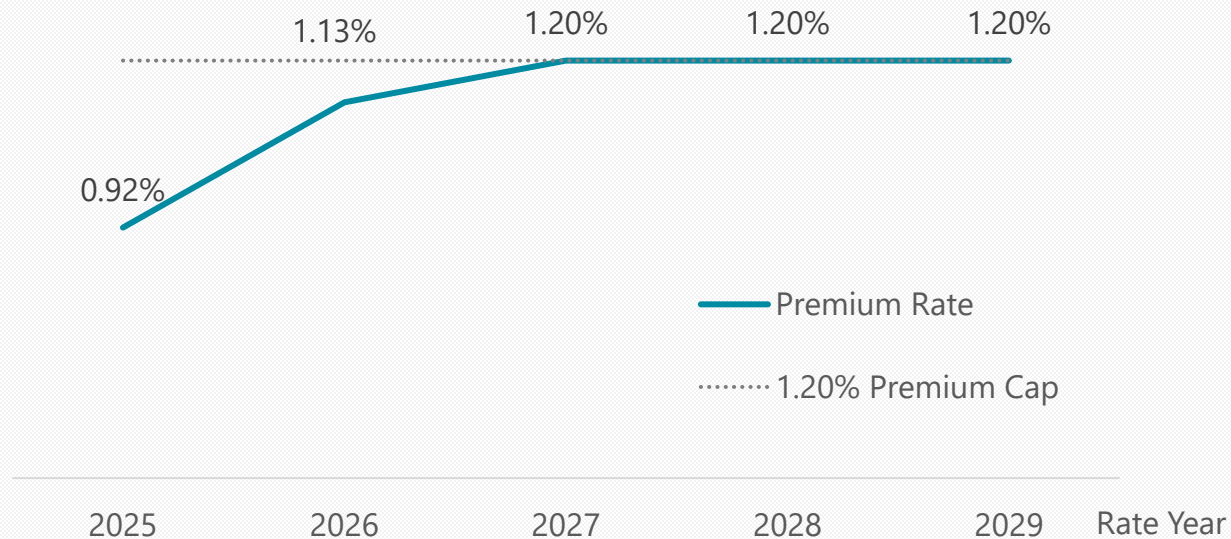
- Small standalone changes could add up to material impact to the program

Operational changes, examples as:

- Different processing time, system breakdown, and claim process changes

Projected Results – Rates

1.20% rate cap is expected to be reached in CY27.



Note: Rate method defined in RCW 50A.10.030
2026 baseline rate (1.13%) is estimated, official rate will be published end of Oct
Rate is a percent of taxable wages

Projected rates

- CY26 premium rate is 1.13% vs. FY24 projection of 1.16%.
- CY27 premium rate projected to reach 1.20% maximum.
- After rate maximum is reached, premiums received will only grow with wage and employee growth, while claims are continuing to increase at a higher rate.

Projected Results – Account Balance

Expect deteriorating account health after 1.20% rate cap is reached.

High-Level Results

Fiscal Year (\$ millions)	2026	2027	2028	2029
(1) Premium Collection	\$2,379	\$2,898	\$3,138	\$3,274
(2) Leave Benefit Payment	\$2,354	\$2,710	\$3,071	\$3,506
(3) Net Non-Benefit Expense	<u>\$105</u>	<u>\$103</u>	<u>\$116</u>	<u>\$133</u>
➡ (4) Account balance	-\$26	\$60	\$12	-\$353

Note: Account balance reflects cash position and focuses on prem, leave payment and administrative cost
Numbers may not add up due to rounding.

(4) = prior year ending fund balance + (1) – (2) – (3)

Projected account balance

- Account balance after premium collection for rate year:
 - \$78 mil by 2027Q1
 - \$346 mil by 2029Q1
 - \$992 mil by 2030Q1
- 3-month targeted reserve not met under current projection.
- Periodic deficits become sustained in 2029.

Recommendation

- Consider if and how to leverage the concept of actuarial rate setting approach.
- Thoroughly research potential changes and resulting impacts, include gradual implementation.

Pricing model output – rates, expenditures

Projected leave expenditures outpace assessed premium growth after rate cap reached

After reaching the 1.20% rate maximum, claims outpace premiums starting in 2028:

Calendar-Leave Year	2026	2027	2028	2029
(1) Premium rates	1.13%	1.20%	1.20%	1.20%
(2) Covered Employees	3.53	3.55	3.57	3.60
(3) Taxable Wages	\$269,761	\$279,626	\$291,081	\$303,037
(4) Premium Exemption	-\$217	-\$246	-\$251	-\$255
(5) Benefit Mix	-\$5	-\$5	-\$5	-\$6
(6) Assessed Premium	\$2,827	\$3,105	\$3,237	\$3,376
(7) Leave Expenditure	\$2,603	\$2,939	\$3,352	\$3,830
(8) SBA grants	\$13	\$20	\$32	\$44
(9) Net Administrative Expenses	\$95	\$88	\$92	\$97
➔ (10) Pricing Income (Loss)	\$115	\$58	-\$240	-\$596
(11) Leave benefit Ratio	92%	95%	104%	113%
(12) Expense Ratio	4%	4%	4%	4%
➔ (13) Combined Ratio	96%	98%	107%	118%

Note: numbers in millions, and (7) net administration cost is administration cost offset by interest income

(6) = (1) x (3) + (4) + (5)

(10) = (6) – (7) – (8) – (9) pricing loss indicates inadequate premium comparing to expected total expenditures

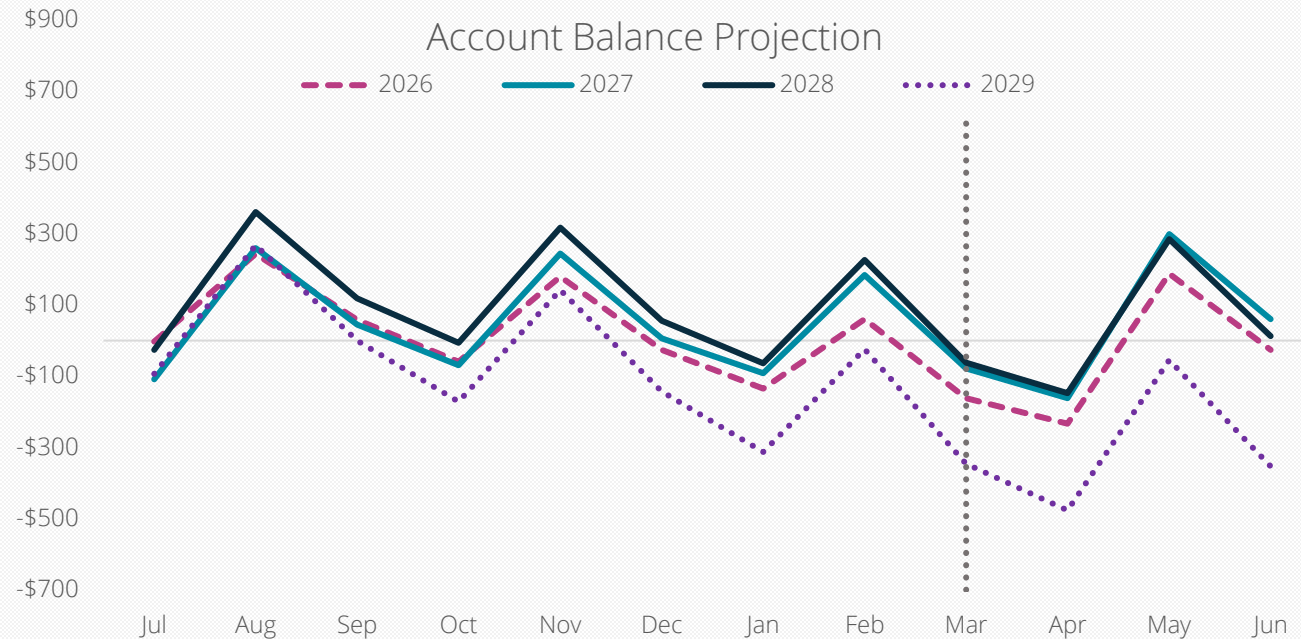
(11) = (7) / (6)

(12) = ((8) + (9)) / (6)

(13) = (11) + (12) combined ratio above 100% suggests inadequate premium comparing to expected total expenditures

Forecast model output –account balance by month

Account balance deficits become deeper after premium rate maximum is reached in 2027



Account solvency status

- Periodic deficits projected to continue
- Deficit expected to become sustained in 2029
- Account balance not projected to reach targeted 3-month reserve
 - March account balance used as benchmark for reserve. March balance is negative all projection years.

Questions?

Paid Leave solvency policy options

Josh Dye, Director of Government Relations

Paid Leave solvency policy options

Short-term deficits will remain long term deficits beginning around 2029-2030 without legislative action.

Potential policy options to maintain solvency

- Benefit payments
- Premium revenue
- Program eligibility
- Premium rate

Employment Security is not advocating for these policy options but providing context to regulating environment as to what impact different policies may have on program solvency.

Summary of program performance goals

Change mechanism: Policy lever that can be changed to adjust fund solvency

Supporting information: Context for change mechanism

Impacted group: Groups that may be impacted negatively

Impact on account: Potential positive impact to the fund solvency



Estimated impact to account



Potential impact depending on the degree of policy change













Implementation: Estimated implementation costs, combining options may impact implementation more







The more tech icons, the larger the implementation requirements

Unintended Consequences: Some options may result in adjustments in program participation, those are not included





Benefit payments

Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Reduce the number of benefit weeks available	<ul style="list-style-type: none"> •About 40% of claims max their leave. •Avg. length per claim is 7.2 weeks. •Avg. length per claim year is 9.8 weeks. 	<ul style="list-style-type: none"> •Impacts customers near or at the max of their leave •Birthing parents are the majority hitting their max leave allowance. 	  	  
Reduce the maximum weekly benefit amount	<ul style="list-style-type: none"> •About 19% of customers were approved at the max (\$1,456 in 2024). •More than half of the states have a max weekly benefit cap between 80%-100% of avg. weekly wage. •WA is at 90% 	<ul style="list-style-type: none"> •High income earners 	  	  

Benefit payments







Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Adjust the weekly benefit amount calculation	<ul style="list-style-type: none"> Lower wage earners receive 90% wage replacement. Higher wage earners receive a lower percentage of wage replacement Most states have some variation to this formula. 	<ul style="list-style-type: none"> High income earners, depending on how its adjusted 		
Restrict customers to only one claim per year	<ul style="list-style-type: none"> Would need to rework birth-bonding leave. Medical for birth (usually first 6 weeks). Family for bonding (any weeks after initial 6 weeks, up to combined 18 weeks total). 	<ul style="list-style-type: none"> Potentially all customers Birth to bonding customers Customers with multiple unrelated qualifying events 		

Benefit payments





Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Add annual solvency protection to reduce weekly benefit*	<ul style="list-style-type: none"> Delaware has a benefit reduction policy. If projections exceed premium cap, benefits are reduced for the rate year by lowest amount to not exceed premium rate cap 	<ul style="list-style-type: none"> All benefit customers 		
Add annual solvency protection to pause weekly benefit increase*	<ul style="list-style-type: none"> If projections exceed premium cap, WBA increase is suspended for that rate year 	<ul style="list-style-type: none"> All benefit customers 		

*not standalone fixes, would be needed in conjunction with other options







Premium revenue

Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Adjusting the maximum premium rate cap	<ul style="list-style-type: none"> By 2030-31 account balance begins to enter negative trend as 1.2% cap will not be sufficient to cover expenses. 	<ul style="list-style-type: none"> Indirectly, all employers and employees if rates increase. 		
Adjusting the employer/employee contribution rates	<ul style="list-style-type: none"> Due to the small business exemption, the premium the program collects more premium revenue with any shift toward employees. 	<ul style="list-style-type: none"> All employers and employees 		
Increase taxable wage base	<ul style="list-style-type: none"> Roughly 25% of Q4 wages are not subject to the premium 	<ul style="list-style-type: none"> High income earners Those above the social security wage cap (\$176,100) 		





Program eligibility

Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Adjust 820 hours requirements	<ul style="list-style-type: none"> Roughly 75% of workers are eligible based on current requirements 	<ul style="list-style-type: none"> Increasing requirement disproportionately impacts low wage earners. 		
Adjust what events qualify	<ul style="list-style-type: none"> Example: adding safe leave Most new state programs have this leave type. Would likely need to be added if a federal plan moves forward 	<ul style="list-style-type: none"> Depends on adjustment Potentially all customers 		

Program eligibility

Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Reduce employer sizing for small business premium exemption	<ul style="list-style-type: none"> Small business exemption accounts for a projected \$164 million in lost revenue, about 7% of all premium revenue 	<ul style="list-style-type: none"> Small employers Employees at small businesses are not affected. 		
Remove voluntary plan exemptions	<ul style="list-style-type: none"> About \$27 billion in gross wages are from employers with VP. Roughly 350 employers have VP, accounting for 3.2% of total employment 	<ul style="list-style-type: none"> Employers with VP Employees working for employers with VP 		
Increase voluntary plan fees	<ul style="list-style-type: none"> VP application fee set in statute at \$250 per application Fee structure is not sufficient to cover the cost of administering plans 	<ul style="list-style-type: none"> Employers with VP 		

Rate setting

Change mechanism	Supporting information	Impacted group	Potential impact on the account	Implementation impact
Forward-looking rate using actuarial principles	<ul style="list-style-type: none"> Current rate is based on historical experience and cannot adapt to program growth, policy change, or economic conditions. Leads to short-term deficits during periods of high program growth. 	<ul style="list-style-type: none"> None directly 		
Establish a reserve	<ul style="list-style-type: none"> Current rate system is not sufficient to establish a reserve. Reserves would allow for rate stability and reduce risk of insolvency. 	<ul style="list-style-type: none"> Higher rates for employees and employers in near term while establishing reserves. 		

Next meeting

1 to 3 p.m. on Wednesday, Oct 29 (hybrid)

Proposed topics

- Premium rate update

Open comment

Reminders Use the Zoom “raise hand” feature to make a comment.

Please frame your questions as a comment.

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

Continue the conversation

JR Richards, Director Insurance Services
Employment Security Department
JR.Richards@esd.wa.gov



Visit us online at
www.paidleave.wa.gov



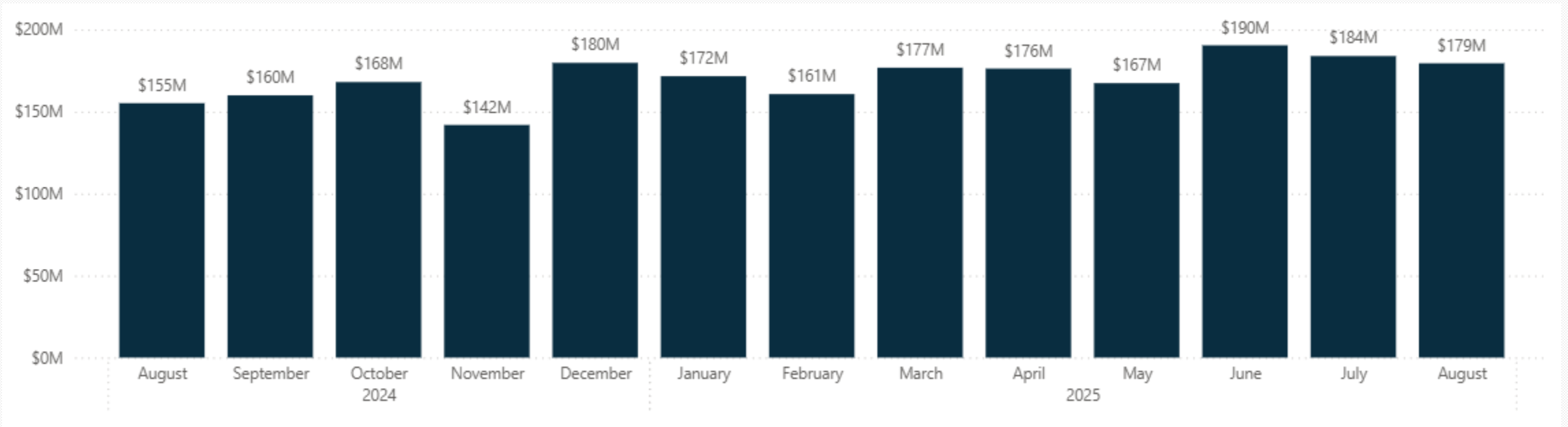
Join our listserv at
bit.ly/PaidLeaveList

Appendix

Program experience

Monthly Benefit Payments

- **August 2025, \$179.4 million benefits paid**
 - 2% less than the prior month
 - 16% more than August 2024
- **\$171.3 million avg. monthly payment for previous 12 months**
- **August 2025, avg. weekly benefit for new claim years was \$1,118**

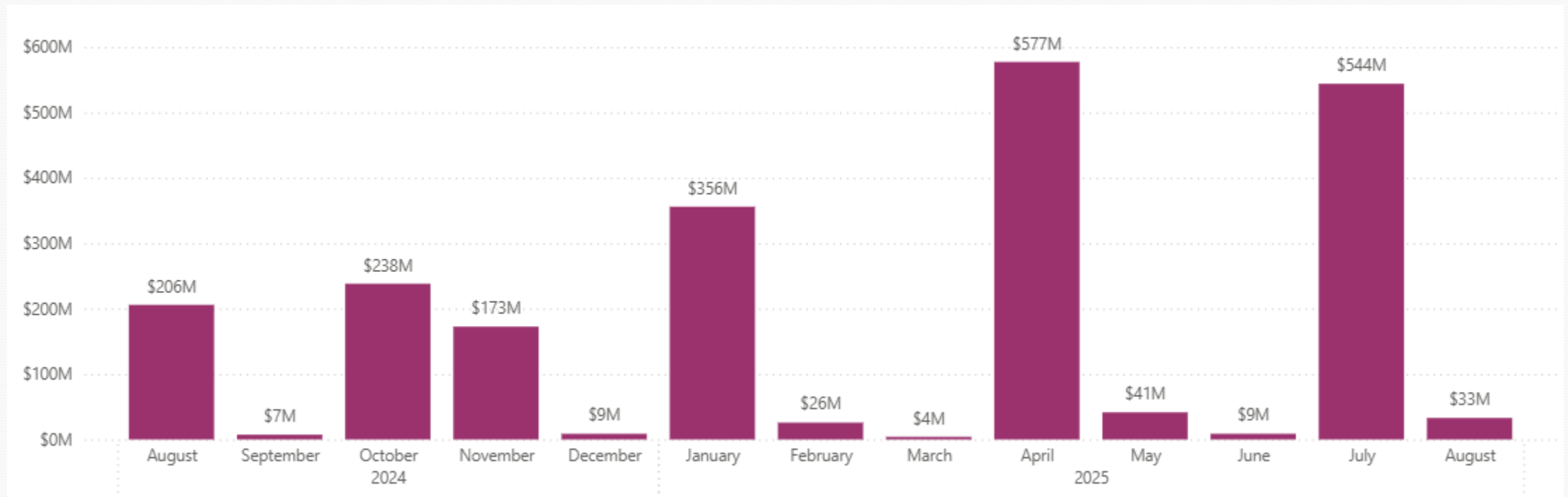


Technical note: Data grouped by date financial transaction occurred in accounting database. If comparing to monthly approved benefits or account balance data published elsewhere there may be slight variations.

Monthly Premiums Remitted

- **August 2025, \$33 million in premiums remitted**
- **\$2.19 billion premiums remitted in the previous 12 months**

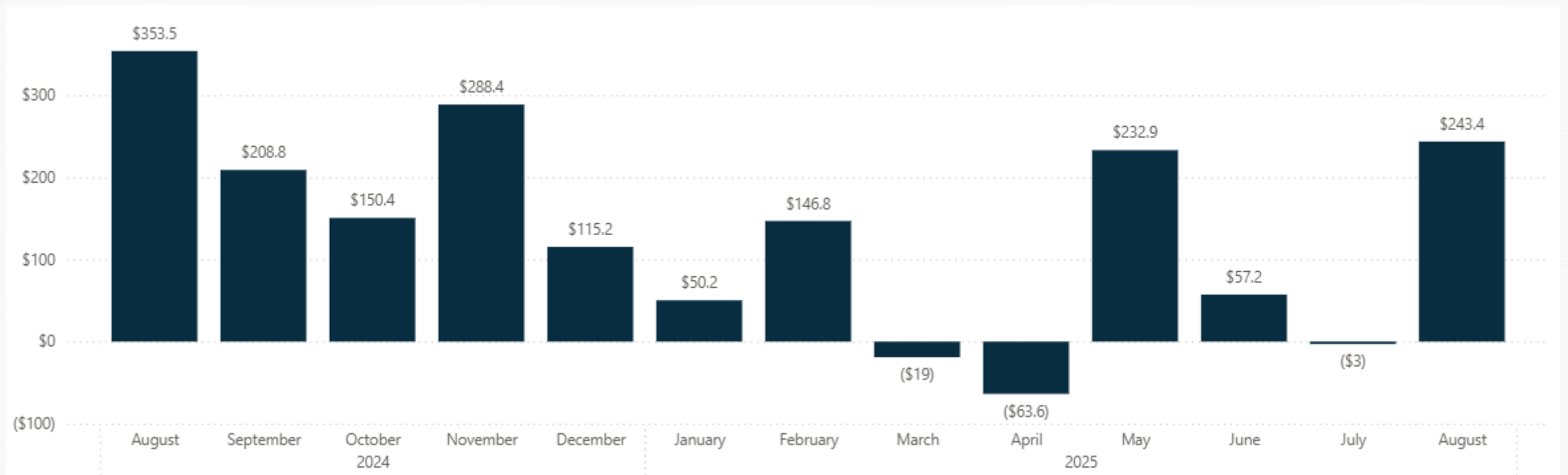
*Cyclical pattern of highest monthly premium transactions occurring at the end of quarterly report periods. Premiums assessed for each quarter are remitted in the following quarter



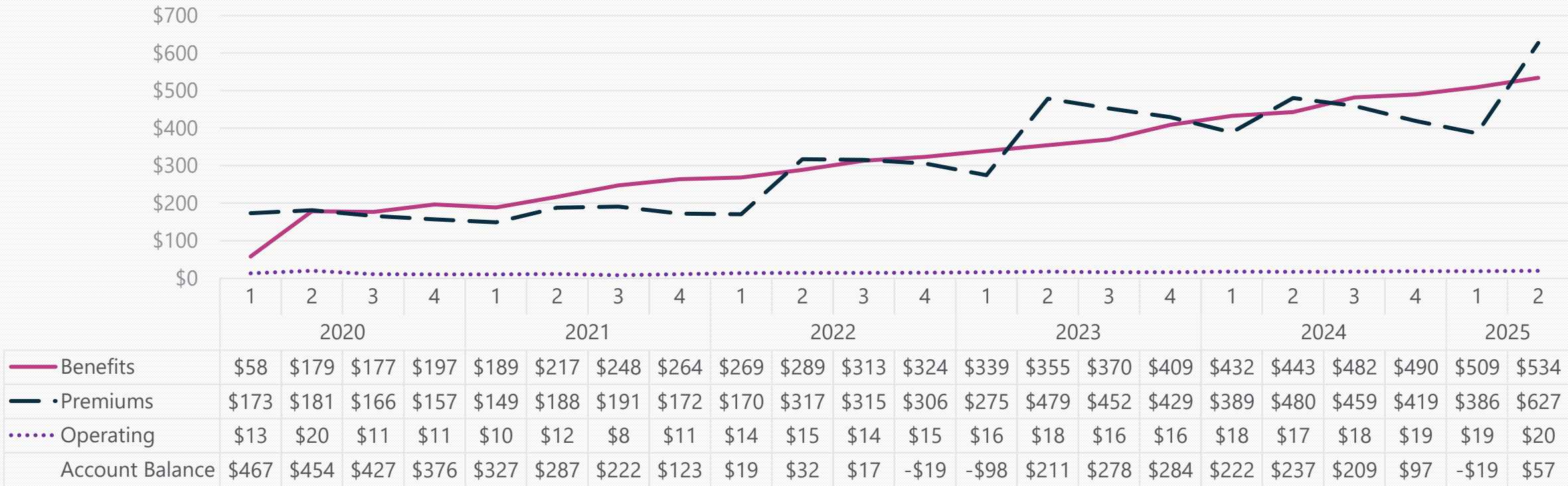
Technical note: Data grouped by date financial transaction occurred in accounting database. If comparing to monthly invoiced premiums or account balance data published elsewhere there may be slight variations.

Monthly Account Balance

- Ending account balance for August, 2025 was \$243.4 million
- \$246 million more than the prior month
- \$110 million less than August 2024



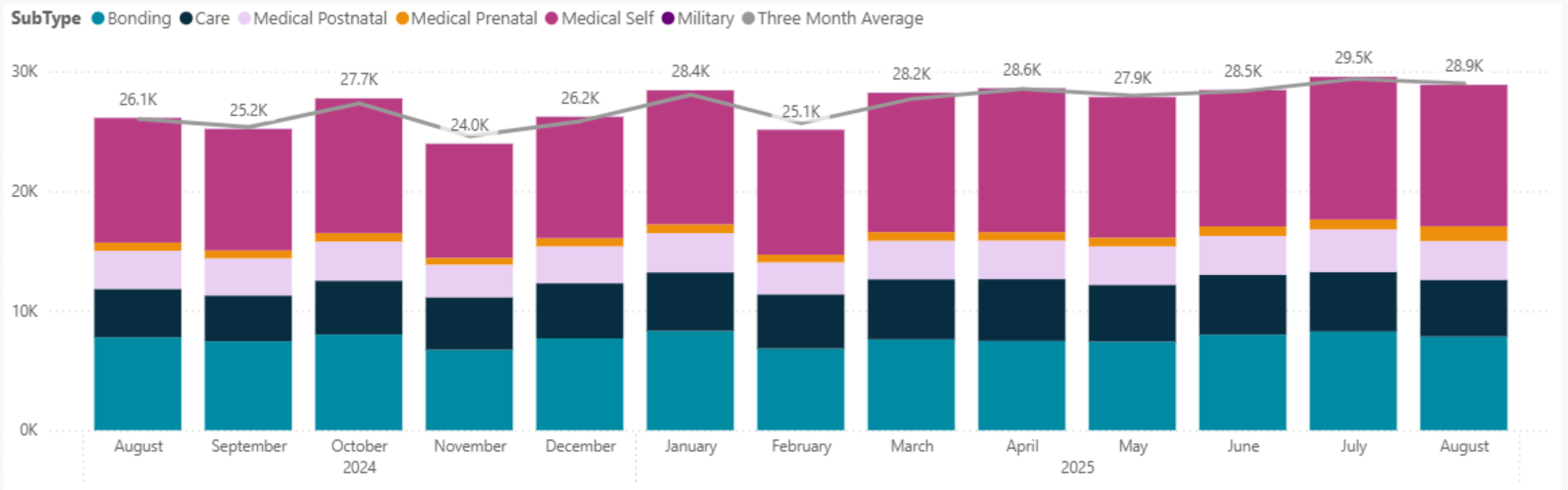
Premiums, benefits, operating expenses, and account balance by quarter (millions)



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.

Claim applications by type

- **August 2025, we received 28.9 thousand applications**
 - Slightly less than the previous month
 - 10% more than August 2024
- **44% family, 56% medical**
- **Three-month rolling average: 29 thousand**



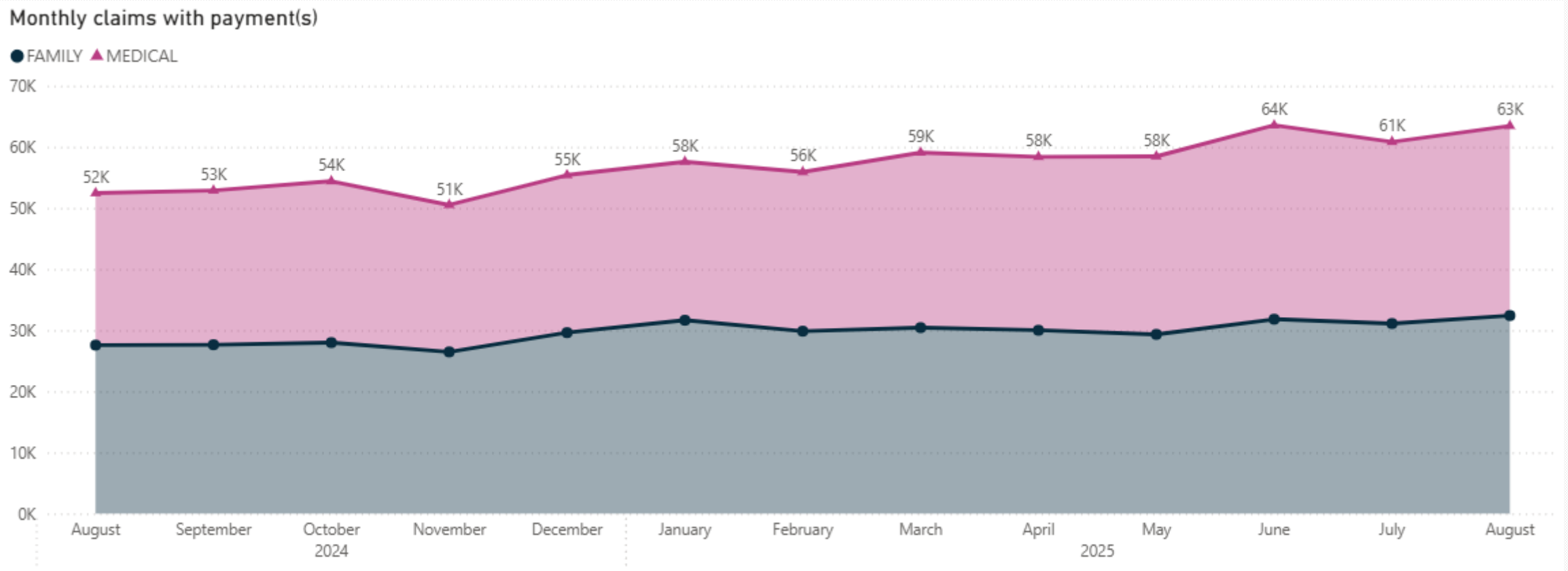
Claims with payments and approval rates

August 2025, 83% of claims were approved

- 85% were approved in the prior month
- Current month typically lower than prior month (data maturity)

August 2025, total unique paid claims was 63,444

- 21% more than August 2024



Performance metrics additional details

Time from application submission to first weekly claim processed

Month	Average days	Median days
August 2024	29	19
August 2025	26	14

Month	Average days	Median days
September 2024	31	21
October 2024	29	19
November 2024	32	21
December 2024	34	24
January 2025	33	23
February 2025	28	17
March 2025	28	15
April 2025	28	16
May 2025	27	16
June 2025	24	15
July 2025	25	14
August 2025	26	14

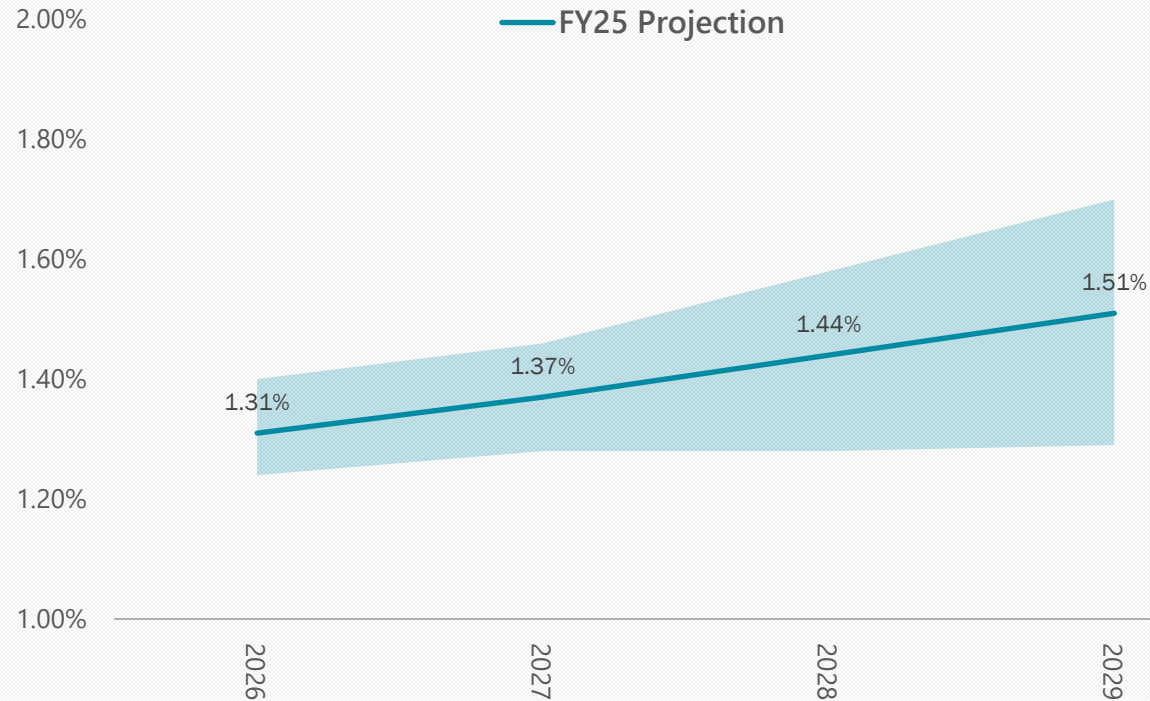
Phones

Month	Number of calls received for Paid Leave	Percentage of calls into queue*	Percentage of calls answered from Paid Leave queue	Queue time for Paid Leave
August 2024	35,163	53%	58%	27:19
September 2024	31,959	53%	60%	25:38
October 2024	36,901	53%	59%	26:50
November 2024	28,084	42%	58%	30:05
December 2024	32,485	45%	60%	28:13
January 2025	34,408	39%	57%	31:35
February 2025	29,925	47%	60%	28:47
March 2025	32,189	57%	59%	26:50
April 2025	33,624	51%	57%	28:13
May 2025	34,886	56%	50%	23:54
June 2025	33,238	57%	51%	23:37
July 2025	37,587	57%	51%	25:21
August 2025	31,535	53%	59%	27:54

Actuarial report additional details

Actuarial Rate Range Example

Rates include building a 3-month, forward-looking reserve so are not directly comparable to current premium rate projection



Range based on reasonable variations in projected experience. Adequate actuarial staffing would help to narrow potential range of outcomes.

Actuarial Method

- Rate based on expected future expenses
- Able to address changes in experience faster than current method
- Has flexibility to build up reserves and address solvency concerns

The actuarial method is more complex and work-intensive. Additional actuarial staffing would be needed to move forward with this method.

Rate Calculation Method FAQs

Q: What are the limitations to current rate calculation method?

A: The current regulatory rate calculation method is based on prior experience so will not adjust for future expected changes to expenses. Because of the lag between the rate update and the experience period data, there is a chance of compounding losses if the premium rate is not adequate. This also increases the volatility of rates and the account balance. Additionally, because the current rate method is tied to prior data as of specific dates, it is sensitive to operational changes, such as processing time, which can mask true experience.

In addition to the rate logic, the provision capping the rates adds risk when an adequate rate is above the cap level. This could cause carried forward losses and a downward spiral in the account balance.

Q: What is the difference between the current rate method and the actuarial rate method?

A: A large difference between the two methods is that the actuarial rate method sets rates based on what is projected to be adequate for a future rate period, while the current rate method will only consider prior experience within a specific timeframe and not whether the rate will be adequate. The actuarial projection relies on past payment patterns and utilization trends, as well as any other adjustments for known programmatic or other changes to project what the future rate period will look like. Note that while the actuarial rate method reduces the risk of the future rate being inadequate, there will always be some risk that the actual data will differ from the projection.

Premium Rate Methodologies

Current Regulatory formula

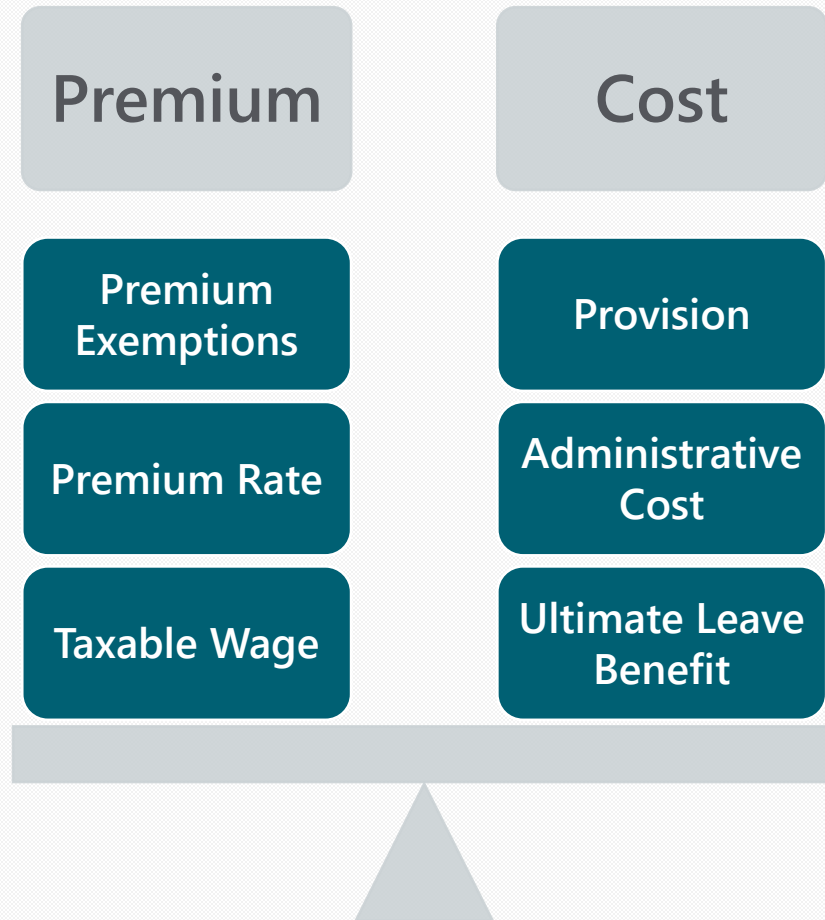
- Pros: Transparent, easy to communicate, using actual prior year payment and account balance without any assumptions.
- Cons: Misalignment between rates (future) and experience (calculation using experience), lack of flexibility to adapt to changing situations or objectives, susceptibility to operational changes/risks.

Actuarial ratemaking

- Pros: Align future rates with anticipated experience, ensuring flexibility and mitigating the impact of operational changes/risks, and give credit to more than one year experience.
- Cons: Less transparent, involving assumptions, and requires communication effort.

Appendix - Insurance Pricing Foundation

Align premium with cost to be incurred, based on calendar year & leave year



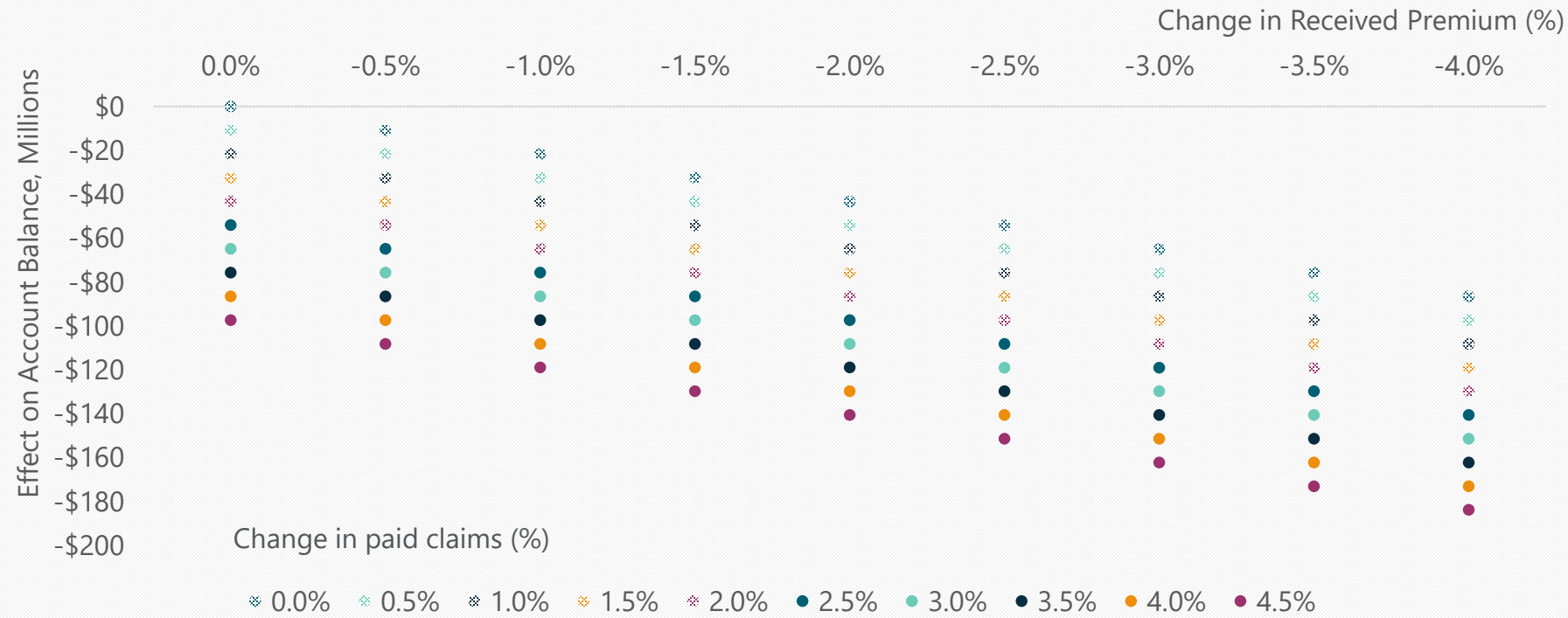
Guiding Rules/Practice/Principles

- Actuarial Standards of Practice
- Claim Reserve Manual
- Principles of P&C Ratemaking

Appendix – Stress Testing

Assessed premiums and incurred claims could vary due to many reasons. The purpose of stress testing is to see how much the account balance deteriorates with changes to either of these items.

The effect on the account balance due to increases in paid claims, decreases in received premiums



Note: Graph is based on 2026 projection.

0.001% rate change equates to around \$2.5M of premium.

Office of Actuarial Services | LMIR | Employment Security Department

Appendix – FY25 by Employer Type

Employer type influences claims experience

Employer Type	FY25 Average Annual Experience				
	Covered Employees (in thousands)	Benefit-Eligible Employees (in thousands)	Assessed Premiums (in millions)	Incurred Claims (in millions)	Leave Benefit Ratio
Small Employer	1,099	854	\$387	\$377	97%
Large Employer	2,540	2,208	\$1,597	\$1,668	104%
Elective Employee	4	3	\$1.2	\$10.3	850%

*A small percentage of employees have multiple sources of employment. Claims were allocated based on wages by employment type during the qualifying period. Employees with multiple sources of employment would be counted as a covered employee in the categories above that they had employment in during the fiscal year.
employees are estimated for elective employees as they do not have to report hours works until submitting a claim.

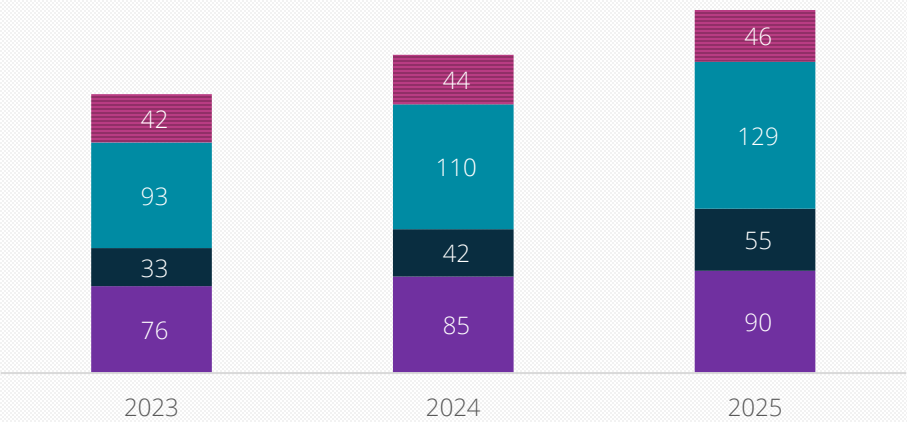
Highlight

- Employees at Small and Large Employers tend to have similar leave benefit ratios
- Elective employee leave benefit ratios tend to be extremely high, care should be taken when considering changes that would increase this block. The leave benefit ratio for FY25 is lower than FY24 due to TNC enrollment beginning.
- Small Employers and Elective Employees are exempted from paying the employer portion of premium.

Appendix – FY Application Counts by Leave Type

Reported Claim Counts

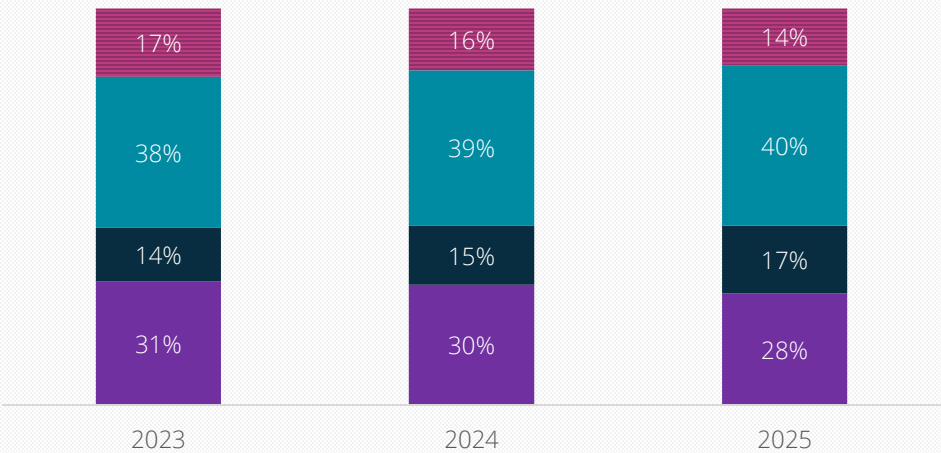
■ Bonding ■ Care ■ SelfMed ■ xSelfMed



Note: Reported claims may also be referenced as submitted claims

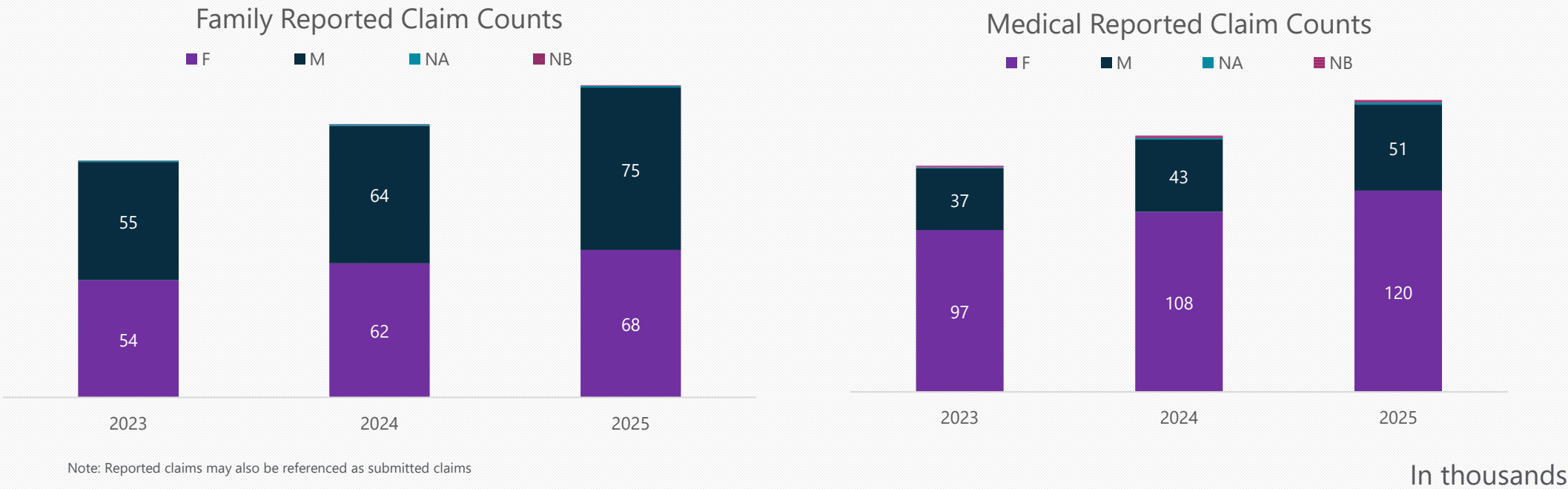
Reported Claim Distribution

■ Bonding ■ Care ■ SelfMed ■ xSelfMed

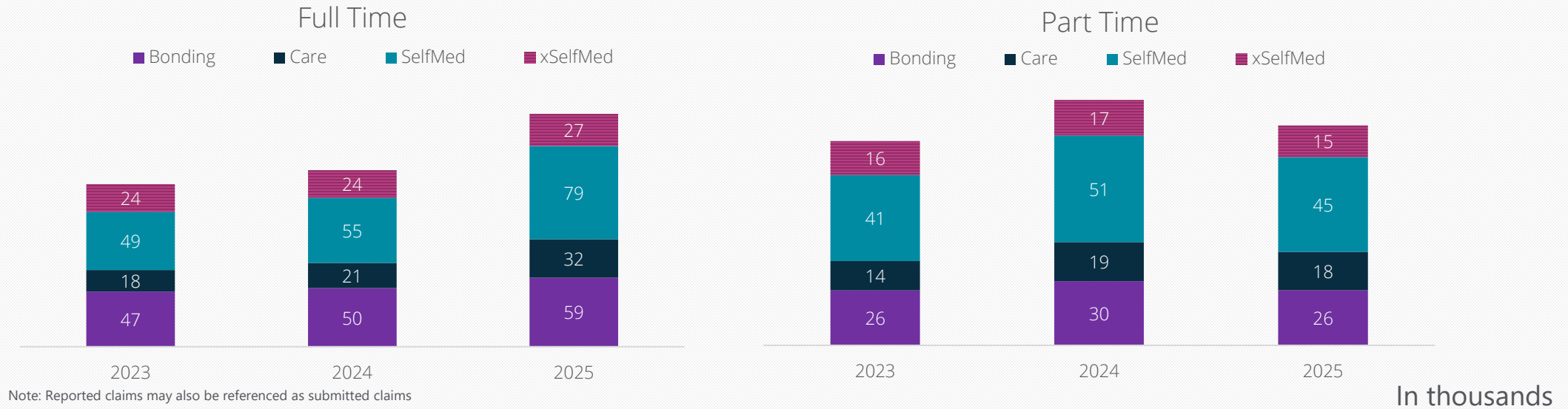


In thousands

Appendix – FY Application Counts by Gender



Appendix – FY Application Counts by Employment Type

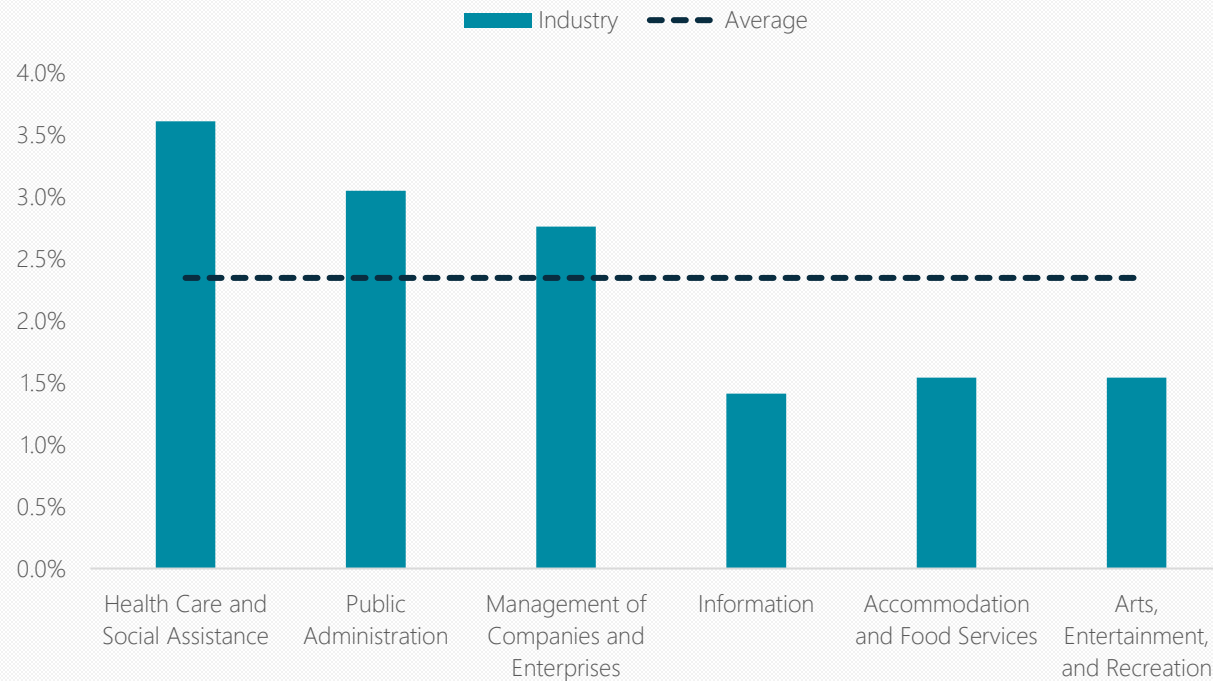


The increase in full time claims in 2025 is due to a reporting change, and not a change in the underlying employment type of employees. Starting in early 2025, full time employees that are paid on an hourly basis are no longer considered part time. This shifted some employees and their claims from part time to full time.

Appendix – Historical Industry Experience

Industry is related to payment patterns and utilization rates.

2024 average quarterly utilization rate per benefit-eligible employee by industry



This graph compares the average quarterly utilization rate across the program with those industries with the highest and lowest average utilization, as examples.

The pattern of utilization can also vary, for example:

- Educational Services tends to take a higher proportion of annual claims at the beginning of the year
- Agriculture, Forestry, Fishing, and Hunting tend to take a higher proportion of annual claims at the end of the year.

Please note there are additional employment factors that can affect utilization that could overlap with industry, such as the mix of small employers where employees do not have job protection.