Advisory Committee Meeting
July 16, 2020
Presentation overview

- Introductions
- Approve meeting minutes
- Customer Service Processing Update
- Paid Family and Medical Leave Demographics
- Rate Assumptions
- Small Business Assistance Grants (standing agenda topic)
- Looking Ahead: Long Term Services & Supports
Introductions

• Advisory Committee
• In-person attendees

(Note: We will use the conference call feature to identify who is on the phone rather than announcing during meeting)
Conference Call Structure

• Advisory Committee and the presenters will only be unmuted during the meeting, until Open Comment.
• Public to hold all feedback until the Open Comment period.
• Comments and questions in the Chat will not be reviewed as part of the meeting structure, rather:
  • 20 minutes dedicated to Open Comment
  • Please frame your questions as a comment.
  • “Raise your hand” if you have a comment.
  • The meeting host will unmute individual line to allow for the Public Comment.
Approve June minutes

• Discussion
Application & Weekly Claim data – through 7/11/2020

 Benefit Applications

- All Medical 45%
- Medical Self 36%
- Medical Pregnancy 9%
- Family Military 0.1%
- Family Bonding 43%
- Family Care 12%

New Applications Submitted - Weekly

- Family Applications
- Medical Applications

Week Ending
Application & Weekly Claim data – through 7/11/2020

Applications and Weekly Claims Submitted & Processed
Cumulative Weekly

Weekly Claims Processed 486,068
Applications Processed 84,824
Customer Service Processing Update

• Phones / Processing & Workload Split
  • Starting July 1 we added additional teams to phone coverage
  • We have shifted overtime focus to get through email backlog
  • Training for newest groups hired

• Hiring Continues, but mostly to sustain vacancies
  • Hiring Extravaganza has paused (for now)
Call Data

<table>
<thead>
<tr>
<th>Customer Care Call Processing</th>
<th>Week 23</th>
<th>Week 24</th>
<th>Week 25</th>
<th>Week 26</th>
<th>Week 27</th>
<th>Week 28</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-May</td>
<td>7-Jun</td>
<td>14-Jun</td>
<td>21-Jun</td>
<td>28-Jun</td>
<td>5-Jul</td>
</tr>
<tr>
<td></td>
<td>6-Jun</td>
<td>13-Jun</td>
<td>20-Jun</td>
<td>27-Jun</td>
<td>4-Jul</td>
<td>11-Jul</td>
</tr>
<tr>
<td>Calls Presented</td>
<td>5,014</td>
<td>5,186</td>
<td>5,551</td>
<td>5,225</td>
<td>4,474</td>
<td>5,199</td>
</tr>
<tr>
<td>Calls Answered</td>
<td>2,433</td>
<td>2,365</td>
<td>2,311</td>
<td>2,164</td>
<td>1,946</td>
<td>2,155</td>
</tr>
<tr>
<td>Calls Abandoned</td>
<td>2,581</td>
<td>2,821</td>
<td>3,240</td>
<td>3,061</td>
<td>2,528</td>
<td>3,044</td>
</tr>
<tr>
<td>Average Handle Time</td>
<td>0:11:21</td>
<td>0:12:44</td>
<td>0:12:39</td>
<td>0:12:10</td>
<td>0:11:28</td>
<td>0:11:54</td>
</tr>
<tr>
<td>Average Abandoned Time</td>
<td>0:34:58</td>
<td>0:42:19</td>
<td>0:32:08</td>
<td>0:37:37</td>
<td>0:26:03</td>
<td>0:18:49</td>
</tr>
<tr>
<td>Average Speed Answered</td>
<td>1:41:12</td>
<td>1:41:48</td>
<td>1:35:54</td>
<td>1:46:00</td>
<td>1:04:14</td>
<td>0:44:06</td>
</tr>
<tr>
<td>Average Queue Time</td>
<td>0:59:28</td>
<td>1:03:41</td>
<td>0:53:05</td>
<td>1:01:44</td>
<td>0:40:48</td>
<td>0:27:44</td>
</tr>
</tbody>
</table>
Paid Family and Medical Leave Applications & Demographics

• The following slides based on:
  
  • All submitted applications for leave through June 30, 2020, with data as of 7/13/2020
  
  • Benefit Amount from approved applications

  • Except where clarified, looking at counts or percentages of applications, not distinct individuals
January-June 2020 Total: 84,507
All applications – Gender Identity & Age

Paid Family and Medical Leave Submitted Applications by Gender

- Total Apps: 84,507
- Male: 35%
- Female: 65%
- NonBinary: 0.2%
- Prefer not to say: 0.3%

Paid Family and Medical Leave Submitted Applications by Age

- Average Age: 39
- 30-39: 44%
- 40-49: 15%
- 50-59: 11%
- 60+: 8%
- 18-29: 22%
All applications – Race/Ethnicity

Paid Family and Medical Leave
Submitted Applications by Race/Ethnicity

- 65% White Non-Hispanic-only
- 72% White
- 6% Black
- 13% Hispanic/Latinx
- 3% East Asian
- 2% South Asian
- 4% Southeast Asian
- Less than 0.5% Middle Eastern or Arab American
- Less than 0.5% Native Hawaiian or other Pacific Islander
- Less than 0.5% American Indian or Alaska Native
- 2% Other
- 3% Prefer not to say
All – Weekly Benefit

- **Current average weekly benefit:** $786
- If consistent earnings across quarters during qualifying period, translates to approximately $55,600 yearly wage income
- Washington State average annual wage for 2019 was $69,000

- 31% of claims are at maximum weekly benefit amount ($1000)
Demographics - Claim Leave Type

Paid Family and Medical Leave
Gender and Claim Leave Type

- Female
- Male
- NonBinary
- Prefer not to say

Bonding
Family Care
Family Military
Medical (excl. pregnancy)
Medical Pregnancy
Demographics - Claim Leave Type

Paid Family and Medical Leave Age and Claim Leave Type

- Medical Pregnancy
- Medical (excl. pregnancy)
- Family Military
- Family Care
- Bonding

Age Groups: 18-29, 30-39, 40-49, 50-59, 60+
Demographics - Claim Leave Type

Paid Family and Medical Leave
Race/Ethnicity and Claim Leave Type

- White Non-Hispanic only
- Any Racial-Ethnic Minority

<table>
<thead>
<tr>
<th>Leave Type</th>
<th>White Non-Hispanic only</th>
<th>Any Racial-Ethnic Minority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonding</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Family Care</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Family Military</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Medical (excl. pregnancy)</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Medical Pregnancy</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Demographics - Claim Leave Type

Paid Family Medical Leave
Percent at Maximum Weekly Benefit Amount by Claim Leave Type

- Medical Pregnancy
- Medical (excl. pregnancy)
- Family Military
- Family Care
- Bonding

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%
Demographics – month of first submission

- (How) have the demographics of those taking up leave benefits changed since January?
- Using first application to count unique individuals

![Diagram showing gender and month of first application for Paid Family and Medical Leave]

- Jan: Female 67%, Male 32%
- Feb: Female 67%, Male 32%
- Mar: Female 67%, Male 32%
- Apr: Female 67%, Male 32%
- May: Female 67%, Male 32%
- Jun: Female 67%, Male 32%
Demographics – month of first submission

Paid Family and Medical Leave
Age and Month of First Application

- Jan
- Feb
- Mar
- Apr
- May
- Jun

18-29 | 30-39 | 40-49 | 50-59 | 60+
Demographics – month of first submission

Paid Family and Medical Leave
Race/Ethnicity Month of First Application

- White Only
- Any Racial-Ethnic Minority

Jan | Feb | Mar | Apr | May | Jun
Demographics – month of first submission

Paid Family Medical Leave
Percent at Maximum Weekly Benefit Amount by Month of First Application

- Jan
- Feb
- Mar
- Apr
- May
- Jun

Paid Family and Medical Leave | Employment Security Department
Paid Leave Premium Rate & Projections

Executive Steering Committee + LMEA Activities

July 9 Review Assumptions

August 13 Preview Scenarios

September 30 Trust Fund Balance

October 8 Preview Forecast

November Publish Rate

Advisory Committee Agenda Topics

June 18 Law Refresh

July 16 Share Assumptions

August 20 Hypothetical & Meaningful Scenarios

October 15 Forecast of the Premium Rate
General approach to revising projections & assumptions

• Where we can make the switch to informing projections with historical data, do so

• Where substantial new information does not yet exist, continue to use prior assumptions

• Components
  • Start-up loan
  • Administrative & Implementation Costs
  • Premium Revenue
  • Fund Interest
  • Benefit Payments
  • Small business grants
  • UI fund transfer
Implementation & Administrative Costs

• Start-up loan & payback
  • No assumptions needed

• Administrative & implementation
  • Use current iteration of program budget
  • For years beyond budget projections, assume costs continue at last available year’s level, with adjustment aligned with ESD budget
Premiums Revenue

**Historical:** use premium invoice data with assumption that assessed amounts are collected in the following quarter; Adjustment for beta rollout in first year

**Future:** Start with total wages reported; Wage & salary growth is as predicted by Economic & Revenue Forecast Council (ERFC)

Adjust to get premium wages:

- **Take out wages over Social Security cap each quarter** - Use 2019 ratios: Q1 98%, Q2 97%, Q3 84%, Q4 77%

- **Take out wages covered by Voluntary Plans** - Assume VP participation remains at current level; Adjusting for family-only and medical-only plans, reduces wages by 5%

- **Add wages for self-employed who have opted in** - Current is about 0.0075% of wages reported; Assume we'll grow to 5% opt in (translates to about 0.05% added wages) over next five years

Calculate premium:

- **Premium Rate** - 0.4% through CY 2020; Future years based on ratio of fund balance at end of Sept to total wages reported each FY

- **Small employer opt-in to employer portion** - Continuing to assume none until we have tangible evidence of demand
Other revenue

• Fund interest
  • 1% interest on balance from prior quarter added to each quarter

• Revenue not estimated in projections
  • Penalties & interest assessed of employers – goes in another account
  • Voluntary Plan application fee – minimal revenue
Benefits Payments

• Total estimated benefit payments = # of claims * 7 weeks (est. avg. length of leave) * AWB estimate

• Number of claims
  • 2020: assume we receive 3K apps per week for remainder of year and 80% approval rate = approx. 125,000 approved claims
  • Future years: assumed year-over-year growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>15%</td>
</tr>
<tr>
<td>2022</td>
<td>10%</td>
</tr>
<tr>
<td>2023</td>
<td>5%</td>
</tr>
<tr>
<td>2024</td>
<td>5%</td>
</tr>
</tbody>
</table>

• Average length of leave: keep 7 week assumption estimate

• Average Weekly Benefit: use current AWB
  • Continue to assume 1% growth on benefit costs
Small business grant & UI benefits for replacement workers

• Keeping assumed estimates from prior projections, except revising ramp-up to full utilization
  • 2020 won’t have costs in these areas

• Best SME estimate
  • Total Credits: $40,741,000
  • Total UI fund transfer: $2,000,000
Small Business Assistance Grants

Now – July 9

- Customer Feedback
- Technical Solutioning
- Operational Readiness

Oct - Nov

- Customer Communications
- Technology Deployment
The Path to Long Term Services and Support (LTSS)

2019
State Legislature Passed
SSHB 1087
- ESD Collects Premiums
- DSHS Administers Benefit
- HCA Tracks Lifetime Benefit
- State Actuary Performs Actuarial Audit Functions

2020
ESD Agency Request Legislation
SSB 6267 Passes.
Amends exemptions and some definitions.

2021
October 1
ESD accepts exemptions through December 2022.

2022
January 1,
Employers deduct premiums from employee wages.

2025
Approved services must be available.
What agencies and groups are involved?

**Employment Security Dept.**
- Premium exemptions *Action by 10/2021*,
- Premium reporting and collection 1/2022,
- Qualified Individual determinations 1/2025

**Health Care Authority**
- Tracks lifetime benefit units, Program Audits, Establishes payment to LTSS providers and coordination of benefits.

**Long Term Services and Support (LTSS)**

**Dept. Social & Health Svcs.**
- Makes determinations for eligible beneficiaries,
- Approve the support or services for payment,
- Register care providers, Disburse payments to providers.

**State Actuary**
- Perform actuarial audits on LTSS trust fund.

**LTSS Council**
- Assures benefit adequacy

**LTSS Commission**
- Investment strategy to maintain fund solvency and sustainability.
How different is LTSS from Paid Family and Medical Leave for ESD?

Clearly the purpose of the benefit is different, however there is a lot that is the same:

• Employee, Employer, Employment, Wages (with exceptions) means the same as it does for Paid Family and Medical Leave.
• Employers deduct premiums, report, and pay these premiums to ESD.
• Self-employed can elect coverage.
• Employees covered by a CBA in existence on or before 10/19/2017 do not have to participate
• To the extent possible, perform investigations of premium compliance the same as Paid Family and Medical Leave.

Notable differences (besides purposes for our program):

• Premium amount & no employer contribution.
• No SSN wage cap on premium collection.
• No consideration of Federally Recognized Tribe inclusion.
• ESD does not administer the benefits portion of this program.
What will ESD – PFML Do?

Leverage and enhance existing technology and business practices to include LTSS

- October 1, 2021- December 31, 2022 – Accept exemption applications
- January 1, 2022 – Receive reports and collect premiums from employers.
- January 1, 2022 – Self-employed individuals can elect to participate
- January 1, 2025 – Make determinations of ‘Qualified individuals’
For the good of the order:
Open Comment

Next meeting August 20, 2020 from 10 a.m. to 12 p.m.
Continue the conversation

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Employment Security Department
john.mattes@esd.wa.gov

Visit us online at
www.paidleave.wa.gov

Join our listserv at
bit.ly/PaidLeaveList

Ask questions and make
comments on our public forum
at bit.ly/CommentForum
Employer Reporting - as of 7/12/2020

Paid Family and Medical Leave Quarterly Reporting Summary

<table>
<thead>
<tr>
<th></th>
<th>2019-Q1</th>
<th>2019-Q2</th>
<th>2019-Q3</th>
<th>2019-Q4</th>
<th>2020-Q1</th>
<th>Summary to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers</td>
<td>155,285</td>
<td>162,016</td>
<td>163,656</td>
<td>156,299</td>
<td>149,140</td>
<td>189,105</td>
</tr>
<tr>
<td>Employees</td>
<td>3,213,113</td>
<td>3,471,779</td>
<td>3,773,247</td>
<td>3,675,206</td>
<td>3,547,682</td>
<td>3,547,682</td>
</tr>
<tr>
<td>Total employer-reported</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WA workers counted once across jobs</td>
<td>2,903,461</td>
<td>3,075,525</td>
<td>3,294,860</td>
<td>3,245,706</td>
<td>3,188,050</td>
<td>4,021,541</td>
</tr>
</tbody>
</table>

Premiums Assessed

<table>
<thead>
<tr>
<th></th>
<th>2019-Q1</th>
<th>2019-Q2</th>
<th>2019-Q3</th>
<th>2019-Q4</th>
<th>2020-Q1</th>
<th>Total to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums Invoiced</td>
<td>$156,402,588</td>
<td>$150,869,959</td>
<td>$145,314,193</td>
<td>$138,161,993</td>
<td>$177,267,427</td>
<td>$786,566,575</td>
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<tr>
<td>Premium Wages</td>
<td>$45,111,023,655</td>
<td>$43,350,457,351</td>
<td>$41,723,125,963</td>
<td>$39,090,208,942</td>
<td>$48,900,730,663</td>
<td>$223,261,806,551</td>
</tr>
<tr>
<td>Gross Wages</td>
<td>$48,461,765,315</td>
<td>$47,006,613,989</td>
<td>$52,794,156,354</td>
<td>$54,374,894,909</td>
<td>$56,955,877,683</td>
<td>$264,774,222,132</td>
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</tbody>
</table>
Voluntary plan update
As of 7/13/2020

<table>
<thead>
<tr>
<th>417 preliminary applications</th>
<th>345 completed applications received</th>
<th>322 applications fully processed</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 medical</td>
<td>32 family</td>
<td>335 both</td>
</tr>
<tr>
<td>255 approved</td>
<td>37 denied</td>
<td>30 withdrawn</td>
</tr>
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</table>