

Paid Leave for All Takes All of Us

A Public-Private Partnership to Cover All Workers

As the nation debates the path to paid family and medical leave for all, life insurers are a critical partner in making it happen. Insurance policies that help workers take time off to care for themselves or a loved one have always been one of the ways life insurers work with employers and individuals to protect them from risk and deliver the support they need.

Getting There Together – A Public-Private Partnership

Delivering paid leave for all doesn't require starting from scratch. Working with employers, private insurers have the tools and experience to cover more workers and families through employer-based plans. And government can set guidelines, provide employer incentives, and support workers who don't have access through their jobs. A public-private partnership is the quickest, most cost-effective way to extend that security to all workers.

Here's how it can work:

- Extend income protection to those working for employers currently subject to the Family Medical Leave Act (FMLA) and consider special supports and services to expand to smaller employers.
- Match income protections to current job protection standards of the FMLA to assure ease for workers and their employers.
- Match leave eligibility criteria to current job protection standards of the FMLA to assure ease for workers and their employers.
- Use a sliding scale formula for income replacement to provide lower-income workers with higher benefit amounts.
- Create a public-private partnership that leverages private sector systems and expertise to deliver paid leave benefits to those who don't have access to employer-provided paid leave protections.
- Create a mechanism for independent workers to access paid leave benefits from the private sector with government-facilitated enrollment.
- Give low-income individuals participating in the partnership access to the same high-quality private paid leave opportunities as other workers by giving them premium payment assistance.
- Help all employers offer their employees paid leave benefits by making paid leave tax credits permanent and simplifying current standards for qualifying for such tax credits.
- Reduce confusion and difficulty for workers by conforming federal tax law to treat paid *medical* leave benefits the same as paid *family* leave benefits.
- Encourage states with PFML programs to develop uniform standards, administrative systems, and requirements by offering financial incentives. This would ease the considerable administrative burden on multi-state employers resulting from vast differences in state standards.

Today's coverage by the numbers:

- 62 million Americans, nearly half of U.S. workers, receive paid medical leave benefits through private insurers.
- Insurers pay out \$11.3 billion annually in disability claims for workers who need time away from work to welcome a child or recover from illness or injury.
- Typical benefits include 22-26 weeks of paid leave, with 60-70% of wages replaced.
- Insurers review more than 2,002,000 short-term disability claims annually, with nearly 9 in 10 eligible claims approved on first review.
- Employer-based paid leave benefit systems are fast, with most claims paid in just 13 days on average.

Private insurers have assisted states in the administration of paid family leave for decades. The expertise has resulted in timely claims payment and valuable services to both employers and employees.

- In New York, the private sector worked closely with the state to expand its existing disability income program when they added a paid family leave program for all workers. Private carriers oversee and deliver most of New York's Disability Income and Paid Family Leave program benefits – both for salaried employees and for independent contractors and “gig workers.” This public-private partnership is extremely efficient and cost effective.
- Massachusetts created a public program to deliver paid family and medical leave benefits but gave employers the choice to provide benefits through a private sector plan that meets or exceeds the standards of the government program. With coverage available from more than 20 private carriers and many employers providing self-insured plans, the private sector helps ensure all Massachusetts workers receive paid leave benefits, while reducing the burden on the government to process claims and deliver payments.

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