Understanding Maine’s Private Insurance Plans for Paid Family and Medical Leave: What You Need to Know Now

The Maine Department of Labor (DOL) has released the requirements for private insurance plans designed to replace the state’s Paid Family and Medical Leave program. Once these plans receive DOL approval, insurance companies will be able to present proposals to our customers.

At Allen, we are confident that insurance companies are actively initiating their filing processes. However, the state has yet to provide a timeline for the approval of these plans. We will keep our customers informed as developments occur.

In the meantime, we encourage you to connect with us for any insights or questions about planning for the PFML for your company.

Society of Certified Insurance Counselors Honors Martha Wentworth for 20 Years of

Dedicated Leadership and Professional Development

Martha Wentworth, CIC, CRM, CPRM, was recently recognized for professional leadership and advanced knowledge by the Society of Certified Insurance Counselors.

Martha was awarded a certificate of achievement recognizing 20 consecutive years of successfully maintaining the Certified Insurance Counselor (CIC) designation. The CIC designation requires an annual continuing education update ensuring that her education is always up-to-date and relevant.

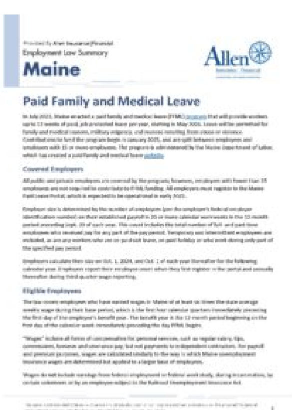
Martha is a business insurance producer who serves clients across Maine from the Allen's Waterville office.

In addition to her CIC designations, Wentworth maintains the Certified risk Manager (CRM) and Certified Personal Risk Manager (CPRM) designations. She recently celebrated her 25th work anniversary with the company.

"The CIC program's unwavering dedication to fostering professional excellence has set a high standard in our industry," said Dan Bookham, senior vice president for business development at Allen. "Martha's consistent pursuit of growth and development is truly inspiring, serving as a model for her colleagues within our company and across the Maine insurance community.”

ABOUT THE CIC PROGRAM: The CIC Program is nationally recognized as the premier continuing education program for insurance professionals, with programs offered in all 50 states and Puerto Rico. Headquartered in Austin, Texas, the Society of CIC is a not-for-profit organization and the founding program of The National Alliance for Insurance Education & Research.

Prepare for Maine’s Paid Family and Medical Leave Program: Employer Contributions Begin January 2025


Employment Law Summary

Maine

Allen

Paid Family and Medical Leave

Covered Employers

Eligible Employees

Click image for

PDF

Maine’s Paid Family and Medical Leave (PFML) program, effective May 2026, offers up to 12 weeks of paid, job-protected leave annually for family, medical, military exigency, and abuse or violence-related reasons. Payments from employers to fund this program will begin effective January 2025. We understand that this is a complex regulation and want to provide you with an understanding of what the law requires of you as an employer.

- **All employers** must register in the Maine Paid Leave Portal by early 2025.
- Contributions start in January 2025, split between employees and employers with 15+ employees. Employers with fewer than 15 employees are not required to share in the cost and can require full payment by their employees.
- Eligible employees must have earned wages in Maine during the prior four quarters before the benefit period begins of at least six times the state average weekly wage.
- Self-employed individuals can opt-in for at least three years.
- Public employees under existing collective bargaining agreements as of October 25, 2023, are exempt until the agreement expires.
- Leave reasons include serious health conditions, bonding with a new child, caring for a family member, military exigency, and safe leave for victims of violence.
- Employees receive partial wage replacement after a seven-day waiting period, with compensation rates of 90% for wages up to 50% of the state average weekly wage and 66% for wages above that.
- Employers must provide notice of PFML benefits to employees and restore them to their positions after leave.
- Private plans can be used if they offer equivalent benefits.

- PFML runs concurrently with federal FMLA and Maine family and medical leave.

This PDF provides links and resources to assist you with administration and understanding of your responsibilities as an employer.

As this law evolves, we will endeavor to keep you updated. If you have questions, please contact your benefits account team at Allen.

Maine's New Paid Family and Medical Leave Program: A Closer Look for Employers

The Allen Benefits Team

As Maine gears up to implement its Paid Family and Medical Leave Act (MPFML), there are important details for employers to consider. While the 1% state premium tax takes effect on January 1, 2025, the first paid benefits won't begin until May 1, 2026. This long lead time allows the state to pre-fund the program, but it also creates a unique window for employers to explore alternatives.

The Benefits Team at Allen Insurance and Financial is recommending that employers seek quotes for private replacement plans. Starting April 1, 2025, the state will begin accepting applications for private insurance plans that can substitute for the state-run program. If approved, employers would be excused from paying the state's 1% premium after the first quarter of 2025. With private plans commencing coverage on May 1, 2026, this strategy could create significant cost savings for businesses during the interim, without any loss in benefit coverage.

Why Consider a Private Plan?

Private insurers have extensive experience managing PFML programs in other states and offer plans that fully comply with Maine's requirements. In contrast, the state's 1% tax is based on preliminary estimates and may not reflect actual costs. Private insurers have more accurate data on pricing and also offer fully trained staff, ensuring smoother administration.

Employers could save significantly by adopting a private plan. For one of our customers, an 80-employee group could save more than $14,000 annually in PFML premium cost and avoid more than $88,000 in state tax pre-funding over 13 months.

For employers with existing short-term disability (STD) plans, it's worth noting that private insurers we work with plan to re-price STD policies to reflect the introduction of PFML coverage. In other words, since mandated PFML coverage will pay many of the benefits currently covered by an STD plan, the cost of STD will come down.

Why would an employer continue to have both PFML and STD? PFML pays 12 weeks of benefits compared to 26 weeks for typical STD plans, and the PFML benefit is capped at the State Average Weekly Wage. An STD policy would fill those gaps, ensuring that employees are not having their benefits reduced. This would also remove any gap in coverage for those with Long Term Disability coverage.

By exploring these private options, Maine employers can optimize their benefits strategy while controlling costs.

Questions? Contact a member of the Allen benefits team. We’re here to help.


Employment Law Summary

Maine

Paid Family and Medical Leave

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Eligible Employees

Maine’s Paid Family and Medical Leave Act (MPFML) is designed to provide workers up to 12 weeks of paid, job-protected leave per year, starting in May 2026. Leave will be permitted for family and medical reasons, military exigency and reasons resulting from abuse or violence. While the 1% state premium tax took effect on January 1, 2025, the first paid benefits won’t begin until May 1, 2026. This long lead time allows the state to pre-fund the program, and it gives businesses time to prepare for possible alternatives.

Insurance companies should be ready soon to provide quotes for private replacement plans. **If your business has 15 or more employees and you would like us to contact you when quoting is available, please fill out the form below.**

The state will begin accepting applications for private insurance plans that can substitute for the state-run program on

April 1. If approved, employers would be excused from paying the state’s 1% premium after the first quarter of 2025. With private plans commencing coverage on May 1, 2026, this strategy could create significant cost savings for businesses during the interim, without any loss in benefit coverage.

This PDF has additional information, including a handy chart to help determine whether an employee is eligible for this program.

Name of Business

Contact Name

Contact Email

Contact Phone Number

Number of W2 employees

Name of ancillary insurance carrier (dental, vision, life, accident)

Additional notes/comments

Submit

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Greg Karlik Joins Our Benefits Team

Greg Karlik has joined the benefits division at Allen Insurance and Financial to work with individual and group health insurance clients.

Following a three decades-long career in the television broadcasting industry, Karlik has spent the past three years as a licensed insurance professional in the individual health insurance market place, helping customers manage and better understand, what, for many, is a stressful decision-making process.

He is a graduate of the University of Vermont and the University of San Francisco, where he earned a Master of Business Administration.

Karlik and his family live in Northport. Outside of work, he enjoys spending time with his wife, their children and two dogs as well as gardening and exploring the Maine outdoors.

ACA Pay or Play Rules: Penalties Updated


BENEFITS BUZZ

SEPTEMBER 2022

ACA Pay or Play Penalties Increase for 2023

Pay or Play Penalty Calculations

Inflation Reduction Act Contains Health Reforms

Overview of the New Health Reforms

Allen

This month’s Benefits Buzz discusses updated penalties under the ACA’s pay or play rules, as well as the health reforms that are included in the Inflation Reduction Act.

On Aug. 16, 2022, the IRS updated its FAQs on the Affordable Care Act’s (ACA) employer shared responsibility (pay or play) rules to include updated penalty amounts for 2023. The adjusted $2,000 penalty amount is $2,880 and the adjusted $3,000 penalty amount is $4,320.

[You can read more on this PDF.]()

Wendy Byrd Earns Group

Benefits Disability Specialist Designation

Wendy Byrd, an account manager on the benefits team at Allen Insurance and Financial, has earned a Group Benefits Disability Specialist designation from The Hartford School of Insurance.

“Professional development is important to all of our insurance divisions but especially so in the ever-changing field of employee benefits,” said Dan Wyman, benefits division manager.

“Disability benefits are an important part of a benefits package and can make a real difference in the lives of employees and their families. This program allows Wendy to better serve our agency’s group benefits clients,” Wyman said.

Byrd has been with Allen Insurance and Financial since 2017.

Stimulus Bill Extends FFCRA Tax Credits but Not Leave Mandate

An appropriations bill, which was signed into law on Dec. 27, 2020, does not extend the employee leave mandates created by the Families First Coronavirus Response Act, which expire on Dec. 31, 2020. However, the bill extends tax credits for employers who offer the leave through March 31, 2021.

While employers are no longer required to offer the extensive medical leave benefits for COVID-related absences defined under the original FFCRA, the stimulus will provide credits for employers if they decide to extend this offer to them through March 31, 2021. You can read the full bulletin here: [Stimulus Bill Extends FFCRA Tax Credits but Not Leave Mandate]

Paid Leave During Quarantine – Answers for Maine Businesses


BULLETIN

IRS FAQs: FFCRA Tax Credits for Small and Midsize Businesses

Action Steps

With the increasing number of COVID-19 cases in Maine, businesses across the state are seeing employees being quarantined due to diagnosis or close exposure.

It is important to remember that under the The Families First Coronavirus Response Act, all businesses with fewer than 500 employees – nearly the entirety of the Maine business community – are required to provide up to two weeks of pay (80 hours for FTEs) for quarantining employees. This includes our small businesses who may never have had to administer paid sick leave in the past.

With reduced revenue streams resulting from the pandemic, this requirement may cause deep concern.

It is important to also remember that the FFCRA also provides for a refundable tax credit for the payroll in this scenario. The credit currently is available through the end of December with their quarterly unemployment filings (form 941).

Allen Insurance and Financial has an HR Compliance Bulletin which may answer many of the questions a business owner or manager may have about these scenarios. Click here for the PDF.

We also recommend a conversation with your tax preparation professional.

The Catch-Up Payment Provision for Overtime Exempt Employees

The Department of Labor final overtime rule became effective Jan. 1, 2020. Among other things, the final rule also allows employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10% of the salary level if these payments are made at least on an annual basis. To enable compliance with the nondiscretionary bonus option, the final rule allows employers to make a "catch-up" payment at the end of each 52-week period. [Read more now.]