

Maine Paid Family and Medical Leave Actuarial Study



Kickoff Meeting

May 31, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



Contents

- 3 **PFML Benefit Design Comparison**
- 4 **PFML Policy Design Comparison**
- 5 **How PFML Benefits are Provided**
- 6 **Insurance Industry Perspectives**
- 7 **Maine PFML Proposal**
- 8 **Maine PFML – Other Considerations**
- 9 **Maine PFML Actuarial Study Timeline**
- 10 **General Observations on PFML Claim Experience**

PFML Benefit Design Comparison

State	Waiting Period	PML Maximum Benefit Period	PFL Maximum Benefit Period	Safe Leave Maximum Benefit Period	Combined Limit on Benefit Period	Benefit Percent	Maximum Weekly Benefit Amount
RI	▪ None	▪ 30 weeks	▪ 5 weeks	▪ NA	▪ 30 weeks	▪ ~ 60%	▪ 85% of SAWW
CA	▪ 7 days (PML only)	▪ 52 weeks	▪ 8 weeks	▪ NA	▪ 60 weeks	▪ 60-70%	▪ 100% of SAWW
NJ	▪ 7 days (PML only)	▪ 26 weeks	▪ 12 weeks	▪ NA	▪ 38 weeks	▪ 85%	▪ 70% of SAWW
NY	▪ 7 days (PML only)	▪ 26 weeks	▪ 12 weeks	▪ NA	▪ 26 weeks	▪ 50% (PML) and 67% (PFL)	▪ \$170 (PML) and 67% of SAWW (PFL)
DC	▪ 7 days	▪ 6 weeks	▪ 6-8 weeks	▪ NA	▪ 8 weeks	▪ Tiered 90% / 50%	▪ \$1,009 (2022)
WA	▪ 7 days (none for bonding leave)	▪ 12 weeks	▪ 12 weeks	▪ NA	▪ 16 weeks	▪ Tiered 90% / 50%	▪ 90% of SAWW
MA	▪ 7 days	▪ 20 weeks	▪ 12 weeks	▪ NA	▪ 26 weeks	▪ Tiered 80% / 50%	▪ 64% of SAWW
CT	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 days	▪ 12 weeks	▪ Tiered 95% / 60%	▪ 60 X min. wage
OR	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ Tiered 100% / 50%	▪ 120% of SAWW
CO	▪ None	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ 12 weeks	▪ Tiered 90% / 50%	▪ 90% of SAWW
MD	▪ None	▪ 12 weeks	▪ 12 weeks	▪ NA	▪ 12 weeks	▪ Tiered 90% / 50%	▪ \$1,000 initially
DE	▪ None	▪ 6 weeks in 24 months	▪ 6-12 weeks in 24 months	▪ NA	▪ 12 weeks	▪ 80%	▪ \$900 initially

PFML Policy Design Comparison

State	Public Employer Participation	Self Employed Participation	2022 Eligibility Criteria	Definition of Family Member	2022 Contribution Rate
RI	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> \$4,600 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 1.10%
CA	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$300 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 1.10%
NJ	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> \$12,000 over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> Up to 1.03%
NY	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed 4 weeks (PML) / 6 weeks (PFL) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.511% (PFL)
DC	<ul style="list-style-type: none"> No 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed for 12 months, otherwise benefit is prorated 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.26%
WA	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> 820 hours over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.60%
MA	<ul style="list-style-type: none"> State employers participate, local employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$5,700 over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.68%
CT	<ul style="list-style-type: none"> Public employers can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$2,325 over base period (1 quarter) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.50%
OR	<ul style="list-style-type: none"> Yes, except federal and tribal governments who can opt in 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$1,000 over base period (4 quarters) 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 1.00%
CO	<ul style="list-style-type: none"> Yes, but local employers can opt out 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> \$2,500 over base period 	<ul style="list-style-type: none"> Includes affinity 	<ul style="list-style-type: none"> 0.90%
MD	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> 680 hours over base period (4 quarters) 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> NA
DE	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> Can opt in 	<ul style="list-style-type: none"> Employed 12+ months and worked 1,250+ hours 	<ul style="list-style-type: none"> Does not include affinity 	<ul style="list-style-type: none"> 0.80%



■ States with separate PML and PFL programs ■ States with single PFML program

How PFML Benefits are Provided

State	Mechanism
RI	<ul style="list-style-type: none"> Insurance is provided through the state fund only. No private option.
CA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
NJ	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
NY	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
DC	<ul style="list-style-type: none"> Insurance is provided through the district fund only. No private option.
WA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
MA	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
CT	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
OR	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
CO	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
MD	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.
DE	<ul style="list-style-type: none"> Insurance is provided through the state fund or through a private option.

Most programs include private options for providing PFML insurance

Insurance Industry Perspectives

- Allowing insurers to underwrite and price the private plans themselves is considered important for controlling risk. Insurers have concerns about pricing for private plans that uses a single community rate determined by the state and prefer some degree of pricing flexibility.
- Some states have had challenges administering PFML claims internally, often resulting in long delays for making determinations and long turnaround times before benefits are paid.
- There can be challenges integrating PFML with existing sick leave policies, especially for public employers that provide generous sick leave benefits and are bound to collective bargaining agreements with unions.
- Over-complicated plan designs can create issues with administration and risk management.

Maine PFML Proposal

Provision	Options	Notes
Permissible leaves	<ul style="list-style-type: none"> FMLA-qualifying events Include safe leave 	<ul style="list-style-type: none"> Modest increase in contribution rate to include safe leave.
Covered Employees	<ul style="list-style-type: none"> All workers, including domestic, part-time, etc. Self-employed workers can opt in Public employer exemption 	<ul style="list-style-type: none"> Allowing self-employed workers to opt-in introduces adverse selection risk. Coordinating PFML with public employer sick leave policies can be tricky.
Family Member	<ul style="list-style-type: none"> Federal FMLA definition Maine FMLA definition CT PFML definition (includes affinity) 	<ul style="list-style-type: none"> Affinity definition only impacts PFL caregiver claims, which represent a small subset of total PFML claims.
Eligibility	<ul style="list-style-type: none"> CA criteria (low earnings threshold) CT criteria (high earnings threshold) 	<ul style="list-style-type: none"> The lower earnings threshold will result in proportionally more premium and claims than the higher threshold.
Funding	<ul style="list-style-type: none"> Small employer exemption (up to 10, 25, and 50 employees) State fund Partnership with private insurers Private option only 	<ul style="list-style-type: none"> Small employer exemptions can be subsidized by higher contribution rates. Challenging to provide small employer exemptions through private option. Private option may be more appealing to large employers. Private plans must provide benefits at least equal to the statutory plan.
Benefit Amount	<ul style="list-style-type: none"> 80% up to SAWW 90% up to SAWW 100% up to SAWW 	<ul style="list-style-type: none"> 80-100% income replacement is relatively high compared to other PFML programs that feature tiered benefit structures. It is common for maximum benefit amounts to be tied to the SAWW.
Benefit Period	<ul style="list-style-type: none"> 12 weeks 20 weeks 26 weeks 	<ul style="list-style-type: none"> Claim durations may vary between PML and PFL. Average PML maternity claim durations are 6-8 weeks.
Waiting Period	<ul style="list-style-type: none"> None 7 days 	<ul style="list-style-type: none"> Waiting periods often only apply to PML claims.

Maine PFML - Other Considerations

- Will the plan feature separate benefit periods for PML and PFL with a cumulative limit?
- Will the waiting period (if any) be applicable to PML and PFL claims?
- Will conditions that existed before the benefit effective date be eligible for benefits?
- Who contributes premiums – employers and/or employees?
- What (if any) is the target funding ratio?
- Will premium contributions begin before the effective date of benefits? If so, how many months?
- How will the state fund be administered?
- How will the private options be coordinated?
- Does the Commission have access to Maine employment and/or demographic data?

Maine PFML Actuarial Study Timeline



General Observations on PFML Claim Experience

- PFML utilization is very sensitive to the demographics of covered employees
 - Maternity claims typically represent 25-30% of PML claims
 - Bonding claims typically represent 70-80% of PFL claims
 - Most bonding claims are from female employees, although male bonding claims have trended up in recent years

New Jersey Paid Family Leave Experience (Excludes Paid Medical Leave)		
Age	Female	Male
<25	4%	0%
25-34	45%	10%
35-44	23%	8%
45-54	3%	2%
55-64	3%	1%
>65	1%	0%
Total	79%	21%

Predominantly bonding

- PML claims typically represent 75-85% of total PFML claims



Thank you

Paul Correia, FSA, MAAA
paul.correia@milliman.com

Dan Skwire, FSA, MAAA
dan.skwire@milliman.com

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman and members of the American Academy of Actuaries. We meet the qualification standards of these organizations for rendering the actuarial opinions contained herein.

MILLIMAN RESEARCH REPORT

MILLIMAN REPORT

Maine Paid Family and Medical Leave Benefits Program

Actuarial Study

August, 2022

Paul Correia, FSA, MAAA

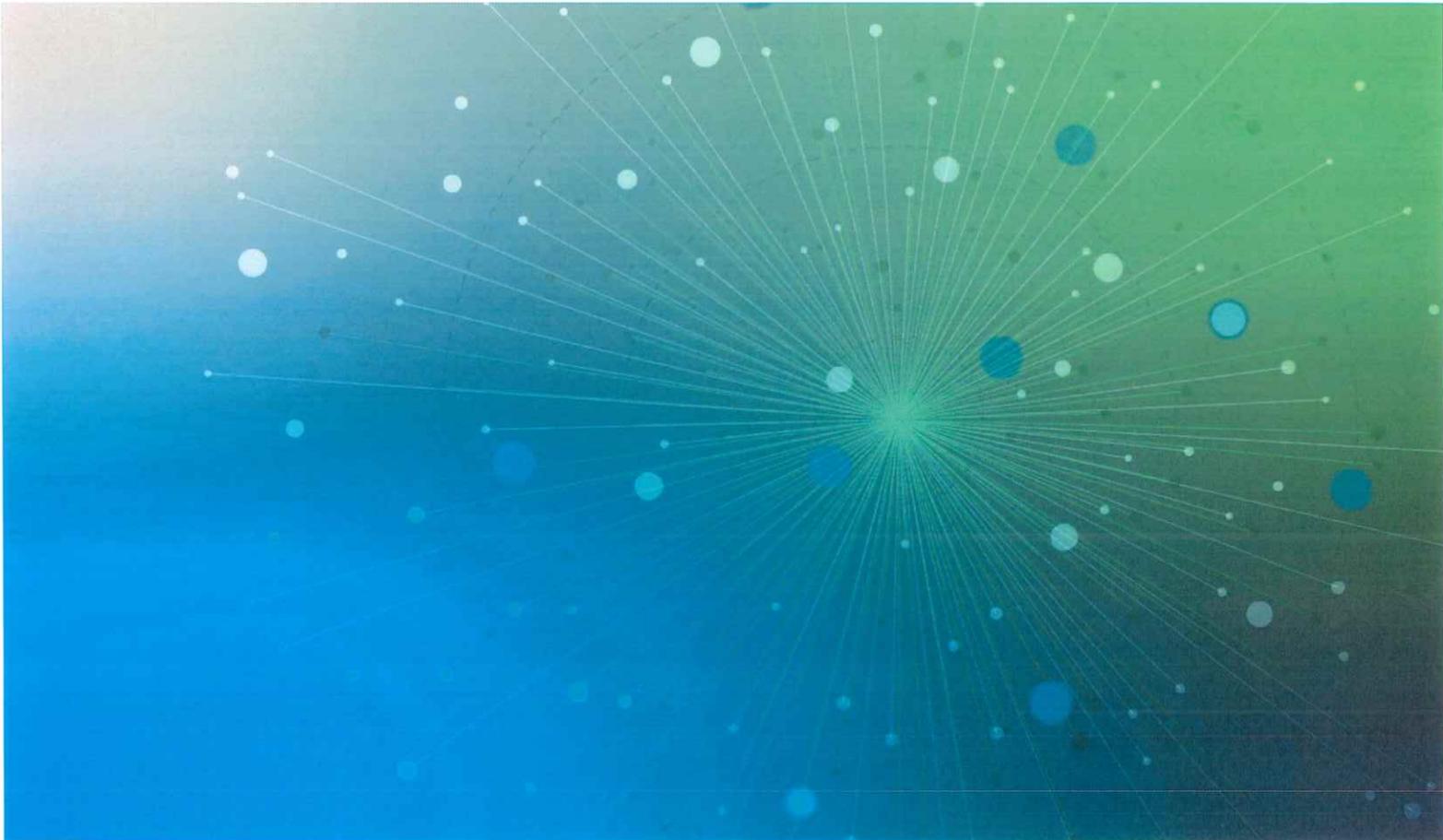


Table of Contents

INTRODUCTION	3
MAINE PFML PROGRAM DESIGN OPTIONS	5
ESTIMATED CONTRIBUTION RATES	7
MAINE PFML PROJECTIONS	9
OTHER CONSIDERATIONS.....	29
APPENDIX A: DATA, ASSUMPTIONS, AND METHODS.....	31

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 options¹. 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,

¹ 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

Milliman's work is prepared solely for the use and benefit of the Maine Legislative Council in accordance with its statutory and regulatory requirements. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

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:

Program Option	Income Replacement	Waiting Period	Benefit Period
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.

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.

- 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.

Program Option	Income Replacement	Waiting Period	Benefit Period	All Employers Participate	Public Employer Exemption
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 Commission² and the Center for Workforce Research and Information³. 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.

² Report of the Consensus Economic Forecasting Commission, February 1, 2022

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

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.

- **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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		35,893	37,763	39,274	40,452	40,371
Benefit Payments (\$ millions)						
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>
Total		\$214.9	\$235.1	\$255.0	\$273.9	\$284.3
Expenses (\$ millions)						
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>
Total	\$40.0	\$20.5	\$22.4	\$24.3	\$26.1	\$27.1
Total Expenditure (\$ millions)						
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>
Total	\$40.0	\$235.3	\$257.5	\$279.3	\$300.1	\$311.5
Contribution Rate						
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%
Total	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Contributions (\$ millions)						
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>
Total	\$266.2	\$277.4	\$289.3	\$301.7	\$313.2	\$325.0
Investment Income (\$ millions)	\$2.3	\$2.7	\$3.0	\$3.3	\$3.5	\$3.6
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		35,893	37,763	39,274	40,452	40,371
Benefit Payments (\$ millions)						
Family		\$78.5	\$85.9	\$93.2	\$100.1	\$103.9
<u>Medical</u>		<u>\$193.8</u>	<u>\$212.1</u>	<u>\$230.0</u>	<u>\$247.1</u>	<u>\$256.5</u>
Total		\$272.3	\$298.0	\$323.2	\$347.2	\$360.4
Expenses (\$ millions)						
Family		\$4.1	\$4.5	\$4.9	\$5.3	\$5.5
<u>Medical</u>		<u>\$21.5</u>	<u>\$23.6</u>	<u>\$25.6</u>	<u>\$27.5</u>	<u>\$28.5</u>
Total	\$40.0	\$25.7	\$28.1	\$30.5	\$32.7	\$34.0
Total Expenditure (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		<u>\$215.3</u>	<u>\$235.6</u>	<u>\$255.6</u>	<u>\$274.6</u>	<u>\$285.0</u>
Total	\$40.0	\$298.0	\$326.1	\$353.7	\$379.9	\$394.4
Contribution Rate						
Employer	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
<u>Employee</u>	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Total	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Contributions (\$ millions)						
Employer	\$167.4	\$174.5	\$182.0	\$189.8	\$197.0	\$204.5
<u>Employee</u>	<u>\$167.4</u>	<u>\$174.5</u>	<u>\$182.0</u>	<u>\$189.8</u>	<u>\$197.0</u>	<u>\$204.5</u>
Total	\$334.9	\$349.0	\$364.0	\$379.6	\$394.0	\$409.0
Investment Income (\$ millions)	\$2.9	\$3.5	\$3.9	\$4.2	\$4.4	\$4.6
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		35,893	37,763	39,274	40,452	40,371
Benefit Payments (\$ millions)						
Family		\$86.4	\$94.5	\$102.5	\$110.1	\$114.3
<u>Medical</u>		<u>\$213.2</u>	<u>\$233.3</u>	<u>\$253.0</u>	<u>\$271.8</u>	<u>\$282.1</u>
Total		\$299.6	\$327.8	\$355.6	\$382.0	\$396.5
Expenses (\$ millions)						
Family		\$4.5	\$5.0	\$5.4	\$5.8	\$6.0
<u>Medical</u>		<u>\$23.7</u>	<u>\$25.9</u>	<u>\$28.1</u>	<u>\$30.2</u>	<u>\$31.3</u>
Total	\$40.0	\$28.2	\$30.9	\$33.5	\$36.0	\$37.4
Total Expenditure (\$ millions)						
Family		\$90.9	\$99.5	\$107.9	\$115.9	\$120.3
<u>Medical</u>		<u>\$236.9</u>	<u>\$259.2</u>	<u>\$281.2</u>	<u>\$302.0</u>	<u>\$313.5</u>
Total	\$40.0	\$327.8	\$358.7	\$389.1	\$418.0	\$433.8
Contribution Rate						
Employer	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
<u>Employee</u>	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Total	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions (\$ millions)						
Employer	\$184.2	\$191.9	\$200.2	\$208.8	\$216.7	\$224.9
<u>Employee</u>	<u>\$184.2</u>	<u>\$191.9</u>	<u>\$200.2</u>	<u>\$208.8</u>	<u>\$216.7</u>	<u>\$224.9</u>
Total	\$368.4	\$383.9	\$400.4	\$417.6	\$433.4	\$449.9
Investment Income (\$ millions)	\$3.3	\$3.9	\$4.3	\$4.7	\$4.9	\$5.1
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		10,895	11,463	11,921	12,279	12,254
Medical		<u>30,000</u>	<u>31,563</u>	<u>32,826</u>	<u>33,810</u>	<u>33,743</u>
Total		40,895	43,026	44,747	46,089	45,997
Benefit Payments (\$ millions)						
Family		\$57.8	\$63.2	\$68.6	\$73.7	\$76.5
Medical		<u>\$188.5</u>	<u>\$206.3</u>	<u>\$223.7</u>	<u>\$240.4</u>	<u>\$249.5</u>
Total		\$246.3	\$269.5	\$292.3	\$314.0	\$325.9
Expenses (\$ millions)						
Family		\$3.0	\$3.3	\$3.6	\$3.9	\$4.0
Medical		<u>\$20.9</u>	<u>\$22.9</u>	<u>\$24.9</u>	<u>\$26.7</u>	<u>\$27.7</u>
Total	\$40.0	\$24.0	\$26.2	\$28.5	\$30.6	\$31.7
Total Expenditure (\$ millions)						
Family		\$60.8	\$66.5	\$72.2	\$77.5	\$80.5
Medical		\$209.4	\$229.2	\$248.6	\$267.1	\$277.2
Total	\$40.0	\$270.3	\$295.7	\$320.8	\$344.6	\$357.7
Contribution Rate						
Employer	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Employee	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Total	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Contributions (\$ millions)						
Employer	\$152.5	\$158.9	\$165.7	\$172.8	\$179.4	\$186.2
Employee	<u>\$152.5</u>	<u>\$158.9</u>	<u>\$165.7</u>	<u>\$172.8</u>	<u>\$179.4</u>	<u>\$186.2</u>
Total	\$304.9	\$317.8	\$331.4	\$345.7	\$358.8	\$372.4
Investment Income (\$ millions)	\$2.6	\$3.2	\$3.5	\$3.8	\$4.0	\$4.2
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		40,895	43,026	44,747	46,089	45,997
Benefit Payments (\$ millions)						
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>
Total		\$311.1	\$340.4	\$369.2	\$396.7	\$411.7
Expenses (\$ millions)						
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>
Total	\$40.0	\$30.0	\$32.8	\$35.6	\$38.2	\$39.7
Total Expenditure (\$ millions)						
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>
Total	\$40.0	\$341.1	\$373.2	\$404.8	\$434.9	\$451.4
Contribution Rate						
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%
Total	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Contributions (\$ millions)						
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>
Total	\$382.5	\$398.6	\$415.7	\$433.6	\$450.0	\$467.1
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		40,895	43,026	44,747	46,089	45,997
Benefit Payments (\$ millions)						
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>
Total		\$342.2	\$374.5	\$406.2	\$436.4	\$452.9
Expenses (\$ millions)						
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>
Total	\$40.0	\$33.0	\$36.1	\$39.1	\$42.0	\$43.6
Total Expenditure (\$ millions)						
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>
Total	\$40.0	\$375.2	\$410.5	\$445.3	\$478.4	\$496.5
Contribution Rate						
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%
Total	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Contributions (\$ millions)						
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>
Total	\$421.3	\$439.0	\$457.9	\$477.6	\$495.7	\$514.5
Investment Income (\$ millions)	\$3.8	\$4.5	\$5.0	\$5.4	\$5.6	\$5.8
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
<u>Medical</u>		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
Total		37,022	38,951	40,509	41,725	41,641
Benefit Payments (\$ millions)						
Family		\$70.3	\$76.9	\$83.4	\$89.6	\$93.0
<u>Medical</u>		<u>\$191.4</u>	<u>\$209.4</u>	<u>\$227.1</u>	<u>\$244.0</u>	<u>\$253.2</u>
Total		\$261.6	\$286.3	\$310.5	\$333.6	\$346.2
Expenses (\$ millions)						
Family		\$3.7	\$4.0	\$4.4	\$4.7	\$4.9
<u>Medical</u>		<u>\$21.3</u>	<u>\$23.3</u>	<u>\$25.2</u>	<u>\$27.1</u>	<u>\$28.1</u>
Total	\$40.0	\$25.0	\$27.3	\$29.6	\$31.8	\$33.0
Total Expenditure (\$ millions)						
Family		\$74.0	\$80.9	\$87.8	\$94.3	\$97.9
<u>Medical</u>		<u>\$212.6</u>	<u>\$232.6</u>	<u>\$252.4</u>	<u>\$271.1</u>	<u>\$281.4</u>
Total	\$40.0	\$286.6	\$313.6	\$340.1	\$365.4	\$379.3
Contribution Rate						
Employer	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
<u>Employee</u>	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
Total	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
Contributions (\$ millions)						
Employer	\$161.3	\$168.1	\$175.3	\$182.8	\$189.8	\$197.0
<u>Employee</u>	<u>\$161.3</u>	<u>\$168.1</u>	<u>\$175.3</u>	<u>\$182.8</u>	<u>\$189.8</u>	<u>\$197.0</u>
Total	\$322.6	\$336.1	\$350.6	\$365.7	\$379.5	\$393.9
Investment Income (\$ millions)	\$2.8	\$3.3	\$3.8	\$4.0	\$4.2	\$4.4
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
<u>Medical</u>		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
Total		37,022	38,951	40,509	41,725	41,641
Benefit Payments (\$ millions)						
Family		\$96.5	\$105.6	\$114.5	\$123.1	\$127.7
<u>Medical</u>		<u>\$236.5</u>	<u>\$258.8</u>	<u>\$280.7</u>	<u>\$301.6</u>	<u>\$313.0</u>
Total		\$333.0	\$364.4	\$395.3	\$424.6	\$440.7
Expenses (\$ millions)						
Family		\$5.1	\$5.6	\$6.0	\$6.5	\$6.7
<u>Medical</u>		<u>\$26.3</u>	<u>\$28.8</u>	<u>\$31.2</u>	<u>\$33.5</u>	<u>\$34.8</u>
Total	\$40.0	\$31.4	\$34.3	\$37.2	\$40.0	\$41.5
Total Expenditure (\$ millions)						
Family		\$101.6	\$111.2	\$120.6	\$129.5	\$134.4
<u>Medical</u>		<u>\$262.8</u>	<u>\$287.5</u>	<u>\$311.9</u>	<u>\$335.1</u>	<u>\$347.8</u>
Total	\$40.0	\$364.4	\$398.7	\$432.5	\$464.6	\$482.2
Contribution Rate						
Employer	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
<u>Employee</u>	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Total	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%
Contributions (\$ millions)						
Employer	\$204.5	\$213.1	\$222.2	\$231.8	\$240.6	\$249.7
<u>Employee</u>	<u>\$204.5</u>	<u>\$213.1</u>	<u>\$222.2</u>	<u>\$231.8</u>	<u>\$240.6</u>	<u>\$249.7</u>
Total	\$408.9	\$426.1	\$444.5	\$463.6	\$481.1	\$499.4
Investment Income (\$ millions)	\$3.7	\$4.3	\$4.8	\$5.2	\$5.4	\$5.6
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
<u>Medical</u>		<u>25,784</u>	<u>27,128</u>	<u>28,213</u>	<u>29,059</u>	<u>29,001</u>
Total		37,022	38,951	40,509	41,725	41,641
Benefit Payments (\$ millions)						
Family		\$108.8	\$119.0	\$129.1	\$138.7	\$144.0
<u>Medical</u>		<u>\$262.6</u>	<u>\$287.4</u>	<u>\$311.7</u>	<u>\$334.9</u>	<u>\$347.6</u>
Total		\$371.4	\$406.4	\$440.9	\$473.6	\$491.6
Expenses (\$ millions)						
Family		\$5.7	\$6.3	\$6.8	\$7.3	\$7.6
<u>Medical</u>		<u>\$29.2</u>	<u>\$31.9</u>	<u>\$34.6</u>	<u>\$37.2</u>	<u>\$38.6</u>
Total	\$40.0	\$34.9	\$38.2	\$41.4	\$44.5	\$46.2
Total Expenditure (\$ millions)						
Family		\$114.5	\$125.3	\$135.9	\$146.0	\$151.6
<u>Medical</u>		<u>\$291.8</u>	<u>\$319.3</u>	<u>\$346.4</u>	<u>\$372.1</u>	<u>\$386.2</u>
Total	\$40.0	\$406.3	\$444.6	\$482.3	\$518.1	\$537.8
Contribution Rate						
Employer	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
<u>Employee</u>	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Total	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Contributions (\$ millions)						
Employer	\$227.4	\$236.9	\$247.1	\$257.8	\$267.5	\$277.7
<u>Employee</u>	<u>\$227.4</u>	<u>\$236.9</u>	<u>\$247.1</u>	<u>\$257.8</u>	<u>\$267.5</u>	<u>\$277.7</u>
Total	\$454.7	\$473.9	\$494.3	\$515.5	\$535.1	\$555.4
Investment Income (\$ millions)						
	\$4.1	\$4.9	\$5.4	\$5.8	\$6.0	\$6.3
Fund Balance						
	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
<u>Medical</u>		<u>30,944</u>	<u>32,556</u>	<u>33,858</u>	<u>34,874</u>	<u>34,804</u>
Total		42,182	44,380	46,155	47,540	47,444
Benefit Payments (\$ millions)						
Family		\$70.3	\$76.9	\$83.4	\$89.6	\$93.0
<u>Medical</u>		<u>\$229.7</u>	<u>\$251.3</u>	<u>\$272.6</u>	<u>\$292.8</u>	<u>\$303.9</u>
Total		\$299.9	\$328.2	\$356.0	\$382.4	\$396.9
Expenses (\$ millions)						
Family		\$3.7	\$4.0	\$4.4	\$4.7	\$4.9
<u>Medical</u>		<u>\$25.5</u>	<u>\$27.9</u>	<u>\$30.3</u>	<u>\$32.5</u>	<u>\$33.8</u>
Total	\$40.0	\$29.2	\$32.0	\$34.7	\$37.3	\$38.7
Total Expenditure (\$ millions)						
Family		\$74.0	\$80.9	\$87.8	\$94.3	\$97.9
<u>Medical</u>		<u>\$255.2</u>	<u>\$279.2</u>	<u>\$302.9</u>	<u>\$325.4</u>	<u>\$337.7</u>
Total	\$40.0	\$329.1	\$360.1	\$390.6	\$419.7	\$435.6
Contribution Rate						
Employer	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
<u>Employee</u>	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
Total	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions (\$ millions)						
Employer	\$185.1	\$192.9	\$201.2	\$209.8	\$217.8	\$226.0
<u>Employee</u>	<u>\$185.1</u>	<u>\$192.9</u>	<u>\$201.2</u>	<u>\$209.8</u>	<u>\$217.8</u>	<u>\$226.0</u>
Total	\$370.1	\$385.7	\$402.3	\$419.6	\$435.5	\$452.0
Investment Income (\$ millions)	\$3.3	\$3.9	\$4.4	\$4.7	\$4.9	\$5.1
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		42,182	44,380	46,155	47,540	47,444
Benefit Payments (\$ millions)						
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>
Total		\$380.3	\$416.2	\$451.4	\$485.0	\$503.3
Expenses (\$ millions)						
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>
Total	\$40.0	\$36.6	\$40.1	\$43.5	\$46.7	\$48.5
Total Expenditure (\$ millions)						
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>
Total	\$40.0	\$417.0	\$456.2	\$494.9	\$531.6	\$551.8
Contribution Rate						
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%
Total	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Contributions (\$ millions)						
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>
Total	\$467.1	\$486.7	\$507.7	\$529.5	\$549.6	\$570.4
Investment Income (\$ millions)	\$4.3	\$5.0	\$5.6	\$6.0	\$6.2	\$6.5
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,238	11,824	12,297	12,665	12,640
<u>Medical</u>		<u>30,944</u>	<u>32,556</u>	<u>33,858</u>	<u>34,874</u>	<u>34,804</u>
Total		42,182	44,380	46,155	47,540	47,444
Benefit Payments (\$ millions)						
Family		\$108.8	\$119.0	\$129.1	\$138.7	\$144.0
<u>Medical</u>		<u>\$315.2</u>	<u>\$344.9</u>	<u>\$374.1</u>	<u>\$401.9</u>	<u>\$417.1</u>
Total		\$424.0	\$463.9	\$503.2	\$540.6	\$561.1
Expenses (\$ millions)						
Family		\$5.7	\$6.3	\$6.8	\$7.3	\$7.6
<u>Medical</u>		<u>\$35.0</u>	<u>\$38.3</u>	<u>\$41.6</u>	<u>\$44.7</u>	<u>\$46.3</u>
Total	\$40.0	\$40.7	\$44.6	\$48.4	\$52.0	\$53.9
Total Expenditure (\$ millions)						
Family		\$114.5	\$125.3	\$135.9	\$146.0	\$151.6
<u>Medical</u>		<u>\$350.2</u>	<u>\$383.2</u>	<u>\$415.7</u>	<u>\$446.5</u>	<u>\$463.5</u>
Total	\$40.0	\$464.7	\$508.5	\$551.6	\$592.6	\$615.0
Contribution Rate						
Employer	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
<u>Employee</u>	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Total	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%
Contributions (\$ millions)						
Employer	\$260.0	\$270.9	\$282.6	\$294.7	\$305.9	\$317.5
<u>Employee</u>	<u>\$260.0</u>	<u>\$270.9</u>	<u>\$282.6</u>	<u>\$294.7</u>	<u>\$305.9</u>	<u>\$317.5</u>
Total	\$520.0	\$541.8	\$565.1	\$589.4	\$611.8	\$635.0
Investment Income (\$ millions)	\$4.8	\$5.6	\$6.2	\$6.7	\$6.9	\$7.2
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
Medical		<u>26,889</u>	<u>28,290</u>	<u>29,421</u>	<u>30,304</u>	<u>30,243</u>
Total		38,609	40,620	42,245	43,512	43,425
Benefit Payments (\$ millions)						
Family		\$83.7	\$91.6	\$99.3	\$106.7	\$110.7
Medical		<u>\$230.8</u>	<u>\$252.6</u>	<u>\$274.0</u>	<u>\$294.3</u>	<u>\$305.5</u>
Total		\$314.5	\$344.1	\$373.3	\$401.0	\$416.2
Expenses (\$ millions)						
Family		\$4.4	\$4.8	\$5.2	\$5.6	\$5.8
Medical		<u>\$25.6</u>	<u>\$28.1</u>	<u>\$30.4</u>	<u>\$32.7</u>	<u>\$33.9</u>
Total	\$40.0	\$30.1	\$32.9	\$35.7	\$38.3	\$39.8
Total Expenditure (\$ millions)						
Family		\$88.1	\$96.4	\$104.5	\$112.3	\$116.6
Medical		<u>\$256.5</u>	<u>\$280.6</u>	<u>\$304.4</u>	<u>\$327.0</u>	<u>\$339.4</u>
Total	\$40.0	\$344.6	\$377.0	\$409.0	\$439.3	\$456.0
Contribution Rate						
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%
Total	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Contributions (\$ millions)						
Employer	\$193.9	\$202.0	\$210.7	\$219.8	\$228.1	\$236.8
Employee	<u>\$193.9</u>	<u>\$202.0</u>	<u>\$210.7</u>	<u>\$219.8</u>	<u>\$228.1</u>	<u>\$236.8</u>
Total	\$387.8	\$404.1	\$421.5	\$439.6	\$456.3	\$473.6
Investment Income (\$ millions)	\$3.5	\$4.1	\$4.6	\$4.9	\$5.2	\$5.4
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
<u>Medical</u>		<u>26,889</u>	<u>28,290</u>	<u>29,421</u>	<u>30,304</u>	<u>30,243</u>
Total		38,609	40,620	42,245	43,512	43,425
Benefit Payments (\$ millions)						
Family		\$113.9	\$124.6	\$135.2	\$145.2	\$150.7
<u>Medical</u>		<u>\$282.5</u>	<u>\$309.1</u>	<u>\$335.2</u>	<u>\$360.2</u>	<u>\$373.8</u>
Total		\$396.4	\$433.7	\$470.4	\$505.4	\$524.5
Expenses (\$ millions)						
Family		\$6.0	\$6.6	\$7.1	\$7.6	\$7.9
<u>Medical</u>		<u>\$31.4</u>	<u>\$34.3</u>	<u>\$37.2</u>	<u>\$40.0</u>	<u>\$41.5</u>
Total	\$40.0	\$37.4	\$40.9	\$44.4	\$47.7	\$49.5
Total Expenditure (\$ millions)						
Family		\$119.9	\$131.2	\$142.3	\$152.9	\$158.7
<u>Medical</u>		<u>\$313.8</u>	<u>\$343.4</u>	<u>\$372.5</u>	<u>\$400.2</u>	<u>\$415.3</u>
Total	\$40.0	\$433.7	\$474.6	\$514.8	\$553.0	\$574.0
Contribution Rate						
Employer	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
<u>Employee</u>	0.69%	0.69%	0.69%	0.69%	0.69%	0.69%
Total	1.38%	1.38%	1.38%	1.38%	1.38%	1.38%
Contributions (\$ millions)						
Employer	\$242.4	\$252.6	\$263.4	\$274.7	\$285.2	\$296.0
<u>Employee</u>	<u>\$242.4</u>	<u>\$252.6</u>	<u>\$263.4</u>	<u>\$274.7</u>	<u>\$285.2</u>	<u>\$296.0</u>
Total	\$484.7	\$505.1	\$526.8	\$549.5	\$570.3	\$591.9
Investment Income (\$ millions)	\$4.4	\$5.2	\$5.8	\$6.2	\$6.4	\$6.7
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
<u>Medical</u>		<u>26,889</u>	<u>28,290</u>	<u>29,421</u>	<u>30,304</u>	<u>30,243</u>
Total		38,609	40,620	42,245	43,512	43,425
Benefit Payments (\$ millions)						
Family		\$134.2	\$146.9	\$159.3	\$171.1	\$177.6
<u>Medical</u>		<u>\$320.5</u>	<u>\$350.7</u>	<u>\$380.4</u>	<u>\$408.7</u>	<u>\$424.2</u>
Total		\$454.8	\$497.6	\$539.8	\$579.8	\$601.8
Expenses (\$ millions)						
Family		\$7.1	\$7.7	\$8.4	\$9.0	\$9.3
<u>Medical</u>		<u>\$35.6</u>	<u>\$39.0</u>	<u>\$42.3</u>	<u>\$45.4</u>	<u>\$47.1</u>
Total	\$40.0	\$42.7	\$46.7	\$50.7	\$54.4	\$56.5
Total Expenditure (\$ millions)						
Family		\$141.3	\$154.6	\$167.7	\$180.2	\$187.0
<u>Medical</u>		<u>\$356.2</u>	<u>\$389.7</u>	<u>\$422.7</u>	<u>\$454.1</u>	<u>\$471.3</u>
Total	\$40.0	\$497.4	\$544.3	\$590.4	\$634.3	\$658.3
Contribution Rate						
Employer	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
<u>Employee</u>	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Total	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%
Contributions (\$ millions)						
Employer	\$277.6	\$289.3	\$301.7	\$314.7	\$326.6	\$339.0
<u>Employee</u>	<u>\$277.6</u>	<u>\$289.3</u>	<u>\$301.7</u>	<u>\$314.7</u>	<u>\$326.6</u>	<u>\$339.0</u>
Total	\$555.2	\$578.6	\$603.5	\$629.4	\$653.3	\$678.0
Investment Income (\$ millions)	\$5.2	\$6.0	\$6.7	\$7.1	\$7.4	\$7.7
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
<u>Medical</u>		<u>32,269</u>	<u>33,951</u>	<u>35,309</u>	<u>36,368</u>	<u>36,295</u>
Total		43,989	46,281	48,132	49,576	49,477
Benefit Payments (\$ millions)						
Family		\$83.7	\$91.6	\$99.3	\$106.7	\$110.7
<u>Medical</u>		<u>\$277.0</u>	<u>\$303.1</u>	<u>\$328.8</u>	<u>\$353.2</u>	<u>\$366.6</u>
Total		\$360.7	\$394.7	\$428.1	\$459.9	\$477.4
Expenses (\$ millions)						
Family		\$4.4	\$4.8	\$5.2	\$5.6	\$5.8
<u>Medical</u>		<u>\$30.8</u>	<u>\$33.7</u>	<u>\$36.5</u>	<u>\$39.2</u>	<u>\$40.7</u>
Total	\$40.0	\$35.2	\$38.5	\$41.8	\$44.9	\$46.6
Total Expenditure (\$ millions)						
Family		\$88.1	\$96.4	\$104.5	\$112.3	\$116.6
<u>Medical</u>		<u>\$307.8</u>	<u>\$336.8</u>	<u>\$365.3</u>	<u>\$392.5</u>	<u>\$407.4</u>
Total	\$40.0	\$395.9	\$433.2	\$469.9	\$504.8	\$523.9
Contribution Rate						
Employer	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
<u>Employee</u>	0.630%	0.630%	0.630%	0.630%	0.630%	0.630%
Total	1.260%	1.260%	1.260%	1.260%	1.260%	1.260%
Contributions (\$ millions)						
Employer	\$222.1	\$231.4	\$241.4	\$251.8	\$261.3	\$271.2
<u>Employee</u>	<u>\$222.1</u>	<u>\$231.4</u>	<u>\$241.4</u>	<u>\$251.8</u>	<u>\$261.3</u>	<u>\$271.2</u>
Total	\$444.2	\$462.9	\$482.8	\$503.5	\$522.6	\$542.4
Investment Income (\$ millions)	\$4.0	\$4.8	\$5.3	\$5.7	\$5.9	\$6.2
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
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>
Total		43,989	46,281	48,132	49,576	49,477
Benefit Payments (\$ millions)						
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>
Total		\$452.9	\$495.5	\$537.5	\$577.5	\$599.3
Expenses (\$ millions)						
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>
Total	\$40.0	\$43.7	\$47.8	\$51.8	\$55.7	\$57.8
Total Expenditure (\$ millions)						
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>
Total	\$40.0	\$496.5	\$543.3	\$589.3	\$633.1	\$657.1
Contribution Rate						
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%
Total	1.575%	1.575%	1.575%	1.575%	1.575%	1.575%
Contributions (\$ millions)						
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>
Total	\$555.2	\$578.6	\$603.5	\$629.4	\$653.3	\$678.0
Investment Income (\$ millions)	\$5.2	\$6.0	\$6.7	\$7.2	\$7.4	\$7.7
Fund Balance	\$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>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)	\$35,252	\$36,735	\$38,315	\$39,962	\$41,478	\$43,051
Claims						
Family		11,720	12,330	12,824	13,208	13,182
<u>Medical</u>		<u>32,269</u>	<u>33,951</u>	<u>35,309</u>	<u>36,368</u>	<u>36,295</u>
Total		43,989	46,281	48,132	49,576	49,477
Benefit Payments (\$ millions)						
Family		\$134.2	\$146.9	\$159.3	\$171.1	\$177.6
<u>Medical</u>		<u>\$384.7</u>	<u>\$420.9</u>	<u>\$456.6</u>	<u>\$490.5</u>	<u>\$509.1</u>
Total		\$518.9	\$567.8	\$615.9	\$661.6	\$686.7
Expenses (\$ millions)						
Family		\$7.1	\$7.7	\$8.4	\$9.0	\$9.3
<u>Medical</u>		<u>\$42.7</u>	<u>\$46.8</u>	<u>\$50.7</u>	<u>\$54.5</u>	<u>\$56.6</u>
Total	\$40.0	\$49.8	\$54.5	\$59.1	\$63.5	\$65.9
Total Expenditure (\$ millions)						
Family		\$141.3	\$154.6	\$167.7	\$180.2	\$187.0
<u>Medical</u>		<u>\$427.4</u>	<u>\$467.7</u>	<u>\$507.3</u>	<u>\$545.0</u>	<u>\$565.7</u>
Total	\$40.0	\$568.7	\$622.3	\$675.0	\$725.1	\$752.6
Contribution Rate						
Employer	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
<u>Employee</u>	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
Total	1.805%	1.805%	1.805%	1.805%	1.805%	1.805%
Contributions (\$ millions)						
Employer	\$318.1	\$331.5	\$345.8	\$360.7	\$374.3	\$388.5
<u>Employee</u>	<u>\$318.1</u>	<u>\$331.5</u>	<u>\$345.8</u>	<u>\$360.7</u>	<u>\$374.3</u>	<u>\$388.5</u>
Total	\$636.3	\$663.1	\$691.6	\$721.3	\$748.7	\$777.1
Investment Income (\$ millions)	\$6.0	\$7.0	\$7.7	\$8.3	\$8.6	\$8.9
Fund Balance	\$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.

Age Band	All Employees			Public Employer Exemption		
	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
Total	310,877	295,506	606,383	262,086	262,424	524,510

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:

Year	Growth Rate
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.

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.

Table A.3						
Claim Incidence Rates per 1,000 Covered Employees						
Paid Family Leave						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.4						
Claim Incidence Rates per 1,000 Covered Employees						
Paid Medical Leave – No Waiting Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.5						
Claim Incidence Rates per 1,000 Covered Employees						
Paid Medical Leave – 7-day Waiting Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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.

Table A.6						
Claim Durations in Weeks						
Paid Family Leave – 12 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.7						
Claim Durations in Weeks						
Paid Family Leave – 20 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.8						
Claim Durations in Weeks						
Paid Family Leave – 26 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.9						
Claim Durations in Weeks						
Paid Medical Leave – 12 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.10						
Claim Durations in Weeks						
Paid Medical Leave – 20 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.11						
Claim Durations in Weeks						
Paid Medical Leave – 26 Week Benefit Period						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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).

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.

Table A.12						
Assumed Average Weekly Benefit Amounts in 2025						
All Employees						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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

Table A.13						
Assumed Average Weekly Benefit Amounts in 2025						
Public Employer Exclusion						
Age Band	80% Income Replacement		90% Income Replacement		100% Income Replacement	
	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.

Table A.14						
PFML Adjustment Factors for Combined Maximum Benefit Period						
80% Income Replacement Ratio						
Age Band	Baseline		Option 1		Option 2	
	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%

Table A.15						
PFML Adjustment Factors for Combined Maximum Benefit Period						
90% Income Replacement Ratio						
Age Band	Baseline		Option 1		Option 2	
	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%

Table A.16						
PFML Adjustment Factors for Combined Maximum Benefit Period						
100% Income Replacement Ratio						
Age Band	Baseline		Option 1		Option 2	
	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%



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

[milliman.com](https://www.milliman.com)

CONTACT

Paul Correia, FSA, MAAA
paul.correia@milliman.com

© 2022 Milliman, Inc. All Rights Reserved. The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.



121 Middle Street, Suite 401
Portland, ME 04101-4156
USA

Tel +1 207 772 0046
Fax +1 207 772 7512

milliman.com

October 31, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

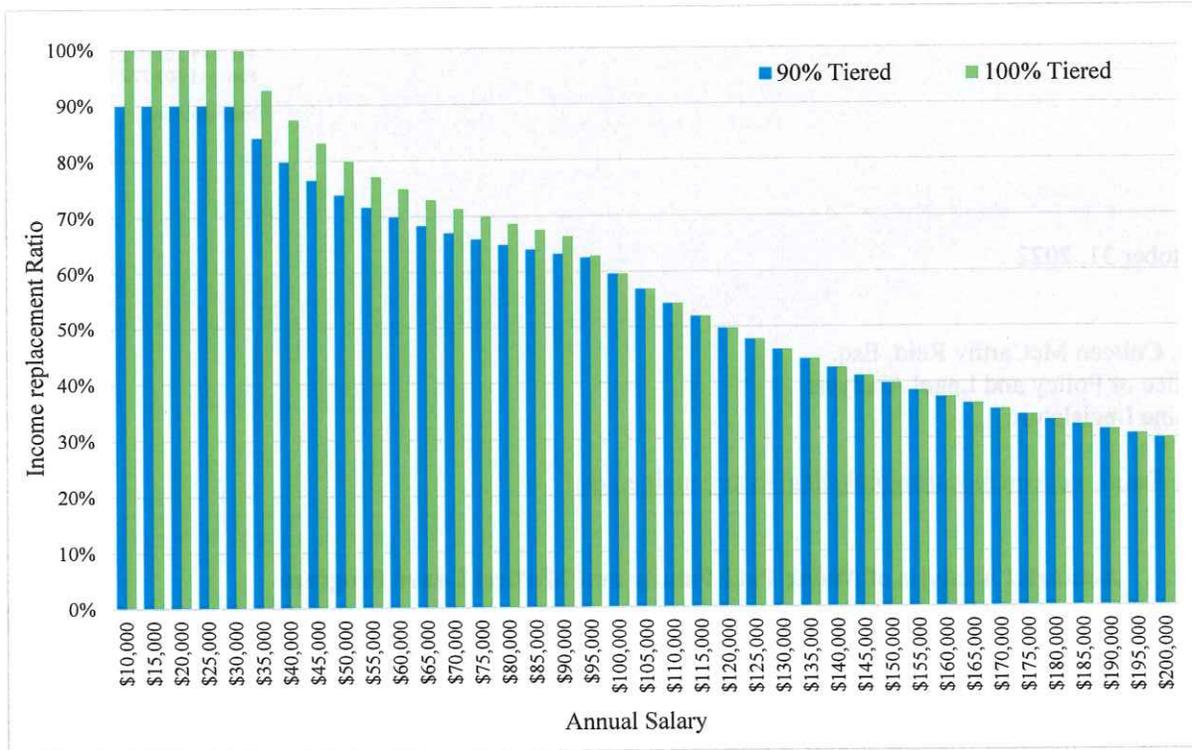
During our meeting with the Maine Commission to Develop a Paid Family and Medical Leave (PFML) Benefits Program on October 11, 2022, we discussed new design options for the Maine PFML program. These options include a tiered benefit structure and small business exemptions, as well as other provisions that differ from the Commission's original PFML Proposal. Since then, we have analyzed the expected claim costs, and we have estimated the required contribution rates for these new design options. This letter contains the results of our analysis, along with other important considerations related to the funding and design of the Maine PFML program.

New PFML Program Options

In our original analysis – which was provided to the Commission in Milliman's report dated August 15, 2022 – we assumed Maine PFML benefits would replace a flat percentage of income (i.e., 80%, 90%, or 100%) up to an amount equal to the state average weekly wage. For this analysis, we assumed the Maine PFML program will feature a tiered benefit structure that provides 90% or 100% of income replacement up to 50% of the state average weekly wage, plus 50% of wages above 50% of the state average weekly wage¹, up to an amount equal to the state average weekly wage. The graph in Figure 1 shows the total income replacement ratios at different salary levels corresponding to the 90% tiered and 100% tiered benefit structures. The two inflection points in the graph represent (1) the salary threshold of 50% of the state average weekly wage (i.e., when the replacement ratio begins to decrease from 90% or 100%), and (2) the salary threshold for qualifying for the maximum benefit amount (i.e., when the slope of the curve steepens because the benefit amount is no longer increasing with salary).

¹ This type of structure was adopted in Washington and Colorado, and is similar to the structures in Massachusetts, The District of Columbia, Oregon, and Maryland.

Figure 1: Tiered Benefits Income Replacement Ratios by Annual Salary



The tiered structure provides higher total income replacement to low wage workers than to higher paid workers. It also provides at least 60% income replacement to workers who earn up to \$100,000 per year.

We also assumed the following other program features that are different than in our prior work, in part, based on guidance from the Commission:

- Safe leaves are included in the definition of permissible leaves.
- Employees can receive benefits for up to 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks.
- The definition of family member includes relations by affinity.
- Our prior analysis included a high-level estimate of start-up expenses equal to \$40 million based on other state programs. Since then, we have been provided with an estimate of PFML expenses from the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor. We are now assuming \$65 million in start-up expenses based on this Fiscal Estimate.

As in our prior work, we considered different options for the waiting period – one option that includes a 7-day waiting period for medical claims and another that does not include a waiting period. The estimated contribution rates for these new program options are provided below in Table 1:

Table 1		
Estimated Contribution Rates		
Basis: Taxable Wages up to Social Security Maximum Wage Limit		
Benefit Percent	Waiting Period	Contribution Rate
90% Tiered	7-days (medical)	0.75%
90% Tiered	None	0.84%
100% Tiered	7-days (medical)	0.88%
100% Tiered	None	1.00%

We also considered different options for small employer exemptions – one that exempts employers with fewer than 15 employees from paying the employer portion of contributions², and another that does not include small employer exemptions. The following table shows our estimated contribution rates for the different program options both with and without small employer exemptions, in which we assumed that employers would contribute 25% of total costs and employees would contribute 75% of total costs. The actual cost sharing formula has not yet been determined, and the assumed allocation is based loosely on other states where the employee contributions tend to be higher than the employer contributions³.

Table 2				
Estimated Maine PFML Contribution Rates				
Basis: Taxable Wages up to Social Security Maximum Wage Limit				
Benefit Percent	Waiting Period	Small Employer Exemption	Employer Rate	Employee Rate
90% Tiered	7-days (medical)	Yes	0.22%	0.56%
90% Tiered	None	Yes	0.25%	0.63%
100% Tiered	7-days (medical)	Yes	0.26%	0.66%
100% Tiered	None	Yes	0.30%	0.75%
90% Tiered	7-days (medical)	No	0.19%	0.56%
90% Tiered	None	No	0.21%	0.63%
100% Tiered	7-days (medical)	No	0.22%	0.66%
100% Tiered	None	No	0.25%	0.75%

The contribution rates for employers are higher when small employer exemptions are included because employers with 15 or more employees are expected to subsidize these exemptions, and because the employer share of costs is 25% in both cases. On the other hand, the employee contribution rates are the same in both cases because employees are assumed to contribute 75% of costs regardless of small employer exemptions. The overall contribution rate (i.e., the ratio of total contributions from employers and employees to total taxable wages) is in the range of 0.75% to 1.00% and varies by benefit design but does not depend on small employer exemptions (because the expected claim costs are the same whether small employer exemptions are included or not). Note that the overall contribution rates in Table 1 can be obtained by adding the employer and employee contribution rates that do not include provisions for small employer exemptions in the last four rows of Table 2.

² Based on the definition of small employer in the Maine Family and Medical Leave law.

³ In most states, employees contribute the full cost for family leave and split costs with the employer for medical leave.

Appendix A of this letter contains financial projections corresponding to the program options and contribution rates included in Table 1, and Appendix B contains additional detail on the assumptions and data used in our analysis.

Other Considerations

This section contains other important considerations for the Maine PFML program.

1. Target Fund Balance

The contribution rates in Table 1 were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years. For comparison, we researched the funding policies in states with PFML legislation. In many cases, the policies include specific targets or minimum requirements for the PFML fund balance, as well as specific formulas for calculating contribution rates. We noticed that states with more tenured programs target lower fund balances than newer programs. For example, in California (effective 1946 for medical and 2004 for family) the target fund balance is in the range of 25% to 50% of the previous year's total expenditure, whereas in Massachusetts (effective 2021) the target fund balance is 140% of the previous year's total expenditure.

A higher initial target seems reasonable for new programs because there is uncertainty around utilization and claim costs when benefits first begin. In addition, we have observed claim incidence rates grade up gradually for new programs, and it may make sense to set a higher target in the initial years to mitigate the risk of underestimating the ultimate claim experience of the program. Over time, as experience emerges, it may make sense to reduce the target fund balance because there is less uncertainty as claim experience stabilizes. In doing so, we would expect the contribution rates could also be lowered.

The PFML funding policies in several other states are summarized below:

California (Medical 1946 / Family 2004)⁴

- Target fund balance in the range of 25% to 50% of previous year's disbursements.
- Contribution rate formula: (145% of Previous Year Disbursements minus Fund Balance) divided by Taxable Wages.
- Contribution rate is capped at 1.5% of taxable wages.
- Rate reductions capped at 0.2%.
- Rates can be adjusted by +/- 0.1% if deemed necessary to maintain funding objectives.

New York (Medical 1949 / Family 2018)⁵

- Minimum fund balance of \$12 million.
- Disability premium rate is 0.5% of wages up to \$0.60 per week.
- State sets PFL contribution rate annually based on historical experience and "sound actuarial principles".

⁴ Overview of California's Paid Family Leave Program, State of California Employment Development Department, 2022

⁵ New York Workers' Compensation Law, Article 9 Disability Benefits, Sections 209 and 214

New Jersey (Medical 1948 / Family 2009)⁶

- If the account designated to paying benefits is in deficit of \$200,000 or more as of December 31st, the Division can assess a charge to employers for covering the deficit.

Massachusetts (2021)

- State sets PFML contribution rate annually based on historical experience and a target fund level of no less than 140% of the previous fiscal year's expenditure for benefits and administration.

Washington (2020)⁷

- Contribution rates are determined annually based on the fund balance ratio as of September 30th of the previous year.
- The rates range from 0.1% to 0.6% depending on the fund balance ratio. The 2022 rate is 0.6%.
- A solvency surcharge is assessed in years when fund ratio is too low
- A solvency surcharge of 0.2% was assessed in 2022, bringing the contribution rate up to 0.8% for 2023.

Colorado (2023)⁸

- State sets premium rate such that total contributions equal to 135% of benefits paid during the preceding year, plus 100% of expenses during the preceding year, minus the fund balance as of December 31 of the preceding year.
- Contribution rate is capped at 1.2% of taxable wages.

2. Bonding Claims for Birth or Adoption Prior to Effective Date

Another important funding consideration is whether employees will be eligible for PFML benefits to bond with children born, adopted, or fostered before the effective date of benefits. For example, if benefits begin in 2025, would employees who have new children in 2024 be eligible for benefits to bond with these children? The impact of these claims on program costs in the first year can be material, as seen in other states with similar provisions. Our estimated contribution rates in Table 1 assume that these claims would not be eligible for PFML benefits, and the rates would need to be adjusted if we were to assume otherwise.

3. Impact of Private Insurance Options

The estimated contribution rates in Table 1 are based on expected claim costs developed, in part, from PFML claim experience in other jurisdictions that have mandated benefits. Most of these jurisdictions (except for Rhode Island and District of Columbia) allow employers to provide benefits through private insurance options, although the structure of these options varies significantly. Some states allow insurers to develop their own PFML premium rates whereas other states determine (or place limits on) the premium rates for private plans. The ultimate structure of private options for Maine PFML will likely have an impact

⁶ New Jersey Temporary Disability Benefits Law, Section 43 :21-46. State disability benefits fund

⁷ Washington Legislation RCW 50A.10.030 Premiums-Solvency surcharge-Limitation on local regulation

⁸ Massachusetts Laws c.175M Section 7, Family and Employment Security Trust Fund

on employer participation in these options, and it may impact the costs and funding requirements for benefits provided through the state fund. For example, PFML claim incidence rates tend to be higher for larger employers, and these employers may be more likely to elect private plans, as discussed in our letter from July 1, 2022. Also, if insurers are allowed to determine their own premium rates and vary these rates by employer, then there may be adverse selection risk issues if benefits provided through the state fund are based on a single community rate. We did not include an explicit adjustment for private insurance options in our analysis of the Maine PFML program, in part, because the PFML claim experience from other states largely reflects these dynamics, and because the ultimate structure and employer participation levels are unknown.

Next Steps

We look forward to discussing this information with the Commission during our next meeting on Tuesday, November 1, 2022. We understand that the ultimate design of the PFML program may be different than the options assumed herein, and we are happy to model other scenarios for the Commission to consider.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Legislative Council with information about PFML benefits, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, 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.

The results of our analysis are 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 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.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.correia@milliman.com or (207) 771-1204. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Correia". The signature is fluid and cursive, with the first name "Paul" and last name "Correia" clearly distinguishable.

Paul Correia, FSA, MAAA
Principal and Consulting Actuary

Appendix A

Financial Projections

This appendix includes financial projections corresponding to the Maine PFML program options and contribution rates that reflect small employer exemptions in Table 1. The projections are similar to those included in Milliman's report to the Commission on August 15, 2022; however, we added a projection of taxable wages for employers with fewer than 15 employees based on data provided to Milliman by the Maine Department of Labor, and we calculated the contributions from employers and employees by assuming the program will include small employer exemptions.

The following projections are included in the appendix:

- **Projection 1** – 90% Tiered / 7-day Waiting Period for Medical
- **Projection 2** – 90% Tiered / No Waiting Period
- **Projection 3** – 100% Tiered / 7-day Waiting Period for Medical
- **Projection 4** – 100% Tiered / No Waiting Period

Projection 1
90% Tiered / 7-day Waiting Period for Medical

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		10,760	11,320	11,773	12,126	12,102
<u>Medical</u>		24,200	25,461	26,479	27,274	27,219
Total		34,960	36,781	38,252	39,400	39,321
<i>Benefit Payments (\$ millions)</i>						
Family		\$62.5	\$68.3	\$74.1	\$79.6	\$82.7
<u>Medical</u>		\$150.4	\$164.5	\$178.5	\$191.7	\$199.0
Total		\$212.8	\$232.9	\$252.6	\$271.4	\$281.7
<i>Expenses (\$ millions)</i>						
Family		\$3.3	\$3.6	\$3.9	\$4.2	\$4.4
<u>Medical</u>		\$13.1	\$14.3	\$15.5	\$16.7	\$17.3
Total	\$65.0	\$16.4	\$17.9	\$19.4	\$20.9	\$21.7
<i>Total Expenditure (\$ millions)</i>						
Family		\$65.7	\$71.9	\$78.0	\$83.8	\$87.0
<u>Medical</u>		\$163.4	\$178.8	\$194.0	\$208.4	\$216.3
Total	\$65.0	\$229.2	\$250.8	\$272.0	\$292.2	\$303.3
<i>Contribution Rate</i>						
Employer	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Employee	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Overall*	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
<i>Contributions (\$ millions)</i>						
Employer	\$65.7	\$68.5	\$71.4	\$74.5	\$77.3	\$80.3
<u>Employee</u>	\$197.1	\$205.4	\$214.2	\$223.5	\$231.9	\$240.7
Total	\$262.8	\$273.9	\$285.7	\$298.0	\$309.3	\$321.0
<i>Investment Income (\$ millions)</i>	\$2.0	\$2.4	\$2.8	\$3.1	\$3.3	\$3.5
<i>EOY Fund Balance (\$ millions)</i>	\$197.8	\$244.5	\$281.8	\$310.6	\$330.7	\$351.7
Target Fund Balance (\$ millions)			\$275.0	\$300.9	\$326.4	\$350.7
Fund Balance % of Prior Year Expenditure			123%	124%	122%	120%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Projection 2
90% Tiered / No Waiting Period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
All Other Employers	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		10,760	11,320	11,773	12,126	12,102
Medical		29,043	30,556	31,778	32,731	32,666
Total		39,802	41,876	43,551	44,858	44,768
Benefit Payments (\$ millions)						
Family		\$62.5	\$68.3	\$74.1	\$79.6	\$82.7
Medical		\$180.5	\$197.5	\$214.2	\$230.1	\$238.8
Total		\$242.9	\$265.8	\$288.3	\$309.7	\$321.5
Expenses (\$ millions)						
Family		\$3.3	\$3.6	\$3.9	\$4.2	\$4.4
Medical		\$15.7	\$17.2	\$18.6	\$20.0	\$20.8
Total	\$65.0	\$19.0	\$20.8	\$22.5	\$24.2	\$25.1
Total Expenditure (\$ millions)						
Family		\$65.7	\$71.9	\$78.0	\$83.8	\$87.0
Medical		\$196.2	\$214.6	\$232.8	\$250.1	\$259.6
Total	\$65.0	\$261.9	\$286.6	\$310.8	\$333.9	\$346.6
Contribution Rate						
Employer	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Overall*	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Contributions (\$ millions)						
Employer	\$74.2	\$77.4	\$80.7	\$84.2	\$87.3	\$90.7
Employee	\$222.7	\$232.0	\$242.0	\$252.4	\$262.0	\$271.9
Total	\$296.9	\$309.4	\$322.7	\$336.6	\$349.3	\$362.6
Investment Income (\$ millions)	\$2.3	\$2.8	\$3.2	\$3.5	\$3.7	\$3.9
EOY Fund Balance (\$ millions)	\$231.9	\$281.7	\$320.7	\$349.6	\$368.6	\$388.2
Target Fund Balance (\$ millions)			\$314.3	\$343.9	\$373.0	\$400.7
Fund Balance % of Prior Year Expenditure			122%	122%	119%	116%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3
100% Tiered / 7-day Waiting Period for Medical

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		10,905	11,473	11,932	12,289	12,265
<u>Medical</u>		24,526	25,804	26,836	27,641	27,586
Total		35,431	37,277	38,768	39,931	39,851
<i>Benefit Payments (\$ millions)</i>						
Family		\$73.1	\$80.0	\$86.8	\$93.2	\$96.7
<u>Medical</u>		\$182.5	\$199.7	\$216.6	\$232.7	\$241.6
Total		\$255.6	\$279.7	\$303.4	\$325.9	\$338.3
<i>Expenses (\$ millions)</i>						
Family		\$3.8	\$4.2	\$4.6	\$4.9	\$5.1
<u>Medical</u>		\$15.9	\$17.4	\$18.8	\$20.2	\$21.0
Total	\$65.0	\$19.7	\$21.6	\$23.4	\$25.1	\$26.1
<i>Total Expenditure (\$ millions)</i>						
Family		\$76.9	\$84.2	\$91.3	\$98.1	\$101.8
<u>Medical</u>		\$198.4	\$217.1	\$235.5	\$253.0	\$262.6
Total	\$65.0	\$275.3	\$301.3	\$326.8	\$351.1	\$364.4
<i>Contribution Rate</i>						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Overall*	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%
<i>Contributions (\$ millions)</i>						
Employer	\$77.9	\$81.1	\$84.6	\$88.3	\$91.6	\$95.1
<u>Employee</u>	\$233.6	\$243.4	\$253.9	\$264.8	\$274.8	\$285.2
Total	\$311.4	\$324.5	\$338.5	\$353.0	\$366.4	\$380.3
<i>Investment Income (\$ millions)</i>						
	\$2.5	\$3.0	\$3.4	\$3.7	\$3.9	\$4.1
<i>EOY Fund Balance (\$ millions)</i>						
Target Fund Balance (\$ millions)	\$246.4	\$298.1	\$338.2	\$367.9	\$386.9	\$406.7
Fund Balance % of Prior Year Expenditure			123%	122%	118%	116%

* The overall contribution rate is equal to the total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Projection 4
100% Tiered / No Waiting Period

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		10,905	11,473	11,932	12,289	12,265
<u>Medical</u>		29,434	30,967	32,206	33,172	33,106
Total		40,338	42,440	44,138	45,462	45,371
Benefit Payments (\$ millions)						
Family		\$73.1	\$80.0	\$86.8	\$93.2	\$96.7
<u>Medical</u>		\$219.1	\$239.7	\$260.0	\$279.3	\$289.9
Total		\$292.1	\$319.7	\$346.7	\$372.5	\$386.6
Expenses (\$ millions)						
Family		\$3.8	\$4.2	\$4.6	\$4.9	\$5.1
<u>Medical</u>		\$19.0	\$20.8	\$22.6	\$24.3	\$25.2
Total	\$65.0	\$22.9	\$25.1	\$27.2	\$29.2	\$30.3
Total Expenditure (\$ millions)						
Family		\$76.9	\$84.2	\$91.3	\$98.1	\$101.8
<u>Medical</u>		\$238.1	\$260.5	\$282.6	\$303.6	\$315.1
Total	\$65.0	\$315.0	\$344.7	\$373.9	\$401.7	\$416.9
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Overall*	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Contributions (\$ millions)						
Employer	\$88.6	\$92.3	\$96.3	\$100.4	\$104.2	\$108.2
<u>Employee</u>	\$265.7	\$276.9	\$288.8	\$301.2	\$312.6	\$324.5
Total	\$354.3	\$369.2	\$385.0	\$401.6	\$416.8	\$432.6
Investment Income (\$ millions)						
	\$2.9	\$3.5	\$3.9	\$4.2	\$4.4	\$4.6
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$289.3	\$346.3	\$390.1	\$421.7	\$441.0	\$461.2
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Appendix B

Assumptions and Analytical Methods

We performed the analysis using the same methods, demographic data, and historical claim experience as described in Milliman's report to the Commission dated August 15, 2022. However, we developed new morbidity assumptions (i.e., claim incidence rates and average claim durations) based on the new program features, and we calculated new average benefit amounts based on tiered benefit formulas that provide 90% and 100% income replacement to low wage workers. We then calculated expected PFML benefit payments based on the same formula as before but using the updated assumptions, as shown below:

Expected Benefit Payments = Expected Number of Claims x Average Duration x Average Benefit Amount

In the formula above, the expected number of claims was calculated from the claim incidence rates and the expected number of covered employees.

We assumed start-up expenses equal to \$65 million, based on the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor. We also assumed ongoing expenses equal to 5% of family claim costs plus 8% of medical claim costs, based on average expenses reported in states with PFML programs. These assumptions are different than our prior analysis which assumed \$40 million in start-up expenses and ongoing expenses equal to 5% of family costs and 10% of medical costs.

We estimated taxable wages for employers with fewer than 15 employees based on data provided to Milliman by the Maine Department of Labor, and employment forecasts from the Consensus Economic Forecasting Commission and the Center for Workforce Research and Information.

Maine Paid Family and Medical Leave Actuarial Analysis



New Program Options

November 1, 2022

Paul Correia, FSA, MAAA



Contents

- 3 **New PFML Program Design Options**
- 5 **Estimated Contribution Rates**
- 6 **Small Employer Exemptions**
- 7 **Financial Projection**
- 8 **Other Considerations**
- 10 **Limitations of Analysis**

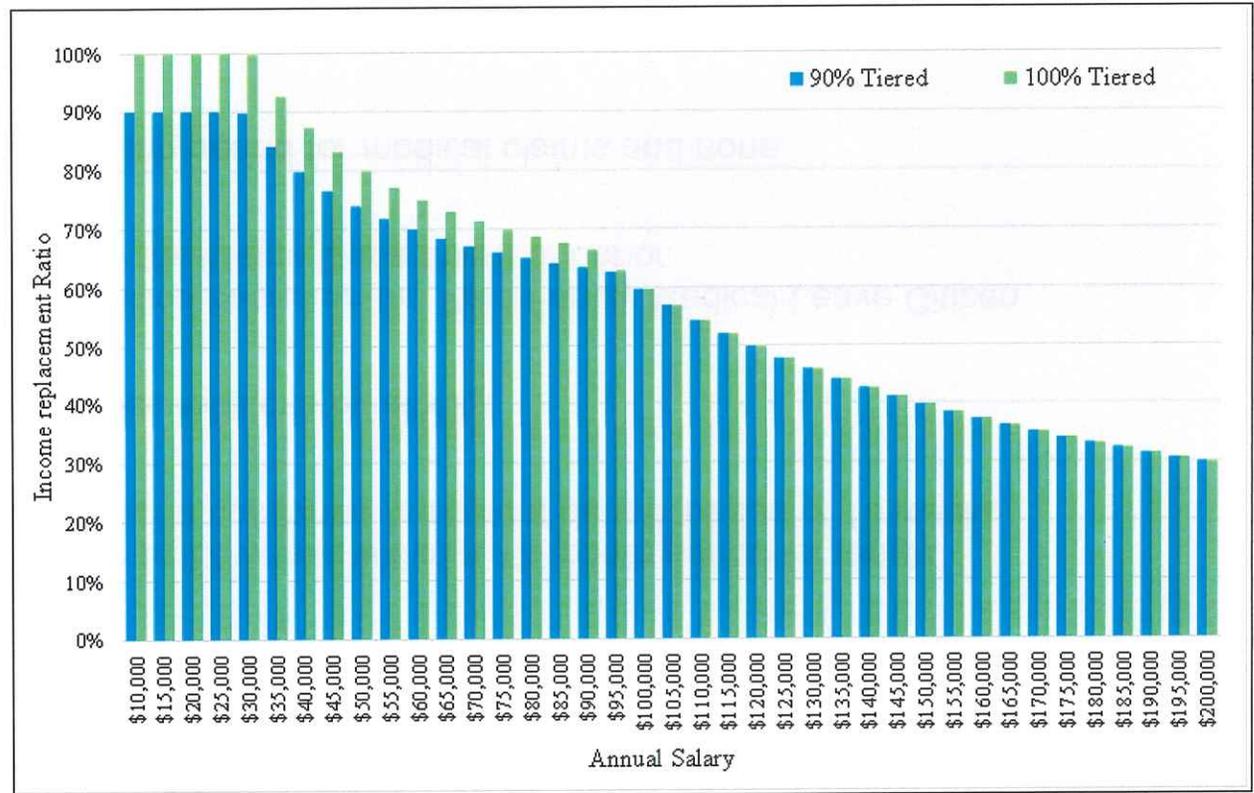
New PFML Program Design Options

Benefit Structure

Prior Analysis: Benefits replace a flat percentage of income (i.e., 80%, 90%, or 100%) up to an amount equal to the state average weekly wage.

New Design: Tiered benefit structure:

1. 90% or 100% of income replacement up to 50% of the state average weekly wage, plus
2. 50% of wages above 50% of the state average weekly wage,
3. up to an amount equal to the state average weekly wage.



New PFML Program Design Options

Other Program Features and Assumptions

- Safe leaves are included in the definition of permissible leaves.
- Employees can receive benefits for up to 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks.
- The definition of family member includes relations by affinity.
- Start-up expenses are equal to \$65 million based on the Paid Family Medical Leave Citizen Initiative Fiscal Estimate developed by the Maine Department of Labor.
- Two waiting period options: 7-day waiting period for medical claims and none.

Estimated Contribution Rates

Estimated Initial Contribution Rates		
Basis: Taxable Wages up to Social Security Maximum Wage Limit		
Benefit Percent	Waiting Period	Contribution Rate
90% Tiered	7-days (medical)	0.75%
90% Tiered	None	0.84%
100% Tiered	7-days (medical)	0.88%
100% Tiered	None	1.00%

The highest contribution rate corresponds to a PFML program that features a 100%-tiered benefit structure and no waiting period.

Small Employer Exemptions

- ❑ The small employer exemptions shown below apply to employers with fewer than 15 employees.
- ❑ The estimated contribution rates for employers and employees assume 25% of contributions are from employers and 75% of contributions are from employees, based loosely on cost sharing arrangements in other states.

Estimated Initial Contribution Rates				
Basis: Taxable Wages up to Social Security Maximum Wage Limit				
Benefit Percent	Waiting Period	Small Employer Exemption	Employer Rate	Employee Rate
90% Tiered	7-days (medical)	Yes	0.22%	0.56%
90% Tiered	None	Yes	0.25%	0.63%
100% Tiered	7-days (medical)	Yes	0.26%	0.66%
100% Tiered	None	Yes	0.30%	0.75%
90% Tiered	7-days (medical)	No	0.19%	0.56%
90% Tiered	None	No	0.21%	0.63%
100% Tiered	7-days (medical)	No	0.22%	0.66%
100% Tiered	None	No	0.25%	0.75%

- ❑ The small employer exemptions are subsidized by employers with 15 or more employees; therefore, the employer rates are higher when exemptions are included.
- ❑ Employee rates are the same in both cases because employees are assumed to contribute 75% of costs regardless of small employer exemptions.

Financial Projection

- Benefit percent: 90%-Tiered
- Waiting Period: 7-days (medical)

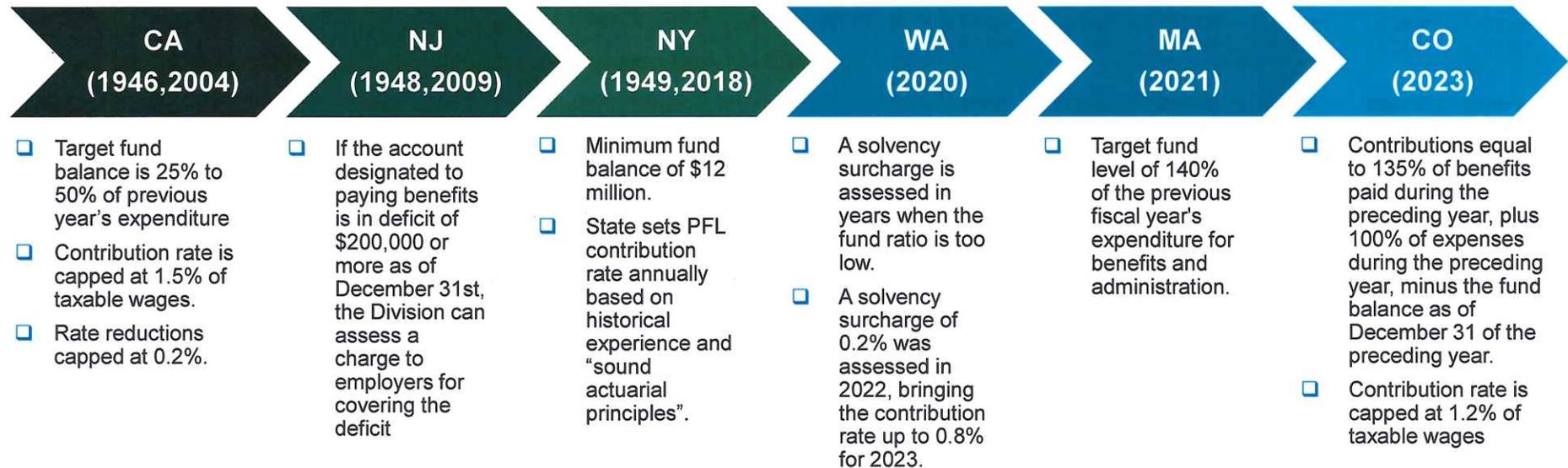
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		10,760	11,320	11,773	12,126	12,102
<u>Medical</u>		24,200	25,461	26,479	27,274	27,219
Total		34,960	36,781	38,252	39,400	39,321
Benefit Payments (\$ millions)						
Family		\$62.5	\$68.3	\$74.1	\$79.6	\$82.7
<u>Medical</u>		\$150.4	\$164.5	\$178.5	\$191.7	\$199.0
Total		\$212.8	\$232.9	\$252.6	\$271.4	\$281.7
Expenses (\$ millions)						
Family		\$3.3	\$3.6	\$3.9	\$4.2	\$4.4
<u>Medical</u>		\$13.1	\$14.3	\$15.5	\$16.7	\$17.3
Total	\$65.0	\$16.4	\$17.9	\$19.4	\$20.9	\$21.7
Total Expenditure (\$ millions)						
Family		\$65.7	\$71.9	\$78.0	\$83.8	\$87.0
<u>Medical</u>		\$163.4	\$178.8	\$194.0	\$208.4	\$216.3
Total	\$65.0	\$229.2	\$250.8	\$272.0	\$292.2	\$303.3
Contribution Rate						
Employer	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
Employee	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Overall*	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Contributions (\$ millions)						
Employer	\$65.7	\$68.5	\$71.4	\$74.5	\$77.3	\$80.3
<u>Employee</u>	\$197.1	\$205.4	\$214.2	\$223.5	\$231.9	\$240.7
Total	\$262.8	\$273.9	\$285.7	\$298.0	\$309.3	\$321.0
Investment Income (\$ millions)	\$2.0	\$2.4	\$2.8	\$3.1	\$3.3	\$3.5
EOY Fund Balance (\$ millions)	\$197.8	\$244.5	\$281.8	\$310.6	\$330.7	\$351.7
Target Fund Balance (\$ millions)			\$275.0	\$300.9	\$326.4	\$350.7
Fund Balance % of Prior Year Expenditure			123%	124%	122%	120%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of the employer and employee contribution rates due to small employer exemptions.

Other Considerations

Funding Methods

- The contribution rates shown above were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years.
- In general, new PFML programs have higher targets than tenured programs.



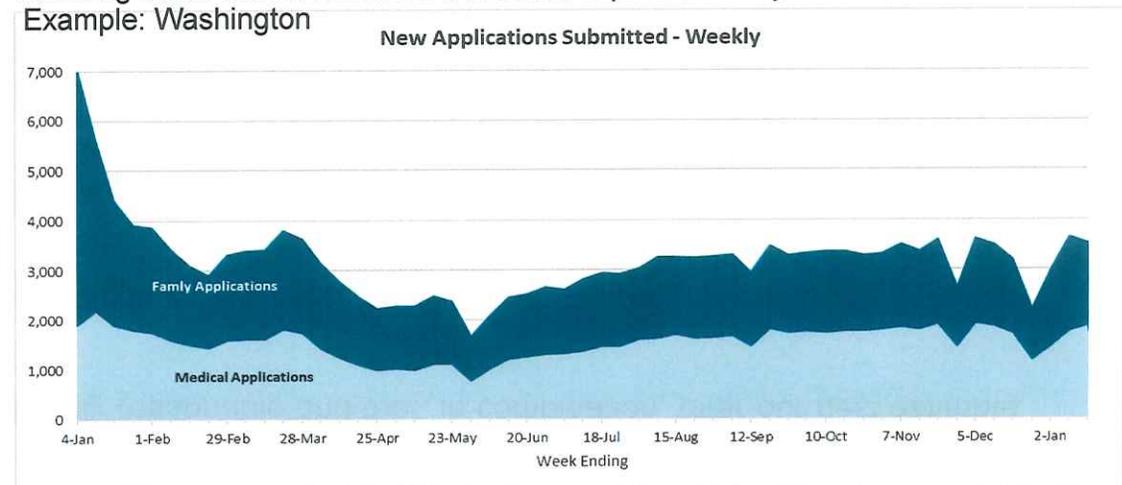
- A higher initial target seems reasonable for new programs due to uncertainty and the lack of directly related experience.

Other Considerations

- ❑ Contribution wage base
- ❑ Maximum weekly benefit amount
- ❑ Benchmarks for combined total benefits
- ❑ Impact of private insurance options
- ❑ Potential exemption of high wage-earning employees
- ❑ Impact of ACA health insurance premium on participation or access
- ❑ Participation/enrollment of self-employed individuals or businesses that do not use payroll

- ❑ Bonding claims for birth or adoption prior to effective date

Allowing these claims can have a material impact on first year costs
Example: Washington



Source : Washington Paid Family and Medical Leave, Employment Security Department, Advisory Committee Meeting, January 22, 2021

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

I, Paul Correia, am a Consulting Actuary with Milliman. I am a member of the American Academy of Actuaries, and I meet its Qualification Standards to render the actuarial opinion contained herein.



Thank you

Paul Correia, FSA, MAAA
paul.correia@milliman.com



121 Middle Street, Suite 401
Portland, ME 04101-4156
USA

Tel +1 207 772 0046
Fax +1 207 772 7512

milliman.com

November 9, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

Thank you for your feedback on the new paid family and medical leave (PFML) program options being considered by the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program. We have analyzed the expected costs and funding requirements for these options. This letter contains a summary of the new PFML program design options and our estimated contribution rates for these options, as well as other important considerations.

Program Design Options

The PFML program options assumed in our analysis vary by income replacement, maximum benefit amount, waiting period, and wage base as follows:

- Income replacement: 90% or 100% of wages up to the maximum weekly benefit amount.
- Maximum weekly benefit amount: 80%, 100%, or 120% of the Maine state average weekly wage.
- Waiting period: 7-days for medical claims or none.
- Wage base: Taxable wages up to the Social Security maximum wage limit or unlimited wages.

In addition, we assumed that employees could receive PFML benefits for up to 12 weeks within a 12-month period for family, medical and safe leaves of absence, for a combined maximum benefit period of 16 weeks. We also assumed the definition of family member includes relations by affinity. We assumed that employers with fewer than 15 employees would be exempt from paying the employer contribution, and that

other employers would contribute 25% of total costs and employees would contribute 75% of total costs. These assumptions are consistent with our prior analysis documented in our letter dated October 31, 2022.

Estimated Contribution Rates

The following table shows our estimated initial contribution rates for the Maine PFML program options described above:

Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.26%	0.67%	0.89%
90%	7-Days Medical	80% SAWW	SS Limit	0.28%	0.71%	0.94%
90%	7-Days Medical	100% SAWW	Unlimited	0.28%	0.72%	0.95%
90%	7-Days Medical	100% SAWW	SS Limit	0.30%	0.76%	1.01%
90%	7-Days Medical	120% SAWW	Unlimited	0.29%	0.74%	0.99%
90%	7-Days Medical	120% SAWW	SS Limit	0.31%	0.78%	1.05%
90%	None	80% SAWW	Unlimited	0.29%	0.76%	1.01%
90%	None	80% SAWW	SS Limit	0.32%	0.80%	1.07%
90%	None	100% SAWW	Unlimited	0.32%	0.81%	1.09%
90%	None	100% SAWW	SS Limit	0.34%	0.86%	1.15%
90%	None	120% SAWW	Unlimited	0.33%	0.84%	1.12%
90%	None	120% SAWW	SS Limit	0.35%	0.89%	1.19%
100%	7-Days Medical	80% SAWW	Unlimited	0.28%	0.73%	0.97%
100%	7-Days Medical	80% SAWW	SS Limit	0.30%	0.77%	1.03%
100%	7-Days Medical	100% SAWW	Unlimited	0.31%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	SS Limit	0.34%	0.86%	1.14%
100%	7-Days Medical	120% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	120% SAWW	SS Limit	0.35%	0.90%	1.20%
100%	None	80% SAWW	Unlimited	0.32%	0.82%	1.10%
100%	None	80% SAWW	SS Limit	0.34%	0.87%	1.17%
100%	None	100% SAWW	Unlimited	0.36%	0.92%	1.22%
100%	None	100% SAWW	SS Limit	0.38%	0.97%	1.30%
100%	None	120% SAWW	Unlimited	0.38%	0.97%	1.29%
100%	None	120% SAWW	SS Limit	0.40%	1.03%	1.37%

* The overall contribution rates are equal to the estimated required contributions divided by the taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

The contribution rates shown above are based on the same modeling methods and assumptions as those documented in our prior communications from August 15, 2022 and October 31, 2022.

The contribution rates for programs that feature 100% income replacement are higher than those that feature 90% income replacement, with all else equal. The contribution rates are also higher for programs that do not include an unpaid waiting period, with all else equal. The contribution rates are higher for higher maximum benefit amounts, and they are higher when taxable wages are capped at the Social Security

maximum wage limit. Appendix B of this letter contains financial projections corresponding to each of the program options in Table 1.

Maximum Contribution Rates in Other States

At your request, we have researched the maximum contribution rates (if any) in states that have passed PFML laws. There is no explicit maximum in Rhode Island, Massachusetts, and Maryland – in these states, the contribution rates are determined annually based on actuarial studies and specific targets for the PFML fund. The maximum contribution rates in other states are provided below:

- California: The maximum contribution rate is 1.50% of taxable wages for Disability Insurance and Paid Family Leave, where taxable wages are capped at \$145,600 per employee per year.
- New York: The maximum employee contribution for Disability Benefits Law (DBL) is \$0.60 per week¹. There is no explicit maximum for the employer contribution for DBL, and there are no explicit maximums for employer and employee contributions for Paid Family Leave.
- Washington: The maximum contribution rate is 0.60% of taxable wages up to the Social Security wage limit; however, a solvency surcharge up to 0.60% is assessed in years when the fund ratio is below a minimum threshold. This implies that contribution rates in any given year would be capped at 1.20% (i.e., the sum of the maximum contribution rate and the maximum solvency surcharge). A solvency surcharge of 0.2% was assessed in 2022, bringing the contribution rate up from 0.60% in 2022 to 0.8% in 2023.
- Colorado: The maximum contribution rate is 1.20% of taxable wages up to the Social Security wage limit.
- Delaware: The maximum contribution rate is 1.00%. If the state determines that the contribution rate for the next calendar year should exceed 1.00%, then benefits are adjusted by reducing the benefit percent from 80% to “the lowest percentage of average weekly wages for employees as necessary to compute a contribution rate that does not exceed 1.00%².”
- Connecticut: The legislation is ambiguous because it establishes a maximum contribution rate of 0.50% (the current rate) as well as establishing a mechanism for the rate to be increased in order to meet funding objectives: “On November 1, 2022, and on each November first thereafter, the authority may announce a revision to the previously established contribution rate, provided the revised rate shall not exceed one-half of one per cent and shall be sufficient to ensure that the trust fund shall achieve and maintain such target fund balance³.” It is possible that a contribution rate of 0.50% would not be sufficient to achieve and maintain the target fund balance in some years.
- Oregon: The maximum contribution rate is 1.00% of taxable wages, which is the initial rate (benefits begin on January 1, 2023). Taxable wages in 2022 are capped at \$132,900, and the taxable wage base will be adjusted annually based on changes in the Consumer Price Index.

¹ New York DBL benefits are relatively modest and replace 50% of income up to \$170 per week.

² Delaware Senate Substitute No. 1 for Senate Bill No. 1, Section 3705 (C)(3)

³ Chapter 557, Sec. 31-49g. Establishment and administration of Paid Family and Medical Leave Insurance Program. Employee contributions. Authority duties. Payments. Compensation. Spouses. Concurrent compensation. Reimbursement to General Fund

Other Considerations

This section contains other important considerations for the Commission related to program design, contributions, funding objectives, and tracking emerging experience.

Program Design

At your request, we have analyzed the expected costs and contribution requirements for programs that feature an 18-week combined maximum benefit period as opposed to 16 weeks. Based on this analysis, we would expect higher claim costs primarily due to maternity and bonding leaves of absence taken by female employees with new children. We have estimated that claim costs would be approximately 5% higher if the PFML program featured an 18-week combined maximum benefit period. Therefore, we recommend multiplying the estimated contribution rates in Table 1 by a factor of 1.05 for programs that feature an 18-week combined maximum benefit period. The resulting rates are provided in Appendix A of this letter.

The contribution rates in Table 1 assume that children born or adopted prior to the PFML benefit effective date will not be eligible for bonding claims. If employees with new children prior to the effective date will be eligible for bonding benefits, then the expected claim costs would be higher, and the contribution rates would need to be revised. The rate revisions would depend on how the provision is structured – for example, if the cutoff date for eligibility is within 6 or 12 months of the effective date of benefits.

Contributions

Some Maine employers have existing short-term disability (STD) and/or family leave programs that are funded through insured or self-insured mechanisms. For example, the premium rates for insured STD benefits are typically in the range of 0.3% to 0.5% of payroll but may be higher or lower depending on the plan design and claim experience. If PFML benefits are mandated in Maine, then employers with existing STD and family leave plans may not see a significant change in costs, depending on the plan design and how the existing benefits are coordinated with PFML benefits.

Some employers provide STD benefits on a voluntary basis to employees, meaning that employees who elect to participate in the STD program pay the premiums. If PFML benefits are mandated in Maine, these employees may not see a significant change in costs, depending on the design of the employer's plan and how the benefits are coordinated with PFML benefits.

Funding Objectives

The contribution rates in Table 1 were developed by targeting a fund balance in the range of 120% to 125% of the previous year's expenditure during the program's initial years. This target range is in line with the targets established in other states that have new PFML programs, as discussed in our letter from October 31, 2022. More tenured programs tend to have lower targets. Over time, as Maine PFML experience emerges and stabilizes, it may be reasonable to reduce the target fund balance.

Tracking Emerging Experience

We strongly recommend tracking and analyzing PFML experience as it emerges. We also recommend an annual actuarial review to measure experience and determine any contribution rate change in time for implementation in the following calendar year. Tracking PFML experience would involve creating and maintaining databases that capture both claim-level and employer-level data. Ideally, the claim-level data would include specific detail on claim characteristics such as gender, age, leave type (bonding, care, maternity, non-maternity, safe leave, and military exigencies), benefit begin and end dates, intermittent

leaves (yes or no), and benefit amounts, at a minimum, and employer-level data would include taxable wages, contributions (from employers and employees), and the number of covered employees, at a minimum.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Legislative Council with information about PFML benefits, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, 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.

The results of our analysis are 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 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.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.correia@milliman.com or (207) 771-1204. Thank you.

Sincerely,



Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A

This appendix contains estimated contribution rates for PFML programs that feature an 18-week combined maximum benefit period, with all else equal.

Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.27%	0.70%	0.93%
90%	7-Days Medical	80% SAWW	SS Limit	0.29%	0.75%	0.99%
90%	7-Days Medical	100% SAWW	Unlimited	0.29%	0.76%	1.00%
90%	7-Days Medical	100% SAWW	SS Limit	0.32%	0.80%	1.06%
90%	7-Days Medical	120% SAWW	Unlimited	0.30%	0.78%	1.04%
90%	7-Days Medical	120% SAWW	SS Limit	0.33%	0.82%	1.10%
90%	None	80% SAWW	Unlimited	0.30%	0.80%	1.06%
90%	None	80% SAWW	SS Limit	0.34%	0.84%	1.12%
90%	None	100% SAWW	Unlimited	0.34%	0.85%	1.14%
90%	None	100% SAWW	SS Limit	0.36%	0.90%	1.21%
90%	None	120% SAWW	Unlimited	0.35%	0.88%	1.18%
90%	None	120% SAWW	SS Limit	0.37%	0.93%	1.25%
100%	7-Days Medical	80% SAWW	Unlimited	0.29%	0.77%	1.02%
100%	7-Days Medical	80% SAWW	SS Limit	0.32%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	100% SAWW	SS Limit	0.36%	0.90%	1.20%
100%	7-Days Medical	120% SAWW	Unlimited	0.35%	0.89%	1.19%
100%	7-Days Medical	120% SAWW	SS Limit	0.37%	0.95%	1.26%
100%	None	80% SAWW	Unlimited	0.34%	0.86%	1.16%
100%	None	80% SAWW	SS Limit	0.36%	0.91%	1.23%
100%	None	100% SAWW	Unlimited	0.38%	0.97%	1.28%
100%	None	100% SAWW	SS Limit	0.40%	1.02%	1.37%
100%	None	120% SAWW	Unlimited	0.40%	1.02%	1.35%
100%	None	120% SAWW	SS Limit	0.42%	1.08%	1.44%

Appendix B
Financial Projections

This appendix includes financial projections corresponding to the Maine PFML program options and contribution rates in Table 1. The following projections are included in the appendix:

Maine PFML Financial Projections				
Projection Label	Benefit Percent	Waiting Period	Maximum Benefit Amount	Wage Base
Projection 1	90%	7-Days Medical	80% SAWW	Unlimited
Projection 2	90%	7-Days Medical	80% SAWW	SS Limit
Projection 3	90%	7-Days Medical	100% SAWW	Unlimited
Projection 4	90%	7-Days Medical	100% SAWW	SS Limit
Projection 5	90%	7-Days Medical	120% SAWW	Unlimited
Projection 6	90%	7-Days Medical	120% SAWW	SS Limit
Projection 7	90%	None	80% SAWW	Unlimited
Projection 8	90%	None	80% SAWW	SS Limit
Projection 9	90%	None	100% SAWW	Unlimited
Projection 10	90%	None	100% SAWW	SS Limit
Projection 11	90%	None	120% SAWW	Unlimited
Projection 12	90%	None	120% SAWW	SS Limit
Projection 13	100%	7-Days Medical	80% SAWW	Unlimited
Projection 14	100%	7-Days Medical	80% SAWW	SS Limit
Projection 15	100%	7-Days Medical	100% SAWW	Unlimited
Projection 16	100%	7-Days Medical	100% SAWW	SS Limit
Projection 17	100%	7-Days Medical	120% SAWW	Unlimited
Projection 18	100%	7-Days Medical	120% SAWW	SS Limit
Projection 19	100%	None	80% SAWW	Unlimited
Projection 20	100%	None	80% SAWW	SS Limit
Projection 21	100%	None	100% SAWW	Unlimited
Projection 22	100%	None	100% SAWW	SS Limit
Projection 23	100%	None	120% SAWW	Unlimited
Projection 24	100%	None	120% SAWW	SS Limit

The financial projections shown below depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

In each of the projections, the fund ratio in the final row is reducing over time because we have assumed that incidence rates will be increasing during the initial years. We have analyzed the fund ratio in future years and the ratio levels off beyond 2029 because the incidence rate assumptions stabilize. The ratio is above 100% through 2033.

Projection 1

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 80% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
Benefit Payments (\$ millions)						
Family		\$76.6	\$83.8	\$90.9	\$97.6	\$101.3
<u>Medical</u>		\$196.3	\$214.8	\$233.0	\$250.3	\$259.8
Total		\$272.9	\$298.6	\$323.9	\$348.0	\$361.2
Expenses (\$ millions)						
Family		\$4.0	\$4.4	\$4.8	\$5.1	\$5.3
<u>Medical</u>		\$17.1	\$18.7	\$20.3	\$21.8	\$22.6
Total	\$65.0	\$21.1	\$23.1	\$25.0	\$26.9	\$27.9
Total Expenditure (\$ millions)						
Family		\$80.6	\$88.2	\$95.7	\$102.8	\$106.7
<u>Medical</u>		\$213.4	\$233.5	\$253.3	\$272.1	\$282.4
Total	\$65.0	\$294.0	\$321.7	\$348.9	\$374.9	\$389.1
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
Overall*	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Contributions (\$ millions)						
Employer	\$83.0	\$86.5	\$90.2	\$94.1	\$97.7	\$101.4
<u>Employee</u>	\$249.2	\$259.6	\$270.8	\$282.5	\$293.2	\$304.3
Total	\$332.2	\$346.1	\$361.0	\$376.6	\$390.8	\$405.7
Investment Income (\$ millions)	\$2.7	\$3.2	\$3.6	\$4.0	\$4.2	\$4.4
EOY Fund Balance (\$ millions)	\$267.2	\$322.0	\$364.6	\$395.8	\$415.7	\$436.5
Target Fund Balance (\$ millions)			\$352.8	\$386.0	\$418.7	\$449.8
Fund Balance % of Prior Year Expenditure			124%	123%	119%	116%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 2

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 80% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
Benefit Payments (\$ millions)						
Family		\$76.6	\$83.8	\$90.9	\$97.6	\$101.3
<u>Medical</u>		\$196.3	\$214.8	\$233.0	\$250.3	\$259.8
Total		\$272.9	\$298.6	\$323.9	\$348.0	\$361.2
Expenses (\$ millions)						
Family		\$4.0	\$4.4	\$4.8	\$5.1	\$5.3
<u>Medical</u>		\$17.1	\$18.7	\$20.3	\$21.8	\$22.6
Total	\$65.0	\$21.1	\$23.1	\$25.0	\$26.9	\$27.9
Total Expenditure (\$ millions)						
Family		\$80.6	\$88.2	\$95.7	\$102.8	\$106.7
<u>Medical</u>		\$213.4	\$233.5	\$253.3	\$272.1	\$282.4
Total	\$65.0	\$294.0	\$321.7	\$348.9	\$374.9	\$389.1
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.71%	0.71%	0.71%	0.71%	0.71%	0.71%
Overall*	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%
Contributions (\$ millions)						
Employer	\$83.0	\$86.5	\$90.3	\$94.1	\$97.7	\$101.4
<u>Employee</u>	\$249.1	\$259.6	\$270.8	\$282.4	\$293.1	\$304.2
Total	\$332.2	\$346.1	\$361.0	\$376.6	\$390.8	\$405.7
Investment Income (\$ millions)	\$2.7	\$3.2	\$3.6	\$4.0	\$4.2	\$4.4
EOY Fund Balance (\$ millions)	\$267.2	\$322.0	\$364.6	\$395.8	\$415.7	\$436.5
Target Fund Balance (\$ millions)			\$352.8	\$386.0	\$418.7	\$449.8
Fund Balance % of Prior Year Expenditure			124%	123%	119%	116%

Projection 3

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 100% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		25,509	26,838	27,912	28,749	28,691
Total		36,851	38,771	40,321	41,531	41,448
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$213.2	\$233.2	\$253.0	\$271.8	\$282.1
Total		\$294.4	\$322.2	\$349.4	\$375.4	\$389.6
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$18.5	\$20.3	\$22.0	\$23.6	\$24.5
Total	\$65.0	\$22.8	\$25.0	\$27.1	\$29.1	\$30.2
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$231.7	\$253.5	\$275.0	\$295.4	\$306.6
Total	\$65.0	\$317.2	\$347.1	\$376.5	\$404.5	\$419.8
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.72%	0.72%	0.72%	0.72%	0.72%	0.72%
Overall*	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Contributions (\$ millions)						
Employer	\$89.2	\$92.9	\$96.9	\$101.1	\$104.9	\$108.9
<u>Employee</u>	\$267.6	\$278.9	\$290.9	\$303.4	\$314.9	\$326.8
Total	\$356.8	\$371.8	\$387.8	\$404.4	\$419.8	\$435.7
Investment Income (\$ millions)	\$2.9	\$3.5	\$3.9	\$4.3	\$4.4	\$4.7
EOY Fund Balance (\$ millions)	\$291.8	\$349.2	\$393.4	\$425.2	\$444.8	\$465.1
Target Fund Balance (\$ millions)			\$380.7	\$416.5	\$451.8	\$485.4
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 100% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		25,509	26,838	27,912	28,749	28,691
Total		36,851	38,771	40,321	41,531	41,448
<i>Benefit Payments (\$ millions)</i>						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$213.2	\$233.2	\$253.0	\$271.8	\$282.1
Total		\$294.4	\$322.2	\$349.4	\$375.4	\$389.6
<i>Expenses (\$ millions)</i>						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$18.5	\$20.3	\$22.0	\$23.6	\$24.5
Total	\$65.0	\$22.8	\$25.0	\$27.1	\$29.1	\$30.2
<i>Total Expenditure (\$ millions)</i>						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$231.7	\$253.5	\$275.0	\$295.4	\$306.6
Total	\$65.0	\$317.2	\$347.1	\$376.5	\$404.5	\$419.8
<i>Contribution Rate</i>						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
<i>Contributions (\$ millions)</i>						
Employer	\$89.2	\$93.0	\$96.9	\$101.1	\$105.0	\$108.9
<u>Employee</u>	\$267.6	\$278.8	\$290.8	\$303.3	\$314.8	\$326.8
Total	\$356.8	\$371.8	\$387.8	\$404.4	\$419.8	\$435.7
<i>Investment Income (\$ millions)</i>	\$2.9	\$3.5	\$3.9	\$4.3	\$4.4	\$4.7
<i>EOY Fund Balance (\$ millions)</i>	\$291.8	\$349.2	\$393.4	\$425.2	\$444.8	\$465.1
Target Fund Balance (\$ millions)			\$380.7	\$416.5	\$451.8	\$485.4
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 5

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 120% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
Benefit Payments (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
Expenses (\$ millions)						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
Total Expenditure (\$ millions)						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
Contribution Rate						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Contributions (\$ millions)						
Employer	\$92.2	\$96.1	\$100.2	\$104.5	\$108.5	\$112.6
<u>Employee</u>	\$276.8	\$288.4	\$300.8	\$313.7	\$325.6	\$338.0
Total	\$369.0	\$384.5	\$401.0	\$418.3	\$434.1	\$450.6
Investment Income (\$ millions)	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
EOY Fund Balance (\$ millions)	\$304.0	\$362.7	\$407.7	\$439.8	\$459.1	\$479.2
Target Fund Balance (\$ millions)			\$394.5	\$431.7	\$468.2	\$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 6

Benefit Percent: 90%

Waiting Period: 7-Days Medical

Maximum Benefit: 120% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
Benefit Payments (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
Expenses (\$ millions)						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
Total Expenditure (\$ millions)						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Overall*	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions (\$ millions)						
Employer	\$92.2	\$96.1	\$100.3	\$104.6	\$108.5	\$112.7
<u>Employee</u>	\$276.7	\$288.4	\$300.8	\$313.7	\$325.6	\$337.9
Total	\$369.0	\$384.5	\$401.0	\$418.3	\$434.1	\$450.6
Investment Income (\$ millions)	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
EOY Fund Balance (\$ millions)	\$304.0	\$362.7	\$407.7	\$439.8	\$459.1	\$479.2
Target Fund Balance (\$ millions)			\$394.5	\$431.7	\$468.2	\$503.0
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 7

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 80% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		30,000	31,563	32,826	33,810	33,743
Total		41,114	43,256	44,987	46,336	46,244
Benefit Payments (\$ millions)						
Family		\$76.6	\$83.8	\$90.9	\$97.6	\$101.3
<u>Medical</u>		\$235.6	\$257.8	\$279.6	\$300.4	\$311.8
Total		\$312.2	\$341.6	\$370.5	\$398.0	\$413.1
Expenses (\$ millions)						
Family		\$4.0	\$4.4	\$4.8	\$5.1	\$5.3
<u>Medical</u>		\$20.5	\$22.4	\$24.3	\$26.1	\$27.1
Total	\$65.0	\$24.5	\$26.8	\$29.1	\$31.3	\$32.4
Total Expenditure (\$ millions)						
Family		\$80.6	\$88.2	\$95.7	\$102.8	\$106.7
<u>Medical</u>		\$256.1	\$280.2	\$304.0	\$326.5	\$338.9
Total	\$65.0	\$336.7	\$368.4	\$399.6	\$429.3	\$445.6
Contribution Rate						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions (\$ millions)						
Employer	\$94.3	\$98.3	\$102.5	\$106.9	\$111.0	\$115.2
<u>Employee</u>	\$283.1	\$295.0	\$307.7	\$320.9	\$333.1	\$345.7
Total	\$377.4	\$393.2	\$410.2	\$427.8	\$444.0	\$460.9
Investment Income (\$ millions)	\$3.1	\$3.7	\$4.2	\$4.5	\$4.7	\$4.9
EOY Fund Balance (\$ millions)	\$312.4	\$372.0	\$417.5	\$449.9	\$469.1	\$489.0
Target Fund Balance (\$ millions)			\$404.0	\$442.1	\$479.5	\$515.2
Fund Balance % of Prior Year Expenditure			124%	122%	117%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 8

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 80% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		30,000	31,563	32,826	33,810	33,743
Total		41,114	43,256	44,987	46,336	46,244
Benefit Payments (\$ millions)						
Family		\$76.6	\$83.8	\$90.9	\$97.6	\$101.3
<u>Medical</u>		\$235.6	\$257.8	\$279.6	\$300.4	\$311.8
Total		\$312.2	\$341.6	\$370.5	\$398.0	\$413.1
Expenses (\$ millions)						
Family		\$4.0	\$4.4	\$4.8	\$5.1	\$5.3
<u>Medical</u>		\$20.5	\$22.4	\$24.3	\$26.1	\$27.1
Total	\$65.0	\$24.5	\$26.8	\$29.1	\$31.3	\$32.4
Total Expenditure (\$ millions)						
Family		\$80.6	\$88.2	\$95.7	\$102.8	\$106.7
<u>Medical</u>		\$256.1	\$280.2	\$304.0	\$326.5	\$338.9
Total	\$65.0	\$336.7	\$368.4	\$399.6	\$429.3	\$445.6
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Overall*	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%
Contributions (\$ millions)						
Employer	\$94.3	\$98.3	\$102.5	\$107.0	\$111.0	\$115.2
<u>Employee</u>	\$283.0	\$294.9	\$307.6	\$320.8	\$333.0	\$345.6
Total	\$377.4	\$393.2	\$410.2	\$427.8	\$444.0	\$460.9
Investment Income (\$ millions)	\$3.1	\$3.7	\$4.2	\$4.5	\$4.7	\$4.9
EOY Fund Balance (\$ millions)	\$312.4	\$372.0	\$417.5	\$449.9	\$469.1	\$489.0
Target Fund Balance (\$ millions)			\$404.0	\$442.1	\$479.5	\$515.2
Fund Balance % of Prior Year Expenditure			124%	122%	117%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 9

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 100% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		30,614	32,209	33,497	34,502	34,433
Total		41,955	44,141	45,907	47,284	47,189
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$255.8	\$279.9	\$303.6	\$326.2	\$338.6
Total		\$337.1	\$368.8	\$400.1	\$429.8	\$446.1
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$22.2	\$24.3	\$26.4	\$28.4	\$29.4
Total	\$65.0	\$26.5	\$29.0	\$31.5	\$33.8	\$35.1
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$278.1	\$304.3	\$330.0	\$354.5	\$368.0
Total	\$65.0	\$363.6	\$397.8	\$431.6	\$463.6	\$481.2
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Overall*	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Contributions (\$ millions)						
Employer	\$101.4	\$105.7	\$110.2	\$115.0	\$119.3	\$123.9
<u>Employee</u>	\$304.4	\$317.2	\$330.9	\$345.1	\$358.2	\$371.8
Total	\$405.8	\$422.9	\$441.1	\$460.1	\$477.5	\$495.6
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
EOY Fund Balance (\$ millions)	\$340.8	\$403.6	\$450.9	\$483.9	\$502.6	\$522.1
Target Fund Balance (\$ millions)			\$436.3	\$477.4	\$517.9	\$556.3
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 10

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 100% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		30,614	32,209	33,497	34,502	34,433
Total		41,955	44,141	45,907	47,284	47,189
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$255.8	\$279.9	\$303.6	\$326.2	\$338.6
Total		\$337.1	\$368.8	\$400.1	\$429.8	\$446.1
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$22.2	\$24.3	\$26.4	\$28.4	\$29.4
Total	\$65.0	\$26.5	\$29.0	\$31.5	\$33.8	\$35.1
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$278.1	\$304.3	\$330.0	\$354.5	\$368.0
Total	\$65.0	\$363.6	\$397.8	\$431.6	\$463.6	\$481.2
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Contributions (\$ millions)						
Employer	\$101.5	\$105.7	\$110.3	\$115.0	\$119.4	\$123.9
<u>Employee</u>	\$304.4	\$317.2	\$330.8	\$345.0	\$358.1	\$371.7
Total	\$405.8	\$422.9	\$441.1	\$460.1	\$477.5	\$495.6
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
EOY Fund Balance (\$ millions)	\$340.8	\$403.6	\$450.9	\$483.9	\$502.6	\$522.1
Target Fund Balance (\$ millions)			\$436.3	\$477.4	\$517.9	\$556.3
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 11

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 120% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		30,944	32,556	33,858	34,874	34,804
Total		42,408	44,617	46,402	47,794	47,698
Benefit Payments (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$266.9	\$292.1	\$316.8	\$340.4	\$353.3
Total		\$349.6	\$382.5	\$414.9	\$445.7	\$462.6
Expenses (\$ millions)						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$23.2	\$25.4	\$27.5	\$29.6	\$30.7
Total	\$65.0	\$27.6	\$30.2	\$32.7	\$35.1	\$36.5
Total Expenditure (\$ millions)						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$290.1	\$317.5	\$344.4	\$370.0	\$384.0
Total	\$65.0	\$377.1	\$412.7	\$447.6	\$480.9	\$499.1
Contribution Rate						
Employer	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Employee	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Overall*	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%
Contributions (\$ millions)						
Employer	\$105.0	\$109.4	\$114.1	\$119.0	\$123.5	\$128.2
<u>Employee</u>	\$315.2	\$328.4	\$342.5	\$357.3	\$370.8	\$384.9
Total	\$420.2	\$437.8	\$456.7	\$476.3	\$494.4	\$513.1
Investment Income (\$ millions)	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
EOY Fund Balance (\$ millions)	\$355.2	\$419.4	\$467.6	\$501.0	\$519.5	\$538.7
Target Fund Balance (\$ millions)			\$452.6	\$495.2	\$537.1	\$577.0
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 12

Benefit Percent: 90%

Waiting Period: None

Maximum Benefit: 120% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		30,944	32,556	33,858	34,874	34,804
Total		42,408	44,617	46,402	47,794	47,698
Benefit Payments (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$266.9	\$292.1	\$316.8	\$340.4	\$353.3
Total		\$349.6	\$382.5	\$414.9	\$445.7	\$462.6
Expenses (\$ millions)						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$23.2	\$25.4	\$27.5	\$29.6	\$30.7
Total	\$65.0	\$27.6	\$30.2	\$32.7	\$35.1	\$36.5
Total Expenditure (\$ millions)						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$290.1	\$317.5	\$344.4	\$370.0	\$384.0
Total	\$65.0	\$377.1	\$412.7	\$447.6	\$480.9	\$499.1
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Overall*	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%
Contributions (\$ millions)						
Employer	\$105.0	\$109.5	\$114.2	\$119.1	\$123.6	\$128.3
<u>Employee</u>	\$315.1	\$328.4	\$342.5	\$357.2	\$370.8	\$384.8
Total	\$420.2	\$437.8	\$456.7	\$476.3	\$494.4	\$513.1
Investment Income (\$ millions)	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
EOY Fund Balance (\$ millions)	\$355.2	\$419.4	\$467.6	\$501.0	\$519.5	\$538.7
Target Fund Balance (\$ millions)			\$452.6	\$495.2	\$537.1	\$577.0
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 13

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 80% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,270	11,857	12,331	12,701	12,676
<u>Medical</u>		25,347	26,668	27,735	28,567	28,510
Total		36,617	38,525	40,066	41,268	41,185
Benefit Payments (\$ millions)						
Family		\$87.4	\$95.6	\$103.7	\$111.4	\$115.7
<u>Medical</u>		\$212.1	\$232.1	\$251.7	\$270.4	\$280.7
Total		\$299.5	\$327.7	\$355.5	\$381.9	\$396.4
Expenses (\$ millions)						
Family		\$4.6	\$5.0	\$5.5	\$5.9	\$6.1
<u>Medical</u>		\$18.4	\$20.2	\$21.9	\$23.5	\$24.4
Total	\$65.0	\$23.0	\$25.2	\$27.4	\$29.4	\$30.5
Total Expenditure (\$ millions)						
Family		\$92.0	\$100.7	\$109.2	\$117.3	\$121.8
<u>Medical</u>		\$230.5	\$252.3	\$273.6	\$294.0	\$305.1
Total	\$65.0	\$322.6	\$352.9	\$382.8	\$411.3	\$426.9
Contribution Rate						
Employer	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Employee	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Overall*	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Contributions (\$ millions)						
Employer	\$90.6	\$94.4	\$98.4	\$102.7	\$106.6	\$110.6
<u>Employee</u>	\$271.8	\$283.3	\$295.5	\$308.2	\$319.8	\$332.0
Total	\$362.4	\$377.6	\$393.9	\$410.8	\$426.4	\$442.6
Investment Income (\$ millions)	\$3.0	\$3.6	\$4.0	\$4.3	\$4.5	\$4.7
EOY Fund Balance (\$ millions)	\$297.4	\$355.5	\$400.0	\$432.0	\$451.4	\$471.6
Target Fund Balance (\$ millions)			\$387.1	\$423.5	\$459.4	\$493.5
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 14

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 80% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,270	11,857	12,331	12,701	12,676
<u>Medical</u>		25,347	26,668	27,735	28,567	28,510
Total		36,617	38,525	40,066	41,268	41,185
Benefit Payments (\$ millions)						
Family		\$87.4	\$95.6	\$103.7	\$111.4	\$115.7
<u>Medical</u>		\$212.1	\$232.1	\$251.7	\$270.4	\$280.7
Total		\$299.5	\$327.7	\$355.5	\$381.9	\$396.4
Expenses (\$ millions)						
Family		\$4.6	\$5.0	\$5.5	\$5.9	\$6.1
<u>Medical</u>		\$18.4	\$20.2	\$21.9	\$23.5	\$24.4
Total	\$65.0	\$23.0	\$25.2	\$27.4	\$29.4	\$30.5
Total Expenditure (\$ millions)						
Family		\$92.0	\$100.7	\$109.2	\$117.3	\$121.8
<u>Medical</u>		\$230.5	\$252.3	\$273.6	\$294.0	\$305.1
Total	\$65.0	\$322.6	\$352.9	\$382.8	\$411.3	\$426.9
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Overall*	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%
Contributions (\$ millions)						
Employer	\$90.6	\$94.4	\$98.5	\$102.7	\$106.6	\$110.7
<u>Employee</u>	\$271.8	\$283.2	\$295.4	\$308.1	\$319.8	\$331.9
Total	\$362.4	\$377.6	\$393.9	\$410.8	\$426.4	\$442.6
Investment Income (\$ millions)	\$3.0	\$3.6	\$4.0	\$4.3	\$4.5	\$4.7
EOY Fund Balance (\$ millions)	\$297.4	\$355.5	\$400.0	\$432.0	\$451.4	\$471.6
Target Fund Balance (\$ millions)			\$387.1	\$423.5	\$459.4	\$493.5
Fund Balance % of Prior Year Expenditure			124%	122%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 15

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 100% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		25,931	27,282	28,374	29,225	29,166
Total		37,461	39,412	40,989	42,219	42,134
Benefit Payments (\$ millions)						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$239.7	\$262.3	\$284.5	\$305.7	\$317.3
Total		\$334.9	\$366.5	\$397.5	\$427.0	\$443.2
Expenses (\$ millions)						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$20.8	\$22.8	\$24.7	\$26.6	\$27.6
Total	\$65.0	\$25.9	\$28.3	\$30.7	\$33.0	\$34.2
Total Expenditure (\$ millions)						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$260.6	\$285.1	\$309.3	\$332.2	\$344.8
Total	\$65.0	\$360.8	\$394.8	\$428.2	\$460.0	\$477.5
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
Overall*	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Contributions (\$ millions)						
Employer	\$100.7	\$104.9	\$109.4	\$114.1	\$118.5	\$123.0
<u>Employee</u>	\$302.2	\$314.9	\$328.4	\$342.6	\$355.6	\$369.0
Total	\$402.9	\$419.8	\$437.9	\$456.7	\$474.0	\$492.0
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
EOY Fund Balance (\$ millions)	\$337.9	\$400.3	\$447.4	\$480.3	\$499.1	\$518.6
Target Fund Balance (\$ millions)			\$432.9	\$473.7	\$513.8	\$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 16

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 100% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		25,931	27,282	28,374	29,225	29,166
Total		37,461	39,412	40,989	42,219	42,134
Benefit Payments (\$ millions)						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$239.7	\$262.3	\$284.5	\$305.7	\$317.3
Total		\$334.9	\$366.5	\$397.5	\$427.0	\$443.2
Expenses (\$ millions)						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$20.8	\$22.8	\$24.7	\$26.6	\$27.6
Total	\$65.0	\$25.9	\$28.3	\$30.7	\$33.0	\$34.2
Total Expenditure (\$ millions)						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$260.6	\$285.1	\$309.3	\$332.2	\$344.8
Total	\$65.0	\$360.8	\$394.8	\$428.2	\$460.0	\$477.5
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
Contributions (\$ millions)						
Employer	\$100.7	\$105.0	\$109.5	\$114.2	\$118.5	\$123.0
<u>Employee</u>	\$302.1	\$314.8	\$328.4	\$342.5	\$355.5	\$369.0
Total	\$402.9	\$419.8	\$437.9	\$456.7	\$474.0	\$492.0
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
EOY Fund Balance (\$ millions)	\$337.9	\$400.3	\$447.4	\$480.3	\$499.1	\$518.6
Target Fund Balance (\$ millions)			\$432.9	\$473.7	\$513.8	\$552.0
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 17

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 120% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,645	12,252	12,742	13,124	13,098
<u>Medical</u>		26,192	27,556	28,659	29,518	29,459
Total		37,837	39,808	41,401	42,643	42,558
Benefit Payments (\$ millions)						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
<u>Medical</u>		\$254.5	\$278.4	\$302.0	\$324.4	\$336.7
Total		\$352.9	\$386.2	\$418.9	\$450.0	\$467.1
Expenses (\$ millions)						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
<u>Medical</u>		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$27.3	\$29.9	\$32.4	\$34.8	\$36.1
Total Expenditure (\$ millions)						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
<u>Medical</u>		\$276.6	\$302.6	\$328.3	\$352.7	\$366.0
Total	\$65.0	\$380.2	\$416.1	\$451.3	\$484.8	\$503.2
Contribution Rate						
Employer	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Employee	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Overall*	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%
Contributions (\$ millions)						
Employer	\$105.8	\$110.3	\$115.0	\$120.0	\$124.5	\$129.2
<u>Employee</u>	\$317.6	\$331.0	\$345.2	\$360.1	\$373.7	\$387.9
Total	\$423.5	\$441.3	\$460.3	\$480.0	\$498.2	\$517.1
Investment Income (\$ millions)	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
EOY Fund Balance (\$ millions)	\$358.5	\$423.1	\$471.5	\$505.0	\$523.4	\$542.6
Target Fund Balance (\$ millions)			\$456.3	\$499.3	\$541.6	\$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 18

Benefit Percent: 100%

Waiting Period: 7-Days Medical

Maximum Benefit: 120% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,645	12,252	12,742	13,124	13,098
<u>Medical</u>		26,192	27,556	28,659	29,518	29,459
Total		37,837	39,808	41,401	42,643	42,558
Benefit Payments (\$ millions)						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
<u>Medical</u>		\$254.5	\$278.4	\$302.0	\$324.4	\$336.7
Total		\$352.9	\$386.2	\$418.9	\$450.0	\$467.1
Expenses (\$ millions)						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
<u>Medical</u>		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$27.3	\$29.9	\$32.4	\$34.8	\$36.1
Total Expenditure (\$ millions)						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
<u>Medical</u>		\$276.6	\$302.6	\$328.3	\$352.7	\$366.0
Total	\$65.0	\$380.2	\$416.1	\$451.3	\$484.8	\$503.2
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Overall*	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Contributions (\$ millions)						
Employer	\$105.9	\$110.3	\$115.1	\$120.0	\$124.6	\$129.3
<u>Employee</u>	\$317.6	\$330.9	\$345.2	\$360.0	\$373.7	\$387.8
Total	\$423.5	\$441.3	\$460.3	\$480.0	\$498.2	\$517.1
Investment Income (\$ millions)	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
EOY Fund Balance (\$ millions)	\$358.5	\$423.1	\$471.5	\$505.0	\$523.4	\$542.6
Target Fund Balance (\$ millions)			\$456.3	\$499.3	\$541.6	\$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 19

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 80% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,270	11,857	12,331	12,701	12,676
<u>Medical</u>		30,419	32,004	33,285	34,283	34,214
Total		41,689	43,861	45,616	46,984	46,890
Benefit Payments (\$ millions)						
Family		\$87.4	\$95.6	\$103.7	\$111.4	\$115.7
<u>Medical</u>		\$254.5	\$278.5	\$302.1	\$324.6	\$336.9
Total		\$342.0	\$374.2	\$405.9	\$436.0	\$452.5
Expenses (\$ millions)						
Family		\$4.6	\$5.0	\$5.5	\$5.9	\$6.1
<u>Medical</u>		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$26.7	\$29.3	\$31.7	\$34.1	\$35.4
Total Expenditure (\$ millions)						
Family		\$92.0	\$100.7	\$109.2	\$117.3	\$121.8
<u>Medical</u>		\$276.7	\$302.7	\$328.4	\$352.8	\$366.2
Total	\$65.0	\$368.7	\$403.4	\$437.6	\$470.1	\$487.9
Contribution Rate						
Employer	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Employee	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
Overall*	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Contributions (\$ millions)						
Employer	\$102.8	\$107.1	\$111.7	\$116.5	\$120.9	\$125.5
<u>Employee</u>	\$308.5	\$321.4	\$335.3	\$349.7	\$362.9	\$376.7
Total	\$411.2	\$428.5	\$447.0	\$466.2	\$483.9	\$502.2
Investment Income (\$ millions)	\$3.5	\$4.1	\$4.6	\$4.9	\$5.1	\$5.3
EOY Fund Balance (\$ millions)	\$346.2	\$409.5	\$457.2	\$490.3	\$509.0	\$528.4
Target Fund Balance (\$ millions)			\$442.4	\$484.1	\$525.1	\$564.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 20

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 80% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,270	11,857	12,331	12,701	12,676
<u>Medical</u>		30,419	32,004	33,285	34,283	34,214
Total		41,689	43,861	45,616	46,984	46,890
Benefit Payments (\$ millions)						
Family		\$87.4	\$95.6	\$103.7	\$111.4	\$115.7
<u>Medical</u>		\$254.5	\$278.5	\$302.1	\$324.6	\$336.9
Total		\$342.0	\$374.2	\$405.9	\$436.0	\$452.5
Expenses (\$ millions)						
Family		\$4.6	\$5.0	\$5.5	\$5.9	\$6.1
<u>Medical</u>		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$26.7	\$29.3	\$31.7	\$34.1	\$35.4
Total Expenditure (\$ millions)						
Family		\$92.0	\$100.7	\$109.2	\$117.3	\$121.8
<u>Medical</u>		\$276.7	\$302.7	\$328.4	\$352.8	\$366.2
Total	\$65.0	\$368.7	\$403.4	\$437.6	\$470.1	\$487.9
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Overall*	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%
Contributions (\$ millions)						
Employer	\$102.8	\$107.1	\$111.7	\$116.6	\$121.0	\$125.6
<u>Employee</u>	\$308.4	\$321.4	\$335.2	\$349.6	\$362.9	\$376.6
Total	\$411.2	\$428.5	\$447.0	\$466.2	\$483.9	\$502.2
Investment Income (\$ millions)	\$3.5	\$4.1	\$4.6	\$4.9	\$5.1	\$5.3
EOY Fund Balance (\$ millions)	\$346.2	\$409.5	\$457.2	\$490.3	\$509.0	\$528.4
Target Fund Balance (\$ millions)			\$442.4	\$484.1	\$525.1	\$564.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	112%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 21

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 100% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		31,120	32,742	34,051	35,073	35,003
Total		42,650	44,872	46,667	48,067	47,970
Benefit Payments (\$ millions)						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$287.7	\$314.8	\$341.5	\$366.8	\$380.7
Total		\$382.9	\$419.0	\$454.5	\$488.2	\$506.7
Expenses (\$ millions)						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$25.0	\$27.4	\$29.7	\$31.9	\$33.1
Total	\$65.0	\$30.0	\$32.9	\$35.6	\$38.3	\$39.7
Total Expenditure (\$ millions)						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$312.7	\$342.2	\$371.2	\$398.7	\$413.8
Total	\$65.0	\$412.9	\$451.8	\$490.1	\$526.5	\$546.5
Contribution Rate						
Employer	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Employee	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
Overall*	1.22%	1.22%	1.22%	1.22%	1.22%	1.22%
Contributions (\$ millions)						
Employer	\$114.5	\$119.3	\$124.4	\$129.8	\$134.7	\$139.8
<u>Employee</u>	\$343.6	\$358.0	\$373.4	\$389.5	\$404.3	\$419.6
Total	\$458.0	\$477.3	\$497.8	\$519.3	\$538.9	\$559.4
Investment Income (\$ millions)	\$3.9	\$4.6	\$5.1	\$5.5	\$5.6	\$5.8
EOY Fund Balance (\$ millions)	\$393.0	\$461.4	\$512.0	\$546.3	\$564.2	\$582.8
Target Fund Balance (\$ millions)			\$495.5	\$542.2	\$588.1	\$631.8
Fund Balance % of Prior Year Expenditure			124%	121%	115%	111%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 22

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 100% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		31,120	32,742	34,051	35,073	35,003
Total		42,650	44,872	46,667	48,067	47,970
Benefit Payments (\$ millions)						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$287.7	\$314.8	\$341.5	\$366.8	\$380.7
Total		\$382.9	\$419.0	\$454.5	\$488.2	\$506.7
Expenses (\$ millions)						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$25.0	\$27.4	\$29.7	\$31.9	\$33.1
Total	\$65.0	\$30.0	\$32.9	\$35.6	\$38.3	\$39.7
Total Expenditure (\$ millions)						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$312.7	\$342.2	\$371.2	\$398.7	\$413.8
Total	\$65.0	\$412.9	\$451.8	\$490.1	\$526.5	\$546.5
Contribution Rate						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Employee	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Overall*	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Contributions (\$ millions)						
Employer	\$114.5	\$119.3	\$124.5	\$129.8	\$134.7	\$139.9
<u>Employee</u>	\$343.5	\$358.0	\$373.4	\$389.4	\$404.2	\$419.5
Total	\$458.0	\$477.3	\$497.8	\$519.3	\$538.9	\$559.4
Investment Income (\$ millions)	\$3.9	\$4.6	\$5.1	\$5.5	\$5.6	\$5.8
EOY Fund Balance (\$ millions)	\$393.0	\$461.4	\$512.0	\$546.3	\$564.2	\$582.8
Target Fund Balance (\$ millions)			\$495.5	\$542.2	\$588.1	\$631.8
Fund Balance % of Prior Year Expenditure			124%	121%	115%	111%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 23

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 120% SAWW

Wage Base: Unlimited

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
Claims						
Family		11,645	12,252	12,742	13,124	13,098
<u>Medical</u>		31,433	33,071	34,393	35,425	35,354
Total		43,078	45,323	47,136	48,550	48,453
Benefit Payments (\$ millions)						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
<u>Medical</u>		\$305.4	\$334.1	\$362.4	\$389.4	\$404.1
Total		\$403.9	\$441.9	\$479.3	\$514.9	\$534.5
Expenses (\$ millions)						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
<u>Medical</u>		\$26.6	\$29.1	\$31.5	\$33.9	\$35.1
Total	\$65.0	\$31.7	\$34.7	\$37.7	\$40.5	\$42.0
Total Expenditure (\$ millions)						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
<u>Medical</u>		\$331.9	\$363.2	\$394.0	\$423.2	\$439.3
Total	\$65.0	\$435.6	\$476.6	\$517.0	\$555.4	\$576.5
Contribution Rate						
Employer	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Employee	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Overall*	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Contributions (\$ millions)						
Employer	\$120.5	\$125.5	\$130.9	\$136.6	\$141.7	\$147.1
<u>Employee</u>	\$361.6	\$376.8	\$393.0	\$409.9	\$425.4	\$441.6
Total	\$482.0	\$502.3	\$523.9	\$546.5	\$567.2	\$588.7
Investment Income (\$ millions)	\$4.2	\$4.9	\$5.4	\$5.7	\$5.9	\$6.1
EOY Fund Balance (\$ millions)	\$417.0	\$487.9	\$540.1	\$575.0	\$592.5	\$610.7
Target Fund Balance (\$ millions)			\$522.7	\$571.9	\$620.4	\$666.5
Fund Balance % of Prior Year Expenditure			124%	121%	115%	110%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 24

Benefit Percent: 100%

Waiting Period: None

Maximum Benefit: 120% SAWW

Wage Base: SS Limit

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,645	12,252	12,742	13,124	13,098
<u>Medical</u>		31,433	33,071	34,393	35,425	35,354
Total		43,078	45,323	47,136	48,550	48,453
Benefit Payments (\$ millions)						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
<u>Medical</u>		\$305.4	\$334.1	\$362.4	\$389.4	\$404.1
Total		\$403.9	\$441.9	\$479.3	\$514.9	\$534.5
Expenses (\$ millions)						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
<u>Medical</u>		\$26.6	\$29.1	\$31.5	\$33.9	\$35.1
Total	\$65.0	\$31.7	\$34.7	\$37.7	\$40.5	\$42.0
Total Expenditure (\$ millions)						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
<u>Medical</u>		\$331.9	\$363.2	\$394.0	\$423.2	\$439.3
Total	\$65.0	\$435.6	\$476.6	\$517.0	\$555.4	\$576.5
Contribution Rate						
Employer	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Employee	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%
Overall*	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
Contributions (\$ millions)						
Employer	\$120.5	\$125.6	\$131.0	\$136.6	\$141.8	\$147.2
<u>Employee</u>	\$361.5	\$376.7	\$392.9	\$409.8	\$425.4	\$441.5
Total	\$482.0	\$502.3	\$523.9	\$546.5	\$567.2	\$588.7
Investment Income (\$ millions)	\$4.2	\$4.9	\$5.4	\$5.7	\$5.9	\$6.1
EOY Fund Balance (\$ millions)	\$417.0	\$487.9	\$540.1	\$575.0	\$592.5	\$610.7
Target Fund Balance (\$ millions)			\$522.7	\$571.9	\$620.4	\$666.5
Fund Balance % of Prior Year Expenditure			124%	121%	115%	110%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

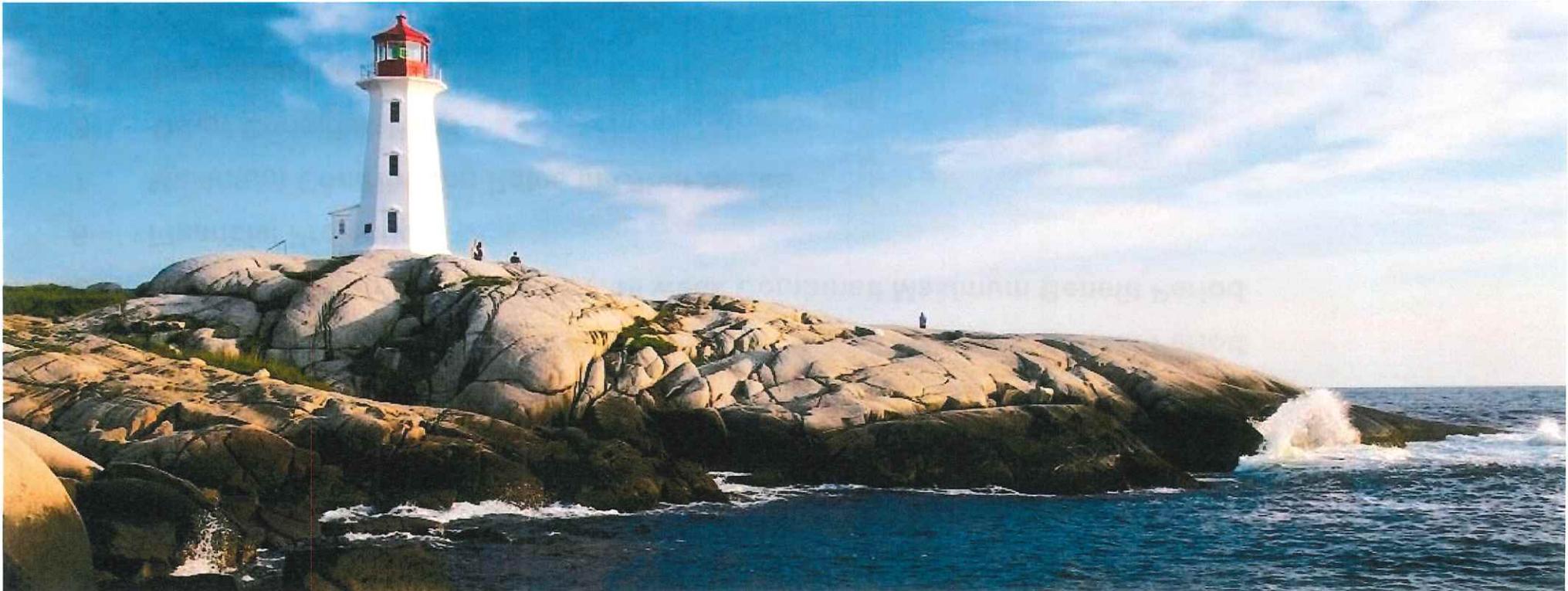
Maine Paid Family and Medical Leave Actuarial Analysis



New Program Options

November 18, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



Contents

- 3 **New PFML Program Design Options**
- 4 **Estimated Contribution Rates – 16 week Combined Maximum Benefit Period**
- 5 **Estimated Contribution Rates – 18 week Combined Maximum Benefit Period**
- 6 **Financial Projection**
- 7 **Maximum Contribution Rates in Other States**
- 8 **Other Considerations**
- 9 **Limitations of Analysis**

New PFML Program Design Options

- ❑ **Income Replacement:** 90% or 100% of wages up to the maximum weekly benefit amount.
- ❑ **Maximum Weekly Benefit Amount:** 80%, 100%, or 120% of the Maine state average weekly wage.
- ❑ **Waiting Period:** None, or 7-days for medical claims.
- ❑ **Wage Base:** Unlimited, or taxable wages up to the Social Security maximum wage limit.
- ❑ **Benefit Period:** 12 weeks within a 12-month period for family, medical, and safe leaves of absence, for a combined maximum benefit period of 16 weeks or 18 weeks.
- ❑ **Cost Sharing:** Employers contribute 25% of total costs and employees contribute 75% of total costs.
- ❑ **Small Employer Exemption:** Employers with fewer than 15 employees are exempt from paying the employer contribution.

Estimated Contribution Rates

Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Estimated PFML Contribution Rates 16-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.26%	0.67%	0.89%
90%	7-Days Medical	80% SAWW	SS Limit	0.28%	0.71%	0.94%
90%	7-Days Medical	100% SAWW	Unlimited	0.28%	0.72%	0.95%
90%	7-Days Medical	100% SAWW	SS Limit	0.30%	0.76%	1.01%
90%	7-Days Medical	120% SAWW	Unlimited	0.29%	0.74%	0.99%
90%	7-Days Medical	120% SAWW	SS Limit	0.31%	0.78%	1.05%
90%	None	80% SAWW	Unlimited	0.29%	0.76%	1.01%
90%	None	80% SAWW	SS Limit	0.32%	0.80%	1.07%
90%	None	100% SAWW	Unlimited	0.32%	0.81%	1.09%
90%	None	100% SAWW	SS Limit	0.34%	0.86%	1.15%
90%	None	120% SAWW	Unlimited	0.33%	0.84%	1.12%
90%	None	120% SAWW	SS Limit	0.35%	0.89%	1.19%
100%	7-Days Medical	80% SAWW	Unlimited	0.28%	0.73%	0.97%
100%	7-Days Medical	80% SAWW	SS Limit	0.30%	0.77%	1.03%
100%	7-Days Medical	100% SAWW	Unlimited	0.31%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	SS Limit	0.34%	0.86%	1.14%
100%	7-Days Medical	120% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	120% SAWW	SS Limit	0.35%	0.90%	1.20%
100%	None	80% SAWW	Unlimited	0.32%	0.82%	1.10%
100%	None	80% SAWW	SS Limit	0.34%	0.87%	1.17%
100%	None	100% SAWW	Unlimited	0.36%	0.92%	1.22%
100%	None	100% SAWW	SS Limit	0.38%	0.97%	1.30%
100%	None	120% SAWW	Unlimited	0.38%	0.97%	1.29%
100%	None	120% SAWW	SS Limit	0.40%	1.03%	1.37%

* The overall contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Estimated Contribution Rates

Contribution rates for PFML programs that feature an 18-week combined maximum benefit period, with all else equal

Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period						
Program Feature				Contribution Rate		
Benefit Percent	Waiting Period	Maximum Benefit	Wage Base	Employer	Employee	Overall*
90%	7-Days Medical	80% SAWW	Unlimited	0.27%	0.70%	0.93%
90%	7-Days Medical	80% SAWW	SS Limit	0.29%	0.75%	0.99%
90%	7-Days Medical	100% SAWW	Unlimited	0.29%	0.76%	1.00%
90%	7-Days Medical	100% SAWW	SS Limit	0.32%	0.80%	1.06%
90%	7-Days Medical	120% SAWW	Unlimited	0.30%	0.78%	1.04%
90%	7-Days Medical	120% SAWW	SS Limit	0.33%	0.82%	1.10%
90%	None	80% SAWW	Unlimited	0.30%	0.80%	1.06%
90%	None	80% SAWW	SS Limit	0.34%	0.84%	1.12%
90%	None	100% SAWW	Unlimited	0.34%	0.85%	1.14%
90%	None	100% SAWW	SS Limit	0.36%	0.90%	1.21%
90%	None	120% SAWW	Unlimited	0.35%	0.88%	1.18%
90%	None	120% SAWW	SS Limit	0.37%	0.93%	1.25%
100%	7-Days Medical	80% SAWW	Unlimited	0.29%	0.77%	1.02%
100%	7-Days Medical	80% SAWW	SS Limit	0.32%	0.81%	1.08%
100%	7-Days Medical	100% SAWW	Unlimited	0.33%	0.85%	1.13%
100%	7-Days Medical	100% SAWW	SS Limit	0.36%	0.90%	1.20%
100%	7-Days Medical	120% SAWW	Unlimited	0.35%	0.89%	1.19%
100%	7-Days Medical	120% SAWW	SS Limit	0.37%	0.95%	1.26%
100%	None	80% SAWW	Unlimited	0.34%	0.86%	1.16%
100%	None	80% SAWW	SS Limit	0.36%	0.91%	1.23%
100%	None	100% SAWW	Unlimited	0.38%	0.97%	1.28%
100%	None	100% SAWW	SS Limit	0.40%	1.02%	1.37%
100%	None	120% SAWW	Unlimited	0.40%	1.02%	1.35%
100%	None	120% SAWW	SS Limit	0.42%	1.08%	1.44%

* The overall contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Financial Projection

	2024	2025	2026	2027	2028	2029
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
All Other Employers	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,342	11,932	12,410	12,782	12,757
Medical		30,614	32,209	33,497	34,502	34,433
Total		41,955	44,141	45,907	47,284	47,189
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
Medical		\$255.8	\$279.9	\$303.6	\$326.2	\$338.6
Total		\$337.1	\$368.8	\$400.1	\$429.8	\$446.1
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
Medical		\$22.2	\$24.3	\$26.4	\$28.4	\$29.4
Total	\$65.0	\$26.5	\$29.0	\$31.5	\$33.8	\$35.1
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
Medical		\$278.1	\$304.3	\$330.0	\$354.5	\$368.0
Total	\$65.0	\$363.6	\$397.8	\$431.6	\$463.6	\$481.2
Contribution Rate						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Contributions (\$ millions)						
Employer	\$101.5	\$105.7	\$110.3	\$115.0	\$119.4	\$123.9
Employee	\$304.4	\$317.2	\$330.8	\$345.0	\$358.1	\$371.7
Total	\$405.8	\$422.9	\$441.1	\$460.1	\$477.5	\$495.6
Investment Income (\$ millions)	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
EOY Fund Balance (\$ millions)	\$340.8	\$403.6	\$450.9	\$483.9	\$502.6	\$522.1
Fund Balance % of Prior Year Expenditure			124%	122%	116%	113%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

PFML Program Design:

- Benefit Percent: 90%
- Waiting Period: None
- Maximum Benefit: 100% SAWW
- Wage Base: SS Limit

The assumed claim incidence rates are increasing in initial years.

The contributions are higher than the total expenditure in every year.

The fund ratio levels off beyond 2029 because the incidence rate assumptions stabilize in future years.

Maximum Contribution Rates in Other States

CA

1.50% of taxable wages for Disability Insurance and Paid Family Leave. Taxable wages are capped at \$145,600 per employee per year.

NY

The maximum employee contribution for Disability Benefits Law (DBL) is \$0.60 per week. There is no explicit maximum for the employer contribution for DBL, and there are no explicit maximums for employer and employee contributions for Paid Family Leave.

WA

The maximum contribution rate is 0.60% of taxable wages up to the Social Security wage limit; however, a solvency surcharge up to 0.60% is assessed in years when the fund ratio is below a minimum threshold, implying that contribution rates in any given year would be capped at 1.20%.

CO

1.20% of taxable wages up to the Social Security wage limit.

DE

1.00% of taxable wages up to the Social Security wage limit. If the state determines that the contribution rate for the next calendar year should exceed 1.00%, then benefits are adjusted by reducing the benefit percent from 80% to the lowest percentage that results in a contribution rate that does not exceed 1.00%.

CT

The legislation is ambiguous because it establishes a maximum contribution rate of 0.50% (the current rate) as well as establishing a mechanism for the rate to be increased in order to meet funding objectives.

OR

The maximum contribution rate is 1.00% of taxable wages, which is the initial rate (benefits begin on January 1, 2023). Taxable wages in 2022 are capped at \$132,900, and the taxable wage base will be adjusted annually based on changes in the Consumer Price Index.

Other Considerations

❑ Program Design

- Including coverage for bonding claims for newborn or newly adopted children prior to the effective date of benefits would add cost in the first year of the program.

❑ Contributions

- Employers and employees with existing short-term disability (STD) and/or family leave plans may not see significant changes in costs.

❑ Funding Objectives

- The contribution rates shown above are based on an initial fund target in the range of 120% to 125% of the prior year's expenditure for benefits and administration.
- This target is consistent with the targets included in new PFML programs in other states.
- More tenured programs tend to have lower targets.

❑ Tracking Experience

- We strongly recommend tracking PFML experience as it emerges, and developing employer-level and claim-level databases for monitoring the experience on a regular basis.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Thank you

Paul Correia, FSA, MAAA
paul.correia@milliman.com

Dan Skwire, FSA, MAAA
dan.skwire@milliman.com



121 Middle Street, Suite 401
Portland, ME 04101-4156
USA

Tel +1 207 772 0046
Fax +1 207 772 7512

milliman.com

November 28, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

We have analyzed the new paid family and medical leave (PFML) program options discussed during our meeting with the Commission to Develop a Paid Family and Medical Leave Benefits Program on November 18, 2022. This letter contains estimated contribution rates and financial projections for these options. The options vary in terms of income replacement, maximum benefit amount, cost-sharing, taxable wage base, and maximum benefit period as follows:

- Income Replacement: 80%, 90%, or 100%
- Maximum Benefit amount: 100% or 120% of the state average weekly wage
- Cost-Sharing: 25% employer/75% employee or 50% employer/50% employee
- Taxable wage base: Unlimited or Social Security Maximum Wage Base
- Combined Maximum Benefit Period: 16 weeks or 18 weeks

We also assumed the other design features specified in the document "Rec for PFML Program Chart for Nov. 29.pdf" would apply to all program options. For example, we assumed a 7-day waiting period for medical claims in every option.

We estimated contribution rates for the new PFML program options using the same models and assumptions as our prior analyses, by calibrating the models to the new design options. The resulting contribution rates are provided below in Table 1 (based on a 16-week combined maximum benefit period) and Table 2 (based on an 18-week combined maximum benefit period):

Table 1							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 16 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.23%	0.60%	0.47%	0.40%	0.80%
80%	100% SAWW	SS Limit	0.25%	0.64%	0.50%	0.43%	0.85%
80%	120% SAWW	Unlimited	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	SS Limit	0.26%	0.65%	0.51%	0.43%	0.87%
90%	100% SAWW	Unlimited	0.28%	0.72%	0.56%	0.48%	0.95%
90%	100% SAWW	SS Limit	0.30%	0.76%	0.60%	0.51%	1.01%
90%	120% SAWW	Unlimited	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	SS Limit	0.31%	0.78%	0.62%	0.52%	1.05%
100%	100% SAWW	Unlimited	0.31%	0.81%	0.61%	0.54%	1.08%
100%	100% SAWW	SS Limit	0.34%	0.86%	0.67%	0.57%	1.14%
100%	120% SAWW	Unlimited	0.33%	0.85%	0.67%	0.57%	1.13%
100%	120% SAWW	SS Limit	0.35%	0.90%	0.71%	0.60%	1.20%

Table 2							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 18 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.25%	0.63%	0.49%	0.42%	0.84%
80%	100% SAWW	SS Limit	0.26%	0.67%	0.53%	0.45%	0.89%
80%	120% SAWW	Unlimited	0.25%	0.64%	0.50%	0.43%	0.86%
80%	120% SAWW	SS Limit	0.27%	0.68%	0.54%	0.46%	0.91%
90%	100% SAWW	Unlimited	0.29%	0.76%	0.58%	0.50%	1.00%
90%	100% SAWW	SS Limit	0.32%	0.80%	0.63%	0.53%	1.06%
90%	120% SAWW	Unlimited	0.30%	0.78%	0.61%	0.52%	1.04%
90%	120% SAWW	SS Limit	0.33%	0.82%	0.65%	0.55%	1.10%
100%	100% SAWW	Unlimited	0.33%	0.85%	0.65%	0.57%	1.14%
100%	100% SAWW	SS Limit	0.36%	0.90%	0.71%	0.60%	1.20%
100%	120% SAWW	Unlimited	0.35%	0.89%	0.70%	0.60%	1.19%
100%	120% SAWW	SS Limit	0.37%	0.95%	0.74%	0.63%	1.26%

In Tables 1 and 2, the total contribution rate in the final column is the same under both cost sharing scenarios, and represents total annual contributions divided by total annual taxable wages in every option. The sum of the employer and employee contribution rates does not equal the total contribution rate because

the employer rates were determined by assuming small employer exemptions for employers with fewer than 15 employees¹.

We have also analyzed the expected cost of first-year bonding claims for children born or adopted within 12 months of the effective date of benefits. In this scenario, benefits would be payable to employees who take bonding leave even though the birth or adoption occurred before the effective date of benefits. We have estimated that PFML claim costs in the first year would be approximately 10% higher under this provision, and we would recommend increasing the contribution rates shown above by 2% (i.e., multiplying the rates by a factor of 1.02) to fund these additional costs. For example, the total contribution rate from the fifth row in Table 2 corresponding to 90% benefit percent, 100% SAWW maximum benefit amount, and unlimited taxable wages would increase from 1.00% to 1.02% (i.e., 1.00% X 1.02) for the first-year bonding provision. Alternatively, the additional costs for this provision could be covered by extending the initial contribution period from 12 months to 14 months using the same contribution rates shown in Tables 1 and 2.

Financial Projections

We developed financial projections corresponding to the PFML program options and contribution rates from Table 1 that feature a cap on taxable wages equal to the Social Security maximum wage limit². These projections are provided on pages 4 – 9 of this letter. The financial projections depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

¹ Appendix A of this letter contains a different set of contribution rates for the new program options based on a different cost sharing structure in which the total contribution rates are the same as Tables 1 and 2 but the employer and employee rates are different. For example, in Appendix A, the employer and employee rates are equal in the 50%/50% cost sharing scenario.

² We can develop financial projections for the other options in Tables 1 and 2 at the Commission's request.

Projection 1
Benefit Percent: 80%
Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		10,926	11,496	11,955	12,314	12,289
<u>Medical</u>		24,575	25,855	26,890	27,696	27,641
Total		35,501	37,351	38,845	40,010	39,930
<i>Benefit Payments (\$ millions)</i>						
Family		\$66.3	\$72.5	\$78.7	\$84.5	\$87.7
<u>Medical</u>		\$178.6	\$195.4	\$212.0	\$227.7	\$236.4
Total		\$244.9	\$268.0	\$290.7	\$312.3	\$324.1
<i>Expenses (\$ millions)</i>						
Family		\$3.5	\$3.8	\$4.1	\$4.4	\$4.6
<u>Medical</u>		\$15.5	\$17.0	\$18.4	\$19.8	\$20.6
Total	\$65.0	\$19.0	\$20.8	\$22.6	\$24.3	\$25.2
<i>Total Expenditure (\$ millions)</i>						
Family		\$69.8	\$76.4	\$82.8	\$89.0	\$92.3
<u>Medical</u>		\$194.1	\$212.4	\$230.4	\$247.5	\$256.9
Total	\$65.0	\$263.9	\$288.8	\$313.2	\$336.5	\$349.3
<i>Contribution Rate</i>						
Employer	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Overall*	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
<i>Contributions (\$ millions)</i>						
Employer	\$75.1	\$78.2	\$81.6	\$85.1	\$88.3	\$91.7
<u>Employee</u>	\$225.2	\$234.7	\$244.8	\$255.3	\$265.0	\$275.1
Total	\$300.3	\$313.0	\$326.4	\$340.5	\$353.4	\$366.8
<i>Investment Income (\$ millions)</i>	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.0
<i>EOY Fund Balance (\$ millions)</i>	\$235.3	\$286.7	\$327.2	\$357.7	\$378.2	\$399.5
Target Fund Balance (\$ millions)			\$316.7	\$346.5	\$375.9	\$403.8
Fund Balance % of Prior Year Expenditure			124%	124%	121%	119%

Projection 2
Benefit Percent: 80%
Maximum Benefit Amount: 120% SA WW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
All Other Employers	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,114	11,693	12,161	12,526	12,501
Medical		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
Benefit Payments (\$ millions)						
Family		\$67.5	\$73.8	\$80.1	\$86.0	\$89.3
Medical		\$182.2	\$199.3	\$216.2	\$232.3	\$241.1
Total		\$249.6	\$273.2	\$296.3	\$318.3	\$330.4
Expenses (\$ millions)						
Family		\$3.6	\$3.9	\$4.2	\$4.5	\$4.7
Medical		\$15.8	\$17.3	\$18.8	\$20.2	\$21.0
Total	\$65.0	\$19.4	\$21.2	\$23.0	\$24.7	\$25.7
Total Expenditure (\$ millions)						
Family		\$71.0	\$77.7	\$84.3	\$90.6	\$94.0
Medical		\$198.0	\$216.7	\$235.0	\$252.5	\$262.1
Total	\$65.0	\$269.0	\$294.4	\$319.3	\$343.0	\$356.0
Contribution Rate						
Employer	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Employee	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Overall*	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Contributions (\$ millions)						
Employer	\$76.4	\$79.7	\$83.1	\$86.7	\$89.9	\$93.4
Employee	\$229.3	\$239.0	\$249.2	\$259.9	\$269.8	\$280.0
Total	\$305.7	\$318.6	\$332.3	\$346.6	\$359.7	\$373.4
Investment Income (\$ millions)						
	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.1
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$240.7	\$292.7	\$333.6	\$364.2	\$384.6	\$405.8
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3
Benefit Percent: 90%
Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,342	11,932	12,410	12,782	12,757
<u>Medical</u>		25,509	26,838	27,912	28,749	28,691
Total		36,851	38,771	40,321	41,531	41,448
Benefit Payments (\$ millions)						
Family		\$81.3	\$88.9	\$96.4	\$103.6	\$107.5
<u>Medical</u>		\$213.2	\$233.2	\$253.0	\$271.8	\$282.1
Total		\$294.4	\$322.2	\$349.4	\$375.4	\$389.6
Expenses (\$ millions)						
Family		\$4.3	\$4.7	\$5.1	\$5.5	\$5.7
<u>Medical</u>		\$18.5	\$20.3	\$22.0	\$23.6	\$24.5
Total	\$65.0	\$22.8	\$25.0	\$27.1	\$29.1	\$30.2
Total Expenditure (\$ millions)						
Family		\$85.5	\$93.6	\$101.5	\$109.1	\$113.2
<u>Medical</u>		\$231.7	\$253.5	\$275.0	\$295.4	\$306.6
Total	\$65.0	\$317.2	\$347.1	\$376.5	\$404.5	\$419.8
Contribution Rate						
Employer	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Employee	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Overall*	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%
Contributions (\$ millions)						
Employer	\$89.2	\$93.0	\$96.9	\$101.1	\$105.0	\$108.9
<u>Employee</u>	\$267.6	\$278.8	\$290.8	\$303.3	\$314.8	\$326.8
Total	\$356.8	\$371.8	\$387.8	\$404.4	\$419.8	\$435.7
Investment Income (\$ millions)						
	\$2.9	\$3.5	\$3.9	\$4.3	\$4.4	\$4.7
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$291.8	\$349.2	\$393.4	\$425.2	\$444.8	\$465.1
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4
Benefit Percent: 90%
Maximum Benefit Amount: 120% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
All Other Employers	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,464	12,061	12,544	12,920	12,894
Medical		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
Benefit Payments (\$ millions)						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
Medical		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
Expenses (\$ millions)						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
Medical		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
Total Expenditure (\$ millions)						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
Medical		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
Contribution Rate						
Employer	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Employee	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Overall*	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Contributions (\$ millions)						
Employer	\$92.2	\$96.1	\$100.3	\$104.6	\$108.5	\$112.7
Employee	\$276.7	\$288.4	\$300.8	\$313.7	\$325.6	\$337.9
Total	\$369.0	\$384.5	\$401.0	\$418.3	\$434.1	\$450.6
Investment Income (\$ millions)						
	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
EOY Fund Balance (\$ millions)						
Target Fund Balance (\$ millions)	\$304.0	\$362.7	\$407.7	\$439.8	\$459.1	\$479.2
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 5
Benefit Percent: 100%
Maximum Benefit Amount: 100% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
<i>Claims</i>						
Family		11,529	12,130	12,615	12,994	12,968
<u>Medical</u>		25,931	27,282	28,374	29,225	29,166
Total		37,461	39,412	40,989	42,219	42,134
<i>Benefit Payments (\$ millions)</i>						
Family		\$95.2	\$104.2	\$113.0	\$121.4	\$126.0
<u>Medical</u>		\$239.7	\$262.3	\$284.5	\$305.7	\$317.3
Total		\$334.9	\$366.5	\$397.5	\$427.0	\$443.2
<i>Expenses (\$ millions)</i>						
Family		\$5.0	\$5.5	\$5.9	\$6.4	\$6.6
<u>Medical</u>		\$20.8	\$22.8	\$24.7	\$26.6	\$27.6
Total	\$65.0	\$25.9	\$28.3	\$30.7	\$33.0	\$34.2
<i>Total Expenditure (\$ millions)</i>						
Family		\$100.2	\$109.6	\$118.9	\$127.8	\$132.6
<u>Medical</u>		\$260.6	\$285.1	\$309.3	\$332.2	\$344.8
Total	\$65.0	\$360.8	\$394.8	\$428.2	\$460.0	\$477.5
<i>Contribution Rate</i>						
Employer	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Employee	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%
Overall*	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
<i>Contributions (\$ millions)</i>						
Employer	\$100.7	\$105.0	\$109.5	\$114.2	\$118.5	\$123.0
<u>Employee</u>	\$302.1	\$314.8	\$328.4	\$342.5	\$355.5	\$369.0
Total	\$402.9	\$419.8	\$437.9	\$456.7	\$474.0	\$492.0
<i>Investment Income (\$ millions)</i>						
	\$3.4	\$4.0	\$4.5	\$4.8	\$5.0	\$5.2
<i>EOY Fund Balance (\$ millions)</i>						
Target Fund Balance (\$ millions)	\$337.9	\$400.3	\$447.4	\$480.3	\$499.1	\$518.6
Fund Balance % of Prior Year Expenditure			124%	122%	117%	113%

Projection 6
Benefit Percent: 100%
Maximum Benefit Amount: 120% SAWW

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Eligible Employees		606,383	607,595	607,595	607,595	606,380
Taxable Wages (\$ millions)						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
All Other Employers	\$29,893.3	\$31,151.2	\$32,490.7	\$33,887.9	\$35,172.9	\$36,506.6
Total	\$35,251.9	\$36,735.3	\$38,314.9	\$39,962.4	\$41,477.8	\$43,050.7
Claims						
Family		11,645	12,252	12,742	13,124	13,098
Medical		26,192	27,556	28,659	29,518	29,459
Total		37,837	39,808	41,401	42,643	42,558
Benefit Payments (\$ millions)						
Family		\$98.5	\$107.8	\$116.9	\$125.6	\$130.3
Medical		\$254.5	\$278.4	\$302.0	\$324.4	\$336.7
Total		\$352.9	\$386.2	\$418.9	\$450.0	\$467.1
Expenses (\$ millions)						
Family		\$5.2	\$5.7	\$6.2	\$6.6	\$6.9
Medical		\$22.1	\$24.2	\$26.3	\$28.2	\$29.3
Total	\$65.0	\$27.3	\$29.9	\$32.4	\$34.8	\$36.1
Total Expenditure (\$ millions)						
Family		\$103.7	\$113.4	\$123.0	\$132.2	\$137.2
Medical		\$276.6	\$302.6	\$328.3	\$352.7	\$366.0
Total	\$65.0	\$380.2	\$416.1	\$451.3	\$484.8	\$503.2
Contribution Rate						
Employer	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Employee	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Overall*	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Contributions (\$ millions)						
Employer	\$105.9	\$110.3	\$115.1	\$120.0	\$124.6	\$129.3
Employee	\$317.6	\$330.9	\$345.2	\$360.0	\$373.7	\$387.8
Total	\$423.5	\$441.3	\$460.3	\$480.0	\$498.2	\$517.1
Investment Income (\$ millions)	\$3.6	\$4.2	\$4.7	\$5.0	\$5.2	\$5.4
EOY Fund Balance (\$ millions)	\$358.5	\$423.1	\$471.5	\$505.0	\$523.4	\$542.6
Target Fund Balance (\$ millions)			\$456.3	\$499.3	\$541.6	\$581.8
Fund Balance % of Prior Year Expenditure			124%	121%	116%	112%

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Commission To Develop A Paid Family and Medical Leave Benefits Program with estimated contribution rates for PFML program options, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, 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.

The results of our analysis are 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 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.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.correia@milliman.com or (207) 771-1204. Thank you.

Sincerely,



Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A

Tables A1 and A2 contain contribution rates based on a different calculation method for the employer and employee contribution rates that results in the same rate for employers and employees under the 50%/50% cost sharing scenario. The total contribution rates are the same as in Tables 1 and 2.

Table A1							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 16 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.21%	0.63%	0.43%	0.43%	0.80%
80%	100% SAWW	SS Limit	0.22%	0.66%	0.46%	0.46%	0.85%
80%	120% SAWW	Unlimited	0.21%	0.64%	0.44%	0.44%	0.82%
80%	120% SAWW	SS Limit	0.23%	0.68%	0.47%	0.47%	0.87%
90%	100% SAWW	Unlimited	0.25%	0.74%	0.52%	0.52%	0.95%
90%	100% SAWW	SS Limit	0.26%	0.79%	0.55%	0.55%	1.01%
90%	120% SAWW	Unlimited	0.26%	0.77%	0.53%	0.53%	0.99%
90%	120% SAWW	SS Limit	0.27%	0.82%	0.57%	0.57%	1.05%
100%	100% SAWW	Unlimited	0.28%	0.84%	0.59%	0.59%	1.08%
100%	100% SAWW	SS Limit	0.30%	0.89%	0.62%	0.62%	1.14%
100%	120% SAWW	Unlimited	0.29%	0.88%	0.61%	0.61%	1.13%
100%	120% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%

Table A2							
Estimated Contribution Rates as a Percentage of Taxable Wages							
Combined Maximum Benefit Period: 18 weeks							
Program Feature			25% ER / 75% EE		50% ER / 50% EE		Total
Benefit Percent	Maximum Benefit	Wage Base	Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.22%	0.66%	0.46%	0.46%	0.84%
80%	100% SAWW	SS Limit	0.23%	0.70%	0.48%	0.48%	0.89%
80%	120% SAWW	Unlimited	0.22%	0.67%	0.46%	0.46%	0.86%
80%	120% SAWW	SS Limit	0.24%	0.71%	0.49%	0.49%	0.91%
90%	100% SAWW	Unlimited	0.26%	0.78%	0.54%	0.54%	1.00%
90%	100% SAWW	SS Limit	0.28%	0.83%	0.58%	0.58%	1.06%
90%	120% SAWW	Unlimited	0.27%	0.81%	0.56%	0.56%	1.04%
90%	120% SAWW	SS Limit	0.29%	0.86%	0.59%	0.59%	1.10%
100%	100% SAWW	Unlimited	0.30%	0.89%	0.62%	0.62%	1.14%
100%	100% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%
100%	120% SAWW	Unlimited	0.31%	0.93%	0.64%	0.64%	1.19%
100%	120% SAWW	SS Limit	0.33%	0.98%	0.68%	0.68%	1.26%

Maine Paid Family and Medical Leave Actuarial Analysis



New Program Options

November 29, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



Contents

- 3 **New PFML Program Design Options**
- 4 **Contribution Rates for 16-week Combined Maximum Benefit Period**
- 5 **Alternative Contribution Rates for 16-week Combined Maximum Benefit Period**
- 6 **Contribution Rates for 18-week Combined Maximum Benefit Period**
- 7 **Alternative Contribution Rates for 18-week Combined Maximum Benefit Period**
- 8 **First-Year Bonding Claims**
- 9 **Limitations of Analysis**

Assumed PFML Program Design Options

- ❑ **Income Replacement:** 80%, 90%, or 100% of wages up to the maximum weekly benefit amount.
- ❑ **Maximum Weekly Benefit Amount:** 100% or 120% of the Maine state average weekly wage.
- ❑ **Waiting Period:** 7-days for medical claims and no waiting period for family claims.
- ❑ **Wage Base:** Unlimited, or taxable wages up to the Social Security maximum wage limit.
- ❑ **Combined Maximum Benefit Period:** 16 weeks or 18 weeks.
- ❑ **Cost Sharing:** 25% employer / 75% employee or 50% employer / 50% employee
- ❑ **Small Employer Exemption:** Employers with fewer than 15 employees are exempt from paying the employer contribution.

Estimated Contribution Rates

Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Program Feature			Contribution Rates				Total*
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	25% ER / 75% EE		50% ER / 50% EE		
			Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.23%	0.60%	0.47%	0.40%	0.80%
80%	100% SAWW	SS Limit	0.25%	0.64%	0.50%	0.43%	0.85%
80%	120% SAWW	Unlimited	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	SS Limit	0.26%	0.65%	0.51%	0.43%	0.87%
90%	100% SAWW	Unlimited	0.28%	0.72%	0.56%	0.48%	0.95%
90%	100% SAWW	SS Limit	0.30%	0.76%	0.60%	0.51%	1.01%
90%	120% SAWW	Unlimited	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	SS Limit	0.31%	0.78%	0.62%	0.52%	1.05%
100%	100% SAWW	Unlimited	0.31%	0.81%	0.61%	0.54%	1.08%
100%	100% SAWW	SS Limit	0.34%	0.86%	0.67%	0.57%	1.14%
100%	120% SAWW	Unlimited	0.33%	0.85%	0.67%	0.57%	1.13%
100%	120% SAWW	SS Limit	0.35%	0.90%	0.71%	0.60%	1.20%

* The total contribution rates equal total contributions divided by total taxable wages in every year, and do not equal the sum of employer and employee contribution rates due to the small employer exemptions.

Example of contribution rate calculation

- 50% Employer / 50% Employee
- 90% Income Replacement
- Maximum Benefit of 100% x SAWW
- Taxable Wages up to SS Wage Limit

(A) Contributor	(B) Taxable Wages (\$millions)	(C) Contribution Rates	(D) Contributions (B x C)**
Employer	\$29,893.3	0.60%	\$178.4
Employee	\$35,251.9	0.51%	\$178.4
Total	\$35,251.9	1.01%	\$356.8

**Differences are due to rounding

The employer and employee contribution amounts are the same under the 50/50 cost sharing scenario.

Estimated Contribution Rates

Alternative Set of Contribution rates for PFML programs that feature a 16-week combined maximum benefit period

Program Feature			Contribution Rates				Total*
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	25% ER / 75% EE		50% ER / 50% EE		
			Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.21%	0.63%	0.43%	0.43%	0.80%
80%	100% SAWW	SS Limit	0.22%	0.66%	0.46%	0.46%	0.85%
80%	120% SAWW	Unlimited	0.21%	0.64%	0.44%	0.44%	0.82%
80%	120% SAWW	SS Limit	0.23%	0.68%	0.47%	0.47%	0.87%
90%	100% SAWW	Unlimited	0.25%	0.74%	0.52%	0.52%	0.95%
90%	100% SAWW	SS Limit	0.26%	0.79%	0.55%	0.55%	1.01%
90%	120% SAWW	Unlimited	0.26%	0.77%	0.53%	0.53%	0.99%
90%	120% SAWW	SS Limit	0.27%	0.82%	0.57%	0.57%	1.05%
100%	100% SAWW	Unlimited	0.28%	0.84%	0.59%	0.59%	1.08%
100%	100% SAWW	SS Limit	0.30%	0.89%	0.62%	0.62%	1.14%
100%	120% SAWW	Unlimited	0.29%	0.88%	0.61%	0.61%	1.13%
100%	120% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%

* The total contribution rates are the same as the total contribution rates in Table 1 on slide 4; however, the employer and employee rates are different than the rates in Table 1.

Example of contribution rate calculation

- 50% Employer / 50% Employee
- 90% Income Replacement
- Maximum Benefit of 100% x SAWW
- Taxable Wages up to SS Wage Limit

(A) Contributor	(B) Taxable Wages (\$millions)	(C) Contribution Rates	(D) Contributions (B x C)
Employer	\$29,893.3	0.55%	\$163.7
Employee	\$35,251.9	0.55%	\$193.1
Total	\$35,251.9	1.01%	\$356.8

The employer and employee **contribution rates** are the same under the 50/50 cost sharing scenario.

**Differences are due to rounding

Estimated Contribution Rates

Contribution rates for PFML programs that feature an 18-week combined maximum benefit period

Table 2 Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period							
Program Feature			Contribution Rates				Total
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	25% ER / 75% EE		50% ER / 50% EE		
			Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.25%	0.63%	0.49%	0.42%	0.84%
80%	100% SAWW	SS Limit	0.26%	0.67%	0.53%	0.45%	0.89%
80%	120% SAWW	Unlimited	0.25%	0.64%	0.50%	0.43%	0.86%
80%	120% SAWW	SS Limit	0.27%	0.68%	0.54%	0.46%	0.91%
90%	100% SAWW	Unlimited	0.29%	0.76%	0.58%	0.50%	1.00%
90%	100% SAWW	SS Limit	0.32%	0.80%	0.63%	0.53%	1.06%
90%	120% SAWW	Unlimited	0.30%	0.78%	0.61%	0.52%	1.04%
90%	120% SAWW	SS Limit	0.33%	0.82%	0.65%	0.55%	1.10%
100%	100% SAWW	Unlimited	0.33%	0.85%	0.65%	0.57%	1.14%
100%	100% SAWW	SS Limit	0.36%	0.90%	0.71%	0.60%	1.20%
100%	120% SAWW	Unlimited	0.35%	0.89%	0.70%	0.60%	1.19%
100%	120% SAWW	SS Limit	0.37%	0.95%	0.74%	0.63%	1.26%

The contribution rates shown above are 5% higher than the contribution rates from Table 1 due to the longer combined maximum benefit period (i.e., 18 weeks versus 16 weeks)

Estimated Contribution Rates

Alternative Set of Contribution rates for PFML programs that feature an 18-week combined maximum benefit period

Table 2A Estimated PFML Contribution Rates 18-week Combined Maximum Benefit Period							
Program Feature			Contribution Rates				Total
Income Replacement	Maximum Benefit Amount	Taxable Wage Base	25% ER / 75% EE		50% ER / 50% EE		
			Employer	Employee	Employer	Employee	
80%	100% SAWW	Unlimited	0.22%	0.66%	0.46%	0.46%	0.84%
80%	100% SAWW	SS Limit	0.23%	0.70%	0.48%	0.48%	0.89%
80%	120% SAWW	Unlimited	0.22%	0.67%	0.46%	0.46%	0.86%
80%	120% SAWW	SS Limit	0.24%	0.71%	0.49%	0.49%	0.91%
90%	100% SAWW	Unlimited	0.26%	0.78%	0.54%	0.54%	1.00%
90%	100% SAWW	SS Limit	0.28%	0.83%	0.58%	0.58%	1.06%
90%	120% SAWW	Unlimited	0.27%	0.81%	0.56%	0.56%	1.04%
90%	120% SAWW	SS Limit	0.29%	0.86%	0.59%	0.59%	1.10%
100%	100% SAWW	Unlimited	0.30%	0.89%	0.62%	0.62%	1.14%
100%	100% SAWW	SS Limit	0.31%	0.94%	0.65%	0.65%	1.20%
100%	120% SAWW	Unlimited	0.31%	0.93%	0.64%	0.64%	1.19%
100%	120% SAWW	SS Limit	0.33%	0.98%	0.68%	0.68%	1.26%

The contribution rates shown above are 5% higher than the contribution rates from Table 1A due to the longer combined maximum benefit period (i.e., 18 weeks versus 16 weeks)

First-Year Bonding Claims

- The PFML program may allow bonding claims for children born or adopted within 12 months of the effective date of benefits.
- We have estimated that PFML claim costs in the first year would be approximately 10% higher under this provision.
- We recommend increasing the contribution rates in all years by 2% (i.e., multiplying the rates by a factor of 1.02) to fund these additional costs.
- Alternatively, the additional costs could be covered by extending the initial contribution period from 12 months to 14 months without modifying the contribution rates shown above.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Thank you

Paul Correia, FSA, MAAA
paul.correia@milliman.com

Dan Skwire, FSA, MAAA
dan.skwire@milliman.com



121 Middle Street, Suite 401
Portland, ME 04101-4156
USA

Tel +1 207 772 0046
Fax +1 207 772 7512

milliman.com

December 1, 2022

Ms. Colleen McCarthy Reid, Esq.
Office of Policy and Legal Analysis
Maine Legislature

Via Email: colleen.mccarthyreid@legislature.maine.gov

Re: Actuarial Analysis of Maine Paid Family and Medical Leave Program

Dear Ms. McCarthy Reid,

At the Commission's request, we have calculated the weekly contributions and benefit amounts for employees with salaries ranging from \$10,000 to \$250,000, based on the following paid family and medical leave program design options¹:

1. Benefits replace 80% of income up to 120% of the state average weekly wages
2. Benefits replace 90% of income up to 120% of the state average weekly wages

We have also researched the legislation in other states related to coordinating PFML with benefits from other sources, such as Workers' Compensation and Unemployment Insurance, and we have reviewed the memorandum developed by the Maine Paid Leave Coalition to compare the design and costs of the PFML program that organization describes to those under consideration by the Commission. This letter contains the results of our analysis, research, and review, as well as other information related to the Maine PFML program.

Weekly Contributions and Benefit Amounts

We calculated the weekly contributions and benefit amounts for employees with different salaries using the following contribution rates, which are consistent with the rates included in our letter from November 28, 2022:

Income Replacement	Maximum Benefit	Wage Base	Cost Share Method	Cost Share Proportion				Total
				25% / 75%		50% / 50%		
				ER	EE	ER	EE	
80%	120% SAWW	Unlimited	Equal Amount	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	Unlimited	Equal Rate	0.21%	0.64%	0.44%	0.44%	0.82%
90%	120% SAWW	Unlimited	Equal Amount	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	Unlimited	Equal Rate	0.26%	0.77%	0.53%	0.53%	0.99%

¹ The other design features are consistent with those specified in the latest PFML program design grid in the document "Recs for PFML Program Chart for Dec 2".

In Table 1, we included contribution rates for both cost share methods discussed during our meeting last Tuesday. In the “Equal Amount” method, the cost share percentage (i.e., 25%, 50%, and 75%) represents the proportion of total contributions paid by employers and employees. Under this method, the contribution rates are not the same under the 50%/50% option because of the assumed small employer exemptions; however, the total contributions from employers and employees would be equal. In the “Equal Rate” method, the contribution rates were calibrated to produce the same contribution rate for employers and employees under the 50%/50% option.

The tables on pages 3-6 show the weekly contributions and benefit amounts for employees whose salaries range from \$10,000 to \$250,000 in increments of \$5,000, for the program options included in Table 1. A description of the tables is provided below:

- **Table 2 (page 3):** Benefits replace 80% of income up to 120% of SAWW. Contribution rates are based on the “Equal Amount” Cost Share Method.
- **Table 3 (page 4):** Benefits replace 80% of income up to 120% of SAWW. Contribution rates are based on the “Equal Rate” Cost Share Method.
- **Table 4 (page 5):** Benefits replace 90% of income up to 120% of SAWW. Contribution rates are based on the “Equal Amount” Cost Share Method.
- **Table 5 (page 6):** Benefits replace 90% of income up to 120% of SAWW. Contribution rates are based on the “Equal Rate” Cost Share Method.

Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
\$10,000	\$154	80%	\$0.46	\$1.17	\$0.92	\$0.79
\$15,000	\$231	80%	\$0.69	\$1.76	\$1.38	\$1.18
\$20,000	\$308	80%	\$0.92	\$2.35	\$1.85	\$1.58
\$25,000	\$385	80%	\$1.15	\$2.93	\$2.31	\$1.97
\$30,000	\$462	80%	\$1.38	\$3.52	\$2.77	\$2.37
\$35,000	\$538	80%	\$1.62	\$4.11	\$3.23	\$2.76
\$40,000	\$615	80%	\$1.85	\$4.69	\$3.69	\$3.15
\$45,000	\$692	80%	\$2.08	\$5.28	\$4.15	\$3.55
\$50,000	\$769	80%	\$2.31	\$5.87	\$4.62	\$3.94
\$55,000	\$846	80%	\$2.54	\$6.45	\$5.08	\$4.34
\$60,000	\$923	80%	\$2.77	\$7.04	\$5.54	\$4.73
\$65,000	\$1,000	80%	\$3.00	\$7.63	\$6.00	\$5.13
\$70,000	\$1,077	80%	\$3.23	\$8.21	\$6.46	\$5.52
\$75,000	\$1,154	80%	\$3.46	\$8.80	\$6.92	\$5.91
\$80,000	\$1,231	80%	\$3.69	\$9.38	\$7.38	\$6.31
\$85,000	\$1,308	80%	\$3.92	\$9.97	\$7.85	\$6.70
\$90,000	\$1,377	80%	\$4.15	\$10.56	\$8.31	\$7.10
\$95,000	\$1,377	75%	\$4.38	\$11.14	\$8.77	\$7.49
\$100,000	\$1,377	72%	\$4.62	\$11.73	\$9.23	\$7.88
\$105,000	\$1,377	68%	\$4.85	\$12.32	\$9.69	\$8.28
\$110,000	\$1,377	65%	\$5.08	\$12.90	\$10.15	\$8.67
\$115,000	\$1,377	62%	\$5.31	\$13.49	\$10.62	\$9.07
\$120,000	\$1,377	60%	\$5.54	\$14.08	\$11.08	\$9.46
\$125,000	\$1,377	57%	\$5.77	\$14.66	\$11.54	\$9.86
\$130,000	\$1,377	55%	\$6.00	\$15.25	\$12.00	\$10.25
\$135,000	\$1,377	53%	\$6.23	\$15.84	\$12.46	\$10.64
\$140,000	\$1,377	51%	\$6.46	\$16.42	\$12.92	\$11.04
\$145,000	\$1,377	49%	\$6.69	\$17.01	\$13.38	\$11.43
\$150,000	\$1,377	48%	\$6.92	\$17.60	\$13.85	\$11.83
\$155,000	\$1,377	46%	\$7.15	\$18.18	\$14.31	\$12.22
\$160,000	\$1,377	45%	\$7.38	\$18.77	\$14.77	\$12.62
\$165,000	\$1,377	43%	\$7.62	\$19.36	\$15.23	\$13.01
\$170,000	\$1,377	42%	\$7.85	\$19.94	\$15.69	\$13.40
\$175,000	\$1,377	41%	\$8.08	\$20.53	\$16.15	\$13.80
\$180,000	\$1,377	40%	\$8.31	\$21.12	\$16.62	\$14.19
\$185,000	\$1,377	39%	\$8.54	\$21.70	\$17.08	\$14.59
\$190,000	\$1,377	38%	\$8.77	\$22.29	\$17.54	\$14.98
\$195,000	\$1,377	37%	\$9.00	\$22.88	\$18.00	\$15.38
\$200,000	\$1,377	36%	\$9.23	\$23.46	\$18.46	\$15.77
\$205,000	\$1,377	35%	\$9.46	\$24.05	\$18.92	\$16.16
\$210,000	\$1,377	34%	\$9.69	\$24.63	\$19.38	\$16.56
\$215,000	\$1,377	33%	\$9.92	\$25.22	\$19.85	\$16.95
\$220,000	\$1,377	33%	\$10.15	\$25.81	\$20.31	\$17.35
\$225,000	\$1,377	32%	\$10.38	\$26.39	\$20.77	\$17.74
\$230,000	\$1,377	31%	\$10.62	\$26.98	\$21.23	\$18.13
\$235,000	\$1,377	30%	\$10.85	\$27.57	\$21.69	\$18.53
\$240,000	\$1,377	30%	\$11.08	\$28.15	\$22.15	\$18.92
\$245,000	\$1,377	29%	\$11.31	\$28.74	\$22.62	\$19.32
\$250,000	\$1,377	29%	\$11.54	\$29.33	\$23.08	\$19.71

Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
\$10,000	\$154	80%	\$0.40	\$1.23	\$0.85	\$0.85
\$15,000	\$231	80%	\$0.61	\$1.85	\$1.27	\$1.27
\$20,000	\$308	80%	\$0.81	\$2.46	\$1.69	\$1.69
\$25,000	\$385	80%	\$1.01	\$3.08	\$2.12	\$2.12
\$30,000	\$462	80%	\$1.21	\$3.69	\$2.54	\$2.54
\$35,000	\$538	80%	\$1.41	\$4.31	\$2.96	\$2.96
\$40,000	\$615	80%	\$1.62	\$4.92	\$3.38	\$3.38
\$45,000	\$692	80%	\$1.82	\$5.54	\$3.81	\$3.81
\$50,000	\$769	80%	\$2.02	\$6.15	\$4.23	\$4.23
\$55,000	\$846	80%	\$2.22	\$6.77	\$4.65	\$4.65
\$60,000	\$923	80%	\$2.42	\$7.38	\$5.08	\$5.08
\$65,000	\$1,000	80%	\$2.63	\$8.00	\$5.50	\$5.50
\$70,000	\$1,077	80%	\$2.83	\$8.62	\$5.92	\$5.92
\$75,000	\$1,154	80%	\$3.03	\$9.23	\$6.35	\$6.35
\$80,000	\$1,231	80%	\$3.23	\$9.85	\$6.77	\$6.77
\$85,000	\$1,308	80%	\$3.43	\$10.46	\$7.19	\$7.19
\$90,000	\$1,377	80%	\$3.63	\$11.08	\$7.62	\$7.62
\$95,000	\$1,377	75%	\$3.84	\$11.69	\$8.04	\$8.04
\$100,000	\$1,377	72%	\$4.04	\$12.31	\$8.46	\$8.46
\$105,000	\$1,377	68%	\$4.24	\$12.92	\$8.88	\$8.88
\$110,000	\$1,377	65%	\$4.44	\$13.54	\$9.31	\$9.31
\$115,000	\$1,377	62%	\$4.64	\$14.15	\$9.73	\$9.73
\$120,000	\$1,377	60%	\$4.85	\$14.77	\$10.15	\$10.15
\$125,000	\$1,377	57%	\$5.05	\$15.38	\$10.58	\$10.58
\$130,000	\$1,377	55%	\$5.25	\$16.00	\$11.00	\$11.00
\$135,000	\$1,377	53%	\$5.45	\$16.62	\$11.42	\$11.42
\$140,000	\$1,377	51%	\$5.65	\$17.23	\$11.85	\$11.85
\$145,000	\$1,377	49%	\$5.86	\$17.85	\$12.27	\$12.27
\$150,000	\$1,377	48%	\$6.06	\$18.46	\$12.69	\$12.69
\$155,000	\$1,377	46%	\$6.26	\$19.08	\$13.12	\$13.12
\$160,000	\$1,377	45%	\$6.46	\$19.69	\$13.54	\$13.54
\$165,000	\$1,377	43%	\$6.66	\$20.31	\$13.96	\$13.96
\$170,000	\$1,377	42%	\$6.87	\$20.92	\$14.38	\$14.38
\$175,000	\$1,377	41%	\$7.07	\$21.54	\$14.81	\$14.81
\$180,000	\$1,377	40%	\$7.27	\$22.15	\$15.23	\$15.23
\$185,000	\$1,377	39%	\$7.47	\$22.77	\$15.65	\$15.65
\$190,000	\$1,377	38%	\$7.67	\$23.38	\$16.08	\$16.08
\$195,000	\$1,377	37%	\$7.88	\$24.00	\$16.50	\$16.50
\$200,000	\$1,377	36%	\$8.08	\$24.62	\$16.92	\$16.92
\$205,000	\$1,377	35%	\$8.28	\$25.23	\$17.35	\$17.35
\$210,000	\$1,377	34%	\$8.48	\$25.85	\$17.77	\$17.77
\$215,000	\$1,377	33%	\$8.68	\$26.46	\$18.19	\$18.19
\$220,000	\$1,377	33%	\$8.88	\$27.08	\$18.62	\$18.62
\$225,000	\$1,377	32%	\$9.09	\$27.69	\$19.04	\$19.04
\$230,000	\$1,377	31%	\$9.29	\$28.31	\$19.46	\$19.46
\$235,000	\$1,377	30%	\$9.49	\$28.92	\$19.88	\$19.88
\$240,000	\$1,377	30%	\$9.69	\$29.54	\$20.31	\$20.31
\$245,000	\$1,377	29%	\$9.89	\$30.15	\$20.73	\$20.73
\$250,000	\$1,377	29%	\$10.10	\$30.77	\$21.15	\$21.15

Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
\$10,000	\$173	90%	\$0.56	\$1.42	\$1.12	\$0.96
\$15,000	\$260	90%	\$0.84	\$2.13	\$1.67	\$1.44
\$20,000	\$346	90%	\$1.12	\$2.85	\$2.23	\$1.92
\$25,000	\$433	90%	\$1.39	\$3.56	\$2.79	\$2.40
\$30,000	\$519	90%	\$1.67	\$4.27	\$3.35	\$2.88
\$35,000	\$606	90%	\$1.95	\$4.98	\$3.90	\$3.37
\$40,000	\$692	90%	\$2.23	\$5.69	\$4.46	\$3.85
\$45,000	\$779	90%	\$2.51	\$6.40	\$5.02	\$4.33
\$50,000	\$865	90%	\$2.79	\$7.12	\$5.58	\$4.81
\$55,000	\$952	90%	\$3.07	\$7.83	\$6.13	\$5.29
\$60,000	\$1,038	90%	\$3.35	\$8.54	\$6.69	\$5.77
\$65,000	\$1,125	90%	\$3.63	\$9.25	\$7.25	\$6.25
\$70,000	\$1,212	90%	\$3.90	\$9.96	\$7.81	\$6.73
\$75,000	\$1,298	90%	\$4.18	\$10.67	\$8.37	\$7.21
\$80,000	\$1,377	90%	\$4.46	\$11.38	\$8.92	\$7.69
\$85,000	\$1,377	84%	\$4.74	\$12.10	\$9.48	\$8.17
\$90,000	\$1,377	80%	\$5.02	\$12.81	\$10.04	\$8.65
\$95,000	\$1,377	75%	\$5.30	\$13.52	\$10.60	\$9.13
\$100,000	\$1,377	72%	\$5.58	\$14.23	\$11.15	\$9.62
\$105,000	\$1,377	68%	\$5.86	\$14.94	\$11.71	\$10.10
\$110,000	\$1,377	65%	\$6.13	\$15.65	\$12.27	\$10.58
\$115,000	\$1,377	62%	\$6.41	\$16.37	\$12.83	\$11.06
\$120,000	\$1,377	60%	\$6.69	\$17.08	\$13.38	\$11.54
\$125,000	\$1,377	57%	\$6.97	\$17.79	\$13.94	\$12.02
\$130,000	\$1,377	55%	\$7.25	\$18.50	\$14.50	\$12.50
\$135,000	\$1,377	53%	\$7.53	\$19.21	\$15.06	\$12.98
\$140,000	\$1,377	51%	\$7.81	\$19.92	\$15.62	\$13.46
\$145,000	\$1,377	49%	\$8.09	\$20.63	\$16.17	\$13.94
\$150,000	\$1,377	48%	\$8.37	\$21.35	\$16.73	\$14.42
\$155,000	\$1,377	46%	\$8.64	\$22.06	\$17.29	\$14.90
\$160,000	\$1,377	45%	\$8.92	\$22.77	\$17.85	\$15.38
\$165,000	\$1,377	43%	\$9.20	\$23.48	\$18.40	\$15.87
\$170,000	\$1,377	42%	\$9.48	\$24.19	\$18.96	\$16.35
\$175,000	\$1,377	41%	\$9.76	\$24.90	\$19.52	\$16.83
\$180,000	\$1,377	40%	\$10.04	\$25.62	\$20.08	\$17.31
\$185,000	\$1,377	39%	\$10.32	\$26.33	\$20.63	\$17.79
\$190,000	\$1,377	38%	\$10.60	\$27.04	\$21.19	\$18.27
\$195,000	\$1,377	37%	\$10.88	\$27.75	\$21.75	\$18.75
\$200,000	\$1,377	36%	\$11.15	\$28.46	\$22.31	\$19.23
\$205,000	\$1,377	35%	\$11.43	\$29.17	\$22.87	\$19.71
\$210,000	\$1,377	34%	\$11.71	\$29.88	\$23.42	\$20.19
\$215,000	\$1,377	33%	\$11.99	\$30.60	\$23.98	\$20.67
\$220,000	\$1,377	33%	\$12.27	\$31.31	\$24.54	\$21.15
\$225,000	\$1,377	32%	\$12.55	\$32.02	\$25.10	\$21.63
\$230,000	\$1,377	31%	\$12.83	\$32.73	\$25.65	\$22.12
\$235,000	\$1,377	30%	\$13.11	\$33.44	\$26.21	\$22.60
\$240,000	\$1,377	30%	\$13.38	\$34.15	\$26.77	\$23.08
\$245,000	\$1,377	29%	\$13.66	\$34.87	\$27.33	\$23.56
\$250,000	\$1,377	29%	\$13.94	\$35.58	\$27.88	\$24.04

Table 5 – Benefits Replace 90% of Income up to 120% of SAWW – “Equal Rate” Cost Share Method

Annual Salary	Weekly Benefit Amount	Replacement Ratio	Weekly Contributions			
			25% / 75% Cost Share		50% / 50% Cost Share	
			Employer	Employee	Employer	Employee
\$10,000	\$173	90%	\$0.50	\$1.48	\$1.02	\$1.02
\$15,000	\$260	90%	\$0.75	\$2.22	\$1.53	\$1.53
\$20,000	\$346	90%	\$1.00	\$2.96	\$2.04	\$2.04
\$25,000	\$433	90%	\$1.25	\$3.70	\$2.55	\$2.55
\$30,000	\$519	90%	\$1.50	\$4.44	\$3.06	\$3.06
\$35,000	\$606	90%	\$1.75	\$5.18	\$3.57	\$3.57
\$40,000	\$692	90%	\$2.00	\$5.92	\$4.08	\$4.08
\$45,000	\$779	90%	\$2.25	\$6.66	\$4.59	\$4.59
\$50,000	\$865	90%	\$2.50	\$7.40	\$5.10	\$5.10
\$55,000	\$952	90%	\$2.75	\$8.14	\$5.61	\$5.61
\$60,000	\$1,038	90%	\$3.00	\$8.88	\$6.12	\$6.12
\$65,000	\$1,125	90%	\$3.25	\$9.63	\$6.63	\$6.63
\$70,000	\$1,212	90%	\$3.50	\$10.37	\$7.13	\$7.13
\$75,000	\$1,298	90%	\$3.75	\$11.11	\$7.64	\$7.64
\$80,000	\$1,377	90%	\$4.00	\$11.85	\$8.15	\$8.15
\$85,000	\$1,377	84%	\$4.25	\$12.59	\$8.66	\$8.66
\$90,000	\$1,377	80%	\$4.50	\$13.33	\$9.17	\$9.17
\$95,000	\$1,377	75%	\$4.75	\$14.07	\$9.68	\$9.68
\$100,000	\$1,377	72%	\$5.00	\$14.81	\$10.19	\$10.19
\$105,000	\$1,377	68%	\$5.25	\$15.55	\$10.70	\$10.70
\$110,000	\$1,377	65%	\$5.50	\$16.29	\$11.21	\$11.21
\$115,000	\$1,377	62%	\$5.75	\$17.03	\$11.72	\$11.72
\$120,000	\$1,377	60%	\$6.00	\$17.77	\$12.23	\$12.23
\$125,000	\$1,377	57%	\$6.25	\$18.51	\$12.74	\$12.74
\$130,000	\$1,377	55%	\$6.50	\$19.25	\$13.25	\$13.25
\$135,000	\$1,377	53%	\$6.75	\$19.99	\$13.76	\$13.76
\$140,000	\$1,377	51%	\$7.00	\$20.73	\$14.27	\$14.27
\$145,000	\$1,377	49%	\$7.25	\$21.47	\$14.78	\$14.78
\$150,000	\$1,377	48%	\$7.50	\$22.21	\$15.29	\$15.29
\$155,000	\$1,377	46%	\$7.75	\$22.95	\$15.80	\$15.80
\$160,000	\$1,377	45%	\$8.00	\$23.69	\$16.31	\$16.31
\$165,000	\$1,377	43%	\$8.25	\$24.43	\$16.82	\$16.82
\$170,000	\$1,377	42%	\$8.50	\$25.17	\$17.33	\$17.33
\$175,000	\$1,377	41%	\$8.75	\$25.91	\$17.84	\$17.84
\$180,000	\$1,377	40%	\$9.00	\$26.65	\$18.35	\$18.35
\$185,000	\$1,377	39%	\$9.25	\$27.39	\$18.86	\$18.86
\$190,000	\$1,377	38%	\$9.50	\$28.13	\$19.37	\$19.37
\$195,000	\$1,377	37%	\$9.75	\$28.88	\$19.88	\$19.88
\$200,000	\$1,377	36%	\$10.00	\$29.62	\$20.38	\$20.38
\$205,000	\$1,377	35%	\$10.25	\$30.36	\$20.89	\$20.89
\$210,000	\$1,377	34%	\$10.50	\$31.10	\$21.40	\$21.40
\$215,000	\$1,377	33%	\$10.75	\$31.84	\$21.91	\$21.91
\$220,000	\$1,377	33%	\$11.00	\$32.58	\$22.42	\$22.42
\$225,000	\$1,377	32%	\$11.25	\$33.32	\$22.93	\$22.93
\$230,000	\$1,377	31%	\$11.50	\$34.06	\$23.44	\$23.44
\$235,000	\$1,377	30%	\$11.75	\$34.80	\$23.95	\$23.95
\$240,000	\$1,377	30%	\$12.00	\$35.54	\$24.46	\$24.46
\$245,000	\$1,377	29%	\$12.25	\$36.28	\$24.97	\$24.97
\$250,000	\$1,377	29%	\$12.50	\$37.02	\$25.48	\$25.48

Coordination with Benefits from Other Sources

In most states, an employee who is eligible for workers' compensation and/or unemployment benefits would be ineligible for PFML benefits. In California and Massachusetts, PFML benefits offset any workers' Compensation and/or unemployment benefits. The policies adopted by different states are summarized below:

California

Source: https://edd.ca.gov/en/disability/faq_di_workers_compensation/

“In most cases, you cannot receive Disability Insurance (DI) or Paid Family Leave (PFL) benefits for the same period you are receiving Temporary Disability or Permanent Disability benefits from your employer or employer’s workers’ compensation insurance carrier. However, if your workers’ compensation weekly benefit is less than your DI or PFL weekly benefit, you could receive the difference between the two rates.”

New Jersey

Source: <https://nj.gov/labor/myleavebenefits/worker/tdi/>

“If you become disabled due to an injury or illness related to your job, contact the Division of Workers' Compensation. If your disability is work-related and your employer's workers' compensation carrier denies you benefits or stops benefit payments, you may file an application with us. To be eligible, you must:

1. Meet all the requirements of the Temporary Disability Benefits law, and
2. File a formal claim petition with the Division of Workers' Compensation, and
3. Agree to reimburse the Division of Temporary Disability Insurance if you are awarded Workers' Compensation benefits.”

Rhode Island

Source: <https://dlt.ri.gov/individuals/temporary-disability-caregiver-insurance/temporary-disability-tdi-faq>

“You cannot receive TDI or TCI for any period that you receive Workers' Compensation (WC). If you were injured on the job you must file a claim for WC. If you have filed for WC and the claim is being contested, you may be eligible for TDI pending settlement of the WC claim. If you later receive WC for any weeks that TDI has been paid, you must notify us immediately so that any adjustments can be made.”

Washington

Source: https://paidleave.wa.gov/app/uploads/2020/07/Benefit-Guide-V.6_FINAL.pdf

“As long as you have worked enough hours in the qualifying period, you can use Paid Family and Medical Leave. You cannot, however, claim Unemployment Insurance or workers’ compensation benefits and Paid Family and Medical Leave at the same time.”

Colorado

Source: <https://www.youtube.com/watch?v=YQd8usZ9zeI>

“FAMLI benefits may not be taken with Workers’ Compensation benefits for the same reason for the absence. FAMLI benefits and Unemployment benefits cannot be collected at the same time.”

Massachusetts

Source: <https://www.mass.gov/info-details/how-other-leave-and-benefits-can-affect-your-paid-family-and-medical-leave>

“Workers’ compensation benefits will reduce your paid leave benefit amount. However, if you have a permanent partial disability that happened prior to your PFML application, you may be able to receive both workers’ compensation and paid leave benefits at the same time. Unemployment benefits you get during your leave will reduce your paid leave benefit amount. Unemployment benefits you got before your leave started won’t affect your paid leave benefits.”

Oregon

Source: *Oregon Revised Statutes 657B.030 - Use of other paid leave benefits in addition to paid family and medical leave insurance benefits*

“In any week in which an employee is eligible to receive workers’ compensation or unemployment benefits under ORS chapter 656 or 657, the employee is disqualified from receiving family and medical leave insurance benefits. [2019 c.700 §6]”

New York

Employees who are eligible for workers’ compensation benefits are ineligible for disability (DBL) benefits. Paid family leave and workers’ compensation benefits are coordinated such that the sum of the benefits shall not exceed the employee’s average weekly wage. In the case that the sum of benefits exceeds the employee’s average weekly wage, the paid family leave benefit is reduced.

Source: *New York Workers’ Compensation Law Article 9 Disability Benefits, § 206. Non-duplication of benefits*

“1. No disability benefits shall be payable under section two hundred four or two hundred seven of this article:

...

2. If an employee who is eligible for disability benefits under section two hundred three or two hundred seven of this article is disabled and has claimed or subsequently claims workers' compensation benefits under this chapter or benefits under the volunteer firefighters' benefit law or the volunteer ambulance workers' benefit law, and such claim is controverted on the ground that the employee's disability was not caused by an accident that arose out of and in the course of his employment or by an occupational disease, or by an injury in line of duty as a volunteer firefighter or volunteer ambulance worker, the employee shall be entitled in the first instance to receive benefits under this article for his or her disability. If benefits have been paid under this article in respect to a disability alleged to have arisen out of and in the course of the

employment or by reason of an occupational disease, or in line of duty as a volunteer firefighter or a volunteer ambulance worker, the employer or carrier or the <1>chair making such payment may, at any time before award of workers' compensation benefits, or volunteer firefighters' benefits or volunteer ambulance workers' benefits, is made, file with the board a claim for reimbursement out of the proceeds of such award to the employee for the period for which disability benefits were paid to the employee under this article, and shall have a lien against the award for reimbursement, notwithstanding the provisions of section thirty-three of this chapter or section twenty-three of the volunteer firefighters' benefit law or section twenty-three of the volunteer ambulance workers' benefit law provided the insurance carrier liable for payment of the award receives, before such award is made, a copy of the claim for reimbursement from the employer, carrier or <2>chair who paid disability benefits, or provided the board's decision and award directs such reimbursement therefrom.

3. No family leave benefits shall be payable under section two hundred four of this article:

(a) During periods when the employee is receiving total disability payments pursuant to a claim for workers' compensation, volunteer firefighters' benefits or volunteer ambulance workers' benefits, except that when the employee is receiving payments for partial disability or reduced earnings under such laws, the family leave benefit, when combined with the benefits under such laws shall not exceed the average weekly wage in the employment for which family leave benefits are sought;"

Private Insurance Options

The contribution rates we developed for the Maine PFML program options do not include an explicit adjustment for allowing insurance companies to participate in the program through private insurance options. This is because the impact of allowing private options on expected claim costs is difficult to estimate. First, PFML claim incidence rates tend to be higher for larger employers, and larger employers may be more likely to elect private plans (see letter from July 1, 2022). This would mean PFML claim incidence assumptions could potentially be lowered if private options are allowed. On the other hand, if insurers can underwrite cases and vary their premium rates by employer, there may be adverse selection risk issues because benefits provided through the state fund would be based on a single community rate. This would lead us to believe that the PFML claim incidence rates could potentially be increased if private options are included. Because the magnitude of these impacts is unknown, but potentially offsetting, we have assumed that there is no net impact on PFML claim incidence rates from including a private insurance option. It is true, however, that total PFML contributions and claim amounts would be lower than those shown in our projections if some employers purchase coverage through private insurance options.

Anecdotally, in New York (PFL effective in 2018) and Massachusetts (PFML effective in 2021), where private options are allowed and there is strong participation from insurance companies, the contribution rates for benefits provided through the state fund were lowered recently. In Massachusetts, the PFML rate was lowered in both 2021 and 2022, and in New York the PFL rate was lowered for 2023. On the other hand, although Washington allows private (voluntary) PFML options, the vast majority of employers provide benefits through the state fund, and the Washington PFML contribution rate has increased twice since contributions began.

Observations on the Maine Paid Leave Coalition's Cost Estimates

We reviewed the document from the Maine Paid Leave Coalition (Coalition) titled "Paid Family and Medical Leave Insurance: Model-Based Estimates of Worker Usage and Costs in Maine". We noticed

similarities and differences in the benefit design and contribution rates when compared to the PFML program options in Table 1. The maximum benefit period (12 weeks up to a combined maximum of 16 weeks), covered workers (all private and public workers and self-employed can opt in), and wage base (unlimited wages) that we assumed in our analysis are the same as the Coalition's program design. However, the income replacement ratio and maximum benefit amount are different. In the Coalition's program design, benefits replace 90% of weekly wages up to 50% of the statewide average weekly wage, plus 65% of weekly wages beyond 50% of the statewide average weekly wage, up to a maximum benefit equal to the statewide average weekly wage. These benefits would be lower than the program options in Table 1 that feature 90% income replacement for employees who earn above 50% of the statewide average weekly wage. They also feature a lower maximum benefit amount (100% of the state average weekly wage) than all of the plans included in Table 1 (120% of the state average weekly wage).

The Coalition estimated a contribution rate of 0.86% for the PFML program described above. For comparison, the total contribution rates in Table 1 are equal to 0.82% and 0.99%. The Coalition's analysis assumes the state average weekly wage is equal to \$857 based on data from 2018. In our analysis, we assumed the state average weekly wage in 2024 is equal to \$1,148, which was extrapolated from the 2022 state average weekly wage of \$1,036 based on wage growth forecasts from the Maine Consensus Economic Forecasting Commission. There are other differences in the assumptions and calculation methods used by the Coalition and Milliman.

Financial Projections

Please see Appendix A of this letter for financial projections corresponding to the program options included in Table 1.

General

This letter was prepared by Milliman for the specific purpose of providing the Maine Commission To Develop A Paid Family and Medical Leave Benefits Program with estimated contribution rates for PFML program options, under the terms of the agreement between Milliman and the Maine Legislative Council dated May 16, 2022. Milliman recognizes that this report may be public records subject to disclosure to third parties. Milliman does not intend to benefit and assumes no duty or liability to any third-party recipients of the report. To the extent that this report is not subject to disclosure under applicable public records laws, Maine Legislative Council shall not disclose Milliman's work to any third parties without our prior written consent.

In performing the analysis, Milliman relied on information provided by the Maine Department of Labor and the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program, 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.

The results of our analysis are 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 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.

I, Paul Correia, am a consulting actuary with Milliman and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.

We look forward to discussing this information with you in the near future. In the meantime, please feel free to contact me if you have any questions. I can be reached at paul.correia@milliman.com or (207) 771-1204. Thank you.

Sincerely,



Paul Correia, FSA, MAAA
Principal and Consulting Actuary

c.c. Dan Skwire (Milliman)
The Commission to Develop a Paid Family and Medical Leave Benefits Program

Appendix A Financial Projections

We developed financial projections corresponding to the PFML program options and contribution rates from Table 1. Please note that the financial projections depend on a variety of actuarial assumptions about future experience, including but not limited to employment and wage growth, PFML claim experience, expenses, and investment income. It is nearly certain that actual experience will vary from these assumptions, meaning that the program's actual fund balance will be higher or lower than the illustrated values.

The following projections are included in this appendix:

Projection	Income Replacement	Maximum Benefit	Wage Base	Cost Share Proportion	Cost Share Method
1	80%	120% SAWW	Unlimited	25% / 75%	Equal Amount
2	80%	120% SAWW	Unlimited	50% / 50%	Equal Amount
3	90%	120% SAWW	Unlimited	25% / 75%	Equal Amount
4	90%	120% SAWW	Unlimited	50% / 50%	Equal Amount

We can develop projections corresponding to the "Equal Rate" cost share method at the Commission's request.

Projection 1:

80% Income Replacement

120% SAWW

Unlimited Wage Base

25% / 75% Cost Share – Equal Amount

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
<i>Claims</i>						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
<i>Benefit Payments (\$ millions)</i>						
Family		\$67.5	\$73.8	\$80.1	\$86.0	\$89.3
<u>Medical</u>		\$182.2	\$199.3	\$216.2	\$232.3	\$241.1
Total		\$249.6	\$273.2	\$296.3	\$318.3	\$330.4
<i>Expenses (\$ millions)</i>						
Family		\$3.6	\$3.9	\$4.2	\$4.5	\$4.7
<u>Medical</u>		\$15.8	\$17.3	\$18.8	\$20.2	\$21.0
Total	\$65.0	\$19.4	\$21.2	\$23.0	\$24.7	\$25.7
<i>Total Expenditure (\$ millions)</i>						
Family		\$71.0	\$77.7	\$84.3	\$90.6	\$94.0
<u>Medical</u>		\$198.0	\$216.7	\$235.0	\$252.5	\$262.1
Total	\$65.0	\$269.0	\$294.4	\$319.3	\$343.0	\$356.0
<i>Contribution Rate</i>						
Employer	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%
Employee	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
Overall*	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
<i>Contributions (\$ millions)</i>						
Employer	\$76.4	\$79.6	\$83.0	\$86.6	\$89.9	\$93.3
<u>Employee</u>	\$229.3	\$239.0	\$249.3	\$260.0	\$269.8	\$280.1
Total	\$305.7	\$318.6	\$332.3	\$346.6	\$359.7	\$373.4
<i>Investment Income (\$ millions)</i>						
	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.1
<i>EOY Fund Balance (\$ millions)</i>						
Target Fund Balance (\$ millions)	\$240.7	\$292.7	\$333.6	\$364.2	\$384.6	\$405.8
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 2

80% Income Replacement

120% SAWW

Unlimited Wage Base

50% / 50% Cost Share – Equal Amount

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
<i>Claims</i>						
Family		11,114	11,693	12,161	12,526	12,501
<u>Medical</u>		24,998	26,300	27,352	28,173	28,117
Total		36,112	37,993	39,513	40,699	40,617
<i>Benefit Payments (\$ millions)</i>						
Family		\$67.5	\$73.8	\$80.1	\$86.0	\$89.3
<u>Medical</u>		\$182.2	\$199.3	\$216.2	\$232.3	\$241.1
Total		\$249.6	\$273.2	\$296.3	\$318.3	\$330.4
<i>Expenses (\$ millions)</i>						
Family		\$3.6	\$3.9	\$4.2	\$4.5	\$4.7
<u>Medical</u>		\$15.8	\$17.3	\$18.8	\$20.2	\$21.0
Total	\$65.0	\$19.4	\$21.2	\$23.0	\$24.7	\$25.7
<i>Total Expenditure (\$ millions)</i>						
Family		\$71.0	\$77.7	\$84.3	\$90.6	\$94.0
<u>Medical</u>		\$198.0	\$216.7	\$235.0	\$252.5	\$262.1
Total	\$65.0	\$269.0	\$294.4	\$319.3	\$343.0	\$356.0
<i>Contribution Rate</i>						
Employer	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%
Employee	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
Overall*	0.82%	0.82%	0.82%	0.82%	0.82%	0.82%
<i>Contributions (\$ millions)</i>						
Employer	\$152.9	\$159.3	\$166.2	\$173.3	\$179.9	\$186.7
<u>Employee</u>	\$152.9	\$159.3	\$166.2	\$173.3	\$179.9	\$186.7
Total	\$305.7	\$318.6	\$332.3	\$346.6	\$359.7	\$373.4
<i>Investment Income (\$ millions)</i>	\$2.4	\$2.9	\$3.3	\$3.6	\$3.8	\$4.1
<i>EOY Fund Balance (\$ millions)</i>	\$240.7	\$292.7	\$333.6	\$364.2	\$384.6	\$405.8
Target Fund Balance (\$ millions)			\$322.8	\$353.2	\$383.2	\$411.6
Fund Balance % of Prior Year Expenditure			124%	124%	120%	118%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 3

90% Income Replacement

120% SAWW

Unlimited Wage Base

25% / 75% Cost Share – Equal Amount

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
<i>Claims</i>						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
<i>Benefit Payments (\$ millions)</i>						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
<i>Expenses (\$ millions)</i>						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
<i>Total Expenditure (\$ millions)</i>						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
<i>Contribution Rate</i>						
Employer	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Employee	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
<i>Contributions (\$ millions)</i>						
Employer	\$92.2	\$96.1	\$100.2	\$104.5	\$108.5	\$112.6
<u>Employee</u>	\$276.8	\$288.4	\$300.8	\$313.7	\$325.6	\$338.0
Total	\$369.0	\$384.5	\$401.0	\$418.3	\$434.1	\$450.6
<i>Investment Income (\$ millions)</i>						
	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
<i>EOY Fund Balance (\$ millions)</i>						
Target Fund Balance (\$ millions)	\$304.0	\$362.7	\$407.7	\$439.8	\$459.1	\$479.2
Fund Balance % of Prior Year Expenditure			124%	122%	118%	114%

* The overall contribution rate is equal to total contributions divided by total taxable wages every year, and does not equal the sum of employer and employee contribution rates due to small employer exemptions.

Projection 4

90% Income Replacement

120% SAWW

Unlimited Wage Base

50% / 50% Cost Share – Equal Amount

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<i>Eligible Employees</i>		606,383	607,595	607,595	607,595	606,380
<i>Taxable Wages (\$ millions)</i>						
Small Employers (< 15 Employees)	\$5,358.5	\$5,584.0	\$5,824.1	\$6,074.6	\$6,304.9	\$6,544.0
<u>All Other Employers</u>	\$32,040.1	\$33,388.3	\$34,824.0	\$36,321.4	\$37,698.7	\$39,128.3
Total	\$37,398.6	\$38,972.3	\$40,648.1	\$42,396.0	\$44,003.7	\$45,672.3
<i>Claims</i>						
Family		11,464	12,061	12,544	12,920	12,894
<u>Medical</u>		25,784	27,128	28,213	29,059	29,001
Total		37,248	39,189	40,757	41,979	41,895
<i>Benefit Payments (\$ millions)</i>						
Family		\$82.6	\$90.4	\$98.1	\$105.4	\$109.4
<u>Medical</u>		\$222.4	\$243.4	\$264.0	\$283.6	\$294.4
Total		\$305.1	\$333.8	\$362.1	\$389.0	\$403.7
<i>Expenses (\$ millions)</i>						
Family		\$4.3	\$4.8	\$5.2	\$5.5	\$5.8
<u>Medical</u>		\$19.3	\$21.2	\$23.0	\$24.7	\$25.6
Total	\$65.0	\$23.7	\$25.9	\$28.1	\$30.2	\$31.4
<i>Total Expenditure (\$ millions)</i>						
Family		\$87.0	\$95.2	\$103.2	\$110.9	\$115.1
<u>Medical</u>		\$241.8	\$264.5	\$286.9	\$308.3	\$320.0
Total	\$65.0	\$328.8	\$359.7	\$390.2	\$419.2	\$435.1
<i>Contribution Rate</i>						
Employer	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Employee	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Overall*	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
<i>Contributions (\$ millions)</i>						
Employer	\$184.2	\$192.0	\$200.2	\$208.8	\$216.8	\$225.0
<u>Employee</u>	\$185.1	\$192.9	\$201.2	\$209.9	\$217.8	\$226.1
Total	\$369.4	\$384.9	\$401.4	\$418.7	\$434.6	\$451.1
<i>Investment Income (\$ millions)</i>	\$3.0	\$3.6	\$4.1	\$4.4	\$4.6	\$4.8
<i>EOY Fund Balance (\$ millions)</i>	\$304.4	\$363.5	\$408.9	\$441.5	\$461.3	\$481.9
Target Fund Balance (\$ millions)			\$394.5	\$431.7	\$468.2	\$503.0
Fund Balance % of Prior Year Expenditure			124%	123%	118%	115%

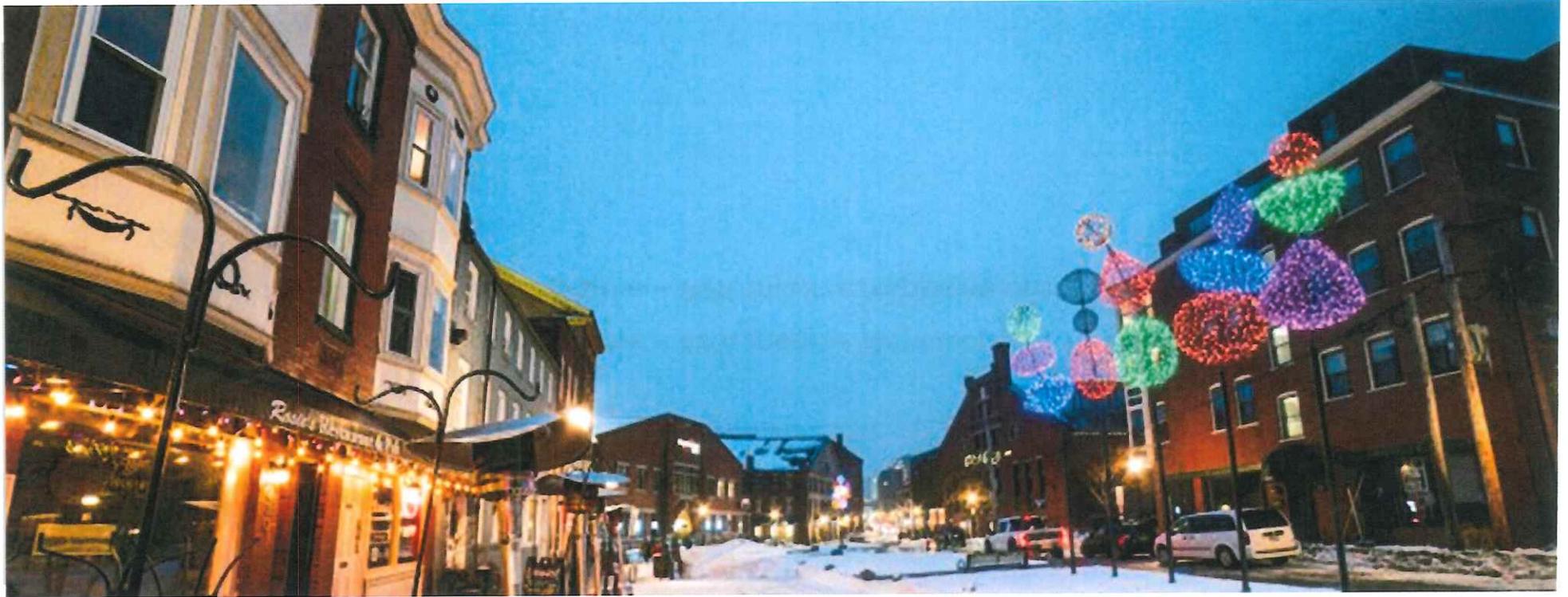
Maine Paid Family and Medical Leave Actuarial Analysis



New Program Options

December 2, 2022

Paul Correia, FSA, MAAA
Dan Skwire, FSA, MAAA



Contents

- 3 **Contribution rates**
- 4 **Weekly benefits and contributions – 80% Income Replacement**
- 5 **Weekly benefits and contributions – 90% Income Replacement**
- 6 **Other considerations**
- 7 **Limitations of Analysis**

Contribution Rates

Income Replacement	Maximum Benefit	Wage Base	Cost Share Method	Cost Share Proportion				Total
				25% / 75%		50% / 50%		
				Employer	Employee	Employer	Employee	
80%	120% SAWW	Unlimited	Equal Amount	0.24%	0.61%	0.48%	0.41%	0.82%
80%	120% SAWW	Unlimited	Equal Rate	0.21%	0.64%	0.44%	0.44%	0.82%
90%	120% SAWW	Unlimited	Equal Amount	0.29%	0.74%	0.58%	0.50%	0.99%
90%	120% SAWW	Unlimited	Equal Rate	0.26%	0.77%	0.53%	0.53%	0.99%

- ❑ **“Equal Amount” method** - the cost share percentage (i.e., 25%, 50%, and 75%) represents the proportion of total contributions paid by employers and employees. Under this method, the total contributions from employers and employees would be the same under the 50%/50% option although the contribution rates are not the same due to small employer exemptions.
- ❑ **“Equal Rate” method** - the contribution rates were calibrated to produce the same contribution rate for employers and employees under the 50%/50% option. The calibration was also done for the 25%/75% option so that the rates would follow that proportion.

Weekly Benefits and Contributions – 80% Income Replacement

- ❑ Benefits replace 80% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Amount” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$308	80%	\$0.92	\$2.35	\$1.85	\$1.58
\$40,000	\$615	80%	\$1.85	\$4.69	\$3.69	\$3.15
\$60,000	\$923	80%	\$2.77	\$7.04	\$5.54	\$4.73
\$80,000	\$1,231	80%	\$3.69	\$9.38	\$7.38	\$6.31
\$100,000	\$1,377	72%	\$4.62	\$11.73	\$9.23	\$7.88
\$120,000	\$1,377	60%	\$5.54	\$14.08	\$11.08	\$9.46
\$140,000	\$1,377	51%	\$6.46	\$16.42	\$12.92	\$11.04
\$160,000	\$1,377	45%	\$7.38	\$18.77	\$14.77	\$12.62
\$180,000	\$1,377	40%	\$8.31	\$21.12	\$16.62	\$14.19
\$200,000	\$1,377	36%	\$9.23	\$23.46	\$18.46	\$15.77

- ❑ Benefits replace 80% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Rate” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$308	80%	\$0.81	\$2.46	\$1.69	\$1.69
\$40,000	\$615	80%	\$1.62	\$4.92	\$3.38	\$3.38
\$60,000	\$923	80%	\$2.42	\$7.38	\$5.08	\$5.08
\$80,000	\$1,231	80%	\$3.23	\$9.85	\$6.77	\$6.77
\$100,000	\$1,377	72%	\$4.04	\$12.31	\$8.46	\$8.46
\$120,000	\$1,377	60%	\$4.85	\$14.77	\$10.15	\$10.15
\$140,000	\$1,377	51%	\$5.65	\$17.23	\$11.85	\$11.85
\$160,000	\$1,377	45%	\$6.46	\$19.69	\$13.54	\$13.54
\$180,000	\$1,377	40%	\$7.27	\$22.15	\$15.23	\$15.23
\$200,000	\$1,377	36%	\$8.08	\$24.62	\$16.92	\$16.92

Weekly Benefits and Contributions – 90% Income Replacement

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Amount” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$346	90%	\$1.12	\$2.85	\$2.23	\$1.92
\$40,000	\$692	90%	\$2.23	\$5.69	\$4.46	\$3.85
\$60,000	\$1,038	90%	\$3.35	\$8.54	\$6.69	\$5.77
\$80,000	\$1,377	90%	\$4.46	\$11.38	\$8.92	\$7.69
\$100,000	\$1,377	72%	\$5.58	\$14.23	\$11.15	\$9.62
\$120,000	\$1,377	60%	\$6.69	\$17.08	\$13.38	\$11.54
\$140,000	\$1,377	51%	\$7.81	\$19.92	\$15.62	\$13.46
\$160,000	\$1,377	45%	\$8.92	\$22.77	\$17.85	\$15.38
\$180,000	\$1,377	40%	\$10.04	\$25.62	\$20.08	\$17.31
\$200,000	\$1,377	36%	\$11.15	\$28.46	\$22.31	\$19.23

- ❑ Benefits replace 90% of income up to 120% of SAWW.
- ❑ Contribution rates are based on the “Equal Rate” Cost Share Method.

Annual Salary	Weekly Benefit	Replacement Ratio	Weekly Contributions			
			25% / 75%		50% / 50%	
			Employer	Employee	Employer	Employee
\$20,000	\$346	90%	\$1.00	\$2.96	\$2.04	\$2.04
\$40,000	\$692	90%	\$2.00	\$5.92	\$4.08	\$4.08
\$60,000	\$1,038	90%	\$3.00	\$8.88	\$6.12	\$6.12
\$80,000	\$1,377	90%	\$4.00	\$11.85	\$8.15	\$8.15
\$100,000	\$1,377	72%	\$5.00	\$14.81	\$10.19	\$10.19
\$120,000	\$1,377	60%	\$6.00	\$17.77	\$12.23	\$12.23
\$140,000	\$1,377	51%	\$7.00	\$20.73	\$14.27	\$14.27
\$160,000	\$1,377	45%	\$8.00	\$23.69	\$16.31	\$16.31
\$180,000	\$1,377	40%	\$9.00	\$26.65	\$18.35	\$18.35
\$200,000	\$1,377	36%	\$10.00	\$29.62	\$20.38	\$20.38

Other Considerations

❑ Coordination with Benefits from Other Sources

- In most states, an employee who is eligible for workers' compensation and/or unemployment benefits would be ineligible for PFML benefits.
- In California and Massachusetts, PFML benefits offset workers' compensation benefits.

❑ Private Insurance Options

- We have assumed that there is no net impact on PFML claim incidence rates from including a private insurance option:
 1. PFML claim incidence rates tend to be higher for larger employers, and larger employers may be more likely to elect private plans.
 2. There may be adverse selection risk issues because benefits provided through the state fund would be based on a single community rate.
 3. Because the magnitude of these items is unknown but potentially offsetting, we have assumed that adding a private insurance option has no net impact on PFML claim incidence rates.

❑ Maine Paid Leave Coalition Cost Analysis

- The maximum benefit period, covered workers, and wage base that we assumed in our analysis are the same as the Coalition's program design.
- The income replacement ratio and maximum benefit amount are different.
- The Coalition estimated a contribution rate of 0.86%, which assumes the state average weekly wage is equal to \$857.
- We estimated contribution rates equal to 0.82% (80% income replacement) and 0.99% (90% income replacement), which assumes the state average weekly wage in 2024 is equal to \$1,148.

Limitations of Analysis

We relied on information from several sources including the Maine Department of Labor and publicly available data on PFML programs in other states. If any of this information is inaccurate or incomplete, our results may be affected.

The analysis uses actuarial assumptions that are individually reasonable and that, in combination, offer our best estimate of anticipated experience.

To the extent that actual experience varies from the assumptions, the emerging costs of the program will vary from the projections we have prepared.

Milliman's work product was prepared for the Maine Commission to Develop a Paid Family and Medical Leave Benefits Program for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose.

We, Paul Correia and Dan Skwire, are Consulting Actuaries with Milliman. We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Thank you

Paul Correia, FSA, MAAA
paul.correia@milliman.com

Dan Skwire, FSA, MAAA
dan.skwire@milliman.com