

PAID FAMILY AND MEDICAL LEAVE INSURANCE:



Options for Designing
and Implementing
a Minnesota Program
2019 Update

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2019 update of the legislatively
mandated design and implementation
study of 2016

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MINNESOTA PFML INSURANCE PROGRAM DESIGN

HF2 is structured as a **contributory publicly administered insurance program** (successful, proven model in nine US states and most countries)

- **Most employers and workers contribute** to a state fund based on wages
 - \$3.50 each per week for wage of \$52k/year
 - Employers with comparable benefits can provide their own program
 - Self-employed can choose to join program
- **Eligibility based on attachment to the workforce/earnings;** plus need for leave
- **Health care providers certify** need for and length of leave and workers make claim to state fund

HF2 **builds on many Unemployment Insurance** processes and those of other states to reduce employer burdens and help ensure more successful build out

BENEFITS OF HF2 INSURANCE MODEL

Portable wage replacement benefit

Not attached to a specific job. Workers receive income from the state fund during leave.

Broadest possible risk pool keeps costs low

Levels the playing field by geography and employer size and employee need for leave.

Earned benefit that workers and employers can count on from year to year

HF2 PFML PROGRAM DESIGN

Partial wage replacement during leave of *at least seven days* for:

- *Up to 12 weeks per year for a worker's **own serious health condition** (including pregnancy)*
- *Up to 12 weeks per year for **care of a family member** (including a foreign deployment, new child, violence or a serious health condition)*

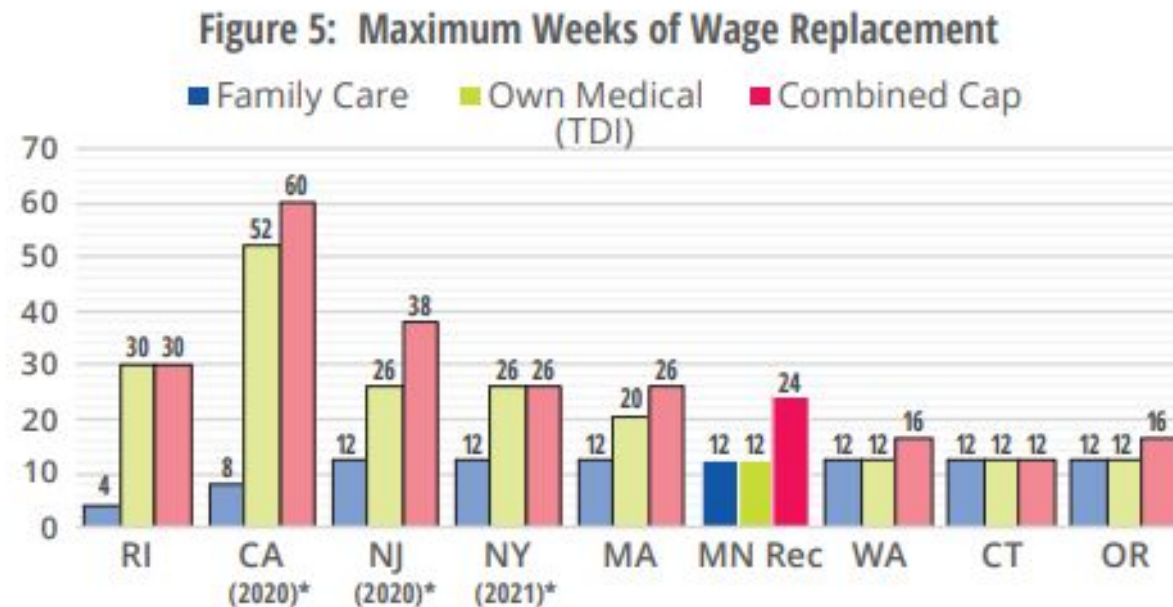
Data from other state programs and USDOL shows:

- **Vast majority of workers use fewer weeks than the maximum allowed even with full pay.**
- WA allows 12-18 weeks; average is 7
- MA allows 26; median is 12

HF2 IN CONTEXT OF OTHER STATE PROGRAMS

HF2 was designed to combine a variety of policy elements to produce a balanced program

There is not a single major policy element in HF2 that is not matched or exceeded by other US states offering a similar program. For example, five of the eight operating state programs have longer combined leave entitlements



* California and New Jersey adopted an expansion of family leave effective in 2020 and New York's program is being implemented in phases with family leave duration increasing each year to 12 weeks in 2021.

ACCESS GAPS CREATE DOWNSTREAM COSTS

- 24% of workers currently have access to Paid Family Leave; 13% of lower wage workers (National Compensation Survey, 2022)
 - 27% of state and local workers
- 40% to Temporary Disability/medical leave; 22% of lower wage workers
 - 27% of state and local workers
- 76% of workers have PTO (sick & vacation) but average **accruals are just 17 days per year**. Majority of workers have **significant caps on or no ability to carry forward** these days from one year to the next
- 45% of workers do not currently have access to unpaid FMLA leave protections

HF 2 ADDRESSES HHS COST DRIVERS

- Reduction in nursing home utilization
- Less use of public assistance programs for both parents
- Fewer low birth weight and pre-term births
- Increased workforce participation during and after caregiving
- Quicker recovery from serious health conditions, less relapses
- Greater workforce participation for people with disabilities and their caregivers
- Reduction in physical abuse of children