

Paid Family Medical Leave

By: NAIFA Government Relations, Updated July 2023

Background

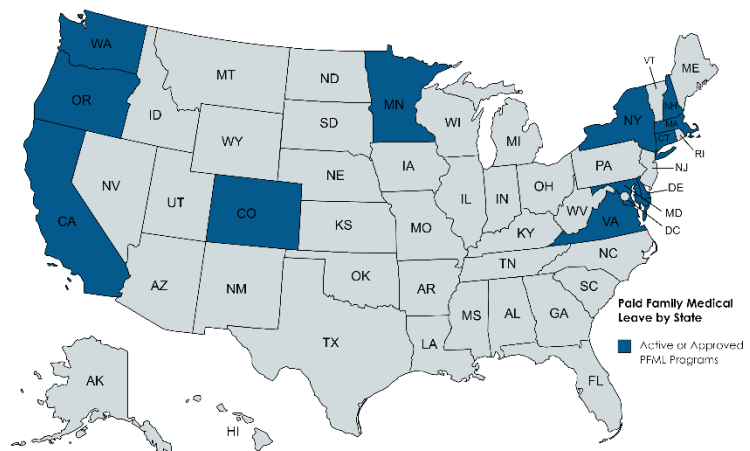
Paid family medical leave (PFML) is an important benefit that allows employees to take time off work to care for their families without losing income. Private options in paid family leave programs provide employees more choices and flexibility, encourage employers to offer paid leave benefits, and increase competition in the market. There is currently a tax incentive in the United States for employers that provide qualifying paid family and medical leave to certain employees. However, this temporary incentive is scheduled to expire at the end of 2025.

Federal law does not require employers to provide paid family and medical leave, although many choose to do so. Forty-seven percent of full-time and 16% of part-time civilian workers (62 million workers) in the United States are covered by some kind of paid medical leave (paid via an employer), which is provided and/or administered by insurance carriers. Additionally, 27% of full-time and 11% of part-time workers (34m) are provided with paid family leave benefits. Those numbers will continue to grow as federal and state policies encourage and support employers to offer these benefits.

The expansion of PFML has the broad bipartisan support of voters and legislators. A large majority of voters support comprehensive PFML, including 94% of Democrats, 83% of Independents, and 74% of Republicans. There have been several proposals in Congress in recent years, and PFML has had support in both the Trump and Biden Administrations. Slow-moving federal policy has prompted states to enact programs of their own. The COVID-19 pandemic put a magnifying glass on the acute predicament created by the lack of comprehensive PFML policy, and as a result, state-level legislation exploded.

Status

Fourteen (14) states have current PFML programs in place or approved. While there are variations between programs, most include a public program funded through joint payroll contributions. All states include a private insurance option for opting out of the public plan. New York mandates coverage but does not have a public program option. Virginia and New Hampshire's programs are voluntary.



The Role of Private Insurance

Building on the existing and successful private sector paid leave infrastructure is a smart way for state policymakers to expand access to paid family leave protections. By partnering with the private sector, policymakers can learn from existing products, reduce the burden on employers, and develop sustainable policies for paid leave. The foundational structure of PFML coverage is like existing disability income protection insurance (DI). As a result, several insurance providers are innovating products to meet this marketplace opportunity.

PFML products are available in select states from:

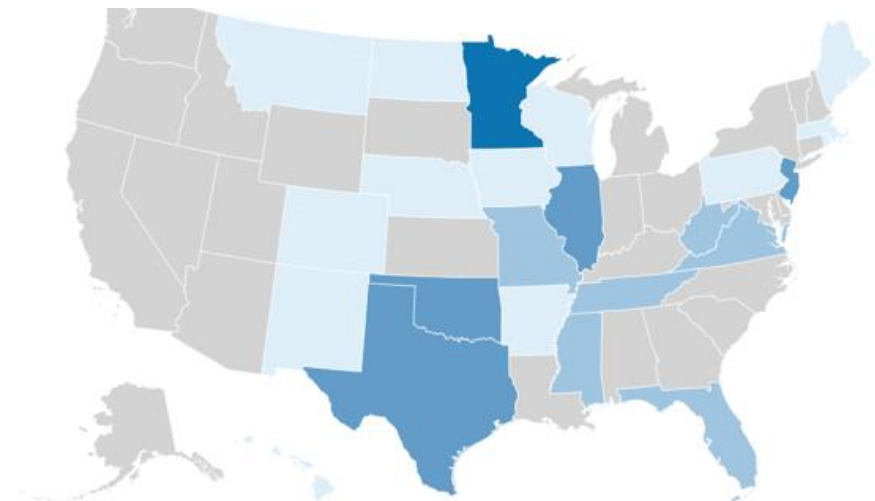
- New York Life
- Mutual of Omaha
- Guardian
- MetLife
- Prudential
- The Hartford
- AFLAC
- Principal
- Unum
- And many more...

There are significant benefits for employers, particularly those already offering either Short-Term Disability Insurance (STD) or Long-Term Disability Insurance (LTDI), as PFML plans typically include coordination or integration with existing group benefits.

Current Pending Legislation

NAIFA is tracking 41 PFML-related bills in 24 states as of July 26, 2023.

Click on the map to see the real-time NAIFA bill tracker.



NAIFA Policy

NAIFA recognizes that Paid Family Medical Leave (PFML) is important to ensuring a workplace where all have fair access to opportunities for employment and advancement. NAIFA supports establishing PFML requirements that allow employers to select private plans over mandated participation in government-only facilitated programs. Accordingly, NAIFA supports the expansion of state product regulations allowing for the filling of private PFML products, irrespective of state PFML mandates.

Action/Guidance

State policy should build from the successful private sector paid leave infrastructure to expand access to paid leave protections. NAIFA remains neutral on PFML legislation that creates a publicly funded program, choosing to focus on the expansion of the private market insurance options to meet the increasingly strong demand for this coverage.

NAIFA supports the NCOIL Paid Family Medical Leave Insurance Act. The model authorizes state insurance regulators to approve products for sale that include family medical leave benefits, whether as a stand-alone policy or as additional coverages on disability income policies. The model can be implemented either with or without an existing state PFML program and is based on 2022 legislation passed in Virginia.

State legislation that includes a publicly funded PFML program should be closely monitored for inclusion of private insurance option opt-out. In addition, states are encouraged to closely coordinate with NAIFA government relations on this issue, as it is a top priority for several industry coalition partners who will likely be strongly engaged.

Additional Resources

- **NCOIL – Paid Family Medical Leave Insurance Model Act**
<https://33afce.p3cdn2.secureserver.net/wp-content/uploads/2022/11/NCOIL-PFL-Model-Adopted-Nov.-2022.pdf>
- **ACLI PFML White Paper:** <https://paidleave.life/wp-content/uploads/2023/01/ACLI-PFML-WhitePaper-Base-012623.pdf>
- **Bipartisan Policy Center PFML Laws Across the US:**
<https://bipartisanpolicy.org/explainer/state-paid-family-leave-laws-across-the-u-s/>
- **NY Department of Financial Services Approved PFML Insurance Providers:**
https://www.dfs.ny.gov/apps_and_licensing/health_insurers/pfl_carriers
- **MetLife PFML Resources:** <https://www.metlife.com/insurance/disability-insurance/paid-family-medical-leave/states/>
- **Congressional Research Service (CRS) Paid Family and Medical Leave in the United States:** <https://crsreports.congress.gov/product/pdf/R/R44835>

Additional Questions? Contact Us.

For additional questions or assistance, please contact NAIFA State Government Relations, Bianca Alonso Weiss at bweiss@naifa.org or visit advocacy.naifa.org.