Testimony of S. W. Cole Engineering, Inc.
Opposing LD 2018 (HP 1348)
January 27, 2025
"An Act to Amend the Requirements Governing Self-Insurance Plans in the Paid Family and Medical Leave Benefits Program"

Senator Tipping, Representative Roeder, and Members of the Committee:

We submit this written 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," on behalf of our firm and the employees we serve.

LD 2018 would restrict private employers' ability to administer Paid Family and Medical Leave benefits in flexible and cost-effective ways, even though the PFML statute, as originally enacted, placed no such limits on collective or cooperative approaches to self-insurance. Employers reasonably relied on the law as written when developing compliance strategies designed to meet all statutory requirements while controlling administrative costs.

Of particular concern is the retroactive nature of this legislation. The PFML program was developed following exhaustive public hearings and an extended period of stakeholder input. Employers participated in that process in good faith, yet LD 2018 now seeks to impose restrictions that were not contemplated or communicated at the time. Retroactively narrowing lawful options after such a lengthy public process undermines confidence in the legislative process and the stability of the PFML program.

The bill would impose new limitations without advancing a clear public purpose. These restrictions do not expand benefits, improve oversight, or enhance employee protections. Instead, they increase complexity and cost while eliminating lawful private-sector options. Notably, insurance carriers are permitted to offer pooled or group-based self-insurance solutions, yet employers are prohibited from pooling together to achieve the same efficiencies. This unequal treatment is fundamentally unfair.

The burden of these changes falls squarely on employers, particularly small and mid-sized businesses. Employers have already expended significant time and money responding to shifting interpretations, restructuring compliance approaches, and absorbing costs that were not anticipated under the original law. There is no mechanism for employers to recover these expenses, even though they acted in good faith.

Employees are also adversely impacted. Increased administrative costs reduce the resources available for wages and benefits and raise the overall cost of participating in the PFML program for

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everyone paying into it. Restricting efficient private-sector solutions makes the program more expensive without improving outcomes for workers or their families.

We are further concerned that LD 2018 moves the program toward a more rigid and controlled model while suppressing private-sector alternatives that have proven effective in other contexts. Self-insurance pooling has long been a successful and well-regulated approach in workers' compensation and medical insurance. There is no clear rationale for prohibiting similar structures within PFML, particularly when they align with the program's goals of efficiency, affordability, and sustainability.

Finally, taxpayer dollars are being used to enforce restrictions that were not part of the original legislation, forcing employers to devote substantial time and resources simply to be treated fairly under the program. This approach undermines confidence in the stability and predictability of the PFML framework.

For these reasons, we respectfully urge the Committee to oppose LD 2018 and to preserve employer flexibility in administering PFML benefits in ways that meet statutory goals while minimizing unnecessary cost and disruption for both employers and employees.

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