

CORRECTED VERSION
TESTIMONY IN OPPOSITION TO

L.D. 1152

AN ACT TO MAKE LONG-TERM DISABILITY INSURANCE COVERAGE
AVAILABLE TO PUBLIC EMPLOYEES

Senator Tipping, Representative Roeder and members of the Labor and Housing Committee. I am Deborah Roberts, Chief Financial Officer/Insurance Trusts Administrator for Maine School Management Association, testifying on behalf of the legislative committees of the Maine School Boards Association and Maine School Superintendents Association, in opposition to L.D. 1152.

L.D. 1152 requires an employer to offer long-term disability (LTD) insurance coverage to its MainePERS member employees with the total cost of the LTD premium borne by the employer. Currently, in districts where LTD is offered, the cost is borne by the covered person, or shared between the employer and covered person.

The provision of this type of insurance has been transferred from a “may” to a “shall” and the cost has been transferred from the employee or shared between the employee and employer now to the employer.

Districts already have an option to provide long-term disability coverage for all of their benefit-eligible employees. They prioritize this benefit along with other employee benefit options at the local school district level – allowing for local decision. School districts can define their eligible group, usually based upon one or more bargaining groups, and/or classes of employees not belonging to a bargaining group. Cost sharing of premiums is also negotiated at the local level. Districts can choose among the plan options for a plan design which works best for them.

For full disclosure, Maine School Management Association offers LTD to its member districts. MSMA Group Insurance Trust has offered a fully-insured group long-term disability plan to its participating school districts for over 30 years. Currently MSMA Group Insurance Trust has 61 participating member districts with 2,128 total participants – covering both MainePERS and non-MainePERS eligible employees. Some take advantage of this opportunity, while other districts may select a different provider. A mandatory MainePERS LTD plan could jeopardize coverage for those employees not eligible for MainePERS.

Following is the Employer Perspective laid out in the study group’s report that was submitted to the Labor and Housing Committee in November 2022:

Employer Groups’ Respective Statements on Program Design Specifications

Maine School Management Association asserts the benefits offered to employees of school districts is a local decision and that school districts should not be mandated to offer a specific benefit, one that would require negotiations if it were implemented. They also note that the MSMA Group Insurance Trust has offered a

fully-insured group long-term disability insurance plan to its participating school districts for over thirty years.

Maine Municipal Association asserts the benefits offered to employees of municipalities are a local decision and that municipalities should not be mandated to offer a specific benefit. The Maine Municipal Employees Health Trust offers both a self-insured Income Protection Plan and a fully-insured Long Term Disability Plan, so that municipalities may select the disability benefits that best meet the needs of their employees.

State of Maine government, as Maine's second largest employer, understands and empathizes that long-term disability coverage is a need for some employees. The state interprets that this coverage must be offered, but that the employer is not obligated to contribute. The state also clarifies that non-leave benefits for state employees are not bargained. As is the case with any benefit, the state must consider the need, cost and impact to the entirety of its employee group, as well as administrative, implementation and oversight efforts. The state would seek to balance any Long-Term Disability Income program with other programs as well as the current and future funding requirements of its existing comprehensive benefit package.

The anticipated expense of this shift, per employee would be substantial. The cost of this insurance would be borne totally by the employer. If this is not an unfunded mandate, we don't know what would be.

MSSA and MSBA both oppose this proposed legislation as an unfunded mandate, and urge the Labor and Housing Committee to vote ought not to pass on L.D. 1152.