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November 28, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

We have analyzed the new paid family and medical leave (PFML) program options discussed during our meeting with the Commission to Develop a Paid Family and Medical Leave Benefits Program on November 18, 2022. This letter contains estimated contribution rates and financial projections for these options. The options vary in terms of income replacement, maximum benefit amount, cost-sharing, taxable wage base, and maximum benefit period as follows:

- Income Replacement: 80%, 90%, or 100%
- Maximum Benefit amount: 100% or 120% of the state average weekly wage
- Cost-Sharing: 25% employer/75% employee or 50% employer/50% employee
- Taxable wage base: Unlimited or Social Security Maximum Wage Base
- Combined Maximum Benefit Period: 16 weeks or 18 weeks

We also assumed the other design features specified in the document “Rec for PFML Program Chart for Nov. 29.pdf” would apply to all program options. For example, we assumed a 7-day waiting period for medical claims in every option.

We estimated contribution rates for the new PFML program options using the same models and assumptions as our prior analyses, by calibrating the models to the new design options. The resulting contribution rates are provided below in Table 1 (based on a 16-week combined maximum benefit period) and Table 2 (based on an 18-week combined maximum benefit period):

Table 1							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 16 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.23%	0.60%	0.47%	0.40%	0.80%
80%	100% SAWW	SS Limit	0.25%	0.64%	0.50%	0.43%	0.85%
80%	120% SAWW	Unlimited	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	SS Limit	0.26%	0.65%	0.51%	0.43%	0.87%
90%	100% SAWW	Unlimited	0.28%	0.72%	0.56%	0.48%	0.95%
90%	100% SAWW	SS Limit	0.30%	0.76%	0.60%	0.51%	1.01%
90%	120% SAWW	Unlimited	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	SS Limit	0.31%	0.78%	0.62%	0.52%	1.05%
100%	100% SAWW	Unlimited	0.31%	0.81%	0.61%	0.54%	1.08%
100%	100% SAWW	SS Limit	0.34%	0.86%	0.67%	0.57%	1.14%
100%	120% SAWW	Unlimited	0.33%	0.85%	0.67%	0.57%	1.13%
100%	120% SAWW	SS Limit	0.35%	0.90%	0.71%	0.60%	1.20%

Table 2							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 18 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.25%	0.63%	0.49%	0.42%	0.84%
80%	100% SAWW	SS Limit	0.26%	0.67%	0.53%	0.45%	0.89%
80%	120% SAWW	Unlimited	0.25%	0.64%	0.50%	0.43%	0.86%
80%	120% SAWW	SS Limit	0.27%	0.68%	0.54%	0.46%	0.91%
90%	100% SAWW	Unlimited	0.29%	0.76%	0.58%	0.50%	1.00%
90%	100% SAWW	SS Limit	0.32%	0.80%	0.63%	0.53%	1.06%
90%	120% SAWW	Unlimited	0.30%	0.78%	0.61%	0.52%	1.04%
90%	120% SAWW	SS Limit	0.33%	0.82%	0.65%	0.55%	1.10%
100%	100% SAWW	Unlimited	0.33%	0.85%	0.65%	0.57%	1.14%
100%	100% SAWW	SS Limit	0.36%	0.90%	0.71%	0.60%	1.20%
100%	120% SAWW	Unlimited	0.35%	0.89%	0.70%	0.60%	1.19%
100%	120% SAWW	SS Limit	0.37%	0.95%	0.74%	0.63%	1.26%

In Tables 1 and 2, the total contribution rate in the final column is the same under both cost sharing scenarios, and represents total annual contributions divided by total annual taxable wages in every option. The sum of the employer and employee contribution rates does not equal the total contribution rate because

the employer rates were determined by assuming small employer exemptions for employers with fewer than 15 employees¹.

We have also analyzed the expected cost of first-year bonding claims for children born or adopted within 12 months of the effective date of benefits. In this scenario, benefits would be payable to employees who take bonding leave even though the birth or adoption occurred before the effective date of benefits. We have estimated that PFML claim costs in the first year would be approximately 10% higher under this provision, and we would recommend increasing the contribution rates shown above by 2% (i.e., multiplying the rates by a factor of 1.02) to fund these additional costs. For example, the total contribution rate from the fifth row in Table 2 corresponding to 90% benefit percent, 100% SAWW maximum benefit amount, and unlimited taxable wages would increase from 1.00% to 1.02% (i.e., 1.00% X 1.02) for the first-year bonding provision. Alternatively, the additional costs for this provision could be covered by extending the initial contribution period from 12 months to 14 months using the same contribution rates shown in Tables 1 and 2.

Financial Projections

We developed financial projections corresponding to the PFML program options and contribution rates from Table 1 that feature a cap on taxable wages equal to the Social Security maximum wage limit². These projections are provided on pages 4 – 9 of this letter. The financial projections depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

¹ Appendix A of this letter contains a different set of contribution rates for the new program options based on a different cost sharing structure in which the total contribution rates are the same as Tables 1 and 2 but the employer and employee rates are different. For example, in Appendix A, the employer and employee rates are equal in the 50%/50% cost sharing scenario.

² We can develop financial projections for the other options in Tables 1 and 2 at the Commission's request.

Projection 1

Benefit Percent: 80%

Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		10,926	11,496	11,955	12,314	12,289
<u>Medical</u>		24,575	25,855	26,890	27,696	27,641
Total		35,501	37,351	38,845	40,010	39,930
<i>Benefit Payments (\$ millions)</i>						
Family		\$66.3	\$72.5	\$78.7	\$84.5	\$87.7
<u>Medical</u>		\$178.6	\$195.4	\$212.0	\$227.7	\$236.4
Total		\$244.9	\$268.0	\$290.7	\$312.3	\$324.1
<i>Expenses (\$ millions)</i>						
Family		\$3.5	\$3.8	\$4.1	\$4.4	\$4.6
<u>Medical</u>		\$15.5	\$17.0	\$18.4	\$19.8	\$20.6
Total	\$65.0	\$19.0	\$20.8	\$22.6	\$24.3	\$25.2
<i>Total Expenditure (\$ millions)</i>						
Family		\$69.8	\$76.4	\$82.8	\$89.0	\$92.3
<u>Medical</u>		\$194.1	\$212.4	\$230.4	\$247.5	\$256.9
Total	\$65.0	\$263.9	\$288.8	\$313.2	\$336.5	\$349.3
<i>Contribution Rate</i>						
Employer	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Overall*	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
<i>Contributions (\$ millions)</i>						
Employer	\$75.1	\$78.2	\$81.6	\$85.1	\$88.3	\$91.7
<u>Employee</u>	\$225.2	\$234.7	\$244.8	\$255.3	\$265.0	\$275.1
Total	\$300.3	\$313.0	\$326.4	\$340.5	\$353.4	\$366.8
<i>Investment Income (\$ millions)</i>						
	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.0
<i>EOY Fund Balance (\$ millions)</i>						
Target Fund Balance (\$ millions)	\$235.3	\$286.7	\$327.2	\$357.7	\$378.2	\$399.5
Fund Balance % of Prior Year Expenditure			124%	124%	121%	119%

Projection 2

Benefit Percent: 80%

Maximum Benefit Amount: 120% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
Benefit Payments (\$ millions)						
Family		\$67.5	\$73.8	\$80.1	\$86.0	\$89.3
<u>Medical</u>		\$182.2	\$199.3	\$216.2	\$232.3	\$241.1
Total		\$249.6	\$273.2	\$296.3	\$318.3	\$330.4
Expenses (\$ millions)						
Family		\$3.6	\$3.9	\$4.2	\$4.5	\$4.7
<u>Medical</u>		\$15.8	\$17.3	\$18.8	\$20.2	\$21.0
Total	\$65.0	\$19.4	\$21.2	\$23.0	\$24.7	\$25.7
Total Expenditure (\$ millions)						
Family		\$71.0	\$77.7	\$84.3	\$90.6	\$94.0
<u>Medical</u>		\$198.0	\$216.7	\$235.0	\$252.5	\$262.1
Total	\$65.0	\$269.0	\$294.4	\$319.3	\$343.0	\$356.0
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Overall*	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Contributions (\$ millions)						
Employer	\$76.4	\$79.7	\$83.1	\$86.7	\$89.9	\$93.4
<u>Employee</u>	\$229.3	\$239.0	\$249.2	\$259.9	\$269.8	\$280.0
Total	\$305.7	\$318.6	\$332.3	\$346.6	\$359.7	\$373.4
Investment Income (\$ millions)						
	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.1
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$240.7	\$292.7	\$333.6	\$364.2	\$384.6	\$405.8
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3

Benefit Percent: 90%

Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		25,509	26,838	27,912	28,749	28,691
Total		36,851	38,771	40,321	41,531	41,448
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$213.2	\$233.2	\$253.0	\$271.8	\$282.1
Total		\$294.4	\$322.2	\$349.4	\$375.4	\$389.6
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$18.5	\$20.3	\$22.0	\$23.6	\$24.5
Total	\$65.0	\$22.8	\$25.0	\$27.1	\$29.1	\$30.2
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$231.7	\$253.5	\$275.0	\$295.4	\$306.6
Total	\$65.0	\$317.2	\$347.1	\$376.5	\$404.5	\$419.8
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions (\$ millions)						
Employer	\$89.2	\$93.0	\$96.9	\$101.1	\$105.0	\$108.9
<u>Employee</u>	\$267.6	\$278.8	\$290.8	\$303.3	\$314.8	\$326.8
Total	\$356.8	\$371.8	\$387.8	\$404.4	\$419.8	\$435.7
Investment Income (\$ millions)						
	\$2.9	\$3.5	\$3.9	\$4.3	\$4.4	\$4.7
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$291.8	\$349.2	\$393.4	\$425.2	\$444.8	\$465.1
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4

Benefit Percent: 90%

Maximum Benefit Amount: 120% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
<i>Benefit Payments (\$ millions)</i>						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
<i>Expenses (\$ millions)</i>						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
<i>Total Expenditure (\$ millions)</i>						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
<i>Contribution Rate</i>						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Overall*	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
<i>Contributions (\$ millions)</i>						
Employer	\$92.2	\$96.1	\$100.3	\$104.6	\$108.5	\$112.7
<u>Employee</u>	\$276.7	\$288.4	\$300.8	\$313.7	\$325.6	\$337.9
Total	\$369.0	\$384.5	\$401.0	\$418.3	\$434.1	\$450.6
<i>Investment Income (\$ millions)</i>	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
<i>EOY Fund Balance (\$ millions)</i>	\$304.0	\$362.7	\$407.7	\$439.8	\$459.1	\$479.2
Target Fund Balance (\$ millions)			\$394.5	\$431.7	\$468.2	\$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 5

Benefit Percent: 100%

Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		25,931	27,282	28,374	29,225	29,166
Total		37,461	39,412	40,989	42,219	42,134
<i>Benefit Payments (\$ millions)</i>						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$239.7	\$262.3	\$284.5	\$305.7	\$317.3
Total		\$334.9	\$366.5	\$397.5	\$427.0	\$443.2
<i>Expenses (\$ millions)</i>						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$20.8	\$22.8	\$24.7	\$26.6	\$27.6
Total	\$65.0	\$25.9	\$28.3	\$30.7	\$33.0	\$34.2
<i>Total Expenditure (\$ millions)</i>						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$260.6	\$285.1	\$309.3	\$332.2	\$344.8
Total	\$65.0	\$360.8	\$394.8	\$428.2	\$460.0	\$477.5
<i>Contribution Rate</i>						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
<i>Contributions (\$ millions)</i>						
Employer	\$100.7	\$105.0	\$109.5	\$114.2	\$118.5	\$123.0
<u>Employee</u>	\$302.1	\$314.8	\$328.4	\$342.5	\$355.5	\$369.0
Total	\$402.9	\$419.8	\$437.9	\$456.7	\$474.0	\$492.0
<i>Investment Income (\$ millions)</i>	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
<i>EOY Fund Balance (\$ millions)</i>	\$337.9	\$400.3	\$447.4	\$480.3	\$499.1	\$518.6
Target Fund Balance (\$ millions)			\$432.9	\$473.7	\$513.8	\$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

Projection 6

Benefit Percent: 100%

Maximum Benefit Amount: 120% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		11,645	12,252	12,742	13,124	13,098
<u>Medical</u>		26,192	27,556	28,659	29,518	29,459
Total		37,837	39,808	41,401	42,643	42,558
<i>Benefit Payments (\$ millions)</i>						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
<u>Medical</u>		\$254.5	\$278.4	\$302.0	\$324.4	\$336.7
Total		\$352.9	\$386.2	\$418.9	\$450.0	\$467.1
<i>Expenses (\$ millions)</i>						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
<u>Medical</u>		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$27.3	\$29.9	\$32.4	\$34.8	\$36.1
<i>Total Expenditure (\$ millions)</i>						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
<u>Medical</u>		\$276.6	\$302.6	\$328.3	\$352.7	\$366.0
Total	\$65.0	\$380.2	\$416.1	\$451.3	\$484.8	\$503.2
<i>Contribution Rate</i>						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Overall*	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
<i>Contributions (\$ millions)</i>						
Employer	\$105.9	\$110.3	\$115.1	\$120.0	\$124.6	\$129.3
<u>Employee</u>	\$317.6	\$330.9	\$345.2	\$360.0	\$373.7	\$387.8
Total	\$423.5	\$441.3	\$460.3	\$480.0	\$498.2	\$517.1
<i>Investment Income (\$ millions)</i>	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
<i>EOY Fund Balance (\$ millions)</i>	\$358.5	\$423.1	\$471.5	\$505.0	\$523.4	\$542.6
Target Fund Balance (\$ millions)			\$456.3	\$499.3	\$541.6	\$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Commission To Develop A Paid Family and Medical Leave Benefits Program with estimated contribution rates for PFML program options, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

The results of our analysis are based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.correia@milliman.com or (207) 771-1204. Thank you.

Sincerely,



Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A

Tables A1 and A2 contain contribution rates based on a different calculation method for the employer and employee contribution rates that results in the same rate for employers and employees under the 50%/50% cost sharing scenario. The total contribution rates are the same as in Tables 1 and 2.

Table A1							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 16 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.21%	0.63%	0.43%	0.43%	0.80%
80%	100% SAWW	SS Limit	0.22%	0.66%	0.46%	0.46%	0.85%
80%	120% SAWW	Unlimited	0.21%	0.64%	0.44%	0.44%	0.82%
80%	120% SAWW	SS Limit	0.23%	0.68%	0.47%	0.47%	0.87%
90%	100% SAWW	Unlimited	0.25%	0.74%	0.52%	0.52%	0.95%
90%	100% SAWW	SS Limit	0.26%	0.79%	0.55%	0.55%	1.01%
90%	120% SAWW	Unlimited	0.26%	0.77%	0.53%	0.53%	0.99%
90%	120% SAWW	SS Limit	0.27%	0.82%	0.57%	0.57%	1.05%
100%	100% SAWW	Unlimited	0.28%	0.84%	0.59%	0.59%	1.08%
100%	100% SAWW	SS Limit	0.30%	0.89%	0.62%	0.62%	1.14%
100%	120% SAWW	Unlimited	0.29%	0.88%	0.61%	0.61%	1.13%
100%	120% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%

Table A2							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 18 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.22%	0.66%	0.46%	0.46%	0.84%
80%	100% SAWW	SS Limit	0.23%	0.70%	0.48%	0.48%	0.89%
80%	120% SAWW	Unlimited	0.22%	0.67%	0.46%	0.46%	0.86%
80%	120% SAWW	SS Limit	0.24%	0.71%	0.49%	0.49%	0.91%
90%	100% SAWW	Unlimited	0.26%	0.78%	0.54%	0.54%	1.00%
90%	100% SAWW	SS Limit	0.28%	0.83%	0.58%	0.58%	1.06%
90%	120% SAWW	Unlimited	0.27%	0.81%	0.56%	0.56%	1.04%
90%	120% SAWW	SS Limit	0.29%	0.86%	0.59%	0.59%	1.10%
100%	100% SAWW	Unlimited	0.30%	0.89%	0.62%	0.62%	1.14%
100%	100% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%
100%	120% SAWW	Unlimited	0.31%	0.93%	0.64%	0.64%	1.19%
100%	120% SAWW	SS Limit	0.33%	0.98%	0.68%	0.68%	1.26%