Considerations for Privatizing WA Paid Family and/or Medical Leave

Washington State's PFML program went live on January 1, 2020 and some employers may now be considering switching from the state-run plan to a private option. As a leader in Paid Family and Medical Leave, Statutory Disability and Absence Management, The Hartford has the experience to work with employers considering a private plan and recommends that employers carefully consider the following factors when deciding between the state and private plan.

Choosingthe State Plan – Employer Requirements	Choosing a Private Plan – Employer Requirements
Employers who prefer the state PFML plan will need to: 1. Notify all new hire covered employees in WA using the required posters and recommend resources outlined by the state of WA. 2. Determine premiums with Premium Calculator at www.paidleave.wa.gov 3. Withhold premiums from employee paychecks – or pay part or all of the premium – and give employees at least one week's notice before withholding begins. 4. Remit premiums to state on a quarterly basis through SecureAccess Washington 5. Report employee wages and hours worked to state on a quarterly basis.	**Employers can opt out of the state plan if they offer paid leave benefits to the workforce that:** • Offer the same or more generous benefits. • Don't cost employees more than the state plan. • Offer the protections and rights of the WA PFML law. **If a private plan is approved:** • Plan goes into effect on the first day of the next calendar quarter. Employers are exempt from collecting, remitting and paying PFML contributions to WA as of the plan effective date. • Employee contributions for private plans must be held in a trust fund. • Employers must participate in the state plan until a private plan is in place. • Plans must be approved annually for the first three years, then only if plan changes thereafter.

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Private Plan Design Considerations

- Employers opting for a private plan after January 1, 2020 must still submit all contributions to the state through the end of the quarter prior to the private plan's effective date. As of the plan's effective date, contributions go toward funding the employer's private plan.
- While private plan employers are expected to have access to certain information from the state, they may experience challenges in securing this information in a timely and efficient manner.
- Additional reporting requirements to the state on benefit payments made and benefit durations.
- Employer must notify the state immediately once a new hire has worked 340 hours.
- Benefits are based on the two highest quarters in the last year, regardless of employee's current pay.
- New hires are immediately eligible for benefits if transitioning from another approved private plan.
- Employers are limited to how much they're allowed to withhold from an employee regardless of how many costs an employer may incur.
- Employers who use a claims administrator for private plan claims, will need to pay an administrative fee in addition to covering any benefit claim costs.
- Employers are responsible for writing their own plan, filling out the application and paying the $250 nonrefundable fee to opt out of the state plan.

For a full list of private plan requirements, visit the WA employer section at www.paidleave.wa.gov

Process for Filing an Exemption to the State Program

When applying, employers must:

1. Review the Washington private plan guidelines. We welcome employers to send their proposed plan to The Hartford for review and feedback before submitting it to the state. We can also provide a template to those looking for assistance in mirroring the basic outline of the state plan.
2. Send application online through the www.paidleave.wa.gov voluntary plan application portal.
3. Allow at least 30 days for a decision to be made by state Employment Security Department.
4. If exemption is denied, employers can appeal in writing. There's no penalty for being denied. Send appeal letters to:

Employment Security Department
Paid Family and Medical Leave Care Center
P.O. Box 19020
Olympia, WA 98507-0020
Fax: 833-535-2273

Self-funding Plan Administration

The Hartford can administer approved self-funded plans for Paid Family Leave, Paid Medical Leave or both – on an Administrative Services Only (ASO) basis – when added to your existing, fully-insured Short-term Disability plan. With one point of contact for claims reporting of Disability and/or Paid Leave, we support your employees and simplify their claims experience. We can help with job accommodations and with the creation of equitable plans, while promoting employee health and wellness when they're ready to return to work.

Partnering with The Hartford

If The Hartford is also your Leave Management administrator, we can help employers:

- Simplify administration for employers and employees.
- Enhance the employee experience with compassionate support and additional resources.
- Design compliant policies and provide educational resources for employers and employees.

Speak with your representative at The Hartford or visit
TheHartford.com/pfml-wa

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