

# Advisory Committee Meeting- 09/24/2025

## Attendance

### Committee Members Present

- Jennifer Richards, Insurance Services Director
- Edsonya Charles, PFML Ombuds

### Employee Representatives

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

### Employer Representatives

- Rose Gundersen, Washington Retail Association
- James Crandall, Washington
- Jan Himebaugh- BIAW

### ESD Staff

- Dan Zeitlin- Chief of staff
- Alison Eldridge, Deputy Director
- John Mattes- Assistant Director
- Brian Kennedy- Leave and Care Legislative Manager
- Chris Barron- Communication Director
- Karissa Burgess- Actuary 2
- Todd Dixon- Strategic Operations Manager
- Cezanne Levesque- Leave and Care Transformation Manager
- Rebecca Grady, Leave and Care Research& Data Manager
- Jason Barrett- Lead Tax Policy Specialist
- Jared Nilsen - Executive Services Coordinator- running slides
- Erika Ayala, Administrative Assistant 4- taking notes

## Agenda

- *Introduction and approval of July minutes*
- *Program performance measures*
- *Program priorities*
- *Legislative update*
- *Actuarial report preview*
- *Paide Leave solvency options*
- *Open comment*

## Introductions & approval of September Minutes

DISCUSSION
<ul style="list-style-type: none"><li>• Samantha Grad moved to approve July minutes, Rose Gundersen seconds</li><li>• All in favor- July meeting minutes approved</li></ul>

## Program Performance Measures

NAME	John Mattes, Assistant Director
Customer-focused performance goals	
<ul style="list-style-type: none"><li>• Benefits wait time<ul style="list-style-type: none"><li>○ Time to application decision</li><li>○ Goal 75% within 14 days</li><li>○ Time to first weekly claim processed</li><li>○ Goal 75% within 21 days</li></ul></li><li>• Customer contact response time<ul style="list-style-type: none"><li>○ Phone hold time</li><li>○ Goal 80% within 10 minutes, w/ zero people receiving "high call volume" message</li><li>○ Secure message&amp; email response time</li><li>○ Goal 80% within 1 business day (or 2 calendar days), will need new tech functionality to track this</li></ul></li><li>• Employer accounts<ul style="list-style-type: none"><li>○ Full account access</li><li>○ Goal 65% of employers</li></ul></li></ul>	
Leave processing times	
<ul style="list-style-type: none"><li>• August 2025, met goal with 85% of leave applications initially adjudicated within 14 days<ul style="list-style-type: none"><li>○ Same as the previous month</li><li>○ 78 percentage points more than August 2024</li><li>○ August 2025, median processing time was 9 days</li></ul></li><li>• August 2025, met goal with 85% of leave applications initially adjudicated within 14 days<ul style="list-style-type: none"><li>○ Same as the previous month</li><li>○ 78 percentage points more than August 2024</li><li>○ August 2025, median processing time was 9 days</li></ul></li></ul>	
Phone responsiveness	
<ul style="list-style-type: none"><li>• August 2025, 43% of Paid Leave phone calls were answered within 10 minutes<ul style="list-style-type: none"><li>○ 10 percentage points more than prior month</li><li>○ The same as in August 2024</li><li>○ August 2025, average phone queue time was 28 minutes</li></ul></li><li>• August 2025, 53% of calls to Leave and Care went into queue<ul style="list-style-type: none"><li>○ 4 percentage points less than the previous month</li><li>○ The same as August 2024</li></ul></li></ul>	

- Joe kendo- Can you remind us of what "went into queue" means. Like, if they don't, they just don't get in?
- John Mattes- Going into the queue means, the customer calls in and makes a selection of what they are calling in about and if they are able to get into the queue, they are able to sit and wait to talk to a representative. If they cannot get into the queue, they receive the high call volume message.
- Joe Kendo- Are the 47% of people not getting into the queue, are they getting iced out because of call volume limits or is it people choosing different queues, different options, etc. Or is it really nearly half of folks that call cannot get in.
- John Mattes- More like the latter. If you are calling, there is a capacity limit and if you get the call volume hold message, then you don't get through. We don't have a way to separate "caller" versus "calls" and some people hang up and call right back which affects this percentage.
- Rose Gundersen- Beside percentage, do you have a numerical number of calls?
- John Mattes- In August, out of 59,409 calls, 31,535 got into the queue and we answered 18,651 calls,
- Jan Himebaugh- Has the department thought about; Hey its reporting month and we know we get more employer calls. Do they prepare to ramp up staff on phones to help assist and is there calls tracked during specific hours to show if we should put more staff on phones during peak times?
- John Mattes- We moved all of our employer calls to the Employer Services Unit to help free up staff for benefits calls. This makes sure employer calls are getting to the employer experts. We do schedule staff when calls are highest and have more staff of phones during peak time.

#### Employer Accounts

- John Mattes- Employers with full access have the ability to do more things and see more information in their account when they have full access however, this is not required to meet reporting and payment obligations
- 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 TP had full access
  - 1 percentage point more than previous quarters
- Rose Gundersen- That is a good goal to help employers to get full access. What are your plans and what have you done in the past?
- John Mattes- Primarily working on communication. There has been a message in our monthly employer newsletters and making sure we are sharing with the employers the benefits that come with having full access to their accounts. For example, being able to view employee leave data.
- Jan Himebaugh- How difficult is it to get full access?
- John Mattes- Currently employers sign up and request a PIN which is sent to the employer address that we get from DOR. It works similar to multifactor authenticator. We do think there is some work we could do to improve on in this area. We have heard this has been a barrier in the past.
- Jan Himebaugh- Is it different to get full access between UI and PFML?
- John Mattes- Yes it currently is two separate platforms they need to log into for Employment Security.
- Edsonya Charles- I wanted to commend the department of maintaining the 2 weeks and the huge impact it makes for payment times. We get less Ombuds complaints. I know you have made improvements to the website, so people don't have to call, etc. Are there more changes that you all are doing to try to reduce call volume?

- John Mattes- What we did do is move content from help pages to main pages and this did make an impact on total call volume. Now we are trying to identify common questions to help cut down on total call volume.
- Chris Barron- We have short-, medium- and long-term plans to take a look at modernizing the website and steer people toward more self-service.
- Edsonya Charles- I am concerned about 1213 and implementing and expect there to be a lot of confusion.

## Program Priorities

NAME	Alison Eldridge, Deputy Director
<ul style="list-style-type: none"> <li>• We use a portfolio process to manager work within our division across Paid Family Medical Leave and WA Cares</li> <li>• <b>Close Out</b></li> <li>• 2025 PFML Staffing Report- legislation 9/1/2025</li> <li>• <b>At Risk</b></li> <li>• Cloud migration portal- enhancement- Date TBD</li> <li>• Receiving Benefit Overpayments- balance of work- 1/31/2026</li> <li>• One Washington- enhancement- 03/01/2027</li> <li>• <b>On Target</b></li> <li>• Identify Overpayments in weekly claim redeterminations- balance of work- 10/01/2025</li> <li>• Paid Leave Child Support withholding- balance of work- 10/01/2025</li> <li>• Employer sizing- annual project- 10/31/2025</li> <li>• Dockworkers reporting and premiums (SSB 5191)- legislation- 11/01/2025</li> <li>• Unclaimed properties 2025- annual project- 11/30/2025</li> <li>• 2025 Annual Program Report- legislation- 12/01/2025</li> <li>• WA Cares Exemptions 2026 (SSB5291)- legislation- 01/15/2026</li> <li>• Equitable Hiring: Implementation of EO 24-04 and 24-05- legislation- 01/16/2026</li> <li>• Assess and waive benefit overpayments- balance of work- 01/31/2026</li> <li>• Employer account notifications and actions- balance of work- 01/31/2026</li> <li>• 2026 Annual changes (premium rate, WBA, SS cap)- annual project- 01/31/2026</li> <li>• Quality Assurance revamp- enhancement- 04/24/2026</li> <li>• WA Cares Annual Statements 2026- WA Cares- 04/30/2026</li> <li>• <b>Planning</b></li> <li>• Elective coverage for tribes- balance of work</li> <li>• Job protection (ESSHB 1213)- legislation</li> <li>• 2025 Small business grants (ESSHB 1213)- legislation</li> <li>• 4- consecutive hours (ESSHB 1213)- legislation</li> <li>• 2025 1099Gs- annual project</li> <li>• Rose Gundersen- 2025 PFML Staffing report is complete?</li> <li>• Alison Eldridge- That report, we have internal and external deadlines. September 1<sup>st</sup> is the internal date to complete and then hand off on to the next stage. In final states, it will have OFM approval and will be submitted to the Legislature October 1<sup>st</sup> which is the legislatively mandated due date.</li> </ul>	

Balance of work (as of Sept 17, 2025)

- **Benefit Overpayments**
- Claim year redetermination improvements- 03/2024-04/2025- 100% complete
- Overpayments in weekly claim redetermination- 12/2024-09/2025- 90% complete
- Receiving benefit overpayments 02/2025-12/2025-70% complete
- Assess and waive benefit overpayments- 05/2025-03/2026- 15% complete
- Assess penalties and apply disqualification- 11/2025-03/2026- 0% complete
- Apply benefit overpayment interest- 11/2025-03/2026- 0% complete
- Payment plans and collections- 01/2026-06/2026- 0% complete
- **Employer Responsibilities, Interest, Penalties, and collections**
- Account notification and actions- 05/2025-01/2026-80% complete
- Employer collections, phase 1- 06/2025-12/2025- 40% complete
- Statements and invoices- 10/2025-03/2026- 0% complete
- Employer interest- 11/2025-06/2026- 0% complete
- Employer penalties- 11/2025-06/2026- 0% complete
- Conference and conciliation- 12/2025-03/2026- 0% complete
- Payment plans and collections- 01/2026-06/2026- 0% complete
- **Cross-program benefit payment detection and prevention**
- Send a letter to customers who have claims in both UI/PFML- 100% complete
- Data service for UI/PFML- 07/2025-12/2025-
- Stop the 2<sup>nd</sup> payment in PFML- 09/2025-12/2025- 0% complete
- Stop the second payment in UI- 0% complete
- Correcting an improper payment in UI/PFML- 0% complete
- Preventative UI/PFML crossmatch- 0% complete
- LNI/PFML claim overlap detection(manual)- 0% complete
- LNI/PFML prevention and correction- 0% complete
- **Other Program Requirements**
- Child support withholding- 06/2024-09/2025- 90% complete
- Elective coverage for tribes- 09/2025-12/2025—15% complete
- Leg. Districts and county- 04/2026-06/2026- 0% complete
- Conditional payments- 04/2026-06/2026- 0% complete
- We are putting in some additional governance internally to identify everything that has to be done and then satisfying those requirements.
- JR- Reorganizing of the work gives additional visibility at an ELT lever to ensure work is moving forward and not getting stuck at certain decision points and this allows us to do that at the agency level

32+ features launched last week

- **Benefits**
- Withholding child support- *in place and successfully working*
- 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.
- Edsonya Charles- I am really happy the child support function has started.
- Maggie Humphries- Yeah same, this will make a huge impact for so many parents but especially moms.

## Paid Leave legislative update

<b>NAME</b>	Jennifer Richards, Insurance Services Director
<p>Legislative update</p> <ul style="list-style-type: none"><li>• Agency request legislation regarding legislative reports<ul style="list-style-type: none"><li>○ Paid Leave Annual Report to be submitted to Paid Leave Advisory Committee vs. legislature</li><li>○ Content to remain the same</li><li>○ Aims to achieve the following<ul style="list-style-type: none"><li>▪ Preserve transparency and oversight</li><li>▪ Reduce administrative burden</li><li>▪ Align reporting responsibilities to current operational structures</li></ul></li></ul></li><li>• Paid Leave annual report is the one we are looking at including to Leg<ul style="list-style-type: none"><li>○ This does not include the actuarial report</li></ul></li><li>• Jan Himebaugh- I am confused how the same exact report not going to Leg saves the agency money.</li><li>• JR- The administrative burden that it takes to send out and processes that we have to go through.</li><li>• <b>We do cost this out and can share with Jan Himebaugh.</b></li><li>• Sharing information or sharing the report? Those are two different things. I worry we are removing Leg from being active participants in a program they completed.</li><li>• James Crandall- These are valuable at a staff level when they go to Leg as a report. Seeing the level of scrutiny from OFMs review adds value.</li><li>• Maggie Humphries- We had shared similar concerns about connection point to the Leg.</li><li>• The report still will go to all the law makers and relevant committees</li><li>• Dan Zeitlin- When producing a report, you are talking about heavy comms review, heavy administration reviews and language, accessibility, etc. You would have that same information provided here and sent with other reports to the Leg committee. Administrative burden is what we are talking about.</li><li>• Jan Himebaugh- I am being told the report doesn't go, just the information. The report is important to explain out.</li><li>• Strategies on IRS Guidance</li><li>• We shared with the committee earlier this year the IRS provided guidance for federal tax liability for operating PFML guidance. This impacts all states with shared premium costs. We are also working closely with the Govs officers and ATG office to understand the guidance and impact. We are still working through and will continue to update you all in the future.</li><li>• Joe Kendo- How extensive is briefing on this issue and solution sets been? Communication and briefing of interested parties like stakeholders and lawmakers. How well understood is this by people who care about this issue?</li><li>• Alison can speak about who we have met with in brining this information to be more understandable. We can do more additional meetings with committee members.</li><li>• In meeting with the Govs office, OFM has also been included in those conversations in respect to the cost to implement an agency request leg</li><li>• Edsonya Charles- Question, have stakeholders outside of Advisory Committee members been advised about the changes? The concern is that we have not communicated it out enough. People will not be prepared, and Employers and the department won't know what to do.</li></ul>	

- Alison Eldridge- One of the groups we have worked closely with is the National Payroll Reporting Consortium. They represent payroll providers. They are payroll tax experts that represent and communicate to IRS regarding the lack of clarity nationally rather than individual states.
- Rose Gundersen- What you shared is what you are doing at a national level, what are you doing to understand the importance of alignment across all Paid Family Medical Leaves. Have you presented to four corners of leg, are they aware?
- They are generally aware of what the issue is and how we can potentially approach it.
- Rose Gundersen- You have also suggested that if we don't make change, the rate has to go up by .01 and can that rate change still be effective by 01 so we don't have to risk retroaction that will need to be taken?
- Alison Eldridge- Potential for a raise in rate was an option, not what would happen. Because we moved in the direction of agency request leg, we didn't make all the other decisions that would have to align with raising the rate to be the outcome.
- Brian Kennedy- We can put together a briefer with general cost to each employer in state to get general impacts.
- Rose Gundersen- I would like to fully explore if we don't do anything, what is the rate consequence. How confident are you with rate increase? I heard you said that .01 increase. Is that employer increase or is it rate in general for both sides?
- Yes, the latter. The shift from medical to family – Employer share is 59%. Brian can send over modeling
- James Crandall- Going back to the Gov and OFM piece. You submitted language and packet/ARL to the Gov's office. Do you have a timetable when we will hear back from them?
- Dan Zeitlin- They're in process of reviewing all of that and can let you know in the near future when you can expect us to share their decisions and language.
- Bill swapping medical and family leave. Cost effective of all three options would be good to see.

## Actuarial Report update

<b>NAME</b>	Karissa Burgess- Actuary
<ul style="list-style-type: none"> <li>• The report is still in draft. It's not due externally until the end of November.</li> <li>• Final 2026 rates will be available later this fall, we don't have all of September's data</li> <li>• There are 3 pieces of modeling that go into overall projection</li> <li>• Models and objectives <ul style="list-style-type: none"> <li>○ Valuation model determines unpaid liabilities -&gt; financial health as of today</li> <li>○ Pricing model projects rates forward -&gt; adequate rate for foreseeable future</li> <li>○ Forecast model estimates possible financial experience-&gt; financial implication over time</li> </ul> </li> <li>• Modeling main assumptions <ul style="list-style-type: none"> <li>○ Covered and benefit-eligible employee growth</li> <li>○ Average gross wage growth and social security wage cap change</li> <li>○ Approved leave utilization rates trend</li> <li>○ Average leave benefit payment trend</li> <li>○ Leave benefit and premium collection pattern</li> </ul> </li> </ul>	

- Misc items like programmatic changes

#### Valuation model output- claim benefit 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 benefits payments continue to grow: 2.3% growth in FY25
- *Leave start quarter- utilization rate- leave approval %- Average weekly payment- Duration(weeks)*
- **Family leave**
- 2024 Q3- 11.4- 90.8%- \$905- 8.5
- 2024 Q4- 11.7- 90%- \$885- 8.7
- 2025 Q1- 12.3- 89.3%- \$908- 8.6
- 2025 Q2- 12.2- 89.1%- \$924- 8.6
- **Medical**
- 2024 Q3-13.9- 85.5%- \$905- 7.5
- 2024 Q4- 13.4- 85.7%- \$906- 7.5
- 2025 Q1- 14.9—84.7%- \$927- 7.5
- 2025 Q2-15.4-84.1%- \$937- 7.5

#### Fiscal Year 2025 performance

- 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

- 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 show be low enough to avoid exceeding 3-month reserve as March
- New formula used for 2024
- 2024 rate decreased because of fund injection but typically the rate goes up

#### Premium rate formula

- These values will be based on previous fiscal year
- $140\% \text{ (benefits paid+non-benefit expense)- Sept 30 account balance/ taxable wages= total premium rate}$
- Once we get the total premium rate, we split into family and medical leave then further split by employer and employee paying
- **Employee rates**
- 100% family rate
- 45% medical rate
- **Employer rate**
- 55% medical 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)

- FY24 End of year Account Balance \$237.4
- 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.

## FY25 claim benefit payment grew 21%

- 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.

## Projected Results – Rates

- **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

## 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.

## Paid Leave Solvency Options

<b>NAME</b>	Brian Kennedy, Government Relations Legislative Manager
<ul style="list-style-type: none"> <li>• Paid Leave solvency policy options</li> <li>• Short-term deficits will remain long term deficits beginning around 2029-2030 without legislative action.</li> <li>• Potential policy options to maintain solvency</li> <li>• Benefit payments <ul style="list-style-type: none"> <li>○ Premium revenue</li> <li>○ Program eligibility</li> <li>○ Premium rate</li> </ul> </li> <li>• 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.</li> <li>• <b>Benefit Payments- Money going out the door</b></li> <li>• Reduce the number of benefit week available</li> <li>• Reduce the maximum weekly benefit amount</li> <li>• Adjust the weekly benefit amount calculation</li> <li>• Restrict customers to only one claim per year</li> <li>• Add annual solvency protection to reduce weekly benefit</li> <li>• Add annual solvency protection to pause weekly benefit increase</li> <li>• <b>Premium revenue</b></li> <li>• Adjusting the maximum premium rate cap</li> <li>• Adjusting the employer/employee contribution rates</li> <li>• Increase taxable wage base</li> <li>• <b>Program eligibility</b></li> <li>• Adjust 820 hours requirements</li> <li>• Adjust what events qualify</li> <li>• Reduce employer sizing for small business premium exemption</li> <li>• Remove voluntary plans</li> <li>• Joe Kendo- statistics of VP piece 27 billion represented wages, is the premium as straight forward as applying the premium rate</li> <li>• Brian Kennedy- I don't think it's as straight forward, we would have to do a deeper dive</li> <li>• James Crandall-Money will be coming in, but employees would also be coming into the program, so money comes in but goes out as well.</li> <li>• Brian Kennedy- They are some of our higher wage earners</li> <li>• Jan Himebaugh- Voluntary Plans have to be as good or better then the states. Do you know how much is "or better" so we understood what employees would be losing if we stopped VPs?</li> <li>• Brian Kennedy- We do ask that employers provide a level of information showing at or better benefits.</li> </ul>	

- John Mattes- They do have to include data that shows specifics of the above minimum, and we could look at this.
- Brian Kennedy- Utilization of those plans are difficult to find.
- Samantha Grad- One data point I'd like to see is the length of time. Could you also maybe give us more information and what the cost is to the program to oversee the VP over the year?
- John Mattes- We will have to look at what we can provide for updated data.
- Increase voluntary plan fees
- Edsonya Charles- A consulting agency that worked with employers suggested and said that California charges 14% administer fee for VPs.
- **Rate setting**
- Forward- looking rate using actuarial principles
- Establish a reserve
- Rose Gundersen- We have asked for modeling for quite a few of these. When will that kind of modeling be available for review
- Brian Kennedy- We had petitioned to move the in-depth modeling to October, but we are waiting for actuaries to finalize October projections. October will be the time frame to start providing those,

### Next Meeting

NAME	
	<ul style="list-style-type: none"> <li>• 1 to 3 p.m. on Wednesday October 29, 2025 (hybrid)</li> <li>• Proposed topics               <ul style="list-style-type: none"> <li>○ Premium Rate update</li> </ul> </li> </ul>

### Open Comment

NAME	
	<ul style="list-style-type: none"> <li>• No open comment</li> <li>• Meeting Adjourn @ 2:59 p.m.</li> </ul>