



2024
**WORKPLACE
BENEFITS
CONFERENCE**

**Era of
Innovation**

**Adapting To Change:
Strategies In The Shifting
Landscape of Absence Management**



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Agenda

- Definition of paid family and medical leave
- Historical view of absence laws – How did we get here?
- Defining mandated versus optional
- Legislative landscape
- Employee/employer needs/challenges
- Next generation of paid leaves
- Q&A



WHAT IS PAID FAMILY LEAVE?

Paid Family Leave

Provides income protection benefits to:

- Bond with a new child (newborn, adoption and/or foster placement)
- Care for a family member with a serious health condition
- In some cases, to tend to needs of a military family member, safety needs, organ/marrow donation, bereavement

WHAT IS PAID MEDICAL LEAVE?

Paid Medical Leave

Allows employees to receive a portion or all their wages to:

- Recover from childbirth
- Recover from a non-job-related injury or illness
- Helps employees handle acute conditions like cancer or chronic conditions like diabetes or asthma
- Income protection benefits



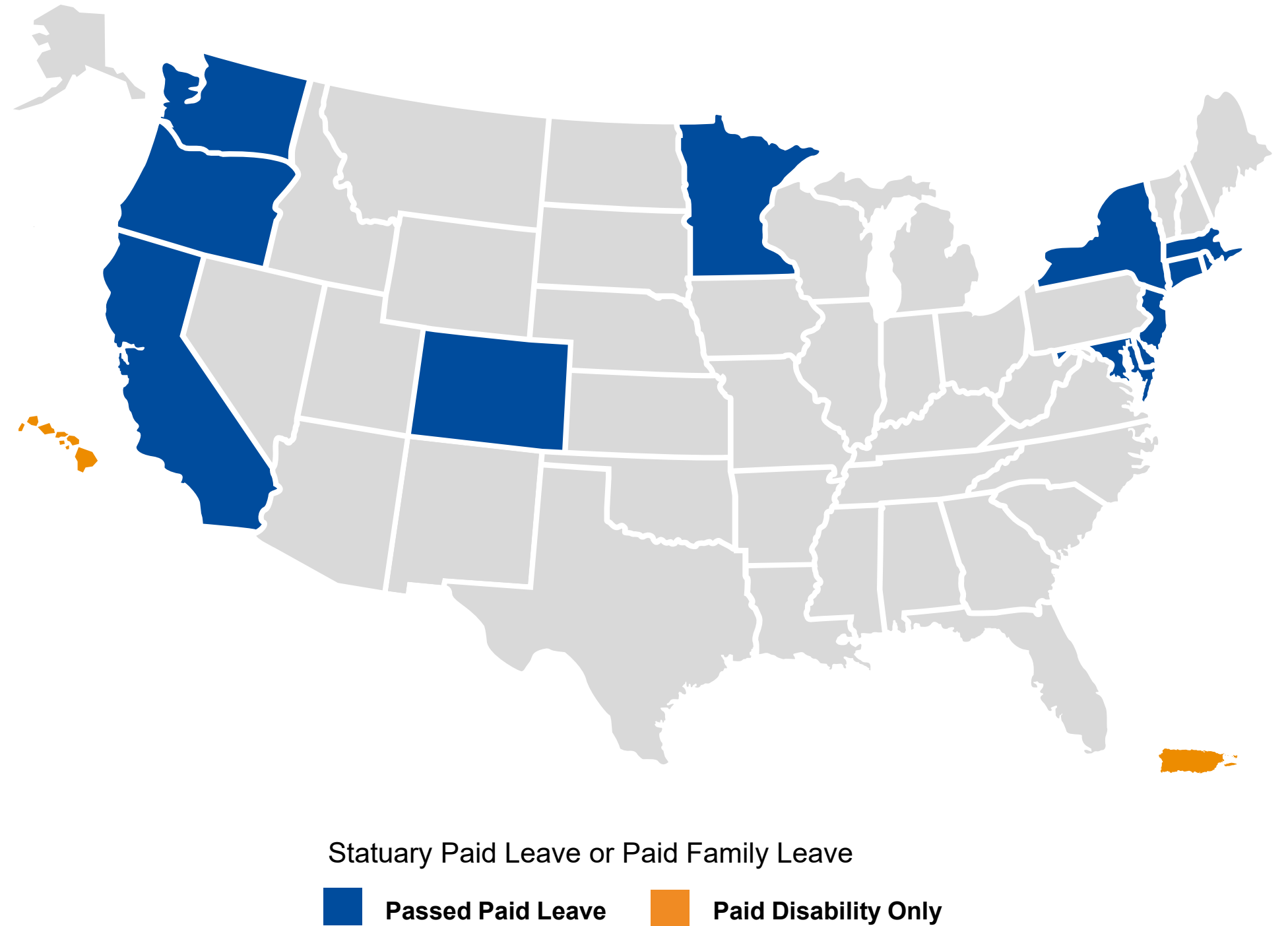
Mandatory Paid Family Medical Leave

Paid family and medical leave (PFML), is a state-mandated law that provides employees with paid family and medical leave. States with paid family leave require employees and/or employers to contribute to a paid leave fund.

- Employers must comply with the PFML statute
- Eligible employees who work in states with mandatory PFML receive wage replacement when taking off work for qualifying reasons

States with Mandatory PFML

- Colorado
- Connecticut
- Delaware*
- Maine*
- Massachusetts
- Maryland*
- Minnesota*
- Oregon
- Washington
- Washington DC



*Enacted, but not implemented

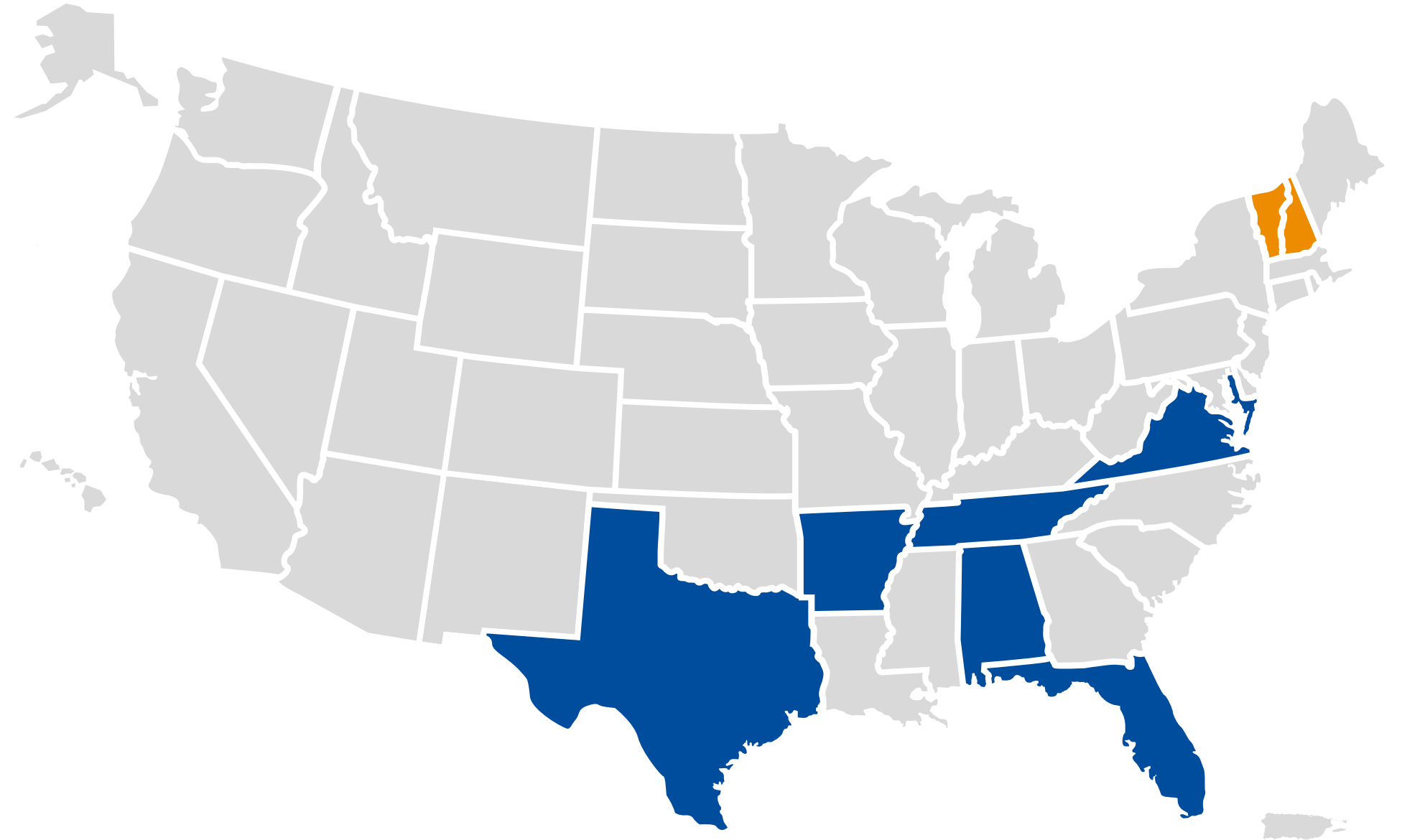
Voluntary Paid Family Medical Leave

Paid family and medical leave (PFML) is a class of insurance. Licensed life and disability insurers can issue policies to employers.

- Employers can opt to purchase a policy
- Policies will look different depending on what the carrier offers
- Statutes provide broad guidelines for waiting period, max benefit, duration, etc.
- Can be an amendment/rider to STD policy or standalone policy

States with Voluntary PFML

- New Hampshire
- Vermont
- Virginia
- Arkansas
- Tennessee
- Alabama
- Florida
- Texas



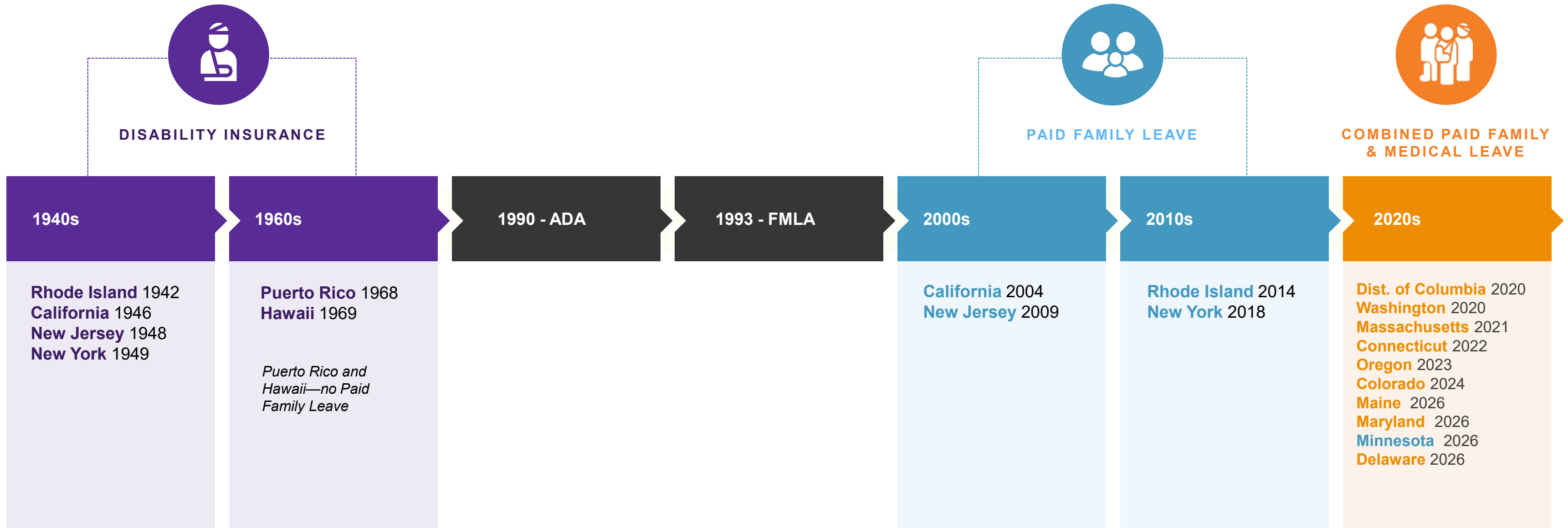
Statutory Paid Leave or Paid Family Leave and Medical Leave

 Voluntary ER program  Voluntary Program for ER and Employees to opt in

*Enacted, but not implemented

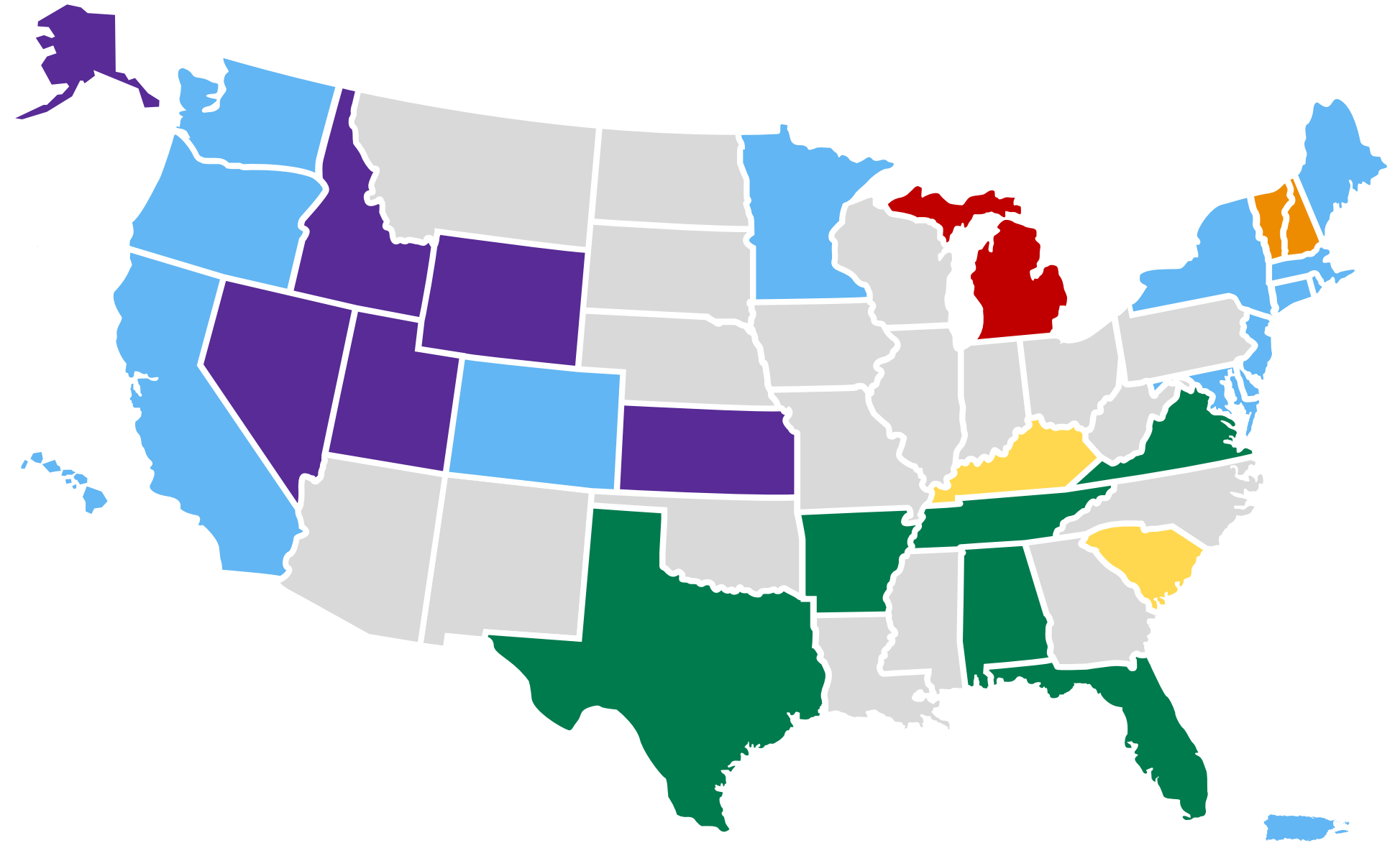


Timeline of Major Disability and Leave Laws



Paid Family and Medical Leave Programs

- PFML mandates:
 - CO, CT, DE, MA, MD, ME, MN, NJ, NY, OR – either insured or self-insured
 - CA and WA may only be self-insured
 - RI and Washington D.C. do not allow private plans
 - HI and PR have Temporary Disability Insurance only
- Voluntary/Optional FMLI insurance plan:
 - NH, VT
- Voluntary/Optional FLI insurance plan only:
 - AL, AR, FL, TN, TX, VA
- Likely to pass PFML mandate in next two years
- Interested in Voluntary/Optional PFML insurance plan
- PFML legislation introduced since 2019
- Has **not** introduced PFML program



Putting the “Paid” in Leave

Every generation in our diverse workforce may need access to paid leave at one point in their lives.

Shifting Demographics in the Workforce



BABY BOOMERS

Aging into retirement yet many older employees are choosing to delay retiring



GEN X-ERS

Sandwiched between their jobs, aging parents, and growing family demands



MILLENNIALS

The largest percentage of the entire workforce; digitally driven



YOUNG MILLENNIALS

Valued work hours/location flexibility and generous paid time off from start of job

Benefits, like early wage access, student loan repayment, and backup childcare have become fundamental for employers looking to recruit and retain talent. But the most significant change employers have been making is expanding their paid leave benefits.



Understand PFML Plan Administration



- How is it funded?
- Who confirms eligibility?
- Important dates and deadlines
- Are there concerns around solvency of state PFML fund?
- Is there is an option for a voluntary, fully insured plan? Or is there a self-funded plan with carrier-provided ASO claim management?
- Do you have a multi-state workforce?

Brief Comparison (Mandatory)

FUNDING

EE Only
 CA SDI/PFL
 CT PL
 NJ FLI
 NY PFL
 Puerto Rico
 Rhode Island

ER Only
 Washington, DC

ER & EE Funded
 CO FAMLI
 DE PFML
 HI TDI
 MA PFML
 MD PFML
 NJ TDI
 NY DBL
 OR PL
 WA PFML

AWW

8 weeks prior to first date of the leave (NY PFL)

Highest 2 quarters of last five calendar quarters divided by 13 (WA, MA, CT, etc.)

Divide base earnings by the number of base weeks; which is any seven days beginning on a Monday that EE earns more than \$260 (NJ TDI)

Highest quarter of EE's base period (RI TDI)
 AWW rounded to next higher dollar (HI TDI)

Disability, PFL, or PFML

- California
- Colorado
- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- Minnesota
- New Jersey
- New York
- Oregon
- Rhode Island
- Washington
- Washington, DC

Disability Only

- Hawaii
- Puerto Rico

BENEFIT %

CA: 60% - 70%

CO: 90%

CT: 95%

MA: 80%

NJ: 85%

NY DBL: 50%

NY PFL: 67%

OR: 100%

RI: 4.62%, plus dependency allowance

WA (state): 90%

Up to maximum benefits of each state

DURATION

CA: 52 weeks/8 weeks

CO: 12 weeks*

CT: 12 weeks*

HI: 26 weeks

MA: 20 weeks/12 weeks*

NJ: 26 weeks/12 weeks

NY: 26 weeks/12 weeks*

OR – 12 weeks*

WA – 12 weeks*

**May have additional time for complications due to pregnancy or "combined" maximum duration*

Additional Considerations

Once you have seen one paid statutory leave, you have seen one paid statutory leave...

Broadly Interpreted



- Not medically managed: Claims should be approved according to the medical certification
- Additional leave reasons and family members

Duration



- Some states have a financial eligibility test while others consider length of time at work (hourly requirement)

Eligibility

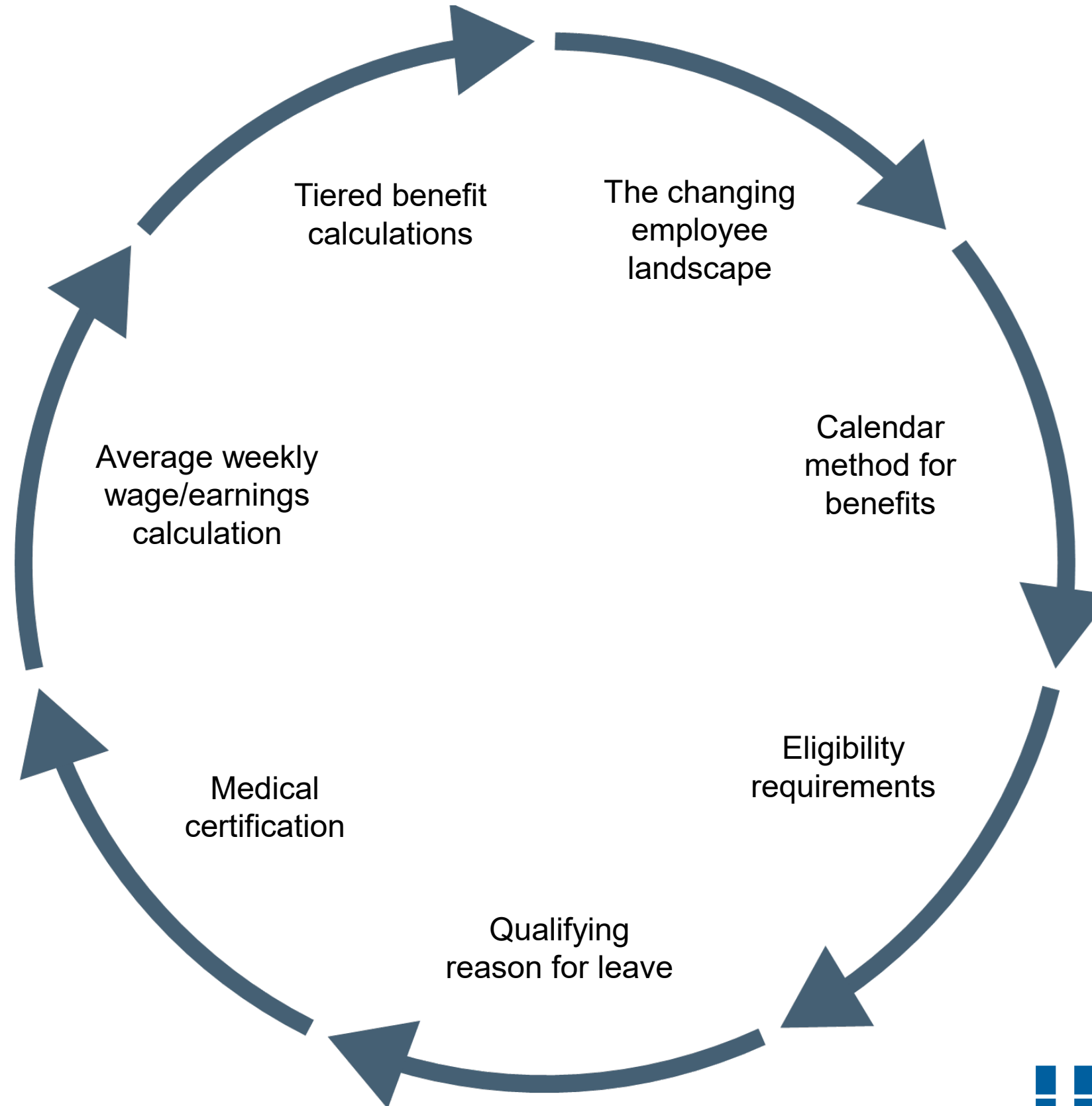


- Generous durations and intermittent time allowed for both medical and family leave claims
- Varying increments for intermittent time

Managing All the Moving Parts

Administration Complexity

As statutory plans grow, administration gets more complicated, and outsourcing — or “co-sourcing” — is growing option for many employers.



How the Next Wave of Paid Leave Programs Differ



Optional

Employers have the option of offering this voluntary benefit to employees



Customizable/Flexible

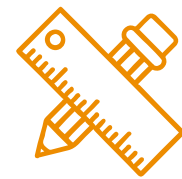
Design a program that:

- Addresses your unique business needs
- Addresses the needs of your employees



Less Complex

Less complicated structure than statutory PFML programs.



Other Options

Recognizes existence of non-mandated paid leave like STD, which can be offered along with FLI



Caps & Gaps: How Disability Insurance Works with PFML

→ PFML programs vary from state to state in duration and income replacement

In most cases, PFML duration and income replacement amounts fall below the offering and income protections w/in an STD Plan

→ Employer offers long-term disability but not short-term disability:

Exposes employees to financial hardship or loss for disabilities exceeding PFML plan maximum durations prior to LTD eligibility

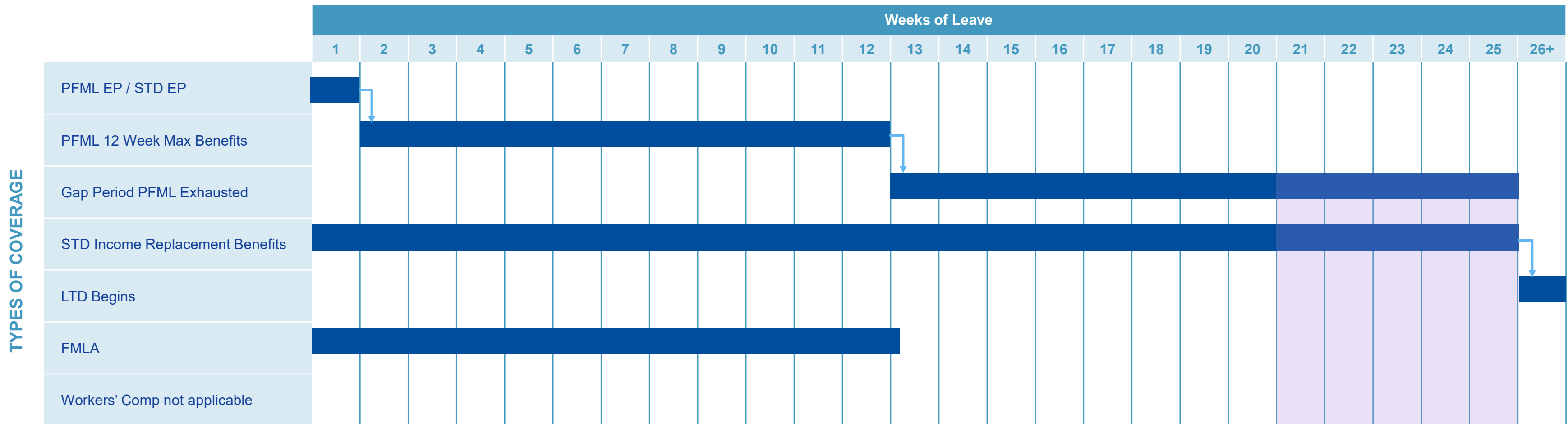
- State X PFML provides total 12 weeks of paid leave
- Employee uses 6 weeks to care for seriously ill parent
- Employee later suffers a major non-work-related injury and will be out of work for almost a year
- The employee uses remaining 6 weeks of PFML for injury
- Long-term disability generally doesn't kick in until employee has been out at least 26 weeks

Do the math: Employee could go 20 weeks without wage replacement



Example of PMFL Gap with STD Coverage (Non-Occ Workers' Comp Integration)

- Both the PFML and STD Plan include a 7-day Elimination Period (benefits commence on the 8th day)
- During the 12 weeks of paid STD benefits are offset during this period to ensure no over-insurance or disincentive to return to work

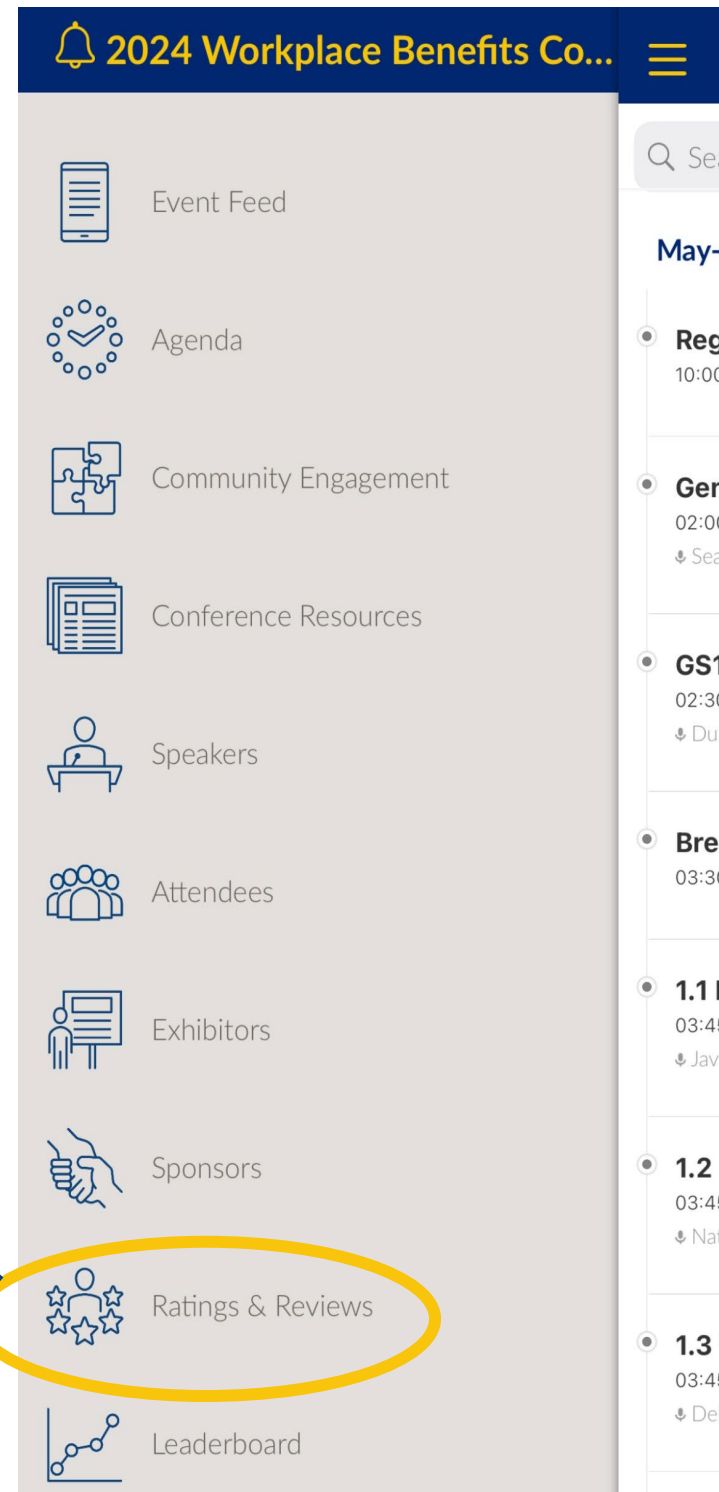


STD Plan Covers Income Loss Gap

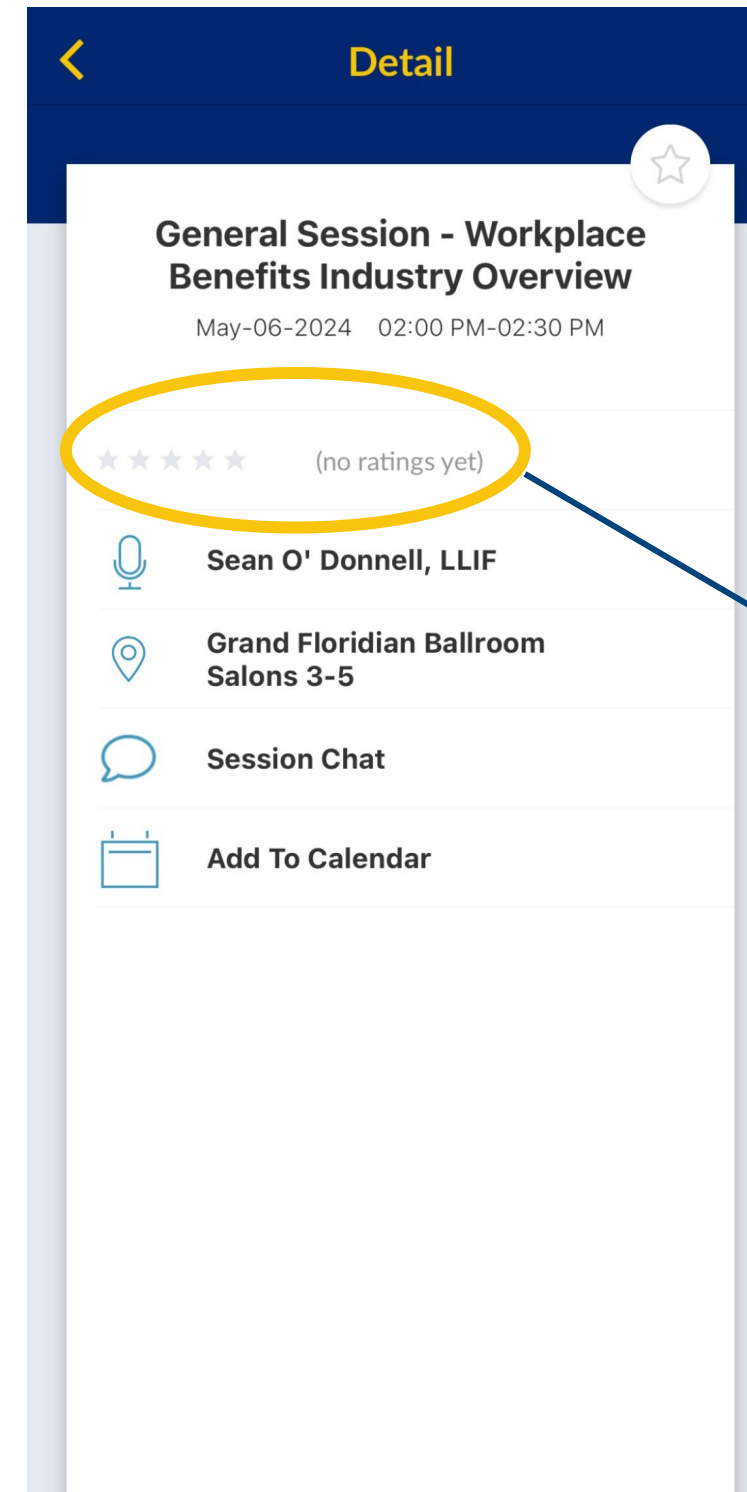


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Module Option



Agenda Option



Thank You

