

Maine Paid Family and Medical Leave Actuarial Study



Kickoff Meeting

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PFML Benefit Design Comparison

State	Waiting Period	PML Maximum Benefit Period	PFL Maximum Benefit Period	Safe Leave Maximum Benefit Period	Combined Limit on Benefit Period	Benefit Percent	Maximum Weekly Benefit Amount
RI	▪ None	▪ 30 weeks	▪ 5 weeks	▪ NA	▪ 30 weeks	▪ ~ 60%	▪ 85% of SAWW
CA	▪ 7 days (PML only)	▪ 52 weeks	▪ 8 weeks	▪ NA	▪ 60 weeks	▪ 60-70%	▪ 100% of SAWW
NJ	▪ 7 days (PML only)	▪ 26 weeks	▪ 12 weeks	▪ NA	▪ 38 weeks	▪ 85%	▪ 70% of SAWW
NY	▪ 7 days (PML only)	▪ 26 weeks	▪ 12 weeks	▪ NA	▪ 26 weeks	▪ 50% (PML) and 67% (PFL)	▪ \$170 (PML) and 67% of SAWW (PFL)
DC	▪ 7 days	▪ 6 weeks	▪ 6-8 weeks	▪ NA	▪ 8 weeks	▪ Tiered 90% / 50%	▪ \$1,009 (2022)
WA	▪ 7 days (none for bonding leave)	▪ 12 weeks	▪ 12 weeks	▪ NA	▪ 16 weeks	▪ Tiered 90% / 50%	▪ 90% of SAWW
MA	▪ 7 days	▪ 20 weeks	▪ 12 weeks	▪ NA	▪ 26 weeks	▪ Tiered 80% / 50%	▪ 64% of SAWW
CT	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 days	▪ 12 weeks	▪ Tiered 95% / 60%	▪ 60 X min. wage
OR	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ Tiered 100% / 50%	▪ 120% of SAWW
CO	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ Tiered 90% / 50%	▪ 90% of SAWW
MD	▪ None	▪ 12 weeks	▪ 12 weeks	▪ NA	▪ 12 weeks	▪ Tiered 90% / 50%	▪ \$1,000 initially
DE	▪ None	▪ 6 weeks in 24 months	▪ 6-12 weeks in 24 months	▪ NA	▪ 12 weeks	▪ 80%	▪ \$900 initially

PFML Policy Design Comparison

State	Public Employer Participation	Self Employed Participation	2022 Eligibility Criteria	Definition of Family Member	2022 Contribution Rate
RI	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> \$4,600 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 1.10%
CA	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$300 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 1.10%
NJ	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> \$12,000 over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> Up to 1.03%
NY	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed 4 weeks (PML) / 6 weeks (PFL) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.511% (PFL)
DC	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed for 12 months, otherwise benefit is prorated 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.26%
WA	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> 820 hours over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.60%
MA	<ul style="list-style-type: none"> State employers participate, local employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$5,700 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.68%
CT	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$2,325 over base period (1 quarter) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.50%
OR	<ul style="list-style-type: none"> Yes, except federal and tribal governments who can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$1,000 over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 1.00%
CO	<ul style="list-style-type: none"> Yes, but local employers can opt out 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$2,500 over base period 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.90%
MD	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> 680 hours over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> NA
DE	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed 12+ months and worked 1,250+ hours 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.80%

How PFML Benefits are Provided

State	Mechanism
RI	<ul style="list-style-type: none"> Insurance is provided through the state fund only. No private option.
CA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
NJ	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
NY	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
DC	<ul style="list-style-type: none"> Insurance is provided through the district fund only. No private option.
WA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
MA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
CT	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
OR	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
CO	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
MD	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
DE	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.

Most programs include private options for providing PFML insurance

Insurance Industry Perspectives

- Allowing insurers to underwrite and price the private plans themselves is considered important for controlling risk. Insurers have concerns about pricing for private plans that uses a single community rate determined by the state and prefer some degree of pricing flexibility.
- Some states have had challenges administering PFML claims internally, often resulting in long delays for making determinations and long turnaround times before benefits are paid.
- There can be challenges integrating PFML with existing sick leave policies, especially for public employers that provide generous sick leave benefits and are bound to collective bargaining agreements with unions.
- Over-complicated plan designs can create issues with administration and risk management.

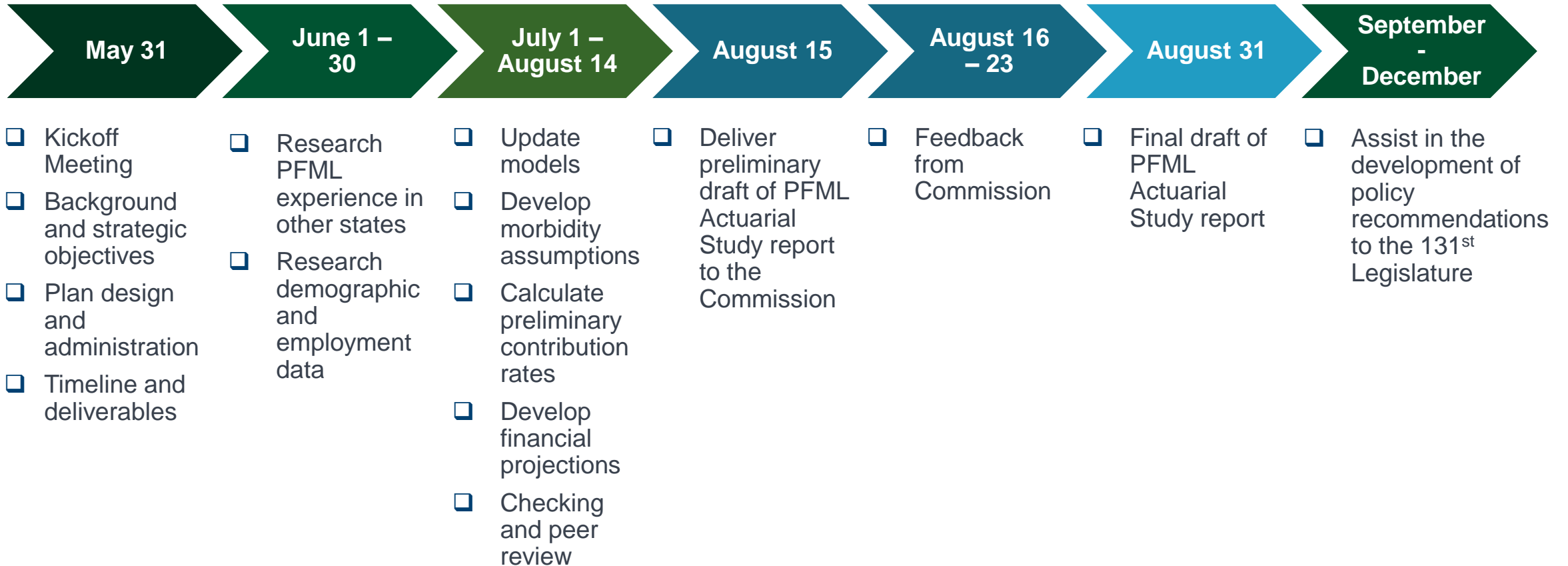
Maine PFML Proposal

Provision	Options	Notes
Permissible leaves	<ul style="list-style-type: none"> FMLA-qualifying events Include safe leave 	<ul style="list-style-type: none"> Modest increase in contribution rate to include safe leave.
Covered Employees	<ul style="list-style-type: none"> All workers, including domestic, part-time, etc. Self-employed workers can opt in Public employer exemption 	<ul style="list-style-type: none"> Allowing self-employed workers to opt-in introduces adverse selection risk. Coordinating PFML with public employer sick leave policies can be tricky.
Family Member	<ul style="list-style-type: none"> Federal FMLA definition Maine FMLA definition CT PFML definition (includes affinity) 	<ul style="list-style-type: none"> Affinity definition only impacts PFL caregiver claims, which represent a small subset of total PFML claims.
Eligibility	<ul style="list-style-type: none"> CA criteria (low earnings threshold) CT criteria (high earnings threshold) 	<ul style="list-style-type: none"> The lower earnings threshold will result in proportionally more premium and claims than the higher threshold.
Funding	<ul style="list-style-type: none"> Small employer exemption (up to 10, 25, and 50 employees) State fund Partnership with private insurers Private option only 	<ul style="list-style-type: none"> Small employer exemptions can be subsidized by higher contribution rates. Challenging to provide small employer exemptions through private option. Private option may be more appealing to large employers. Private plans must provide benefits at least equal to the statutory plan.
Benefit Amount	<ul style="list-style-type: none"> 80% up to SAWW 90% up to SAWW 100% up to SAWW 	<ul style="list-style-type: none"> 80-100% income replacement is relatively high compared to other PFML programs that feature tiered benefit structures. It is common for maximum benefit amounts to be tied to the SAWW.
Benefit Period	<ul style="list-style-type: none"> 12 weeks 20 weeks 26 weeks 	<ul style="list-style-type: none"> Claim durations may vary between PML and PFL. Average PML maternity claim durations are 6-8 weeks.
Waiting Period	<ul style="list-style-type: none"> None 7 days 	<ul style="list-style-type: none"> Waiting periods often only apply to PML claims.

Maine PFML - Other Considerations

- Will the plan feature separate benefit periods for PML and PFL with a cumulative limit?
- Will the waiting period (if any) be applicable to PML and PFL claims?
- Will conditions that existed before the benefit effective date be eligible for benefits?
- Who contributes premiums – employers and/or employees?
- What (if any) is the target funding ratio?
- Will premium contributions begin before the effective date of benefits? If so, how many months?
- How will the state fund be administered?
- How will the private options be coordinated?
- Does the Commission have access to Maine employment and/or demographic data?

Maine PFML Actuarial Study Timeline



General Observations on PFML Claim Experience

- PFML utilization is very sensitive to the demographics of covered employees
 - Maternity claims typically represent 25-30% of PML claims
 - Bonding claims typically represent 70-80% of PFL claims
 - Most bonding claims are from female employees, although male bonding claims have trended up in recent years

New Jersey Paid Family Leave Experience (Excludes Paid Medical Leave)		
Age	Female	Male
<25	4%	0%
25-34	45%	10%
35-44	23%	8%
45-54	3%	2%
55-64	3%	1%
>65	1%	0%
Total	79%	21%

Predominantly bonding

- PML claims typically represent 75-85% of total PFML claims



Thank you

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We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman and members of the American Academy of Actuaries. We meet the qualification standards of these organizations for rendering the actuarial opinions contained herein.