

Heads Up Massachusetts – Washington State’s Paid Family and Medical Leave is Off to a Rough Start

Higher than Expected Volume – Will it Lead to a Price Increase?

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By Chrystine M. Heier, CEBS, LIA
President
Sullivan Benefits

Washington State’s new Paid Family and Medical Leave law (PFML) went into effect on January 1, 2020; that’s one year before Massachusetts benefits kick in. In the first three weeks of the program, over 22,000 individuals applied for benefits; this was the amount Washington officials expected to see in the first three months. This has led to delays in payments as the processing timeline has moved from 2 weeks to 30 or more days.

Another takeaway from Washington’s program is the breakdown of applications for claims:

- 54% of total applications are for bonding with a new child.
- 25% are for someone dealing with a serious health condition.
- 12% are for caring for a family member with a serious health condition.
- The balance is for pregnancy-related medical leave or family leave for military families.

Here in Massachusetts, what we know is that pricing by the State of Massachusetts, and illustrative pricing presented by Private Insurers, remains uncertain. The State Plan pools employer groups into a single risk pool; good, bad, indifferent. Private Insurers have based their “illustrative rates” on individual employer details and their employee population demographics; but these rates are not firm at this time. Couple this with the New York State PFML 103% price increase announced last fall and Washington’s higher than expected volume of claims for benefits, **and the result we may see in Massachusetts is an increase in pricing for benefits that kick in on January 1, 2021.**

Lessons learned from New York and Washington can help to better prepare the State of Massachusetts, Private Insurers and Employers prior to January 1, 2021. As an Employer, you’ll want to be well prepared. Now is the time to:

- Assess your resources and develop a plan for expected absences.
- Review your leave management programs and internal processes; do you have a handle on what is required and who will be handling the paperwork? Is it time to consider an outsourced leave management program?
- Provide benefits under an insured arrangement or through the State until you can get a feel for actual claims exposure.
- Review your short-term disability program and determine what adjustments you need to make to integrate them with MA PFML for January 1, 2021.
- Speak with your Consultant/Broker about marketing your Life, AD&D, short-term and long-term disability programs to assess opportunities for integration, consolidation, financial savings and Private Insurer claims resources.

Sullivan Benefits stands prepared to assist you in determining your future liabilities for MA PFML and short-term disability benefits. We have been assessing developments in Private Insurer implementation and claims team resources, as well as leave management offerings. Opportunities remain available as we near January 1, 2021; are you prepared with processes to effectively manage all your programs and how they will interact?

As always, contact any member of the [Sullivan Benefits](#) Team with any questions, requests for materials or more information.

This document not intended to be exhaustive nor should any discussion or opinions be construed as legal advice; contact your legal counsel for legal advice.

