



## A Special Trends Report

Perspectives on Massachusetts' New Paid Family & Medical Leave Program  
from a Survey of Brokers & Employers  
(Q3, 2019)

National Employee Benefits Advisory Forum (NEBAF)

## Executive Summary

In this Briefing, we share feedback from brokers and employers regarding their awareness of and planning for the new Massachusetts Paid Family & Medical Leave program (MAPFML).

Participants shared feedback on their familiarity with the new program and how/what insurance carriers will be offering with regard to it.

- Employers indicate greater familiarity with the new MAPFML program than Brokers do. About three-fifths of employers say they are familiar with MAPFML, compared to less than half of brokers.
- There is variation in familiarity among both brokers and employers based on their focus in Massachusetts; the greater the concentration of clients/employees in Massachusetts, the greater their familiarity with MAPFML is.
- We find no differences in familiarity by employer/ market size.
- The majority of employers report that they are not aware whether, or what, specific carriers are offering with regard to MAPFML. Most brokers also say they are not aware.

Both groups were also asked about planning for MAPFML with regard to various coverage options.

- Nearly a third of employers say they are likely to opt out of the public state plan and purchase a private plan. About two in three brokers say that some number of their clients are planning to purchase a private plan; among those, the number of clients varies widely.
- When we asked brokers who say some of their clients are planning to opt out of the public plan and employers about reasons why their clients/they might decide to purchase a private plan, both groups commonly name ease of administration and price. These are the top responses, by far, among employers. Unlike employers, brokers tend to name more reasons as to why their clients might select a private plan, particularly those related to bundling/coordinating with other benefits.
- Most employers indicate that if they were to purchase a private plan they would do so from an insurance carrier.
- Given a list of options for MAPFML coverage, both brokers and employers think using the state plan for both paid and family will be most the most common choice.

### Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in July 2019 to understand brokers' and employers' planning for and reactions to the new Massachusetts Paid Family & Medical Leave program (MAPFML), including:

- Familiarity with the new MAPFML program as well as awareness of what carriers will be offering related to the new MAPFML program, and
- Likelihood of employers/clients opting out of the public plan for a private plan and reasons for deciding on a private plan.

The information in this report is based on an online survey taken by roughly 200 benefits professionals:

A total of 107 brokers who indicated that they:

- Personally advise clients on group disability insurance, and
- Have at least one group client who has employees in Massachusetts.

A total of 93 employers who indicated that they:

- Offer employees group disability insurance, and
- Have at least one employee in Massachusetts.

## What is the new Massachusetts Paid Family & Medical Leave Program<sup>1</sup>?

In 2018, Massachusetts signed into law a statute that provides various new paid family and medical leave (PFML) benefits to workers.

Employers with workers in Massachusetts will be required to comply with the new PFML law beginning Oct. 1, 2019.

Beginning on January 1, 2021, covered individuals:

- May be entitled to up to 20 weeks of paid medical leave in a benefit year if they have a serious health condition that incapacitates them from work;
- May be entitled to up to 12 weeks of paid family leave in a benefit year related to the birth, adoption, or foster care placement of a child, or because of a qualifying exigency arising out of the fact that a family member is on active duty or has been notified of an impending call to active duty in the Armed Forces;
- May be entitled to up to 26 weeks of paid family leave in a benefit year to care for a family member who is a covered service member with a serious health condition.

A worker qualifies as a covered individual and may be eligible for paid family and medical leave if:

- S/he is paid wages by a Massachusetts employer; or
- S/he resides in Massachusetts and is paid for contract services by a Massachusetts entity that is required to report payment for services on IRS Form 1099-MISC for more than 50 percent of its workforce; or
- S/he is a self-employed individual who resides in Massachusetts and chooses to opt-in to the program.

Generally, an employee who has taken paid family or medical leave must be restored to the employee's previous position or to an equal position, with the same status, pay, employment benefits, length-of-service credit, and seniority as of the date of leave.

Additional information can be found at:

<https://www.mass.gov/guides/a-guide-to-paid-family-and-medical-leave-for-massachusetts-employers>

<sup>1</sup>[https://www.mass.gov/files/documents/2019/06/14/20190614\\_DFML%20Notice\\_English.pdf](https://www.mass.gov/files/documents/2019/06/14/20190614_DFML%20Notice_English.pdf)

## Detailed Findings

### Familiarity with the new Massachusetts Paid Family & Medical Leave (MAPFML) Program

We asked brokers and employers how familiar they are with the new Massachusetts Paid Family & Medical Leave (MAPFML) program.

**Employers report greater familiarity with the new MAPFML program than Brokers do.** Roughly three in five employers say they are familiar with MAPFML, compared to less than half of brokers.

When we look at results of both groups by size of market/ employer, there is no variability in the level of familiarity based on size. But, as might be expected, we do see variation among both groups based on their focus in Massachusetts:

- Brokers who are familiar with MAPFML tend to have more clients with employees in Massachusetts, on average (58 vs. 10 for brokers who are less than familiar with MAPFML).
- Employers who are less than familiar with MAPFML are more likely to have more employees spread around the country and be less concentrated in Massachusetts.

Both groups could benefit from more information on and education around this new statute, and particularly those with less of a focus, but still have employees or clients, in Massachusetts.

### MAPFML & Insurance Carriers

We provided both groups with a list of thirteen insurance carriers and asked them how familiar they are with these carriers' offerings with regard to MAPFML. We asked participants whether they knew whether the carriers were offering coverage with regard to MAPFML, and if so, which, if any, of the following coverages the carriers were offering:

- Providing Absence time tracking only
- Providing Self-Insured Administration including benefit payments
- Providing Fully Insured Plan

**Most brokers report that they aren't aware of what carriers are doing with regard to MAPFML.** Those who are aware carriers are offering coverage with regard to MAPFML think that most carriers asked about are providing fully insured plans.

**Even more employers than brokers, about four in five, say they are not aware** whether or not, or what, specific carriers are offering with regard to MAPFML. These results underscore the need for more information and education on MAPFML.

## Public State Plan vs. Private Plan for MAPFML

Under the new program, Massachusetts-based employees are required to have Paid Family & Medical Leave coverage. Employers can choose to contribute to the state plan or they can opt out and purchase a private plan from an insurance carrier or absence management provider, for example.

We asked employers how likely they are to opt out of the public state plan and purchase a private plan. **Nearly three in ten report they are likely to opt out of the public state plan for a private plan.**

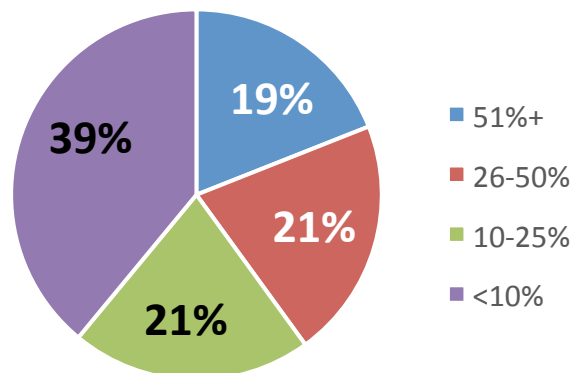
We also asked brokers what their clients are planning to do with regard to the public state plan versus a private plan for MAPFML coverage. **About two-thirds of brokers indicate that some number of their clients are planning to purchase a private plan.**

We then asked brokers (those who indicated that at least some number of their clients will opt out of the state plan) to estimate what percent of their clients are planning to opt out of the public plan for a private plan.

We see quite a range of percentages. **About a fifth think that more than half their clients will purchase a private plan, but twice as many believe that fewer than 10% of their clients will opt out of the public plan and purchase a private plan.** Results are shown in the chart below.

### Percent of Brokers' Clients that are Planning to Opt Out of State Plan and Purchase a Private Plan

Base: those who have at least 1%+ clients who will opt out of state plan



## Reasons for Selecting a Private Plan for MAPFML

We asked both brokers (only those who didn't indicate that 'none' of their clients are planning to opt out of the public plan) and employers about reasons why their clients/they might decide that a private plan is better for their MAPFML coverage than the public plan is.

Results are shown in the table on the next page.

## A Look Back: Perspectives on New York State's Disability Benefits Law

The New York Disability Benefits Law (DBL) created a state disability insurance program designed to provide employees with some level of income replacement in case of disability caused off-the-job. New York is one of a handful of states that requires employers to provide disability benefits coverage to employees for an off-the-job injury or illness.

In May 2017, we surveyed broker members in New York, as part of a special NEBAF exchange, to understand their views and experiences related to New York state's Disability Benefits Law (DBL). Participants were required to be at least somewhat familiar with New York state DBL.

Key take-aways from the special online exchange include:

- Overall, brokers were most aware of the following insurance carriers as authorized DBL carriers: The Hartford, Guardian, Unum, MetLife, and Cigna.
- Brokers were asked about the level of importance of certain DBL plan attributes when deciding which carrier to recommend for DBL coverage. Price was rated as most important, followed by ease of administration.
- NY DBL benefits are more often sold packaged with other benefits (particularly among larger clients), rather than being sold as stand-alone coverage.
- Participants indicated that they place most of their DBL business with core non-medical carriers, versus specialty DBL carriers.

To read more from this report, visit NEBAF's library (<https://nebaf.org/2019/>).

## Reasons for Selecting a Private Plan for MAPFML (cont.)

We see some similarities between groups; **both brokers and employers name ease of administration and price as reasons for choosing a private plan instead of the public one.**

Ease of administration is the top reason among employers (named by 60%), followed by price (55%).

**Unlike employers, brokers tend to name more reasons as to why their clients might select a private plan.** In addition to ease of administration and price, brokers also believe that the ability to bundle/integrate with STD/other parental leave benefits and ability to coordinate absences with FLMA are reasons to select a private plan.

### Reasons Would/Clients Would Decide a Private Plan is Better

	Brokers (only those who have 1%+ clients planning to opt out of the public plan)	Employers
Ability to bundle/ integrate with other STD, Paid Parental leave benefits	74%	37%
Ease of administration	63%	60%
Ability to coordinate absences with FMLA	60%	37%
Price	51%	55%
Plan features	44%	26%
Transition to LTD	40%	25%

Employers may not realize the advantages of integrating and coordinating MAPFML with other coverage, and might benefit from their brokers' expertise in this area.

## Type of Organization From Which Would Purchase Private Plan

We asked *employers only* if they were to opt out of the public plan and purchase a private plan, from which type of organization would they purchase the private plan. **Two-thirds of employers report that if they were to purchase a private plan they would purchase it from an insurance carrier.** About one in five say they don't know from whom they would purchase it. Less than 10% indicate they would purchase it from an absence management provider.

It's interesting that most employers say they will likely purchase from an insurance carrier without knowing much about which or what, if anything, carriers are offering (as noted earlier in this report).

## Coverage Options for MAPFML

We asked both groups about various options for MAPFML coverage:

- Using the state plan for both paid family and medical due to the minimum plan design requirements
- Self-insuring a Private Plan for both paid family and medical leaves
- Purchasing a fully insured private plan that covers both paid family and medical leaves
- Splitting the coverage and file a Private Plan and the state program

We asked brokers what percentage of their clients they think would choose each of these options and we asked employers how likely they are to select each of these options.

**Brokers and employers answer similarly; the most popular choice among both groups is using the state plan.** On average, brokers think that 48% of their clients will use the state plan for both paid and family due to the minimum plan design requirements. A similar proportion of employers (56%) indicate they would go that route.

Beyond that, brokers think about a third of clients, on average, will purchase a fully insured private plan that covers both paid family & medical leaves, compared to 17% of employers saying they will select that option. Sixteen percent of employers report they will self-insure a private plan for both paid family & medical leaves, and brokers think an average of 12% of clients will choose this option.

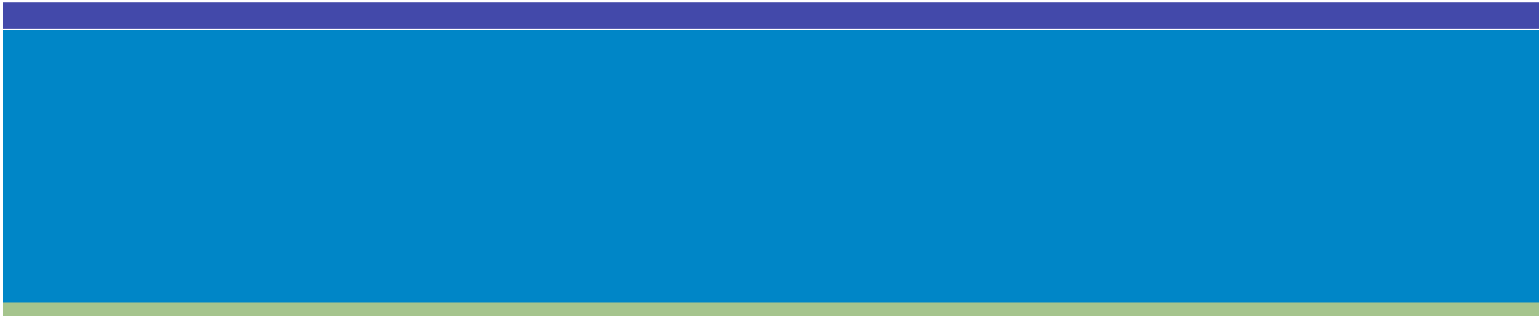
## About Participants & Massachusetts

To understand participants' involvement in and focus on Massachusetts, we asked brokers how many clients they have with employees in Massachusetts (participants were required to have at least 1+), and we asked employers about how many employees they have in Massachusetts (participants were required to have at least 1+).

**We see a range of answers from both groups.**

For brokers, responses range from one client to up over 250 clients in Massachusetts. **The mean number of clients that brokers have with employees in MA is 31.**

Employers' answers extend from a low of one employee to over 5,000. **The mean number of employees that employers have in MA is 380.**



National Employee Benefits Advisory Forum  
Sponsored by Center for Strategy Research, Inc.  
101 Federal Street, Suite 1900  
Boston, MA 02110  
(617) 451-9500  
[nebaf@csr-bos.com](mailto:nebaf@csr-bos.com)

We are continuing to invite Human Resource executives, Finance executives, Brokers, and Consultants to join the **National Employee Benefits Advisory Forum**. If you or someone you know is interested in joining, please visit [www.NEBAF.org](http://www.NEBAF.org) and click Join Us. Or, email us at [nebaf@csr-bos.com](mailto:nebaf@csr-bos.com) for more information on how to join.