

Retro Advisory Committee (RAC) Meeting

Labor and Industries, Tumwater, WA

Meeting Minutes

08/21/2025

Virtual (Zoom)

Trade Association Representatives:

Lauren Gubbe, Associated General Contractors
Victoria Montrose, Washington Hospitality Association
Tim Lundin, Archbright
Maria McClain, Association of Washington Business
Rose Gundersen, Washington Retail Association

Individual Firm Representatives:

Tom Walrath, T.E. Walrath Trucking, Inc.
John Cichosz, DJ's Electrical (Not Present)

Labor and Industries:

Jessica Nau, Retrospective Rating Program Manager, *Committee Chair*

Court Reporter:

Mary Joe Fratella, Capitol Pacific Reporting

Recorder:

Melissa Morales (*present*)

Guests: Aaron Hoffman, Ali Ishaq, Alicia Milani, Alicia Sanchez, Amy Fregia, Andy Nicholas, April Ebeling, Ashlee Day, Ashtyn Baker, Bambi Sotak, Ben Bower, Bill Vasek, Bobbie Hanna, Brandon Dion, Brian Ducey, Brian Young, Caitlyn Jekel, Caitlyn Jekel, Casey Sparber, Chris Ristine, Cindy Kropp, Colleen Seed, Collin Head, Dan Plunkett, Dawn Peterson, Dee Millard, Diane Doherty, Doug Hiivala, Emily Gillis, Evelyn Gresham, Greg Kabacy, Herbert Atienza, Holly Brown, Ian Payne, Irina Razvina, Janee Cantu, Jeaneil Brown, Jenn Kavanaugh, Jennifer Gifford, Jennifer Porter, Jessica Bass, Joseph Conner, Joshua Ligosky, Julie Osterberg, Justin Thayer, Karl Slomchinski, Ken Smith, Kirsta Glenn, Kris Johnson, LaDonna Gehlhaar, Leslie Robinson, Lisa Sullivan, Lisa Vose, Lloyd Brooks, Logan Gillihan, Lori Gruber, Lynda Ducharme, Marnee Watson, Mary Jo Fratella, Matt Tafoya, Melissa Wittenberg, Michael Couthran, Michelle Jensen, Michelle O'Brien, Mike Williams, Noha Gindy, Rachelle Bohler, Richard Clyne, Rose Vogel, Samantha Louderback, Sanjeev Batta, Sarah Jackson, Sarah Wheeler, Scott Bradley, Shannon Elliott, Sharla Case, Sheri Sundstrom, Spencer Kohler, Stacie Neiswanger, Susan Waters, Taja Blackhorn, Tara Withrow, Teresa Sheldon, Yoli Chiellini

Welcome and Introductions: Jessica Nau

The meeting began with Jessica Nau asking for committee members' introductions and reviewing the agenda and supplemental slides. Ms. Nau acknowledged the topic of the impacts of the 2023 insurance tables – especially on the October coverage year – and that this will be covered in a future presentation from questions provided by retro community.

Safety Message: Matt Tafoya, Enrollment Coordinator, L&I Retrospective Rating

Mr. Tafoya presented slides 5-7. Mr. Tafoya discussed the importance of safe driving practices with a reported 3,275 fatalities in the United States due to distracted driving, the average age of the children involved in these accidents being 4 to 7 years old and that 75% of drivers exceed the posted speed limit in school zones. **Mr. Tafoya shared** some tips: do not double park next to a car parked on the curb, carpool as much as possible, do not block crosswalks, stay vigilant of cyclists, stay away from distractions during driving, remind children to cross streets without using an electronic device and to face traffic when walking on street and to always drop kids off in designated drop-off areas.

Insurance Services Updates: Kirsta Glenn (Deputy Assistant Director) & Michelle O'Brien (Employer Services Program Manager)

Ms. Glenn presented slides 8-10. Ms. Glenn introduced Cindy Gaddis as the new and first Chief Policy Officer as well as Stephanie Scheurich as the new Self-Insurance program manager.

Ms. Glenn shared the new reorganization within the department of two divisions: Field Services and Public Safety, with over 600 employees throughout the state and formerly managed through regional offices but has since been brought into direct connection with their leadership under the Fraud Prevention and Labor Standards division. **Ms. Glenn explained** that the reason for this reorganization - started Summer 2025 and expected to end Spring 2026 - is mainly due to the hybrid work model currently implemented with more organization opportunities for the regional offices as well as legislature changes that gave the agency more standard work to implement and therefore, a chance to bring those functions within one division with a focus on employment standards work.

Starting in October, **Ms. Glenn continued**, the three teams that will leave the Field Services and Public Safety division, stay in their geographic regions, and report through Employer Services in Insurance Services: Unit five, IME Scheduling, and Early Return to Work program – including vocational services specialists and the WorkSource centers.

Ms. Nau added her excitement for the Early Return to Work program joining Employer Services and the partnership that will be strengthened from the streamlining of the overlap of work between the ERTW program and the Stay at Work program.

With over 30 years of experience in insurance services, regional management and field services and public safety, **Ms. O'Brien presented** Lynda Ducharme as the new Early Return to Work and Account Services manager as of July 16th.

Lynda Ducharme, L&I shared her excitement for joining Employer Services and helping make the system work better to serve both employers and workers.

Ms. O'Brien continued to the 2026 Workers Comp rates being calculated and will be published around the middle of September while filing the CR102 at the same time. **Ms. O'Brien shared** the in-person hearing at headquarters in Tumwater on October 28th at 10:00 AM, the in-person hearing in Spokane on October 29th at 9:00 AM as well as the Zoom hearing on October 30th with final rates being published on November 26th.

Long-Term Disability: Kirsta Glenn

Ms. Glenn presented slides 11-38. Ms. Glenn noted how L&I uses data to identify and explore trends such as pulling quarterly financial measures – such as estimated claim costs and premium collected investment income- from actuaries and the accounting office which show an overview of the direct connection between the costs for the system and the causes for changes in costs (i.e long-term disability, number of pensions, medical cost growth). **Ms. Glenn continued** to the next measure of figuring out what operational items that may be driving the outcome measures – like number and timing of IMEs, time to first vocational referral and average claim manager caseload – and how to adjust operationally to reduce impact on the outcome and financial measures.

Ms. Glenn showed a slide depicting the number of workers with a compensable claim who receive a time loss payment 12 months post-injury at 16.6% which show a higher risk of staying in the claims system longer and potentially never going back to work. **Ms. Glenn noted** the impact of the pandemic on the long-term disability (LTD) measure and the need for those claims to work themselves out of the system

Amy Fregia, Archbright, asked via Zoom chat “Does this take into account injured worker who were on Kept on Salary as well?” Ms. Glenn answered that those workers are factored into the base numbers as they are considered compensable due to being kept-on-salary for their entire experience before returning to work and not receiving a time loss payment 12 months post injury.

“Does L&I have numbers to separate Voc Recovery costs from the medical costs bucket? How does L&I track cost per Voc stage AWA, Plan dev, etc. Identify when Voc Recovery began compared to current costs?” **Maria McClain – AWB asked via Zoom chat. Ms. Glenn and Ms. Nau noted** that they would provide an answer after the meeting.

Ms. Glenn shared the quarterly time loss claims data on LTD by accident quarter from September 2004 to March 2025 showing an increase during the Covid years and a jump in mid-2023.

Shannon Elliot asked via Zoom chat “How does this correlate with aging workforce data? Seems logical to assume long-term disability claims would continue to rise or stay level based on age groups in manufacturing and construction in WA. Would be interesting to see. Thank you”. **Ms. Glenn answered** that there was an investigation into the age distribution of claimants on LTD and how they have changed and there wasn’t much difference, however, an update could be provided post-meeting once a new investigation has been completed.

Over the winter of 2024, **Ms. Glenn explained** she had a team investigate any changes in the claimants pre-jump and post-jump in 2023 in correlation with system changes that occurred during this time and the impact’s direction and magnitude.

Ms. Glenn shared the following factors that may be contributing to this increase: system changes in policy or practice, workload and staffing changes, technology changes, economic impacts, changes in worker demographics, injury types, and changes to the health care system.

“For factors you are exploring...contributing to timeloss duration are system delays...i.e many consultations are not occurring timely when they are to occur by WAC ie, 120 days and the quality of a lot of consult reports are still not what they could be with better questions to the provider and by WAC

they are to be with specialists or docs: but we are seeing a lot of consults with Physician Assistants, also contributing to time loss duration are that we are seeing that at times IME questions are not addressing ability to work questions on the claims...so then we wait for addendums at times when those questions could have been asked initially. Also contributing to time loss duration are that L&I claims managers don't have the ability to address issues with VRCs and there is no financial incentive for VRCs to move things along any quicker...L&I Claims managers used to be able to address issues with Voc services or concerns and move things along quicker.." **asked Lauren Gubbe, AGC via Zoom chat. Ms. Glenn answered** that they have observed some legislative changes to IMEs and when they can be requested as well as slight decline in the number of IME's being requested which puts more reliance on the consultation letters or consulting providers and is an operational change they have made.

Michael Cochran, BIAW asked via Zoom chat "Is legal representation for the worker and retro vs non retro employers being looked at in the long term disability data?" **Ms. Glenn shared** that the department did look at this information and found no changes in the percentage of those workers who were represented, however, for retro versus non-retro, there was an unusual increase in duration for workers with retro players as well as non-retro players and will share more later in the presentation.

"I am not seeing where consultants are really closing claims," **Mara McClain stated via Zoom chat**, "but recommending more treatment and offering to also treat. FYI".

Rose Gunderson, WA Retail Association, asked via Zoom chat "Thanks for considering data on the correlation between legal representation and claim duration. Would you share that data with us also?" **Mike Williams, Operations Manager, L&I Retrospective Rating noted** that any information requested will be provided with the retro community.

Ken Smith noted via Zoom chat "Lauren, VRC/Firm Manager here. I can't speak for other firms or VRCs, but your insinuation that VRCs are "slow walking" services is unfair. We put a lot of energy and effort into helping the "dropped balls" that continuously happens by stakeholders (other than voc). We are analyzing the delay areas and the big one is/are medical delays. Also, there is a robust QA program that we uphold and is monitored by the Dept. (monthly).

"No insinuation...we see some reports with dates changed and same status...of course the great VRC's like YOU are wonderful to work with. There are a small number that we wish for L&I CM's to be able to directly respond to to move things along." **Lauren Gubbe responded via Zoom chat.**

"Thank you for clarifying that, as broad-brushing tends to not be accurate." **Ken Smith shared via Zoom chat.** "And yes, it really is frustrating for private voc to see poor/dragging voc work out there. We do tell our staff that delays on our end detrimentally effect employers (and we remind them about the importance of adjustment dates). It annoys us too. 😊"

Ms. Glenn continued to one major system change that is having major impact is changes to IME requirements and the 2024 legislation that allows workers to record IMEs which lead to IME providers cancelling appointments and therefore a lower usage in IMEs altogether since 2018.

Ms. Glenn shared a slide depicting data by claim receipt and the share of allowed state fund compensable claims with IMEs performed in the first year (non-Covid) with a 25% increase in 2017-2018 and down to 10% in the most recent years. Most of the decline occurred in 2019 and 2020, **Ms. Glenn explained**, and the department will continue to see if the reduction in IMEs is causing delays in claims'

progress or not helping the worker or employer as well as ways to address the gap and track the internal progress.

Another system change, **Ms. Glenn stated**, is the expansion of legislation of presumptive coverage for PTSD where the workers who are covered have relatively long durations and poor outcomes with state funded claims ranging from as low as 16 in 2018 to as high as 95 in 2021 and as low as 9 self-insured PTSD claims in 2018 to 55 in 2021. **Ms. Glenn noted** the actuary confusion on the increase in overall duration and cost when the occupations that have presumptive coverage are relatively small and have little impact on the state fund as a whole – no more than a few percentage points.

Actuaries noticed another system change in 2025, **Ms. Glenn explained**, in the decline of the use of kept-on-salary where claims are generally shorter-term disability claims transitioning to time loss which may be contributing to an increase in long-term disability for workers who are receiving time loss 12 months post injury.

Ms. Glenn shared a slide that compares time loss duration between retro versus non-retro firms from all industries from 1997 to 2024 showing the impact in 2023/2024 having a noticeable impact on both groups.

Vocational referral time and the way referrals are made in the system is another system change, **noted Ms. Glenn**, whereas in 2020, there was a shift to making those referrals to vocational firms rather than to individual vocational counselors.

Ms. Glenn conveyed data showing the number of vocational recovery referrals made each month from January 2020 to April 2025 with very few made prior to 2020 and a consistent monthly average between 600-800 once implemented system wide.

The next slide, **according to Ms. Glenn**, shared the next system change: time to first referral which was an effort made by the department to refer to a vocational counselor sooner to help workers receive the services they needed to return to work earlier in their claim. **Ms. Glenn pointed out** 2014 to 2021 being the period of being earliest for referrals but have since stabilized where some referrals are being made a bit later in time now.

Ms. Glenn showed a graph depicting the positive results of the outcomes of when the first vocational referral is made and how vocational recovery services and ability to work assessment are having an impact on the results of able-to-work job of injury versus return-to-work. **Ms. Glenn identified** the strongest results occurring in 2021 and 2022 but with a recent decline and is not a reason for the recent increase in LTD.

Showing not much change in the pre-Covid period of 2018-2019, **Ms. Glenn noted** the median days graph showing some impact in 2021 on the able-to-work job of injury, however, this was still not a system change that is responsible for the recent increase in LTD.

With the existing technology modernization project ongoing for over 10 years, the focus has been on future changes creating a present manual and cumbersome process to make up for technology limitations which can cause errors – either by human or the system – and the length of time it takes to discover and recover takes longer **according to Ms. Glenn**. **Ms. Glenn shared** the impact of the periodic outages of the technology and how it affects the timeliness of the process as well as restrictions on work

hours due to the system being unavailable during the weekends and after hours. With the expense of upgrading or changing the system already being so high, the cost and ability to invest in fixing the current system is limited **as stated by Ms. Glenn**, thus creating a difficult system to use and putting limits on our ability to consider legislative changes due to the cost of adjusting the current technology to accommodate.

Ms. Glenn shared the fluctuations of workloads and staffing changes at the State level including a hiring freeze as well as budget challenges post-Covid and the change to a hybrid work model which resulted in high vacancy of claims managers (CMs) at certain times during the pandemic due to the lengthy training time (22 months). **Ms. Glenn continued** to share the low enrollment rates in incoming apprenticeship classes and the lack of budget for overtime for CMs which allowed them to move more complex claims forward without interruption during regular working hours. To move towards correcting these issues,

Ms. Glenn shared the agency's focus on unburdening their CMs by requesting additional claim units through the budget process – 2025 budget includes a newly funded unit – as well as approving limited overtime starting in March 2025 which resulted in a downward turn in LTD movement and proving the need for more resources and support for the CMs going forward.

Ms. Glenn noted the change in how the apprenticeship workload is being built and put more emphasis on making sure the new class of apprentices make it through their training classes successfully and filling the vacant CM positions.

Rose Gunderson asked via Zoom chat “Do you have a way to measure the impact on LTD rate increase due to technology?” **Ms. Glenn answered** that they do not have a way to measure this impact as the agency has several different types of technology outages and it would be difficult to develop the correlation, however, the actuaries shared that for every hour that LINIIS is down, they estimate it costs \$1.8M in terms of benefits paid due to delays and perhaps they can share more at a later time.

“Does this mean that the system is failing faster over time? This technological issue is longstanding, well before the instant concern” **asked Richard Clyne via Zoom chat.** **Ms. Glenn agreed** that this is very true and that the system is indeed at a point of delaying decisions and creating confusion while only getting worse over time.

Lauren Gubbe, AGC, noted via Zoom chat “Hiring freeze should not impact L&I Claims since employer/worker premiums pay for these and not the general budget. And if not staffed, our premiums will go up 😞 costing more for worker comp insurance.” **Ms. Glenn agreed but explained** that although the budget is funded through premiums, the state agency is still subject to the same budget allocations process and has the same sort of budget reduction expectations as every other state agency.

Ms. Glenn shared a graph depicting the number of claim managers – WCA2 and WCA3 positions – increased in 2024, however, the caseloads are still well above 200 with industry standard usually below 150 as they continue to seek new CM positions to create a more manageable level of work.

Economic impacts, such as the doubling of hours reported by fulfillment centers and their delivery drivers during the pandemic, **Ms. Glenn shared**, have had an impact on duration of a LTD claim due to more hours being reported and experiencing more serious claims with higher injury rates. **Ms. Glenn noted** the increases have been greater for agriculture, food processing and the government sector with PTSD impacting certain risk classes significantly.

Lloyd Brooks noted via Zoom chat “L&I is operating as the 6th largest WC insurer in the US and on technology that is unsustainable and collapsing. This system is failing. Personnel turnover will continue to climb as good people try to perform their tasks in this failing infrastructure. Talented people will be drawn away by employers offering more money and current technology”.

Slower employment growth in 2024 and 2025 along with a new administration with its tariffs and federal policy changes in a state that is trade dependent, **Ms. Glenn continued**, can lead to an increase in uncertainty which tends to make people more risk averse.

Ms. Glenn shared a slide depicting the nonfarm employment showing a sharp decrease in 2020 and then a steady increase to right above 15% in 2025 versus unemployment rate showing a sharp increase in 2020 and a steady decrease to right above 4% in 2025.

Short of a noticeable increase in PTSD injury types, **Ms. Glenn noted** that there were no major changes, however, there was an increase in duration of claims for workers with limited English proficiency.

With the average duration being right below 250 days, **Ms. Glenn discussed** a graph showing the timeloss duration over 7 years where a language preference other than English extends beyond 350 days - about 13% of incoming compensable claims and 25 % becoming permanently disabled - while choosing no language preference or English closes after only 200 days.

Ms. Glenn conveyed the changes in the healthcare system due to COVID and changes in federal policy where there is a shift away from medical doctors to using physician assistants and advance practice registered nurses for medical treatment on claims but no impact on disability was found other than the limited availability of some specialties, especially mental health practitioners.

Ms. Glenn shared that the agency is considering requested legislation to pilot new PTSD claims processes to increase access to mental health specialists to provide care to workers earlier in the claim.

“Can you speak to the special sub-committee or study group Dir. Sacks offered to create at the Dec 2024 WCAC meeting?” **Mr. Brooks asked via Zoom chat. Ms. Glenn noted** that there have been several committees created on disability, but she is not sure if a group has been created for technology but will reach out and find that answer.

Ms. Gunderson asked via Zoom chat “While you can’t control policy changes impact on your processes, would you qualify that L&I has not been able to automate policy changes from the Legislature in the last few years and has impacted slowness in claim processing?”. **Ms. Glenn noted** that some technological changes have been limited by policy changes and by budget constraints not allowing it to move forward, however, there have been changes to how they calculate time loss claims or good faith and fair dealings and the technology was able to accommodate so no evidence of not being able to make the changes to technology to implement successfully.

Ms. Gunderson continued via Zoom chat “I can understand the first two bullet points as economic impacts. How does the last two (emp rate and fed policy) impact LT disability rate?”. **Ms. Glenn noted** the increase in long-term disability during a poor economy due to lack of job availability and the inability to return to work as soon as desired as well as the possibility of a decrease in the agricultural industry due to uncertainty around tariffs and a change in federal policy to the medical system – delaying access to healthcare.

Maria McClain asked via Zoom chat “Curious, does L&I track complaints regarding staff or by unit? I know with the stress of large claim loads, it impacts claims, causing delays in action and can’t help but impact all. Curious how you track or manage these types of issues.” **Ms. Nau answered** that yes, both internal and external complaints/concerns are tracked by the department. Specifically, we have a designated Retro staff person, Sheila Parker, who is assigned to track these.

“There seem to be a lot of providers that are leaving practices or changing facilities which delay responses for treatment and return to work” **noted Jeaneil Brown – Archbright via Zoom chat.**

Mr. Brooks noted via Zoom chat “ACHIEV (Advisory Committee on Health Care Innovation and Evaluation) is also closely studying the recent system alarms. These meetings are also public and online.”

COHE Provider Incentives Pilot: Updates for Retro: Aaron Hoffman, Amber Wakelin, and Noha Gindy

Mr. Hoffman presented slides 39-45. Launched in April of 2023 and continuing through June of 2026 with 45-50 participants, **Mr. Hoffman started** by explaining the purpose of the Provider Incentive Pilot (PIP) as designed to test a new approach using a tiered model - low, medium and high adoption - encouraging providers through financial incentives to obtain a higher adoption rate based on the five COHE best practices: timely and complete Report of Accident (ROA), appropriate Activity Prescription Form (APF), the communication with the employer, barriers assessment and appropriate prescribing.

With over 22 participating surgeons, **Mr. Hoffman continued** to share about the Surgical Quality Care Program (SQCP) – a program that incentivizes surgeons to follow surgical best practices - and the new incentives they are testing for following SQCP best practices: appropriate prescribing, utilization review – medical guidelines, APF before and after surgery, timely surgery, released to work discussions and physical Medicine Progress Report review.

Mr. Hoffman shared that COHE sends quarterly performance reports to each clinic sharing how each provider is performing against -the five best practices including percentage data showing progress or lack of progress over time giving each provider an understanding of how to improve and move into higher incentive tiers.

Mr. Hoffman discussed the evaluation process and the two approaches being used: quantitative which examines how well the providers are adopting the best practices and the impact on the best practice program in general and qualitative which includes surveys and interviews of the providers and their staff as well as COHE staff and their leadership along with questions and feedback from employers.

Via Zoom chat, **Ms. Gindy shared** the L&I website for the provider incentive program:
<http://www.L&I.wa.gov/providerincentives>.

Bambi Sotak – AGC Retro asked via Zoom chat “Is there a way to add to the best practices or expand the definition/requirement for a best practice? For example: provider to respond timely to an employer’s request for review of job descriptions – especially light duty job descriptions?”. Ms. Gindy responded that this request has been discussed, however, the ongoing issue lies in the ability to track the timeline accurately from when the job description is sent to the provider and how to track when it has been returned.

Ms. McClain asked via Zoom chat “Will any COHE watch for any overtreatment?”. **Mr. Hoffman answered** that when a full-service coordinator works a claim and notices the signs of overtreatment, they will bring it back to either a COHE advisor or somebody in the COHE for review. **Ms. Gindy added** that one of the measures they are tracking within the evaluation is whether there will be an unintended consequence of the patient seeing more providers because of the given incentive that counts the number of providers that treat the patient.

Evelyn Gresham – Archbright asked via Zoom chat “Would it be helpful to include the COHE when faxing the LDJD to the AP?” **Ms. Nau noted** she would take this and any other questions about COHE will be taken and answered at a later date.

“It helps to develop personal relationships with providers and clinics to help understand their limitations.” **Doug Hiivala – Rotschy, Inc noted via Zoom chat.**

Stay at Work Updates: April Ebeling, Stay at Work Supervisor

Ms. Ebeling started by sharing an update on the status of their applications with 2,300 reported in March with the oldest date of October 21st and now it stands at 1,710 applications with the oldest date on April 11th. **Ms. Ebeling shared** the current streamlining of their process and eliminating any waste with weekly huddles allowing for changes made in real time. **Ms. Ebeling confirmed** the hiring of a new lead – Sheila Spellman – from the stay at work team while two more vacancies for a WCA 3 and a WCA 2 remain open and ready to recruit. **Ms. Ebeling continued** to discuss the new and faster process being promoted through email and the L&I website for online-only applications that allow the team to send the applications directly to the adjudicator and bypass keying in the application manually.

Ms. Nau noted via Zoom chat “April and her team have been doing a fantastic job streamlining the process and helping to reduce the backlog of Stay at Work applications. Thank you, April, and thank you to your team.”

“Will this be faster” **Ms. McClain asked via Zoom chat.** **Ms. Ebeling answered** that yes, the online application process will be faster as it will get to the adjudicator directly and will cut down on approval time.

“Do you know how much time it cuts down on the approval time when doing online?” **Victoria Montrose, Washington Hospitality Association asked via Zoom chat.** **Ms. Ebeling responded** that she doesn’t know the exact data, however, at the time she joined the team as supervisor, the team was behind, and it took a few days to enter the application before it reached the adjudicator whereas the e-stay application allowed the adjudicator to work on the application same day.

Ms. McClain asked via Zoom chat “Is the online process easier than the current process? For the TPA.” **Ms. Ebeling answered** that of the few employers and TPAs they have spoken to about the process, they have said that it was easier, and it is more legible for the team to read versus a faxed or scanned application where the information can come in distorted. **Ms. Sotak noted via Zoom chat** “The online process is sooooo easy especially if you the excel spreadsheet/csv file to upload dates you are submitting.”

“So the online application would move ahead of a faxed application in the processing timeline?” **Ms. Sotak asked via Zoom chat.** **Ms. Ebeling shared** that the applications are processed by the date they are

submitted and although both online and faxed/mailed applications are added to the same date group together, the online applications are no longer having to be manually entered by the team.

Prior to Ms. Ebeling's amazing work she started on the online applications when joining the team in January, **Michelle O'Brien added** the illegible applications were being sent to the adjudicator to be keyed in which is a process they are changing to allow them to review and make decisions faster – sometimes doubling or tripling the amount of applications they can process in a day – and cutting out the time waste of double-checking illegible application information or looking for protests.

Ms. O'Brien continued that outreach is helping promote the new process and using stay-at-work in member meetings and although the department cannot make using the online applications mandatory, they are strongly encouraging the new process and even offering those who use the fax/mail process a chance to attend a webinar on how to utilize e-stay.

Third Party Filer (TPF) Compliance Project: Michelle O'Brien, Program Manager, Employer Services & Randy Littlefield, Deputy Assistant Director, Fraud Prevention & Labor Standards

Ms. Littlefield and Ms. O'Brien presented slides 56-61. Ms. O'Brien started by giving some background information where 3-4 months ago, an auditor in the field audit team pulled a report and compared hours reported to the Employment Security Department (ESD) versus those reported to L&I with a focus on third party, voc, and payroll filers with those reporting zero hours being audited first. **Ms. O'Brien noted** that they found quite a few with underreported hours and have formed a team with members across the department to review data and find the potential for unreported premiums.

Ms. O'Brien shared that because of the large number of employers and the limited capacity due to current vacancies, they began with a small group of 150 employers – starting with those with the largest under-reporting to L&I – and sent an email, created a letter and commenced a calling and outreach campaign. **Ms. O'Brien admitted** they did not have much success at first – maybe a 20% returned amended reports to report additional hours and pay additional premiums as most employers were unaware their third party filer was not reporting the same hours they submitted – therefore, the team have gathered again to find the next step for compliance and giving assistance on how to resubmit and make payment arrangements.

If an employer still does not comply after outreach from the department, **Ms. O'Brien continued**, they are given 30-40 days to send the amended reports, however, if they do not comply, the collections and field audit group will estimate the premiums and upload them to the system with an opportunity for the employer to appeal. **Ms. O'Brien discussed** their status as being in the first phase of uploading the estimates as they are receiving some amended reports and so far, none have been sent to audit.

Ms. O'Brien shared that the first approach was quickly implemented, and they received feedback to allow more time for the employer to gather data and submit their amended report, which would prevent as many reports as possible from sitting in pending or sent to audit. **Ms. O'Brien noted** the need to make this process permanent and that although there is a statute of limitations – 12 quarters – and for every new quarter that starts, a quarter is lost, they are working with the larger employers where we are missing out on the additional premium to decide if they need to pause and maybe lose a quarter or move forward with a better well-documented process that has permanent staff assigned that understands their roles.

“By chance would this help identify when workers are receiving time loss also PFML?? It was my understanding PFML wasn’t tracking against L&I.” **asked Ms. McClain via Zoom chat. Ms. O’Brien answered** that although she would have to go back to the original auditor that pulled the original report to see if that was accounted for, she did know that the estimate of the under-reporting was accurate and most employer amended reports match what was estimated. **Ms. O’Brien shared** that she thinks it may be possible that those employers have PFML in their ESD hours but will bring this question back to the team for review and possible implementation.

Mr. Brooks asked via Zoom chat “How may this impact future retro adjustment factors?” **Ms. Nau responded** that any premium collected during the four-quarter rolling average would be added to those same calculations. **Ms. Nau noted** that premiums fluctuate between adjustments so there really wouldn’t be much difference and that the money collected during an active retro coverage year would be applied to both state fund sides for comparison purposes and then also for Retro. **Ms. Nau continued** that they are prioritizing the oldest of these 12 quarters to avoid losing that quarter and are then unable to take collective action.

Ms. Gunderson asked via Zoom chat, “I have several questions – How much time do you offer employers to respond? Are these mostly large employers? Since most employers use TPA payroll liability processors, has L&I worked with some of the major TPA vendors to do education as an alternative approach?” **Ms. Nau answered that** for this round of triaging, they pushed for 15-20 days for employers to respond, which was decided upon for emphasis on getting the attention of the employer when they usually defer to their third-party filer who may usually be non-responsive. **Ms. O’Brien added** that most of them have been large employers where the gap in premium or underreporting was higher as smaller employers file on their own. **Ms. O’Brien continued** that as for education for major TPA vendors, when the voc filer initially signs up, they are given onboarding and education with a focus more on technology. **Ms. O’Brien shared** hearing the same problems during conversations the Department has had with executive management from other states, and they have considered engaging in and educating third party filers since there are not any statutes that allow the State to pursue them for compliance.

Diane Doherty, L&I noted via Zoom chat “It was 21 days, but we offered 2 extensions for those that responded initially.”

“It will impact experience rating calculations as well.” **Bill Vasek, L&I noted via Zoom chat.**

Ms. McClain asked via Zoom chat “Jess, if any of these are Retro members, will they be removed or have the chance to make arrangements with EAP before deadlines?” **Ms. Nau responded** that due to the timeline of the when they are looking to collect this debt, these accounts would have surfaced prior to Retro enrollment. **Ms. Nau noted** that there may be some employers who were denied enrollment due to this issue, but that Retro would continue to look at the good faith efforts made by the employer to complete voluntary compliance when considering retro enrollment.

Ms. Gubbe asked via Zoom chat, “Do you have estimated premium you collected from past periods so far and then how much more?” **Ms. O’Brien shared** that so far \$1.8M has been collected and they estimate they will collect close to \$20M in premiums.

RAC Workgroup Updates: Mike Williams, Retro Operations Manager, Consultations & Outreach

Mr. Williams presented slides 62-69. Mr. Williams started by sharing the timeline of the workgroup that was formed in mid-2022 to address the requirement of similar subaccounts and give groups an avenue to request exceptions to Retro's current rule language. **Mr. Williams shared** that the committee submitted their first proposal to the Department in early 2023, which was ultimately denied due to their inability to garner support for those changes. A new proposal was submitted in early 2024, **Mr. Williams continued**, where it was heavily stakeholdered throughout the Department where it gained enough support to move forward to meet with the L&I Director, Joel Sacks, in early June of 2025 where it was approved to start a pilot of this proposal and some interim policy language.

The Common Ownership Exception Criteria Pilot will run for 24 months, **Mr. Williams noted**, starting with the January 1, 2026, enrollment cycle and will allow all enrollment periods a minimum of two enrollment cycles to utilize the exception criteria in our interim policy. **Mr. Williams shared** that this would allow Retro to track the exceptions they are receiving and send close-out report with data and impact of policy back to executive management.

This policy, **Mr. Williams stated**, was created to address the requirement of similar subaccounts and provide an avenue for groups to request an exemption of required enrollment based on one or more factors in the policy. To address the requirement of dissimilar subaccounts that are required to enroll based on a shared UBI, **Mr. Williams noted** the change, starting January 1, 2026 enrollment cycle, from determining the employer at the UBI level to now determining the employer at the six digit account main level and allow the group to enroll dissimilar accounts and no longer be required due to sharing the same UBI.

There are three pieces to this policy, **Mr. Williams continued**, which are premium piece, corporate umbrella company structure piece and a risk class assignment piece. **Mr. Williams discussed** that the workgroup deemed the accounts that fall below a size group 13 in the standard premium size range table, have less or no financial benefit of being enrolled in Retro. Under the new criteria, **Mr. Williams noted**, corporate structures where each account is run independently of each other but are owned by one parent company are given the opportunity to submit proof of separate business practices where some of the documentation could include those three items in the policy.

Mr. Williams stated the policy is also meant to address an internal policy within Employer Services that assigns a qualifying risk class to a subaccount for administrative purposes only. No hours will be reported in that risk class, **Mr. Williams shared**, and therefore, Retro is allowing requests for exception on that basis. **Mr. Williams noted** that this does not guarantee that the exception will be granted as they will be considered on a case-by-case basis and re-reviews during the annual enrollment.

The next steps, **Mr. Williams continued**, are to shift the administrative process for enrollment to encompass the new criteria as well as shifting from the UBI level to the account main level, keeping a tracking log of the use of the policy and creating an exception request form.

Mr. Brooks noted via Zoom chat, "Historical context: The Retro Advisory Committee filed a Petition for Rulemaking WAC 296-17B-770 and WAC 296-17B-720 on January 25, 2013. This was then diverted to a pilot project that went nowhere. Keep moving forward!"

Ms. Nau thanked Mike and the workgroup members for their tireless efforts in moving this project forward and more will be reported in future RAC meetings. **Ms. Nau noted** the intent to close out two active CR 101s for this issue to make these changes administratively and not through rule making. **Ms.**

Nau shared the two petitions shared with the department from the retro community where one asked the Department to review concerns regarding individual enrollment criteria as well as the common ownership criteria. **Ms. Nau noted** that a workgroup was formed at that time and researched into those concerns and found no further action needed and the pilot was closed out. The CR 101 was left open, **Ms. Nau continued**, to address the common ownership issue while another pilot was already in place on this issue and both CR 101s were left incomplete. **Ms. Nau discussed** the awareness around closing these CR 101s as they were related to those petitions from 2013 and if any rulemaking is found to be needed, they will be reopened.

Ms. Nau noted the quick enrollment of the EC team having finished the July enrollment on August 4th as well as the completion of the July adjustments by Sheila.

Meeting adjourned.