



Paid Family Leave

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National Overview

Current Family Leave in the US



- The US is the only developed nation that guarantees new parents **zero** paid time off following the arrival of a baby.
- FMLA allows for unpaid leave, but only applies to employers with 50+ employees.
- A few states have implemented their own solutions.

Timeline: Paid Family Leave in the US



Family Leave Differences in State Plans

	CA	NJ	RI	NY**	DC	WA
Max Leave in a year	6 weeks	6 weeks	4 weeks	8-12 weeks	2-8 weeks	12-16 weeks
Income Replacement	55%*	66.7%	~60%	50-67%	Up to 90%	Up to 90%
2017 Weekly Max	\$1,173	\$633	\$817	\$653 - \$875	\$1000	\$1000
Job protection			■	■		■
Waiting period	1 week (going to 0 in 2018)	7 days	7 days	None	1 week	7 days (none for bonding)
Funded by	Employee	Employee / employer	Employee	Employee	Employer	Employee / employer

* Increasing in 2018

** Benefits grading in from 2018-2021

Reasons Allowed for Paid Leave

	CA	NJ	RI	NY	DC	WA
Bonding with a new child	■	■	■	■	■	■
Care for family member with serious health condition	■	■	■	■	■	■
Care for own disability (unable to work)	■	■	■	■		
Care for own serious health condition					■	■
Qualifying exigency arising from family member on active duty				■		■

Definition of Family Member

	CA	NJ	RI	NY	DC	WA
Child	■	■	■	■	■	■
Parent	■	■	■	■	■	■
Spouse	■	■	■	■	■	■
Domestic partner	■	■	■	■	■	■
Grandparent	■		■	■	■	■
Grandchild	■			■		■
Sibling	■				■	■
Parent-in-law	■					
Civil union partner		■				

States with Temporary Disability Insurance Programs

	CA	NJ	RI	NY	HI	PR
Max Leave in a year	52 weeks	26 weeks	30 weeks	26 weeks	26 weeks	26 weeks
Income Replacement	55%	66.7%	~60%	50%	58%	65%
2017 Weekly Max	\$1,173	\$633	\$831	\$170	\$594	\$113
Funded by	Employee	Employer / employee	Employee	Employee	Employer / employee	Employer / employee

New York

FMLA vs New York PFL

FMLA

- Eligible groups of **50** or more employees
- Job protection
- **Unpaid**
- Maximum leave: 12 weeks
- Permissible leaves:
 - Child care
 - Family or personal health condition
 - Family member on active duty in military

NY PFL

- Eligible groups of **1** or more employees
- Job protection
- **Paid**
- Maximum leave: 12 weeks (2021)
- Permissible leaves:
 - Child care
 - Family or personal health condition
 - Family member on active duty in military

New York PFL Benefit Levels 2018 - 2021

	2018	2019	2020	2021
Maximum Leave Duration	8 weeks	10 weeks	10 weeks	12 weeks
Benefit Amount	50% of salary up to a maximum of 50% of the statewide average weekly wage	55% of salary up to a maximum of 55% of the statewide average weekly wage	60% of salary up to a maximum of 60% of the statewide average weekly wage	67% of salary up to a maximum of 67% of the statewide average weekly wage

PFL taxability : Benefits taxable, but taxes not withheld automatically
Benefits reported on tax forms 1099-G or 1099-MISC

Considerations for estimating New York PFL claim costs

- Historical leave experience from other sources
- Differences between NY PFL and other programs
- Demographics of New York workforce
- Leaves taken by new mothers
- New York wages and growth rates



New York PFL Pricing

- Single community rate set by New York Department of Financial Services
- 2018 rate: 0.126% of employee's weekly wage
- 2018 maximum employee contribution: \$85.80 (based on statewide average weekly wage)
- Contributions deducted from after-tax wages
- Employers report contributions on W-2



New York PFL Filing Requirements and Administration

- Description of benefits (statutory and enhanced)
- Premium rates for enhanced benefits
- Retention ratios (expenses, commissions, taxes, fees, risk margins) summarized by group size
- Actuarial memorandum (justification of rates and retention components)
- PFL is to be issued as a rider to the DBL policy
- Insurance carriers that provide DBL cannot opt out of PFL

New York PFL Reporting Requirements

- Preliminary data due from carriers November 15, 2017
 - Exposure data summarizing lives in force by employer group size
- Quarterly data due from carriers beginning 1Q 2018
 - Employer group level data
 - Employer claim level data
 - PFL expense data
- Annual data due from carriers beginning March 2019
 - Same as quarterly data

New York PFL Risk Adjustments

- Risk adjustments will apply in 2018

- Insurers submit PFL experience to DFS
- DFS calculates risk adjustments
- Payment to insurers if actual LR > TLR
- Insurers pay if actual LR < TLR
- Self-insured groups are exempt

- Initial target loss ratios

- Small groups (1-49 lives) = 67%
- Mid-sized groups (50-499 lives) = 73%
- Large groups (500+ lives) = 80%

- TLR's may be adjusted if actual experience varies from target, based on A/E

Illustrative Example

2018 Statewide TLR: 75.0%
2018 Actual LR : 82.5%

Group Size	Initial TLR	Adjustment Factor	Final TLR
Small	67.0%	1.10	73.7%
Medium	73.0%	1.10	80.3%
Large	80.0%	1.10	88.0%

Self Insuring PFL in New York

- Groups elect whether or not to self-insure PFL by September 30
- Community rate and risk adjustments do not apply
- Maximum contribution per employee applies
- Self insured groups required to pay security deposit to DFS
 - Assumptions used in calculation of 2018 security deposit
 - 2% incidence rate
 - 8 week benefit period
 - Maximum benefit amount
- Self insured groups required to file experience and pricing with DFS on annual basis

Case Study: Self-Insured Paid Family Leave

	Group 1	Group 2	Group 3
Females	5%	70%	95%
Average Salary	\$85,000	\$60,000	\$30,000
Average Age	45	30	40

■ Key considerations for self-insuring

- Expected claim costs
- Claim administration
- Administrative expenses
- Funding methods / contributions
- Risks / uncertainty

Case Study: Self-Insured Paid Family Leave

	Group 1	Group 2	Group 3
Expected Benefits (% of payroll)	0.030%	0.110%	0.055%
Margin	25%	10%	25%
Expense Ratio	12%	10%	10%
Expected Premium (% of payroll)	0.043%	0.134%	0.076%

- Benchmark expected premium rate against 0.126% PFL community rate

Other Future Programs

Federal Proposal

- Introduced in the Federal Budget.
- Provides 6 weeks of paid family leave using the state Unemployment Insurance (UI) system as a base.
- Not many details given. The cost is said to be “fully offset by a package of sensible reforms to the UI system.”
- Waiting for updates on status of this proposal.



Washington State



- Benefits can be taken starting January 1, 2020.
- Premiums are to be assessed beginning January 1, 2019.
- Premium equal to 0.40% of wages up to maximum social security wage.
- Program will be administered by the state.
- Provides 12 weeks of paid family leave.
- Also provides 12 weeks of paid medical leave for their own health conditions as described by FMLA.
- If workers experience both scenarios in a given year, they may receive up to 16 weeks of combined benefits or up to 18 weeks if the employee experiences a serious health condition with a pregnancy that results in incapacity.

Washington D.C.



- Benefits can be taken starting July 1, 2020.
- Premiums are to be assessed beginning July 1, 2019.
- Premium equal to 0.62% of wages.
- Program will be administered by the district.
- Provides up to 6 weeks for the care of a family member and 2 weeks for an employee's own medical leave. No more than 8 weeks in a 52 week period.
- However, as of October 2017, council members were still discussing alternatives, including potentially requiring employers to provide benefits on their own.
 - Potential market for insurance companies??



Thank you

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