Testimony in Opposition to LD 2018:
"An Act to Amend the Requirements Governing Self-insurance Plans
in the Paid Family and Medical Leave Benefits Program"

Senator Tipping, Representative Roeder, and the distinguished members of the Committee On Labor, My name is Harris Van Pate, and I am a policy analyst with the Maine Policy Institute. MPI is a nonpartisan, nonprofit organization that works to advance individual liberty and economic freedom in the state of Maine. Thank you for the opportunity to testify in opposition to LD 2018.

LD 2018 amends Maine's Paid Family and Medical Leave statute to prohibit employers operating self-insured private plans from pooling risk, financial resources, or administrative functions with other employers, and applies this prohibition retroactively to April 1, 2025. MPI opposes this bill because it narrows employer choice, retroactively penalizes lawful conduct, and improperly restricts private alternatives to a state-mandated program.

LD 2018 eliminates viable options for small and mid-sized employers

Pooling is the primary mechanism that allows smaller employers to responsibly self-insure by achieving scale comparable to large firms. By banning pooling outright, the bill effectively limits self-insured private plans to only the largest employers with sufficient internal capital and administrative capacity. This undermines the statute's stated goal of allowing private alternatives and instead entrenches a one-size-fits-all government program, particularly for employers without large workforces or in-house benefits infrastructure.

The bill's retroactive application is deeply problematic

LD 2018 applies retroactively to April 1, 2025, meaning employers that relied on existing law and Department of Labor approvals could suddenly be deemed noncompliant after the fact. Retroactive regulation of this kind converts legal ambiguity into liability and erodes confidence in the state's regulatory framework. MPI consistently opposes retroactive policy changes that punish actors who followed the rules as they were written and administered at the time.

LD 2018 picks winners and losers without a principled justification

Large employers remain free to self-insure independently, while smaller employers are barred from using pooling to achieve similar stability and cost control. If pooling truly posed an inherent risk to program integrity, that logic would apply equally to large

self-insured plans. Instead, the bill selectively bans only those arrangements most likely to challenge the state-run PFML program at scale, raising concerns that the bill's purpose is to suppress competition rather than address a demonstrated policy failure.

LD 2018 addresses none of the underlying cost or design concerns of PFML

Rather than improving program efficiency, transparency, or affordability, the bill restricts private participation and reduces innovation. Maine should be encouraging cost-effective private solutions that meet statutory standards, not foreclosing on them through categorical bans.

Conclusion

For these reasons, the Maine Policy Institute urges the committee to oppose LD 2018. At a minimum, any changes to self-insurance rules should apply prospectively. Substantively, however, banning pooling is poor policy that unnecessarily limits employer flexibility and undermines confidence in Maine's regulatory environment.

Thank you for your time and consideration.