

## PAID FAMILY AND MEDICAL LEAVE INSURANCE:



Options for Designing  
and Implementing  
a Minnesota Program  
2019 Update

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2019 update of the legislatively  
mandated design and implementation  
study of 2016

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# MINNESOTA PFML INSURANCE PROGRAM DESIGN

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SF2 is structured as a **contributory publicly administered insurance program** (successful, proven model in nine US states and most countries)

- **Most employers and workers contribute** to a state fund based on wages
  - \$3.50 each per week for wage of \$52k/year
  - Employers with comparable benefits can provide their own program
  - Self-employed can choose to join program
- **Eligibility based on attachment to the workforce/earnings;** plus need for leave
- **Health care providers certify** need for leave and workers make claim to state fund

SF2 **builds on many Unemployment Insurance** processes as well as those in other states to reduce employer burdens and and help ensure more successful build out



# BENEFITS OF SF2 INSURANCE MODEL

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## **Portable benefit**

Not attached to a specific job. Workers receive income from the state fund during leave.

## **Broadest possible risk pool keeps costs low**

Levels the playing field by geography and employer size and employee need for leave.

**Earned benefit that workers and employers can count on from year to year**

# MINNESOTA PFML INSURANCE PROGRAM SF2 DESIGN

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Partial wage replacement during leave of *at least seven days* for:

- *Up to 12 weeks per year* for a worker's **own serious health condition** (including pregnancy)
- *Up to 12 weeks per year* for **care of a family member** (including new child, violence or a serious health condition)

Data from other state programs and USDOL shows:

- **Vast majority of workers use fewer weeks than the maximum allowed.**
- Massachusetts allows up to 26 weeks: median has been 12
- Washington allows 12-16; average less than 8 weeks

# LEAVE RELATED TO QUALIFYING EXIGENCIES

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(Section 8, Subd. 5) based on FMLA definition, **up to 12 weeks for “a need arising out of a military member's active duty service or notice of an impending call or order to active duty in the United States armed forces,** including providing for the care or other needs of the family member's child or other dependent, making financial or legal arrangements for the family member, attending counseling, attending military events or ceremonies, spending time with the family member during a rest and recuperation leave or following return from deployment, or making arrangements following the death of the military member.”

# SF2 RELATIONSHIP OF WAGE RELACEMENT & EMPLOYMENT PROTECTIONS

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## Wage Replacement

- Eligible after meeting earnings threshold (5.3% of statewide average annual wage) with qualifying event

## Employment Protections (Right to return to job/continued health insurance)

- Eligible for wage replacement **PLUS**
- 90 days with the employer

# STATE PFML INSURANCE ACROSS US

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Eight programs paying out benefits; considered a key tool in managing the pandemic for both employers and employees

Two comparable programs began operating at the beginning of or during COVID with premiums similar to SF2

Three longstanding programs have increased benefit structures, while maintaining funds with marginally increased or dropping 2023 premiums