

**Testimony of Amanda Johnson for the Maine State Chamber of Commerce
Before the Joint Standing Committee on Labor
“An Act to Amend the Requirements Governing Self-insurance Plans in the Paid Family Medical
Leave Benefits Program”
LD 2018
January 27, 2026**

Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor, my name is Amanda Johnson. I am here on behalf of the Maine State Chamber of Commerce, representing more than 5,000 employers across the state. We are testifying in opposition to LD 2018.

Maine’s Paid Family and Medical Leave (PFML) is one of the most significant new labor laws in our state’s history. While the Chamber opposed the legislation, there were important provisions included in the statute intentionally designed to give employers multiple lawful pathways to meet their PFML obligations. Under current law, employers may comply by participating in the state-administered plan, enrolling in a state-approved fully insured private plan, or implementing a self-insured private plan.

For employers choosing the self-insured option, the statute imposes two clear and explicit requirements. The plan must provide rights, protections, and benefits that are substantially equivalent to those offered under the state plan, and the employer must furnish and maintain a surety bond to ensure its ability to pay benefits.

Beyond these requirements, the statute imposes no additional conditions on self-insured private plans. Importantly, neither the original PFML statute nor the Department of Labor’s implementing rules prohibit employers from working cooperatively to reduce administrative costs. Title 26, Chapter 7, §850-H already establishes bonding, reporting, and oversight requirements that protect employees and ensure financial accountability, without restricting employer cooperation.

LD 2018 would introduce a new limitation on self-insured plans. The issue before the Committee is not employee protections or benefit payments; employers utilizing self-insured plans are fully compliant with those obligations. The issue is administrative efficiency and cost-effectiveness. Employers are not seeking to avoid responsibility, but rather to meet statutory requirements in a way that is accountable, efficient, and sustainable for both employers and employees.

The Chamber has met with the Department of Labor and understands the Department’s operational concerns, including staffing constraints, administrative capacity, and the timing of the program’s launch. While those concerns are understandable, they do not justify prohibiting employers from working cooperatively within existing statutory and regulatory safeguards.

LD 2018 would penalize employers that have acted in good faith by following current law and investing significant resources into compliant self-insured plans. It would layer new restrictions onto employers who relied on the statutory framework as written, creating uncertainty and risk, particularly given the bill’s proposed retroactive application to April 1, 2025.

If enacted, LD 2018 would result in several unintended consequences. These include the loss of flexible and cost-effective compliance options, particularly for small- and mid-sized employers; increased administrative costs that ultimately affect both employers and employees; reduced predictability for long-term planning; and discouragement of innovation and efficient plan design.

Notably, these restrictions are not supported by the program's initial financial data. The Department's December 2025 actuarial report projects a growing PFML fund. Based on the underlying assumptions on utilization and state economic growth, the fund is expected to hold an accumulated balance of \$208.6 million in 2025, more than doubling to \$429.3 million by 2035. Annual revenues are projected to exceed expenses every year, even at their lowest point, while maintaining current premium rates. The report does not identify any solvency risk or participation concerns among the more than 51,000 employers enrolled statewide.

When employers can provide equal or better benefits at a lower administrative cost while remaining fully compliant, public policy should encourage those outcomes rather than constrain them. Competition among compliance options promotes efficiency, accountability, and continuous improvement, all while preserving employee protection.

For these reasons, the Maine State Chamber of Commerce urges the Committee to oppose LD 2018 and preserve the availability of employers working cooperatively to reduce administrative costs. These arrangements are consistent with the statute, protective of employees, and critical to maintaining flexibility and stability for Maine employers.

Thank you for your time and consideration. I would be happy to answer any questions.