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**Testimony of Luke Monahan
Director, Bureau of Paid Family and Medical Leave
Of the Maine Department of Labor**

**To the Joint Standing Committee on Labor
In Support of LD 2018**

An Act to Amend the Requirements Governing Self-insurance Plans in the Paid Family and Medical Leave Benefits Program

January 27, 2026

Senator Tipping, Representative Roeder, and Members of the Joint Standing Committee on Labor, my name is Luke Monahan, and I am the Director of the Bureau of Paid Family and Medical Leave within the Maine Department of Labor. I am here to testify in support of LD 2018.

The Paid Family and Medical Leave, or PFML, enabling legislation specifically created a state trust fund, managed by the State Treasurer, for the pooling of costs and risks across employers and workers statewide. The legislation also provided employers with two optional alternatives: a substantially equivalent fully insured or self-insured private plan. No other coverage models are authorized in the law.

This bill is before you because the issue of private group trusts has been raised. The Department has interpreted the statute to read that only specifically identified coverage models are authorized. This bill clarifies that sharing of risk and costs outside of the public trust fund is prohibited.

For background, the PFML program has been in development since 2021, when the Paid Family and Medical Leave Commission was established. The Commission's findings and recommendations became the PFML bill that was submitted in 2023. Private group trusts were not discussed during the Commission's work, and they were not discussed as part of the public hearing and work sessions on the bill itself. Further, private group trusts were not raised during the Department's lengthy rule-making process in 2024.

The Department maintains that private group trusts were not envisioned during the program development process and are not authorized in the statute. Current statute does allow employers the option to purchase, or self-insure, individual, substantially equivalent private plans that best suit their needs and those of their workers. Our experience so far is that Maine's largest employers have the resources to adopt fully insured or self-insured private plans. To date, over 1,800 employers have selected one of these options, covering about 1/3 of Maine workers.

It has always been the intent of the law that the state plan be the group plan for all other employers and workers. These are typically the businesses and workers that don't have the same resources as those larger entities. Risk pools are inherently stronger and less costly with greater participation. Allowing multiple risk pools reduces their size and increases the risk and costs in the long run.

Therefore, the Department strongly recommends that the only group trust remain the public one.

This concludes my testimony and I'm happy to address any questions you may have now or at the work session.