

A New Law in Maine: Paid Family and Medical Leave Act



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In 2023, the Maine Legislature passed “The Maine Paid Family and Medical Leave Act.” This law will apply to all employers except for the federal government, tribes, and self-employed persons. This insurance program is still in development and, as of this writing, is going through the state’s rulemaking process. What we know now are some of the basics, including:

- Eligible workers will have access to 12 weeks of paid leave per year beginning in May 2026. The benefit will be up to 90% of the employee’s average weekly wage. Higher wage earners will cap at 50% of Maine’s average weekly wage (currently \$1,103.71).
- The employer and employees will pay for the benefits through a shared payroll tax of up to 1% of earnings. The tax will start Jan. 1, 2025.
- Employers with more than 15 employees will pay 1% of wages, but employers can share this cost 50/50 with the employees.
- Employers with less than 15 employees contribute .05% of wages

but can deduct the entire amount from the employees' wages.

- Eligible leaves include:
 - o Caring for a family member
 - o Bonding
 - o Medical
 - o Military caregiver
 - o Safe leave (domestic violence, stalking, human trafficking, etc.)

We will follow the progress of the rulemaking process and provide further updates. Many of our partner insurance companies plan to design programs to complement the state's final requirements, as many individuals will lose income protection due to the benefit thresholds set by the program.

The Value of Disability Insurance to Employers and their Employees

[By Sherree Craig, CEBS](#)



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Companies in Maine and across the country face the challenge of rewarding employees and this struggle rose to the surface significantly during the pandemic. Striking the balance between a workable company budget and the satisfaction of the company's human capital is critical.

One of the most affordable and valuable forms of financial protection for employees is disability insurance. Offering a disability plan emphasizes a company's commitment to the health and financial well-being of its workforce, providing employees with an income when recovering from an accident or an illness. An employee can recover peacefully without the burden of worrying where the next paycheck might be and allows them to place their focus on immediate medical needs.

In addition to being a deductible business expense, this offer could have an impact on the company's workers' compensation status. Once an employer sponsored disability plan is purchased, conversations with business insurance and accounting partners should take place.

Disability insurance is designed as short-term and/or long-term policies.

The short-term disability benefit is paid weekly. Pricing for the group plan is determined by the design of the contract and the group demographics (age, wages, industry). The following are some plan design considerations:

- How many days will the employee be disabled before the payments begin? One frequent plan design option is the first day following an accident and the eighth day following an illness. We see these go as high as two weeks, which would keep the costs exceptionally low, but could come at the expense of the employee's satisfaction.
- How long will the payments last? Options typically are 13 weeks or 26 weeks.
- What percentage of earnings will be replaced? Disability insurance does not normally cover full replacement. Insurance theory dictates that full replacement might encourage malingering – an incentive to remain disabled and not return to active capacity as soon as they are able.

Like the short-term disability, long-term disability policies are priced on the demographics of the company and design of the plan. The long-term disability benefit is paid monthly rather than weekly, and the elimination period (the length of time from the start of the disability until payment begins) can be dovetailed to start at the end of the short-term disability benefit. The benefit period may depend on the company size but should be designed to last a minimum of five years or all the way to the normal social security retirement age.

A group disability package has the added advantages of group pricing and are free from medical underwriting, making the plan simple to establish and administer.

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