



TESTIMONY OF THE MAINE HOSPITAL ASSOCIATION

Neither For Nor Against

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 Labor and Housing Committee, my name is Jeffrey Austin and I am with the Maine Hospital Association. I am offering this testimony **neither for nor against LD 2018** but with a specific amendment request.

The Maine Hospital Association (MHA) represents 32 community-governed hospitals including 29 non-profit general acute care hospitals, 2 private psychiatric hospitals, and 1 acute rehabilitation hospital. In addition to acute-care hospital facilities, we also represent home health agencies, skilled nursing facilities, nursing facilities, residential care facilities, and physician practices.

Many of our members are utilizing the private option, generally fully-insured plans available on the market. Nevertheless, some have done self-insurance in other employer insurance situations and we would like to preserve the self-insurance option in the future.

The amendment we are requesting is for situations when there are related employers. For example, hospitals in a health system may be technically separate employers; but, they are under a common parent and use their system group purchasing leverage to try and keep costs down.

We seek the following:

- A. *If the private plan is in the form of self-insurance:*
 - (1) *The employer, **or parent organization of such employer**, must furnish a bond to the State with a surety company authorized to transact business in the State, in the form, amount and manner required by the department; and*
 - (2) *The department may not allow the pooling of risk, financial resources or administration among multiple employers **unless the employers share a common parent organization**.*

We are not wed to this language and are open to alternatives if there is better statutory phrasing.

Thank you for accepting these comments.

Good afternoon. Thank you to the members of the committee for your time today and for your service, both in this role and to the State of Maine.

and Back Cove Yachts

My name is Aaron Crawford, and I am here today representing **Sabre Yachts**, a Maine-based boatbuilding company with a 56-year history and approximately 250 associates working in Raymond and Rockland. Our company and our workforce would be directly affected by the proposed legislation, **LD 2018**.

When **LD 1964** established Maine's Paid Family and Medical Leave program, we carefully reviewed the law and made a deliberate commitment to our associates. We chose to absorb the full 1% payroll contribution so that participation in the program would not reduce employee take-home pay. At the same time, based on our experience and scale, we elected to opt out of the state-administered plan and self-insure, to allow flexibility and cost control.

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There has ~~been a~~ *suggestion* *ed* that employers who opted out of the state-administered plan did not support the PFML program. That characterization is inaccurate. Our benefits package clearly demonstrates that we support programs that strengthen our workforce. We plan to continue to fully fund our 26-week short-term disability program and we fully support the goals of PFML. Our decision to self-insure reflects experience, not opposition.

For more than 20 years, we have successfully self-insured our workers' compensation coverage through a group trust. That model has allowed us to improve workplace safety and achieve a cost structure that outperforms traditional insurance options.

Four years ago, we extended that approach by self-insuring our healthcare plan through a group captive. As a result, we are able to offer a Harvard Pilgrim Healthcare plan to all associates with no employee premium contribution (Yes, free Healthcare) an outcome that would not have been possible without the flexibility to collaborate with third-party administrators and service providers.

We recognize that PFML is a benefit program rather than a traditional insurance product. However, **LD 2018 is narrowly written and highly restrictive**. It would prohibit small and mid-sized Maine employers from collectively engaging third-party services, such as surety bonds and plan administration, that are already required under the PFML framework.

The practical effect of this legislation would be to increase costs for self-insured employers without providing additional protections or oversight. All self-insured PFML participants are already required to post a surety bond, and oversight mechanisms are already in place. Preventing employers from working collectively does not reduce risk or improve compliance, it simply limits competition and drives up administrative costs.

Sabre Yachts will continue to meet all obligations under Maine's PFML program for self-insurance regardless of the outcome of this legislation. However, passage of LD 2018 would unnecessarily restrict employer choice, reduce marketplace competition, and increase costs, particularly for Maine-based manufacturers and small businesses that are trying to do right by their employees.

For these reasons, we respectfully urge the committee to oppose LD 2018.

Thank you for your time and consideration.