

Maine Paid Family and Medical Leave Actuarial Analysis



New Program Options

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Contents

- 3 **Contribution rates**
- 4 **Weekly benefits and contributions – 80% Income Replacement**
- 5 **Weekly benefits and contributions – 90% Income Replacement**
- 6 **Other considerations**
- 7 **Limitations of Analysis**

Contribution Rates

Income Replacement	Maximum Benefit	Wage Base	Cost Share Method	Cost Share Proportion				Total
				25% / 75%		50% / 50%		
				Employer	Employee	Employer	Employee	
80%	120% SAWW	Unlimited	Equal Amount	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	Unlimited	Equal Rate	0.21%	0.64%	0.44%	0.44%	0.82%
90%	120% SAWW	Unlimited	Equal Amount	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	Unlimited	Equal Rate	0.26%	0.77%	0.53%	0.53%	0.99%

- ❑ **“Equal Amount” method** - the cost share percentage (i.e., 25%, 50%, and 75%) represents the proportion of total contributions paid by employers and employees. Under this method, the total contributions from employers and employees would be the same under the 50%/50% option although the contribution rates are not the same due to small employer exemptions.
- ❑ **“Equal Rate” method** - the contribution rates were calibrated to produce the same contribution rate for employers and employees under the 50%/50% option. The calibration was also done for the 25%/75% option so that the rates would follow that proportion.

Weekly Benefits and Contributions – 80% Income Replacement

- ❑ Benefits replace 80% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Amount” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$308	80%	\$0.92	\$2.35	\$1.85	\$1.58
\$40,000	\$615	80%	\$1.85	\$4.69	\$3.69	\$3.15
\$60,000	\$923	80%	\$2.77	\$7.04	\$5.54	\$4.73
\$80,000	\$1,231	80%	\$3.69	\$9.38	\$7.38	\$6.31
\$100,000	\$1,377	72%	\$4.62	\$11.73	\$9.23	\$7.88
\$120,000	\$1,377	60%	\$5.54	\$14.08	\$11.08	\$9.46
\$140,000	\$1,377	51%	\$6.46	\$16.42	\$12.92	\$11.04
\$160,000	\$1,377	45%	\$7.38	\$18.77	\$14.77	\$12.62
\$180,000	\$1,377	40%	\$8.31	\$21.12	\$16.62	\$14.19
\$200,000	\$1,377	36%	\$9.23	\$23.46	\$18.46	\$15.77

- ❑ Benefits replace 80% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Rate” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$308	80%	\$0.81	\$2.46	\$1.69	\$1.69
\$40,000	\$615	80%	\$1.62	\$4.92	\$3.38	\$3.38
\$60,000	\$923	80%	\$2.42	\$7.38	\$5.08	\$5.08
\$80,000	\$1,231	80%	\$3.23	\$9.85	\$6.77	\$6.77
\$100,000	\$1,377	72%	\$4.04	\$12.31	\$8.46	\$8.46
\$120,000	\$1,377	60%	\$4.85	\$14.77	\$10.15	\$10.15
\$140,000	\$1,377	51%	\$5.65	\$17.23	\$11.85	\$11.85
\$160,000	\$1,377	45%	\$6.46	\$19.69	\$13.54	\$13.54
\$180,000	\$1,377	40%	\$7.27	\$22.15	\$15.23	\$15.23
\$200,000	\$1,377	36%	\$8.08	\$24.62	\$16.92	\$16.92

Weekly Benefits and Contributions – 90% Income Replacement

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Amount” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$346	90%	\$1.12	\$2.85	\$2.23	\$1.92
\$40,000	\$692	90%	\$2.23	\$5.69	\$4.46	\$3.85
\$60,000	\$1,038	90%	\$3.35	\$8.54	\$6.69	\$5.77
\$80,000	\$1,377	90%	\$4.46	\$11.38	\$8.92	\$7.69
\$100,000	\$1,377	72%	\$5.58	\$14.23	\$11.15	\$9.62
\$120,000	\$1,377	60%	\$6.69	\$17.08	\$13.38	\$11.54
\$140,000	\$1,377	51%	\$7.81	\$19.92	\$15.62	\$13.46
\$160,000	\$1,377	45%	\$8.92	\$22.77	\$17.85	\$15.38
\$180,000	\$1,377	40%	\$10.04	\$25.62	\$20.08	\$17.31
\$200,000	\$1,377	36%	\$11.15	\$28.46	\$22.31	\$19.23

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Rate” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$346	90%	\$1.00	\$2.96	\$2.04	\$2.04
\$40,000	\$692	90%	\$2.00	\$5.92	\$4.08	\$4.08
\$60,000	\$1,038	90%	\$3.00	\$8.88	\$6.12	\$6.12
\$80,000	\$1,377	90%	\$4.00	\$11.85	\$8.15	\$8.15
\$100,000	\$1,377	72%	\$5.00	\$14.81	\$10.19	\$10.19
\$120,000	\$1,377	60%	\$6.00	\$17.77	\$12.23	\$12.23
\$140,000	\$1,377	51%	\$7.00	\$20.73	\$14.27	\$14.27
\$160,000	\$1,377	45%	\$8.00	\$23.69	\$16.31	\$16.31
\$180,000	\$1,377	40%	\$9.00	\$26.65	\$18.35	\$18.35
\$200,000	\$1,377	36%	\$10.00	\$29.62	\$20.38	\$20.38

Other Considerations

❑ Coordination with Benefits from Other Sources

- In most states, an employee who is eligible for workers' compensation and/or unemployment benefits would be ineligible for PFML benefits.
- In California and Massachusetts, PFML benefits offset workers' compensation benefits.

❑ Private Insurance Options

- We have assumed that there is no net impact on PFML claim incidence rates from including a private insurance option:
 1. PFML claim incidence rates tend to be higher for larger employers, and larger employers may be more likely to elect private plans.
 2. There may be adverse selection risk issues because benefits provided through the state fund would be based on a single community rate.
 3. Because the magnitude of these items is unknown but potentially offsetting, we have assumed that adding a private insurance option has no net impact on PFML claim incidence rates.

❑ Maine Paid Leave Coalition Cost Analysis

- The maximum benefit period, covered workers, and wage base that we assumed in our analysis are the same as the Coalition's program design.
- The income replacement ratio and maximum benefit amount are different.
- The Coalition estimated a contribution rate of 0.86%, which assumes the state average weekly wage is equal to \$857.
- We estimated contribution rates equal to 0.82% (80% income replacement) and 0.99% (90% income replacement), which assumes the state average weekly wage in 2024 is equal to \$1,148.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Thank you

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