

MILLIMAN RESEARCH REPORT

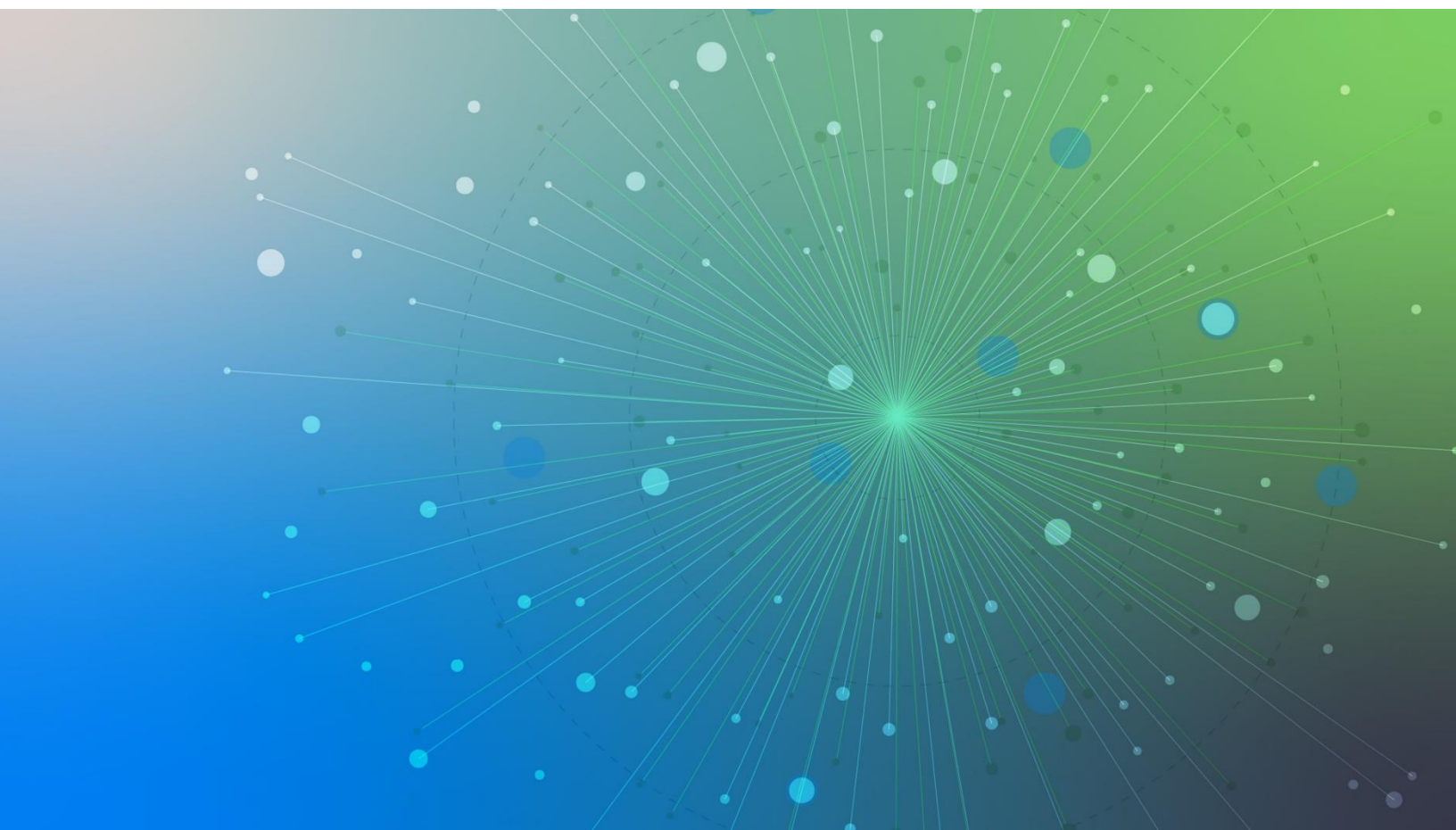
MILLIMAN REPORT

# Maine Paid Family and Medical Leave Benefits Program

## Actuarial Study

August, 2022

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## Introduction

Milliman, Inc. (“Milliman”) was retained by the Maine Legislative Council to perform an actuarial study of paid family and medical leave (PFML) benefits in the state of Maine. The study included researching PFML experience in US states that have PFML programs, developing morbidity assumptions for estimating future claims for a Maine PFML program, projecting future benefit payments and expenses, and estimating the contribution rates that satisfy the program’s funding objectives.

We have analyzed the different program options included in the PFML Proposal developed by the Commission to Develop a Paid Family and Medical Leave Benefits Program (the “Commission”). These options vary in terms of the benefit design and eligibility criteria. A summary of the options is provided in the next section of this report. For each of the options, we calculated a contribution rate that is expected to cover benefit payments and expenses, and maintain surplus in a fund designated to the PFML program. We also developed financial projections for each of the program options using Maine employment data provided to Milliman by the Center for Workforce Research and Information. These projections demonstrate the expected cash flows and PFML fund balances between 2024 and 2029 based on the morbidity assumptions and contribution rates corresponding to each of the program options.

We made the following assumptions about program features that were not specified in the Commission’s Proposal, which should be taken into consideration when reviewing the results of our analysis:

- We assumed that contributions to the Maine PFML program begin on January 1, 2024, and benefits become effective on January 1, 2025.
- We assumed that the same contribution rate applies equally to all employers regardless of size. If some employers were exempt from contributions, then the contribution rates and projections may need to be adjusted.
- We assumed that PFML contributions for benefits provided by the State will be deposited into a fund designated to the PFML program, and that withdrawals from the fund will be made for covering benefit payments and expenses. The projections included in this report assume all PFML benefits will be provided through the state fund with no private insurance options<sup>1</sup>. If we were to assume that Maine employers can use private insurance options for providing PFML benefits, then the projections and contribution rates may need to be adjusted. Additional thoughts on this topic are included in the “Other Considerations” section of this report.
- We assumed \$40 million in start-up expenses, based on a high-level analysis of start-up expenses in other states that have implemented PFML programs. As noted in our letter from July 1, 2022,

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<sup>1</sup> A state fund for providing PFML benefits exists in every state that has approved PFML legislation. Most states also include private insurance options, and participation in these options varies from one state to the next. Private insurance options do not exist in the PFML programs in Rhode Island and the District of Columbia.

the start-up expenses for Maine PFML will depend on several factors, including existing resources and administrative practices. If the expected start-up expenses are higher or lower than \$40 million, then the contribution rates and projections may need to be adjusted.

### Data Reliance

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Commission, as well as on public information from various sources. Milliman did not audit or independently verify any of the information furnished, except that we did review the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of our analysis could be materially affected.

### Distribution

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### Variability of Results

The projections contained herein are estimates based on carefully constructed assumptions and methodologies that have been described in this report. Actual experience, however, will differ from those assumptions. As such, actual results will vary from the estimates provided and the cost of benefits provided under the proposed PFML program may be either higher or lower than the amounts illustrated in this report. In preparing this information, we have utilized actuarial models as defined by Actuarial Standards of Practice. The intended purpose of these models is to project future claim costs for paid family and medical leave benefits.

### Qualifications

I, Paul Correia, am a consulting actuary for Milliman, Inc. and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations for rendering the actuarial opinions contained herein.

## Maine PFML Program Design Options

The PFML program design options assumed in our analysis are based on the Commission’s PFML Proposal, and they vary in terms of income replacement, waiting period, and benefit period, as shown below:

<b>Program Option</b>	<b>Income Replacement</b>	<b>Waiting Period</b>	<b>Benefit Period</b>
1	80%	7 days (PML)	12 weeks
2	80%	7 days (PML)	20 weeks
3	80%	7 days (PML)	26 weeks
4	80%	None	12 weeks
5	80%	None	20 weeks
6	80%	None	26 weeks
7	90%	7 days (PML)	12 weeks
8	90%	7 days (PML)	20 weeks
9	90%	7 days (PML)	26 weeks
10	90%	None	12 weeks
11	90%	None	20 weeks
12	90%	None	26 weeks
13	100%	7 days (PML)	12 weeks
14	100%	7 days (PML)	20 weeks
15	100%	7 days (PML)	26 weeks
16	100%	None	12 weeks
17	100%	None	20 weeks
18	100%	None	26 weeks

We also assumed that every program option includes the following provisions, based on the Commission’s PFML proposal:

- Permissible leaves are based on the Family and Military Leave Act of 1993. The impact of different permissible leave provisions, including safe leave (i.e., leaves of absence taken by victims of domestic violence), is discussed in the “Other Considerations” section of this report.
- The definition of family member includes an employee’s child, spouse, domestic partner, parent, parent-in-law, sibling, grandparent, and grandchild. The impact of including relations by affinity is discussed in the “Other Considerations” section.

- Employees have job protection while receiving PFML benefits. The Commission’s Proposal does not specify if workers will be entitled to return to their jobs, and states that “this is a policy decision and does not impact the actuarial study”. However, we assume higher incidence rates and longer claim durations because employees have job protection, and the contribution rates would need to be revised otherwise.
- The maximum weekly benefit amount is equal to the Maine state average weekly wage.

## Estimated Contribution Rates

Table 2 contains estimated contribution rates for the Maine PFML program options described above. The rates are expressed as a percentage of taxable wages and the taxable wages are based on the Social Security taxable wage base.

<b>Program Option</b>	<b>Income Replacement</b>	<b>Waiting Period</b>	<b>Benefit Period</b>	<b>All Employers Participate</b>	<b>Public Employer Exemption</b>
1	80%	7 days (PML)	12 weeks	0.755%	0.763%
2	80%	7 days (PML)	20 weeks	0.950%	0.960%
3	80%	7 days (PML)	26 weeks	1.045%	1.055%
4	80%	None	12 weeks	0.865%	0.874%
5	80%	None	20 weeks	1.085%	1.096%
6	80%	None	26 weeks	1.195%	1.207%
7	90%	7 days (PML)	12 weeks	0.915%	0.924%
8	90%	7 days (PML)	20 weeks	1.160%	1.172%
9	90%	7 days (PML)	26 weeks	1.290%	1.303%
10	90%	None	12 weeks	1.050%	1.061%
11	90%	None	20 weeks	1.325%	1.338%
12	90%	None	26 weeks	1.475%	1.490%
13	100%	7 days (PML)	12 weeks	1.100%	1.111%
14	100%	7 days (PML)	20 weeks	1.375%	1.389%
15	100%	7 days (PML)	26 weeks	1.575%	1.591%
16	100%	None	12 weeks	1.260%	1.273%
17	100%	None	20 weeks	1.575%	1.591%
18	100%	None	26 weeks	1.805%	1.823%

The contribution rates are slightly higher for the programs that feature public employer exemptions due to differences in the demographics of public and private sector employees. For example, female employees represent approximately 60% of the Maine public sector workforce and approximately 50% of the private sector workforce. Therefore, we would expect a higher proportion of maternity and bonding claims from public employees. On the other hand, average wages in the private sector are higher than the public sector, meaning higher PFML benefits, on average, for private sector employees. Taken together, these differences result in slightly higher expected claim costs and, hence, higher contribution rates for options that feature public employer exemptions.

The contribution rates are approximately 15% lower for options that include a 7-day waiting period for paid medical leave (PML) benefits, with all else equal. This is because the expected claim costs are lower for Milliman's work is prepared solely for the use and benefit of the Maine Legislative Council. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of this report.

plans that include waiting periods. For example, employees on medical leave due to less severe injuries and illnesses can recover within seven days and would not be eligible for benefits under the 7-day waiting period, but these same conditions would be eligible for benefits on day one with no waiting period.

The contribution rates increase with increasing income replacement (with all else equal), in part, due to the higher benefit amounts, and also because we assumed higher income replacement ratios provide greater incentives for taking leaves of absence, and less incentives for returning to work.

The contribution rates increase with increasing benefit period, with all else equal, because we assumed longer claim durations for program options that feature longer benefit periods.



## Maine PFML Projections

This section of the report contains a projection of Maine PFML experience from 2024 through 2029 for each of the program options. The projections included in this report assume that all employers participate in the program, and that self-employed individuals can opt-in. We can develop similar projections corresponding to a public employer exemption at the Commission's request. The projections also assume that all employers contribute to the program. We are currently analyzing the impact to include small employer exemptions, which has been challenging due to the lack of data available to support this analysis. We have developed illustrative scenarios to test the impact of small employer exemptions, and we noticed that the contribution rates would likely need to be increased in order to subsidize these exemptions. We will continue to search for meaningful data to perform this analysis, and will work with the Commission to determine the best approach for modeling this scenario.

The following items are included in the projections:

- **Eligible Employees** – Projection of eligible employees from 2024 through 2029 using Maine employment data from 2021, adjusted for expected job growth between 2021 and 2029 based on Maine employment forecasts from the Consensus Economic Forecasting Commission<sup>2</sup> and the Center for Workforce Research and Information<sup>3</sup>. We did not assume any aging of the population over the projection period.
- **Taxable Wages** – Projection of taxable wages from 2024 through 2029 based on a taxable wage limit consistent with the benefit base limit established for Social Security contributions. The projection was developed using Maine employment data from 2021, projected based on forecasts from the Consensus Economic Forecasting Commission.
- **Claims** – Projection of the number of claims approved for benefits between 2025 and 2029, for paid family leave, paid medical leave, and in total. The projection assumes that claim incidence rates will increase gradually during the first four years as the program phases in and employee awareness of the benefits increases. This dynamic has been observed in other states that have PFML programs.
- **Benefit Payments (\$ millions)** – Projection of benefit payments between 2025 and 2029 for paid family leave, paid medical leave, and in total.
- **Expenses (\$ millions)** – Projection of start-up and ongoing administrative expenses from 2024 through 2029 for paid family leave, paid medical leave, and in total. The \$40 million start-up expense in 2024 is a high-level assumption based on other states that have reported start-up expenses, and may need to be revised. The ongoing expenses in 2025 and beyond represent 5% of paid family leave costs and 10% of paid medical leave costs in every year. These assumptions are based on average expenses reported in other states with PFML programs, as discussed in our letter to the Commission dated July 1, 2022.
- **Total Expenditure (\$ millions)** – Projection of total costs from 2024 through 2029 for paid family leave, paid medical leave, and in total. The total expenditure is the sum of benefit payments and administrative expenses in every year.

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<sup>2</sup> Report of the Consensus Economic Forecasting Commission, February 1, 2022

<sup>3</sup> <https://www.maine.gov/labor/cwri/publications/pdf/EmploymentOutlookto2028.pdf>

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- **Contribution Rate** – Illustrative contribution rates that cover benefit payments and expenses, and maintain a fund balance not less than 120% of the previous year expenditure. We set a 20% floor on surplus for developing the contribution rates to include margin and provisions for adverse deviations. In the projections, separate contribution rates are shown for employers and employees, and we have assumed equal cost sharing among employers and employees.
- **Contributions (\$ millions)** – Projection of PFML contributions based on the illustrative contribution rates and the assumed taxable wages from 2024 through 2029, for employers, employees, and in total. The contributions begin on January 1, 2024, one year before the assumed effective date of benefits on January 1, 2025.
- **Fund Balance (\$ millions)** – Projection of PFML Fund balances from 2024 through 2029 equal to the contributions in a given year, minus total expenditure in that year, plus the assumed investment income on fund balances in that year. We have assumed 1.0% annual investment income based on typical yields for short duration assets. This assumption may need to be revised if different returns are expected from the assets held in the PFML Fund.

The final row in every projection shows the ratio of the Fund balance to the prior year's expenditure. Note that these ratios stabilize in later years, and that the contribution rates are expected to maintain a fund balance not less than 120% beyond 2029.

**Option 1 – 80% income replacement, 7-day waiting period, 12-week benefit period**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
<u>Medical</u>		<u>24,998</u>	<u>26,300</u>	<u>27,352</u>	<u>28,173</u>	<u>28,117</u>
<b>Total</b>		<b>35,893</b>	<b>37,763</b>	<b>39,274</b>	<b>40,452</b>	<b>40,371</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$57.8	\$63.2	\$68.6	\$73.7	\$76.5
<u>Medical</u>		<u>\$157.1</u>	<u>\$171.9</u>	<u>\$186.4</u>	<u>\$200.3</u>	<u>\$207.9</u>
<b>Total</b>		<b>\$214.9</b>	<b>\$235.1</b>	<b>\$255.0</b>	<b>\$273.9</b>	<b>\$284.3</b>
<b>Expenses (\$ millions)</b>						
Family		\$3.0	\$3.3	\$3.6	\$3.9	\$4.0
<u>Medical</u>		<u>\$17.5</u>	<u>\$19.1</u>	<u>\$20.7</u>	<u>\$22.3</u>	<u>\$23.1</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$20.5</b>	<b>\$22.4</b>	<b>\$24.3</b>	<b>\$26.1</b>	<b>\$27.1</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$60.8	\$66.5	\$72.2	\$77.5	\$80.5
<u>Medical</u>		<u>\$174.5</u>	<u>\$191.0</u>	<u>\$207.1</u>	<u>\$222.5</u>	<u>\$231.0</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$235.3</b>	<b>\$257.5</b>	<b>\$279.3</b>	<b>\$300.1</b>	<b>\$311.5</b>
<b>Contribution Rate</b>						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
<u>Employee</u>	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
<b>Total</b>	<b>0.76%</b>	<b>0.76%</b>	<b>0.76%</b>	<b>0.76%</b>	<b>0.76%</b>	<b>0.76%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$133.1	\$138.7	\$144.6	\$150.9	\$156.6	\$162.5
<u>Employee</u>	<u>\$133.1</u>	<u>\$138.7</u>	<u>\$144.6</u>	<u>\$150.9</u>	<u>\$156.6</u>	<u>\$162.5</u>
<b>Total</b>	<b>\$266.2</b>	<b>\$277.4</b>	<b>\$289.3</b>	<b>\$301.7</b>	<b>\$313.2</b>	<b>\$325.0</b>
<b>Investment Income (\$ millions)</b>	\$2.3	\$2.7	\$3.0	\$3.3	\$3.5	\$3.6
<b>Fund Balance</b>	\$226.2	\$270.4	\$304.9	\$330.3	\$346.7	\$363.8
Ratio Fund : Prior Year Expenditure		676%	130%	128%	124%	121%

**Option 2 – 80% income replacement, 7-day waiting period, 20-week benefit period**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
Medical		24,998	26,300	27,352	28,173	28,117
<b>Total</b>		<b>35,893</b>	<b>37,763</b>	<b>39,274</b>	<b>40,452</b>	<b>40,371</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$78.5	\$85.9	\$93.2	\$100.1	\$103.9
Medical		\$193.8	\$212.1	\$230.0	\$247.1	\$256.5
<b>Total</b>		<b>\$272.3</b>	<b>\$298.0</b>	<b>\$323.2</b>	<b>\$347.2</b>	<b>\$360.4</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.1	\$4.5	\$4.9	\$5.3	\$5.5
Medical		\$21.5	\$23.6	\$25.6	\$27.5	\$28.5
<b>Total</b>	<b>\$40.0</b>	<b>\$25.7</b>	<b>\$28.1</b>	<b>\$30.5</b>	<b>\$32.7</b>	<b>\$34.0</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
Medical		\$215.3	\$235.6	\$255.6	\$274.6	\$285.0
<b>Total</b>	<b>\$40.0</b>	<b>\$298.0</b>	<b>\$326.1</b>	<b>\$353.7</b>	<b>\$379.9</b>	<b>\$394.4</b>
<b>Contribution Rate</b>						
Employer	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Employee	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
<b>Total</b>	<b>0.95%</b>	<b>0.95%</b>	<b>0.95%</b>	<b>0.95%</b>	<b>0.95%</b>	<b>0.95%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$167.4	\$174.5	\$182.0	\$189.8	\$197.0	\$204.5
Employee	\$167.4	\$174.5	\$182.0	\$189.8	\$197.0	\$204.5
<b>Total</b>	<b>\$334.9</b>	<b>\$349.0</b>	<b>\$364.0</b>	<b>\$379.6</b>	<b>\$394.0</b>	<b>\$409.0</b>
<b>Investment Income (\$ millions)</b>	\$2.9	\$3.5	\$3.9	\$4.2	\$4.4	\$4.6
<b>Fund Balance</b>	\$294.9	\$348.8	\$390.3	\$420.1	\$438.4	\$457.4
Ratio Fund : Prior Year Expenditure		872%	131%	129%	124%	120%

**Option 3** – 80% income replacement, 7-day waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
Medical		<u>24,998</u>	<u>26,300</u>	<u>27,352</u>	<u>28,173</u>	<u>28,117</u>
<b>Total</b>		<b>35,893</b>	<b>37,763</b>	<b>39,274</b>	<b>40,452</b>	<b>40,371</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$86.4	\$94.5	\$102.5	\$110.1	\$114.3
Medical		<u>\$213.2</u>	<u>\$233.3</u>	<u>\$253.0</u>	<u>\$271.8</u>	<u>\$282.1</u>
<b>Total</b>		<b>\$299.6</b>	<b>\$327.8</b>	<b>\$355.6</b>	<b>\$382.0</b>	<b>\$396.5</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.5	\$5.0	\$5.4	\$5.8	\$6.0
Medical		<u>\$23.7</u>	<u>\$25.9</u>	<u>\$28.1</u>	<u>\$30.2</u>	<u>\$31.3</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$28.2</b>	<b>\$30.9</b>	<b>\$33.5</b>	<b>\$36.0</b>	<b>\$37.4</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$90.9	\$99.5	\$107.9	\$115.9	\$120.3
Medical		\$236.9	\$259.2	\$281.2	\$302.0	\$313.5
<b>Total</b>	<b>\$40.0</b>	<b>\$327.8</b>	<b>\$358.7</b>	<b>\$389.1</b>	<b>\$418.0</b>	<b>\$433.8</b>
<b>Contribution Rate</b>						
Employer	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Employee	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
<b>Total</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$184.2	\$191.9	\$200.2	\$208.8	\$216.7	\$224.9
Employee	<u>\$184.2</u>	<u>\$191.9</u>	<u>\$200.2</u>	<u>\$208.8</u>	<u>\$216.7</u>	<u>\$224.9</u>
<b>Total</b>	<b>\$368.4</b>	<b>\$383.9</b>	<b>\$400.4</b>	<b>\$417.6</b>	<b>\$433.4</b>	<b>\$449.9</b>
<b>Investment Income (\$ millions)</b>	\$3.3	\$3.9	\$4.3	\$4.7	\$4.9	\$5.1
<b>Fund Balance</b>	\$328.4	\$387.7	\$433.3	\$466.2	\$486.4	\$507.3
Ratio Fund : Prior Year Expenditure		969%	132%	130%	125%	121%

**Option 4** – 80% income replacement, no waiting period, 12-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
<u>Medical</u>		<u>30,000</u>	<u>31,563</u>	<u>32,826</u>	<u>33,810</u>	<u>33,743</u>
<b>Total</b>		<b>40,895</b>	<b>43,026</b>	<b>44,747</b>	<b>46,089</b>	<b>45,997</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$57.8	\$63.2	\$68.6	\$73.7	\$76.5
<u>Medical</u>		<u>\$188.5</u>	<u>\$206.3</u>	<u>\$223.7</u>	<u>\$240.4</u>	<u>\$249.5</u>
<b>Total</b>		<b>\$246.3</b>	<b>\$269.5</b>	<b>\$292.3</b>	<b>\$314.0</b>	<b>\$325.9</b>
<b>Expenses (\$ millions)</b>						
Family		\$3.0	\$3.3	\$3.6	\$3.9	\$4.0
<u>Medical</u>		<u>\$20.9</u>	<u>\$22.9</u>	<u>\$24.9</u>	<u>\$26.7</u>	<u>\$27.7</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$24.0</b>	<b>\$26.2</b>	<b>\$28.5</b>	<b>\$30.6</b>	<b>\$31.7</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$60.8	\$66.5	\$72.2	\$77.5	\$80.5
<u>Medical</u>		<u>\$209.4</u>	<u>\$229.2</u>	<u>\$248.6</u>	<u>\$267.1</u>	<u>\$277.2</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$270.3</b>	<b>\$295.7</b>	<b>\$320.8</b>	<b>\$344.6</b>	<b>\$357.7</b>
<b>Contribution Rate</b>						
Employer	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
<u>Employee</u>	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
<b>Total</b>	<b>0.87%</b>	<b>0.87%</b>	<b>0.87%</b>	<b>0.87%</b>	<b>0.87%</b>	<b>0.87%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$152.5	\$158.9	\$165.7	\$172.8	\$179.4	\$186.2
<u>Employee</u>	<u>\$152.5</u>	<u>\$158.9</u>	<u>\$165.7</u>	<u>\$172.8</u>	<u>\$179.4</u>	<u>\$186.2</u>
<b>Total</b>	<b>\$304.9</b>	<b>\$317.8</b>	<b>\$331.4</b>	<b>\$345.7</b>	<b>\$358.8</b>	<b>\$372.4</b>
<b>Investment Income (\$ millions)</b>	\$2.6	\$3.2	\$3.5	\$3.8	\$4.0	\$4.2
<b>Fund Balance</b>	\$264.9	\$315.1	\$353.9	\$382.4	\$400.4	\$419.1
Ratio Fund : Prior Year Expenditure		788%	131%	129%	125%	122%

**Option 5 – 80% income replacement, no waiting period, 20-week benefit period**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
<u>Medical</u>		<u>30,000</u>	<u>31,563</u>	<u>32,826</u>	<u>33,810</u>	<u>33,743</u>
<b>Total</b>		<b>40,895</b>	<b>43,026</b>	<b>44,747</b>	<b>46,089</b>	<b>45,997</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$78.5	\$85.9	\$93.2	\$100.1	\$103.9
<u>Medical</u>		<u>\$232.6</u>	<u>\$254.5</u>	<u>\$276.1</u>	<u>\$296.6</u>	<u>\$307.8</u>
<b>Total</b>		<b>\$311.1</b>	<b>\$340.4</b>	<b>\$369.2</b>	<b>\$396.7</b>	<b>\$411.7</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.1	\$4.5	\$4.9	\$5.3	\$5.5
<u>Medical</u>		<u>\$25.8</u>	<u>\$28.3</u>	<u>\$30.7</u>	<u>\$33.0</u>	<u>\$34.2</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$30.0</b>	<b>\$32.8</b>	<b>\$35.6</b>	<b>\$38.2</b>	<b>\$39.7</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		<u>\$258.4</u>	<u>\$282.8</u>	<u>\$306.7</u>	<u>\$329.5</u>	<u>\$342.0</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$341.1</b>	<b>\$373.2</b>	<b>\$404.8</b>	<b>\$434.9</b>	<b>\$451.4</b>
<b>Contribution Rate</b>						
Employer	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
<u>Employee</u>	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
<b>Total</b>	<b>1.09%</b>	<b>1.09%</b>	<b>1.09%</b>	<b>1.09%</b>	<b>1.09%</b>	<b>1.09%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$191.2	\$199.3	\$207.9	\$216.8	\$225.0	\$233.5
<u>Employee</u>	<u>\$191.2</u>	<u>\$199.3</u>	<u>\$207.9</u>	<u>\$216.8</u>	<u>\$225.0</u>	<u>\$233.5</u>
<b>Total</b>	<b>\$382.5</b>	<b>\$398.6</b>	<b>\$415.7</b>	<b>\$433.6</b>	<b>\$450.0</b>	<b>\$467.1</b>
<b>Investment Income (\$ millions)</b>	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
<b>Fund Balance</b>	\$342.5	\$403.4	\$450.0	\$483.2	\$503.2	\$523.9
Ratio Fund : Prior Year Expenditure		1009%	132%	129%	124%	120%

**Option 6** – 80% income replacement, no waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		10,895	11,463	11,921	12,279	12,254
<u>Medical</u>		<u>30,000</u>	<u>31,563</u>	<u>32,826</u>	<u>33,810</u>	<u>33,743</u>
<b>Total</b>		<b>40,895</b>	<b>43,026</b>	<b>44,747</b>	<b>46,089</b>	<b>45,997</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$86.4	\$94.5	\$102.5	\$110.1	\$114.3
<u>Medical</u>		<u>\$255.9</u>	<u>\$280.0</u>	<u>\$303.7</u>	<u>\$326.2</u>	<u>\$338.6</u>
<b>Total</b>		<b>\$342.2</b>	<b>\$374.5</b>	<b>\$406.2</b>	<b>\$436.4</b>	<b>\$452.9</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.5	\$5.0	\$5.4	\$5.8	\$6.0
<u>Medical</u>		<u>\$28.4</u>	<u>\$31.1</u>	<u>\$33.7</u>	<u>\$36.2</u>	<u>\$37.6</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$33.0</b>	<b>\$36.1</b>	<b>\$39.1</b>	<b>\$42.0</b>	<b>\$43.6</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$90.9	\$99.5	\$107.9	\$115.9	\$120.3
<u>Medical</u>		<u>\$284.3</u>	<u>\$311.1</u>	<u>\$337.4</u>	<u>\$362.5</u>	<u>\$376.2</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$375.2</b>	<b>\$410.5</b>	<b>\$445.3</b>	<b>\$478.4</b>	<b>\$496.5</b>
<b>Contribution Rate</b>						
Employer	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
<u>Employee</u>	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
<b>Total</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$210.6	\$219.5	\$228.9	\$238.8	\$247.8	\$257.2
<u>Employee</u>	<u>\$210.6</u>	<u>\$219.5</u>	<u>\$228.9</u>	<u>\$238.8</u>	<u>\$247.8</u>	<u>\$257.2</u>
<b>Total</b>	<b>\$421.3</b>	<b>\$439.0</b>	<b>\$457.9</b>	<b>\$477.6</b>	<b>\$495.7</b>	<b>\$514.5</b>
<b>Investment Income (\$ millions)</b>	\$3.8	\$4.5	\$5.0	\$5.4	\$5.6	\$5.8
<b>Fund Balance</b>	\$381.3	\$448.9	\$500.7	\$537.9	\$560.5	\$584.0
Ratio Fund : Prior Year Expenditure		1122%	133%	131%	126%	122%



**Option 7 – 90% income replacement, 7-day waiting period, 12-week benefit period**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
<b>Total</b>		<b>37,022</b>	<b>38,951</b>	<b>40,509</b>	<b>41,725</b>	<b>41,641</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$70.3	\$76.9	\$83.4	\$89.6	\$93.0
Medical		<u>\$191.4</u>	<u>\$209.4</u>	<u>\$227.1</u>	<u>\$244.0</u>	<u>\$253.2</u>
<b>Total</b>		<b>\$261.6</b>	<b>\$286.3</b>	<b>\$310.5</b>	<b>\$333.6</b>	<b>\$346.2</b>
<b>Expenses (\$ millions)</b>						
Family		\$3.7	\$4.0	\$4.4	\$4.7	\$4.9
Medical		<u>\$21.3</u>	<u>\$23.3</u>	<u>\$25.2</u>	<u>\$27.1</u>	<u>\$28.1</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$25.0</b>	<b>\$27.3</b>	<b>\$29.6</b>	<b>\$31.8</b>	<b>\$33.0</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$74.0	\$80.9	\$87.8	\$94.3	\$97.9
Medical		\$212.6	\$232.6	\$252.4	\$271.1	\$281.4
<b>Total</b>	<b>\$40.0</b>	<b>\$286.6</b>	<b>\$313.6</b>	<b>\$340.1</b>	<b>\$365.4</b>	<b>\$379.3</b>
<b>Contribution Rate</b>						
Employer	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
Employee	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
<b>Total</b>	<b>0.92%</b>	<b>0.92%</b>	<b>0.92%</b>	<b>0.92%</b>	<b>0.92%</b>	<b>0.92%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$161.3	\$168.1	\$175.3	\$182.8	\$189.8	\$197.0
Employee	<u>\$161.3</u>	<u>\$168.1</u>	<u>\$175.3</u>	<u>\$182.8</u>	<u>\$189.8</u>	<u>\$197.0</u>
<b>Total</b>	<b>\$322.6</b>	<b>\$336.1</b>	<b>\$350.6</b>	<b>\$365.7</b>	<b>\$379.5</b>	<b>\$393.9</b>
<b>Investment Income (\$ millions)</b>	\$2.8	\$3.3	\$3.8	\$4.0	\$4.2	\$4.4
<b>Fund Balance</b>	\$282.6	\$334.9	\$375.3	\$404.6	\$422.7	\$441.6
Ratio Fund : Prior Year Expenditure		837%	131%	129%	124%	121%

**Option 8** – 90% income replacement, 7-day waiting period, 20-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
<b>Total</b>		<b>37,022</b>	<b>38,951</b>	<b>40,509</b>	<b>41,725</b>	<b>41,641</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$96.5	\$105.6	\$114.5	\$123.1	\$127.7
Medical		<u>\$236.5</u>	<u>\$258.8</u>	<u>\$280.7</u>	<u>\$301.6</u>	<u>\$313.0</u>
<b>Total</b>		<b>\$333.0</b>	<b>\$364.4</b>	<b>\$395.3</b>	<b>\$424.6</b>	<b>\$440.7</b>
<b>Expenses (\$ millions)</b>						
Family		\$5.1	\$5.6	\$6.0	\$6.5	\$6.7
Medical		<u>\$26.3</u>	<u>\$28.8</u>	<u>\$31.2</u>	<u>\$33.5</u>	<u>\$34.8</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$31.4</b>	<b>\$34.3</b>	<b>\$37.2</b>	<b>\$40.0</b>	<b>\$41.5</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$101.6	\$111.2	\$120.6	\$129.5	\$134.4
Medical		\$262.8	\$287.5	\$311.9	\$335.1	\$347.8
<b>Total</b>	<b>\$40.0</b>	<b>\$364.4</b>	<b>\$398.7</b>	<b>\$432.5</b>	<b>\$464.6</b>	<b>\$482.2</b>
<b>Contribution Rate</b>						
Employer	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Employee	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
<b>Total</b>	<b>1.16%</b>	<b>1.16%</b>	<b>1.16%</b>	<b>1.16%</b>	<b>1.16%</b>	<b>1.16%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$204.5	\$213.1	\$222.2	\$231.8	\$240.6	\$249.7
Employee	<u>\$204.5</u>	<u>\$213.1</u>	<u>\$222.2</u>	<u>\$231.8</u>	<u>\$240.6</u>	<u>\$249.7</u>
<b>Total</b>	<b>\$408.9</b>	<b>\$426.1</b>	<b>\$444.5</b>	<b>\$463.6</b>	<b>\$481.1</b>	<b>\$499.4</b>
<b>Investment Income (\$ millions)</b>	\$3.7	\$4.3	\$4.8	\$5.2	\$5.4	\$5.6
<b>Fund Balance</b>	\$368.9	\$434.4	\$484.5	\$520.4	\$542.2	\$564.7
Ratio Fund : Prior Year Expenditure		1086%	133%	131%	125%	122%

**Option 9** – 90% income replacement, 7-day waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
<b>Total</b>		<b>37,022</b>	<b>38,951</b>	<b>40,509</b>	<b>41,725</b>	<b>41,641</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$108.8	\$119.0	\$129.1	\$138.7	\$144.0
Medical		<u>\$262.6</u>	<u>\$287.4</u>	<u>\$311.7</u>	<u>\$334.9</u>	<u>\$347.6</u>
<b>Total</b>		<b>\$371.4</b>	<b>\$406.4</b>	<b>\$440.9</b>	<b>\$473.6</b>	<b>\$491.6</b>
<b>Expenses (\$ millions)</b>						
Family		\$5.7	\$6.3	\$6.8	\$7.3	\$7.6
Medical		<u>\$29.2</u>	<u>\$31.9</u>	<u>\$34.6</u>	<u>\$37.2</u>	<u>\$38.6</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$34.9</b>	<b>\$38.2</b>	<b>\$41.4</b>	<b>\$44.5</b>	<b>\$46.2</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$114.5	\$125.3	\$135.9	\$146.0	\$151.6
Medical		\$291.8	\$319.3	\$346.4	\$372.1	\$386.2
<b>Total</b>	<b>\$40.0</b>	<b>\$406.3</b>	<b>\$444.6</b>	<b>\$482.3</b>	<b>\$518.1</b>	<b>\$537.8</b>
<b>Contribution Rate</b>						
Employer	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Employee	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
<b>Total</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$227.4	\$236.9	\$247.1	\$257.8	\$267.5	\$277.7
Employee	<u>\$227.4</u>	<u>\$236.9</u>	<u>\$247.1</u>	<u>\$257.8</u>	<u>\$267.5</u>	<u>\$277.7</u>
<b>Total</b>	<b>\$454.7</b>	<b>\$473.9</b>	<b>\$494.3</b>	<b>\$515.5</b>	<b>\$535.1</b>	<b>\$555.4</b>
<b>Investment Income (\$ millions)</b>	\$4.1	\$4.9	\$5.4	\$5.8	\$6.0	\$6.3
<b>Fund Balance</b>	\$414.7	\$486.4	\$540.9	\$579.6	\$602.3	\$625.9
Ratio Fund : Prior Year Expenditure		1216%	133%	130%	125%	121%

**Option 10** – 90% income replacement, No waiting period, 12-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>30,944</u>	<u>32,556</u>	<u>33,858</u>	<u>34,874</u>	<u>34,804</u>
<b>Total</b>		<b>42,182</b>	<b>44,380</b>	<b>46,155</b>	<b>47,540</b>	<b>47,444</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$70.3	\$76.9	\$83.4	\$89.6	\$93.0
Medical		<u>\$229.7</u>	<u>\$251.3</u>	<u>\$272.6</u>	<u>\$292.8</u>	<u>\$303.9</u>
<b>Total</b>		<b>\$299.9</b>	<b>\$328.2</b>	<b>\$356.0</b>	<b>\$382.4</b>	<b>\$396.9</b>
<b>Expenses (\$ millions)</b>						
Family		\$3.7	\$4.0	\$4.4	\$4.7	\$4.9
Medical		<u>\$25.5</u>	<u>\$27.9</u>	<u>\$30.3</u>	<u>\$32.5</u>	<u>\$33.8</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$29.2</b>	<b>\$32.0</b>	<b>\$34.7</b>	<b>\$37.3</b>	<b>\$38.7</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$74.0	\$80.9	\$87.8	\$94.3	\$97.9
Medical		\$255.2	\$279.2	\$302.9	\$325.4	\$337.7
<b>Total</b>	<b>\$40.0</b>	<b>\$329.1</b>	<b>\$360.1</b>	<b>\$390.6</b>	<b>\$419.7</b>	<b>\$435.6</b>
<b>Contribution Rate</b>						
Employer	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Employee	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
<b>Total</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>1.05%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$185.1	\$192.9	\$201.2	\$209.8	\$217.8	\$226.0
Employee	<u>\$185.1</u>	<u>\$192.9</u>	<u>\$201.2</u>	<u>\$209.8</u>	<u>\$217.8</u>	<u>\$226.0</u>
<b>Total</b>	<b>\$370.1</b>	<b>\$385.7</b>	<b>\$402.3</b>	<b>\$419.6</b>	<b>\$435.5</b>	<b>\$452.0</b>
<b>Investment Income (\$ millions)</b>	\$3.3	\$3.9	\$4.4	\$4.7	\$4.9	\$5.1
<b>Fund Balance</b>	\$330.1	\$390.0	\$436.1	\$469.4	\$490.0	\$511.4
Ratio Fund : Prior Year Expenditure		975%	133%	130%	125%	122%

**Option 11** – 90% income replacement, No waiting period, 20-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>30,944</u>	<u>32,556</u>	<u>33,858</u>	<u>34,874</u>	<u>34,804</u>
<b>Total</b>		<b>42,182</b>	<b>44,380</b>	<b>46,155</b>	<b>47,540</b>	<b>47,444</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$96.5	\$105.6	\$114.5	\$123.1	\$127.7
Medical		<u>\$283.8</u>	<u>\$310.6</u>	<u>\$336.9</u>	<u>\$361.9</u>	<u>\$375.6</u>
<b>Total</b>		<b>\$380.3</b>	<b>\$416.2</b>	<b>\$451.4</b>	<b>\$485.0</b>	<b>\$503.3</b>
<b>Expenses (\$ millions)</b>						
Family		\$5.1	\$5.6	\$6.0	\$6.5	\$6.7
Medical		<u>\$31.5</u>	<u>\$34.5</u>	<u>\$37.4</u>	<u>\$40.2</u>	<u>\$41.7</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$36.6</b>	<b>\$40.1</b>	<b>\$43.5</b>	<b>\$46.7</b>	<b>\$48.5</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$101.6	\$111.2	\$120.6	\$129.5	\$134.4
Medical		<u>\$315.4</u>	<u>\$345.1</u>	<u>\$374.3</u>	<u>\$402.1</u>	<u>\$417.4</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$417.0</b>	<b>\$456.2</b>	<b>\$494.9</b>	<b>\$531.6</b>	<b>\$551.8</b>
<b>Contribution Rate</b>						
Employer	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Employee	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
<b>Total</b>	<b>1.33%</b>	<b>1.33%</b>	<b>1.33%</b>	<b>1.33%</b>	<b>1.33%</b>	<b>1.33%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$233.5	\$243.4	\$253.8	\$264.8	\$274.8	\$285.2
Employee	<u>\$233.5</u>	<u>\$243.4</u>	<u>\$253.8</u>	<u>\$264.8</u>	<u>\$274.8</u>	<u>\$285.2</u>
<b>Total</b>	<b>\$467.1</b>	<b>\$486.7</b>	<b>\$507.7</b>	<b>\$529.5</b>	<b>\$549.6</b>	<b>\$570.4</b>
<b>Investment Income (\$ millions)</b>	\$4.3	\$5.0	\$5.6	\$6.0	\$6.2	\$6.5
<b>Fund Balance</b>	\$427.1	\$501.1	\$557.6	\$597.8	\$621.7	\$646.5
Ratio Fund : Prior Year Expenditure		1253%	134%	131%	126%	122%

**Option 12** – 90% income replacement, No waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,238	11,824	12,297	12,665	12,640
Medical		<u>30,944</u>	<u>32,556</u>	<u>33,858</u>	<u>34,874</u>	<u>34,804</u>
<b>Total</b>		<b>42,182</b>	<b>44,380</b>	<b>46,155</b>	<b>47,540</b>	<b>47,444</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$108.8	\$119.0	\$129.1	\$138.7	\$144.0
Medical		<u>\$315.2</u>	<u>\$344.9</u>	<u>\$374.1</u>	<u>\$401.9</u>	<u>\$417.1</u>
<b>Total</b>		<b>\$424.0</b>	<b>\$463.9</b>	<b>\$503.2</b>	<b>\$540.6</b>	<b>\$561.1</b>
<b>Expenses (\$ millions)</b>						
Family		\$5.7	\$6.3	\$6.8	\$7.3	\$7.6
Medical		<u>\$35.0</u>	<u>\$38.3</u>	<u>\$41.6</u>	<u>\$44.7</u>	<u>\$46.3</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$40.7</b>	<b>\$44.6</b>	<b>\$48.4</b>	<b>\$52.0</b>	<b>\$53.9</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$114.5	\$125.3	\$135.9	\$146.0	\$151.6
Medical		<u>\$350.2</u>	<u>\$383.2</u>	<u>\$415.7</u>	<u>\$446.5</u>	<u>\$463.5</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$464.7</b>	<b>\$508.5</b>	<b>\$551.6</b>	<b>\$592.6</b>	<b>\$615.0</b>
<b>Contribution Rate</b>						
Employer	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
<b>Total</b>	<b>1.48%</b>	<b>1.48%</b>	<b>1.48%</b>	<b>1.48%</b>	<b>1.48%</b>	<b>1.48%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$260.0	\$270.9	\$282.6	\$294.7	\$305.9	\$317.5
Employee	<u>\$260.0</u>	<u>\$270.9</u>	<u>\$282.6</u>	<u>\$294.7</u>	<u>\$305.9</u>	<u>\$317.5</u>
<b>Total</b>	<b>\$520.0</b>	<b>\$541.8</b>	<b>\$565.1</b>	<b>\$589.4</b>	<b>\$611.8</b>	<b>\$635.0</b>
<b>Investment Income (\$ millions)</b>	\$4.8	\$5.6	\$6.2	\$6.7	\$6.9	\$7.2
<b>Fund Balance</b>	\$480.0	\$561.9	\$624.1	\$668.2	\$694.1	\$721.0
Ratio Fund : Prior Year Expenditure		1405%	134%	131%	126%	122%

**Option 13** – 100% income replacement, 7-day waiting period, 12-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
<b>Total</b>		<b>38,609</b>	<b>40,620</b>	<b>42,245</b>	<b>43,512</b>	<b>43,425</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$83.7	\$91.6	\$99.3	\$106.7	\$110.7
Medical		\$230.8	\$252.6	\$274.0	\$294.3	\$305.5
<b>Total</b>		<b>\$314.5</b>	<b>\$344.1</b>	<b>\$373.3</b>	<b>\$401.0</b>	<b>\$416.2</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.4	\$4.8	\$5.2	\$5.6	\$5.8
Medical		\$25.6	\$28.1	\$30.4	\$32.7	\$33.9
<b>Total</b>	<b>\$40.0</b>	<b>\$30.1</b>	<b>\$32.9</b>	<b>\$35.7</b>	<b>\$38.3</b>	<b>\$39.8</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$88.1	\$96.4	\$104.5	\$112.3	\$116.6
Medical		\$256.5	\$280.6	\$304.4	\$327.0	\$339.4
<b>Total</b>	<b>\$40.0</b>	<b>\$344.6</b>	<b>\$377.0</b>	<b>\$409.0</b>	<b>\$439.3</b>	<b>\$456.0</b>
<b>Contribution Rate</b>						
Employer	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Employee	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
<b>Total</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.10%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$193.9	\$202.0	\$210.7	\$219.8	\$228.1	\$236.8
Employee	\$193.9	\$202.0	\$210.7	\$219.8	\$228.1	\$236.8
<b>Total</b>	<b>\$387.8</b>	<b>\$404.1</b>	<b>\$421.5</b>	<b>\$439.6</b>	<b>\$456.3</b>	<b>\$473.6</b>
<b>Investment Income (\$ millions)</b>	\$3.5	\$4.1	\$4.6	\$4.9	\$5.2	\$5.4
<b>Fund Balance</b>	\$347.8	\$410.8	\$459.3	\$494.5	\$516.4	\$539.1
Ratio Fund : Prior Year Expenditure		1027%	133%	131%	126%	123%

**Option 14** – 100% income replacement, 7-day waiting period, 20-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
<b>Total</b>		<b>38,609</b>	<b>40,620</b>	<b>42,245</b>	<b>43,512</b>	<b>43,425</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$113.9	\$124.6	\$135.2	\$145.2	\$150.7
Medical		\$282.5	\$309.1	\$335.2	\$360.2	\$373.8
<b>Total</b>		<b>\$396.4</b>	<b>\$433.7</b>	<b>\$470.4</b>	<b>\$505.4</b>	<b>\$524.5</b>
<b>Expenses (\$ millions)</b>						
Family		\$6.0	\$6.6	\$7.1	\$7.6	\$7.9
Medical		\$31.4	\$34.3	\$37.2	\$40.0	\$41.5
<b>Total</b>	<b>\$40.0</b>	<b>\$37.4</b>	<b>\$40.9</b>	<b>\$44.4</b>	<b>\$47.7</b>	<b>\$49.5</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$119.9	\$131.2	\$142.3	\$152.9	\$158.7
Medical		\$313.8	\$343.4	\$372.5	\$400.2	\$415.3
<b>Total</b>	<b>\$40.0</b>	<b>\$433.7</b>	<b>\$474.6</b>	<b>\$514.8</b>	<b>\$553.0</b>	<b>\$574.0</b>
<b>Contribution Rate</b>						
Employer	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
Employee	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
<b>Total</b>	<b>1.38%</b>	<b>1.38%</b>	<b>1.38%</b>	<b>1.38%</b>	<b>1.38%</b>	<b>1.38%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$242.4	\$252.6	\$263.4	\$274.7	\$285.2	\$296.0
Employee	\$242.4	\$252.6	\$263.4	\$274.7	\$285.2	\$296.0
<b>Total</b>	<b>\$484.7</b>	<b>\$505.1</b>	<b>\$526.8</b>	<b>\$549.5</b>	<b>\$570.3</b>	<b>\$591.9</b>
<b>Investment Income (\$ millions)</b>	\$4.4	\$5.2	\$5.8	\$6.2	\$6.4	\$6.7
<b>Fund Balance</b>	\$444.7	\$520.5	\$578.0	\$618.4	\$641.9	\$666.2
Ratio Fund : Prior Year Expenditure		1301%	133%	130%	125%	120%



**Option 15** – 100% income replacement, 7-day waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		26,889	28,290	29,421	30,304	30,243
<b>Total</b>		<b>38,609</b>	<b>40,620</b>	<b>42,245</b>	<b>43,512</b>	<b>43,425</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$134.2	\$146.9	\$159.3	\$171.1	\$177.6
Medical		\$320.5	\$350.7	\$380.4	\$408.7	\$424.2
<b>Total</b>		<b>\$454.8</b>	<b>\$497.6</b>	<b>\$539.8</b>	<b>\$579.8</b>	<b>\$601.8</b>
<b>Expenses (\$ millions)</b>						
Family		\$7.1	\$7.7	\$8.4	\$9.0	\$9.3
Medical		\$35.6	\$39.0	\$42.3	\$45.4	\$47.1
<b>Total</b>	<b>\$40.0</b>	<b>\$42.7</b>	<b>\$46.7</b>	<b>\$50.7</b>	<b>\$54.4</b>	<b>\$56.5</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$141.3	\$154.6	\$167.7	\$180.2	\$187.0
Medical		\$356.2	\$389.7	\$422.7	\$454.1	\$471.3
<b>Total</b>	<b>\$40.0</b>	<b>\$497.4</b>	<b>\$544.3</b>	<b>\$590.4</b>	<b>\$634.3</b>	<b>\$658.3</b>
<b>Contribution Rate</b>						
Employer	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Employee	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
<b>Total</b>	<b>1.58%</b>	<b>1.58%</b>	<b>1.58%</b>	<b>1.58%</b>	<b>1.58%</b>	<b>1.58%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$277.6	\$289.3	\$301.7	\$314.7	\$326.6	\$339.0
Employee	\$277.6	\$289.3	\$301.7	\$314.7	\$326.6	\$339.0
<b>Total</b>	<b>\$555.2</b>	<b>\$578.6</b>	<b>\$603.5</b>	<b>\$629.4</b>	<b>\$653.3</b>	<b>\$678.0</b>
<b>Investment Income (\$ millions)</b>	\$5.2	\$6.0	\$6.7	\$7.1	\$7.4	\$7.7
<b>Fund Balance</b>	\$515.2	\$601.5	\$666.7	\$712.4	\$738.5	\$765.6
Ratio Fund : Prior Year Expenditure		1504%	134%	131%	125%	121%

**Option 16** – 100% income replacement, No waiting period, 12-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		<u>32,269</u>	<u>33,951</u>	<u>35,309</u>	<u>36,368</u>	<u>36,295</u>
<b>Total</b>		<b>43,989</b>	<b>46,281</b>	<b>48,132</b>	<b>49,576</b>	<b>49,477</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$83.7	\$91.6	\$99.3	\$106.7	\$110.7
Medical		<u>\$277.0</u>	<u>\$303.1</u>	<u>\$328.8</u>	<u>\$353.2</u>	<u>\$366.6</u>
<b>Total</b>		<b>\$360.7</b>	<b>\$394.7</b>	<b>\$428.1</b>	<b>\$459.9</b>	<b>\$477.4</b>
<b>Expenses (\$ millions)</b>						
Family		\$4.4	\$4.8	\$5.2	\$5.6	\$5.8
Medical		<u>\$30.8</u>	<u>\$33.7</u>	<u>\$36.5</u>	<u>\$39.2</u>	<u>\$40.7</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$35.2</b>	<b>\$38.5</b>	<b>\$41.8</b>	<b>\$44.9</b>	<b>\$46.6</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$88.1	\$96.4	\$104.5	\$112.3	\$116.6
Medical		\$307.8	\$336.8	\$365.3	\$392.5	\$407.4
<b>Total</b>	<b>\$40.0</b>	<b>\$395.9</b>	<b>\$433.2</b>	<b>\$469.9</b>	<b>\$504.8</b>	<b>\$523.9</b>
<b>Contribution Rate</b>						
Employer	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
Employee	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
<b>Total</b>	<b>1.260%</b>	<b>1.260%</b>	<b>1.260%</b>	<b>1.260%</b>	<b>1.260%</b>	<b>1.260%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$222.1	\$231.4	\$241.4	\$251.8	\$261.3	\$271.2
Employee	<u>\$222.1</u>	<u>\$231.4</u>	<u>\$241.4</u>	<u>\$251.8</u>	<u>\$261.3</u>	<u>\$271.2</u>
<b>Total</b>	<b>\$444.2</b>	<b>\$462.9</b>	<b>\$482.8</b>	<b>\$503.5</b>	<b>\$522.6</b>	<b>\$542.4</b>
<b>Investment Income (\$ millions)</b>	\$4.0	\$4.8	\$5.3	\$5.7	\$5.9	\$6.2
<b>Fund Balance</b>	\$404.2	\$475.2	\$529.5	\$568.5	\$592.0	\$616.4
Ratio Fund : Prior Year Expenditure		1188%	134%	131%	126%	122%

**Option 17 – 100% income replacement, No waiting period, 20-week benefit period**

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		<u>32,269</u>	<u>33,951</u>	<u>35,309</u>	<u>36,368</u>	<u>36,295</u>
<b>Total</b>		<b>43,989</b>	<b>46,281</b>	<b>48,132</b>	<b>49,576</b>	<b>49,477</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$113.9	\$124.6	\$135.2	\$145.2	\$150.7
Medical		<u>\$339.0</u>	<u>\$370.9</u>	<u>\$402.3</u>	<u>\$432.2</u>	<u>\$448.6</u>
<b>Total</b>		<b>\$452.9</b>	<b>\$495.5</b>	<b>\$537.5</b>	<b>\$577.5</b>	<b>\$599.3</b>
<b>Expenses (\$ millions)</b>						
Family		\$6.0	\$6.6	\$7.1	\$7.6	\$7.9
Medical		<u>\$37.7</u>	<u>\$41.2</u>	<u>\$44.7</u>	<u>\$48.0</u>	<u>\$49.8</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$43.7</b>	<b>\$47.8</b>	<b>\$51.8</b>	<b>\$55.7</b>	<b>\$57.8</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$119.9	\$131.2	\$142.3	\$152.9	\$158.7
Medical		<u>\$376.6</u>	<u>\$412.1</u>	<u>\$447.0</u>	<u>\$480.2</u>	<u>\$498.5</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$496.5</b>	<b>\$543.3</b>	<b>\$589.3</b>	<b>\$633.1</b>	<b>\$657.1</b>
<b>Contribution Rate</b>						
Employer	0.788%	0.788%	0.788%	0.788%	0.788%	0.788%
Employee	0.788%	0.788%	0.788%	0.788%	0.788%	0.788%
<b>Total</b>	<b>1.575%</b>	<b>1.575%</b>	<b>1.575%</b>	<b>1.575%</b>	<b>1.575%</b>	<b>1.575%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$277.6	\$289.3	\$301.7	\$314.7	\$326.6	\$339.0
Employee	<u>\$277.6</u>	<u>\$289.3</u>	<u>\$301.7</u>	<u>\$314.7</u>	<u>\$326.6</u>	<u>\$339.0</u>
<b>Total</b>	<b>\$555.2</b>	<b>\$578.6</b>	<b>\$603.5</b>	<b>\$629.4</b>	<b>\$653.3</b>	<b>\$678.0</b>
<b>Investment Income (\$ millions)</b>	\$5.2	\$6.0	\$6.7	\$7.2	\$7.4	\$7.7
<b>Fund Balance</b>	\$515.2	\$602.4	\$668.6	\$715.3	\$742.6	\$771.0
Ratio Fund : Prior Year Expenditure		1506%	135%	132%	126%	122%

**Option 18** – 100% income replacement, No waiting period, 26-week benefit period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Eligible Employees</b>		606,383	607,595	607,595	607,595	606,380
<b>Taxable Wages (\$ millions)</b>	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
<b>Claims</b>						
Family		11,720	12,330	12,824	13,208	13,182
Medical		<u>32,269</u>	<u>33,951</u>	<u>35,309</u>	<u>36,368</u>	<u>36,295</u>
<b>Total</b>		<b>43,989</b>	<b>46,281</b>	<b>48,132</b>	<b>49,576</b>	<b>49,477</b>
<b>Benefit Payments (\$ millions)</b>						
Family		\$134.2	\$146.9	\$159.3	\$171.1	\$177.6
Medical		<u>\$384.7</u>	<u>\$420.9</u>	<u>\$456.6</u>	<u>\$490.5</u>	<u>\$509.1</u>
<b>Total</b>		<b>\$518.9</b>	<b>\$567.8</b>	<b>\$615.9</b>	<b>\$661.6</b>	<b>\$686.7</b>
<b>Expenses (\$ millions)</b>						
Family		\$7.1	\$7.7	\$8.4	\$9.0	\$9.3
Medical		<u>\$42.7</u>	<u>\$46.8</u>	<u>\$50.7</u>	<u>\$54.5</u>	<u>\$56.6</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$49.8</b>	<b>\$54.5</b>	<b>\$59.1</b>	<b>\$63.5</b>	<b>\$65.9</b>
<b>Total Expenditure (\$ millions)</b>						
Family		\$141.3	\$154.6	\$167.7	\$180.2	\$187.0
Medical		<u>\$427.4</u>	<u>\$467.7</u>	<u>\$507.3</u>	<u>\$545.0</u>	<u>\$565.7</u>
<b>Total</b>	<b>\$40.0</b>	<b>\$568.7</b>	<b>\$622.3</b>	<b>\$675.0</b>	<b>\$725.1</b>	<b>\$752.6</b>
<b>Contribution Rate</b>						
Employer	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
Employee	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
<b>Total</b>	<b>1.805%</b>	<b>1.805%</b>	<b>1.805%</b>	<b>1.805%</b>	<b>1.805%</b>	<b>1.805%</b>
<b>Contributions (\$ millions)</b>						
Employer	\$318.1	\$331.5	\$345.8	\$360.7	\$374.3	\$388.5
Employee	<u>\$318.1</u>	<u>\$331.5</u>	<u>\$345.8</u>	<u>\$360.7</u>	<u>\$374.3</u>	<u>\$388.5</u>
<b>Total</b>	<b>\$636.3</b>	<b>\$663.1</b>	<b>\$691.6</b>	<b>\$721.3</b>	<b>\$748.7</b>	<b>\$777.1</b>
<b>Investment Income (\$ millions)</b>	\$6.0	\$7.0	\$7.7	\$8.3	\$8.6	\$8.9
<b>Fund Balance</b>	\$596.3	\$696.6	\$772.9	\$826.9	\$858.8	\$891.8
Ratio Fund : Prior Year Expenditure		1742%	136%	133%	127%	123%

## Other Considerations

This section includes other important considerations for the Maine PFML program, including private insurance options, benefit design, eligibility, and small employer exemptions.

### Private Options

If private PFML options exist in addition to the State Fund, some employers may find these options more appealing than the State Fund for several reasons. For example, as discussed in our letter from July 1, 2022, large employers are often motivated by the desire to simplify administration and to keep an integrated approach for managing their leave policies (which may include sick leave, disability, FMLA, ADAAA, etc. in addition to state-mandated benefits in multiple states). Large employers may find it easier and more convenient to purchase PFML from the insurer that already administers the leave policy. This means there could be a bias of smaller employers that provide PFML benefits through the State Fund. In addition, depending on how the private options are structured, there could be competitive dynamics and adverse selection risk issues to consider—for example, adverse selection risk issues can arise if insurers set their own PFML premium rates and vary these rates by employer based on risk characteristics such as industry classification, and if the State plan uses a single community contribution rate applicable to all participating employers.

### Benefit Design

We analyzed the impact of including safe leave as a permissible PFML leave. According to the US Department of Labor, domestic violence in the US results in approximately 8 million lost days of work per year. By assuming roughly 130 million workers in the US, we have estimated the impact to include safe leave is a 1% increase in PFML claim costs. Therefore, we would recommend increasing the contribution rates by 1% (i.e., a multiplicate factor of 1.01) to include safe leave.

We also analyzed the impact to include affinity definitions in the definition of family member. We believe the impact would be relatively small because only non-bonding family care claims would be impacted, and these claims typically represent a small percentage of total PFML claims (less than 10%). Also, affinity relations would likely represent a small percentage of total eligible family members. For these reasons, we believe adding affinity relations to the definition of family member would increase claims costs by a modest amount, and we would recommend increasing contribution rates by 1% (i.e., a multiplicate factor of 1.01) to include affinity relations.

The Commission may wish to consider a combined benefit period limit in excess of the number of weeks available for PML and PFL on their own (e.g., up to 12 weeks each and a combined limit of 16 weeks). This approach of defining separate benefit periods for PFL and PML with a combined limit ensures that employees can take both PML and PFL within a 12-month period, if necessary, and is relatively common in other PFML programs.

The Commission may also wish to consider a tiered benefit structure that provides higher income replacement for lower-wage workers, and grades down for salaries above a specified threshold. A common threshold in other PFML programs is 50% of the state average weekly wage. For example, a tiered structure could provide 80% (or 90% or 100%) of wages up to an amount equal to 50% of the state average weekly wage, plus 50% of a wages above an amount equal to 50% of the state average weekly wage, subject to the maximum benefit amount. This structure ensures that low wage workers receive the full income replacement benefit, and it mitigates the risk that high replacement ratios will provide a disincentive for higher-wage employees to return to work in timely fashion.

### Eligibility

The projections shown above assume that all Maine employees are eligible for PFML benefits, and that self-employed individuals can opt-in. If the eligibility requirements included earnings thresholds such as California (low earnings threshold of \$300) or Connecticut (high earnings threshold of \$2,325), we believe the contribution rates shown above would still be reasonable for the different program options. We would not expect the demographic mix of eligible employees to be significantly different under the different earnings thresholds, because only a small percentage of Maine workers would be ineligible. According to the 2019 American Community Survey, approximately 5.5% of Maine workers earn below \$2,500 annually, which is higher than the Connecticut earnings threshold. Excluding these workers would result in slightly higher average weekly benefit amounts; however, it could also result in lower incidence rates if the ineligible employees represent younger workers who are more likely to take maternity or bonding leaves of absence.

### Small Employer Exemption

Analyzing the impact to include small employer exemptions has been challenging due to the lack of data available to support this analysis. The contribution rates would likely need to be increased in order to subsidize these exemptions. The Commission is interested in analyzing the impact to include small employer exemptions for different thresholds—50 or fewer employees, 25 or fewer employees, and 10 or fewer employees. We will continue to search for meaningful data to perform this analysis, and will work with the Commission to determine the best approach for modeling these scenarios.

## Appendix A: Data, Assumptions, and Methods

Maine employment data from 2021 was provided to Milliman by the Maine Center for Workforce Research and Information, and was used to develop assumptions for eligible employees and taxable wages. The data included a distribution of employees and average wages by age and gender. We have assumed that the number of eligible employees will increase by 3.4% between 2021 and 2025, and that total wages will increase by 22.7% between 2021 and 2025 based on employment forecasts from the Consensus Economic Forecasting Commission. The following table shows the number of eligible employees assumed in 2025 by age and gender.

<b>Age Band</b>	<b>All Employees</b>			<b>Public Employer Exemption</b>		
	Female	Male	Total	Female	Male	Total
< 25	40,174	36,090	76,264	38,042	34,358	72,400
25 - 34	60,128	59,993	120,121	53,331	55,041	108,373
35 - 44	61,563	59,377	120,940	51,223	52,958	104,182
45 - 54	63,366	58,215	121,580	51,200	50,397	101,597
55 - 64	63,533	57,453	120,987	50,579	49,412	99,991
65 <	22,112	24,378	46,490	17,711	20,257	37,968
<b>Total</b>	<b>310,877</b>	<b>295,506</b>	<b>606,383</b>	<b>262,086</b>	<b>262,424</b>	<b>524,510</b>

The population of eligible employees is assumed to decrease between 2025 and 2029 based on the growth rates shown in Table A.2. These assumptions were developed from Maine employment forecasts from the Consensus Economic Forecasting Commission and the Center for Workforce Research and Information:

<b>Year</b>	<b>Growth Rate</b>
2025	0.2%
2026	0.0%
2027	0.0%
2028	-0.2%
2029	-0.2%

We developed morbidity assumptions (i.e., claim incidence rates and claim durations) based on the PFML incidence rates and claim durations in states with existing programs, adjusted for differences in benefit design. Tables A.3, A.4, and A.5 show the claim incidence rates assumed in our analysis. These rates were used to project the number of claims approved for benefits each year based on the number of eligible employees in that year. The incidence rates vary by age, gender, income replacement, leave type (i.e., family leave and medical leave), and waiting period (for paid medical leave). The PFL and PML incidence rates are higher for younger female employees than for older female employees due to the prevalence of bonding and maternity claims. Also, the PFL incidence rates are higher for male employees ages 25-44 due to bonding.

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<b>Table A.3</b>						
<b>Claim Incidence Rates per 1,000 Covered Employees</b>						
<b>Paid Family Leave</b>						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	12.20	3.40	12.59	3.50	13.12	3.65
25 - 34	81.52	30.64	84.09	31.60	87.69	32.96
35 - 44	39.81	20.64	41.06	21.29	42.82	22.20
45 - 54	5.80	4.21	5.98	4.34	6.24	4.53
55 - 64	5.79	2.13	5.97	2.20	6.22	2.29
65 +	2.77	2.51	2.86	2.59	2.98	2.70

<b>Table A.4</b>						
<b>Claim Incidence Rates per 1,000 Covered Employees</b>						
<b>Paid Medical Leave – No Waiting Period</b>						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	62.12	9.34	64.07	9.63	66.82	10.05
25 - 34	116.59	18.54	120.26	19.13	125.41	19.94
35 - 44	81.59	23.28	84.15	24.01	87.76	25.04
45 - 54	62.24	37.64	64.20	38.82	66.95	40.49
55 - 64	65.26	52.80	67.31	54.46	70.20	56.80
65 +	70.12	62.23	72.33	64.19	75.43	66.94

<b>Table A.5</b>						
<b>Claim Incidence Rates per 1,000 Covered Employees</b>						
<b>Paid Medical Leave – 7-day Waiting Period</b>						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	51.76	7.78	53.39	8.03	55.67	8.37
25 - 34	97.15	15.45	100.21	15.94	104.50	16.62
35 - 44	67.98	19.40	70.12	20.01	73.12	20.86
45 - 54	51.86	31.36	53.49	32.35	55.79	33.73
55 - 64	54.38	44.00	56.09	45.38	58.49	47.33
65 +	58.43	51.86	60.27	53.49	62.85	55.78

Tables A.6 – A.11 show the PFML claim durations assumed in our analysis, in weeks. These durations vary by age, gender, benefit period, income replacement, and leave type, and reflect an assumption that average bonding durations are longer than other family leave durations, and that average maternity durations are shorter than other medical leave durations.



<b>Table A.6</b>						
<b>Claim Durations in Weeks</b>						
Paid Family Leave – 12 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	9.40	9.40	10.44	10.44	11.49	11.49
25 - 34	9.40	9.40	10.44	10.44	11.49	11.49
35 - 44	8.50	8.50	9.44	9.44	10.39	10.39
45 - 54	7.60	7.60	8.44	8.44	9.29	9.29
55 - 64	7.60	7.60	8.44	8.44	9.29	9.29
65 +	7.60	7.60	8.44	8.44	9.29	9.29

<b>Table A.7</b>						
<b>Claim Durations in Weeks</b>						
Paid Family Leave – 20 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	10.44	10.44	11.49	11.49	12.53	12.53
25 - 34	10.44	10.44	11.49	11.49	12.53	12.53
35 - 44	9.44	9.44	10.39	10.39	11.33	11.33
45 - 54	8.44	8.44	9.29	9.29	10.13	10.13
55 - 64	8.44	8.44	9.29	9.29	10.13	10.13
65 +	8.44	8.44	9.29	9.29	10.13	10.13

<b>Table A.8</b>						
<b>Claim Durations in Weeks</b>						
Paid Family Leave – 26 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	11.49	11.49	12.53	12.53	13.58	13.58
25 - 34	11.49	11.49	12.53	12.53	13.58	13.58
35 - 44	10.39	10.39	11.33	11.33	12.28	12.28
45 - 54	9.29	9.29	10.13	10.13	10.98	10.98
55 - 64	9.29	9.29	10.13	10.13	10.98	10.98
65 +	9.29	9.29	10.13	10.13	10.98	10.98

<b>Table A.9</b>						
<b>Claim Durations in Weeks</b>						
Paid Medical Leave – 12 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	7.94	9.42	8.82	10.47	9.71	11.51
25 - 34	7.94	9.42	8.82	10.47	9.71	11.51
35 - 44	8.68	9.42	9.65	10.47	10.61	11.51
45 - 54	9.42	9.42	10.47	10.47	11.51	11.51
55 - 64	9.42	9.42	10.47	10.47	11.51	11.51
65 +	9.42	9.42	10.47	10.47	11.51	11.51

<b>Table A.10</b>						
<b>Claim Durations in Weeks</b>						
Paid Medical Leave – 20 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	8.82	10.47	9.71	11.51	10.59	12.56
25 - 34	8.82	10.47	9.71	11.51	10.59	12.56
35 - 44	9.65	10.47	10.61	11.51	11.57	12.56
45 - 54	10.47	10.47	11.51	11.51	12.56	12.56
55 - 64	10.47	10.47	11.51	11.51	12.56	12.56
65 +	10.47	10.47	11.51	11.51	12.56	12.56

<b>Table A.11</b>						
<b>Claim Durations in Weeks</b>						
Paid Medical Leave – 26 Week Benefit Period						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	9.71	11.51	10.59	12.56	11.47	13.61
25 - 34	9.71	11.51	10.59	12.56	11.47	13.61
35 - 44	10.61	11.51	11.57	12.56	12.54	13.61
45 - 54	11.51	11.51	12.56	12.56	13.61	13.61
55 - 64	11.51	11.51	12.56	12.56	13.61	13.61
65 +	11.51	11.51	12.56	12.56	13.61	13.61

Tables A.12 and A.13 shows the average weekly benefit amounts assumed in 2025, based on Maine employee wages from 2021, adjusted for assumed wage growth between 2021 and 2025. Generally speaking, the assumed average weekly benefit amounts are higher for programs that include public employer exemptions. The average weekly benefit amount for employees whose average salary exceeds the state average weekly wage is equal to the maximum weekly benefit amount of \$1,148 (i.e., the assumed state average weekly wage in 2025).

<b>Table A.12</b>						
<b>Assumed Average Weekly Benefit Amounts in 2025</b>						
All Employees						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	\$327	\$414	\$368	\$466	\$409	\$518
25 - 34	\$632	\$765	\$711	\$860	\$790	\$956
35 - 44	\$777	\$1,024	\$874	\$1,148	\$972	\$1,148
45 - 54	\$822	\$1,148	\$925	\$1,148	\$1,027	\$1,148
55 - 64	\$781	\$1,148	\$878	\$1,148	\$976	\$1,148
65 +	\$551	\$819	\$620	\$921	\$688	\$1,024

<b>Table A.13</b>						
<b>Assumed Average Weekly Benefit Amounts in 2025</b>						
Public Employer Exclusion						
<b>Age Band</b>	<b>80% Income Replacement</b>		<b>90% Income Replacement</b>		<b>100% Income Replacement</b>	
	Female	Male	Female	Male	Female	Male
< 25	\$324	\$412	\$365	\$464	\$405	\$515
25 - 34	\$633	\$768	\$712	\$864	\$792	\$960
35 - 44	\$792	\$1,046	\$891	\$1,148	\$990	\$1,148
45 - 54	\$838	\$1,148	\$943	\$1,148	\$1,048	\$1,148
55 - 64	\$793	\$1,148	\$892	\$1,148	\$991	\$1,148
65 +	\$545	\$857	\$613	\$964	\$681	\$1,071

We calculated expected PFL and PML benefit payments separately by multiplying the expected number of claims by the expected claim durations by the average benefit amounts for every age/gender combination. We then calculated total PFML benefit payments by first summing the expected PFL and PML benefit payments, then adjusting these values by the factors shown below to account for the combined maximum benefit period of 12 weeks, 20 weeks, and 26 weeks. The factors were developed from a stochastic model that projected 10,000 PFML claims based on the morbidity assumptions described above. The model output was used to determine the likelihood that both a family leave and medical leave claim are incurred by the same employee within a 12-month period. The factors shown below are lowest for younger female employees because they are most likely to take both a medical and family leave of absence within a 12-month period for maternity and bonding. Also, the factors are lower for programs with higher income replacement ratios because which are assumed to have longer claim durations, thus the likelihood of reaching the combined maximum benefit period is higher.

<b>Table A.14</b>						
<b>PFML Adjustment Factors for Combined Maximum Benefit Period</b>						
<b>80% Income Replacement Ratio</b>						
<b>Age Band</b>	<b>Baseline</b>		<b>Option 1</b>		<b>Option 2</b>	
	Female	Male	Female	Male	Female	Male
< 25	69%	100%	100%	100%	100%	100%
25 - 34	69%	99%	100%	100%	100%	100%
35 - 44	70%	99%	100%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	100%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%

<b>Table A.15</b>						
<b>PFML Adjustment Factors for Combined Maximum Benefit Period</b>						
<b>90% Income Replacement Ratio</b>						
<b>Age Band</b>	<b>Baseline</b>		<b>Option 1</b>		<b>Option 2</b>	
	Female	Male	Female	Male	Female	Male
< 25	62%	100%	94%	100%	100%	100%
25 - 34	62%	99%	94%	100%	100%	100%
35 - 44	63%	99%	95%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	100%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%

<b>Table A.16</b>						
<b>PFML Adjustment Factors for Combined Maximum Benefit Period</b>						
<b>100% Income Replacement Ratio</b>						
<b>Age Band</b>	<b>Baseline</b>		<b>Option 1</b>		<b>Option 2</b>	
	Female	Male	Female	Male	Female	Male
< 25	57%	100%	86%	100%	100%	100%
25 - 34	57%	99%	86%	100%	100%	100%
35 - 44	57%	99%	87%	100%	100%	100%
45 - 54	100%	100%	100%	100%	100%	100%
55 - 64	100%	99%	100%	100%	100%	100%
65 +	100%	100%	100%	100%	100%	100%



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