

# Paid Family and Medical Leave

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What's happening and why it matters

# Presented By



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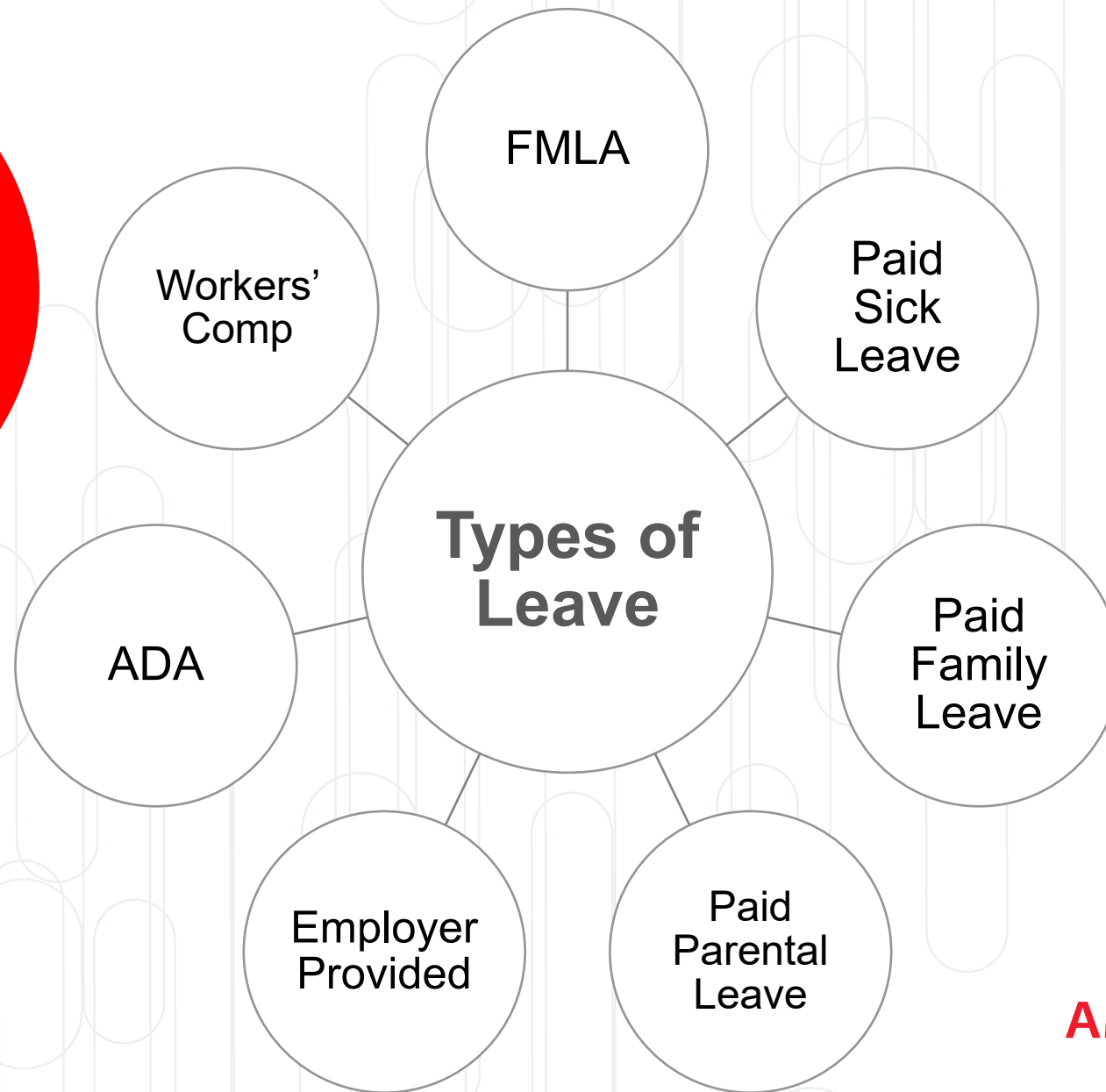
# What are paid leave programs?

# Paid Leave Programs

- Short-term public insurance program or a state-run disability plan
- Paid maternity or parental leave
- Voluntary options
- Paid Family and Medical Leave (PFML)



# State PFML



# So, what is PFML and who can participate?

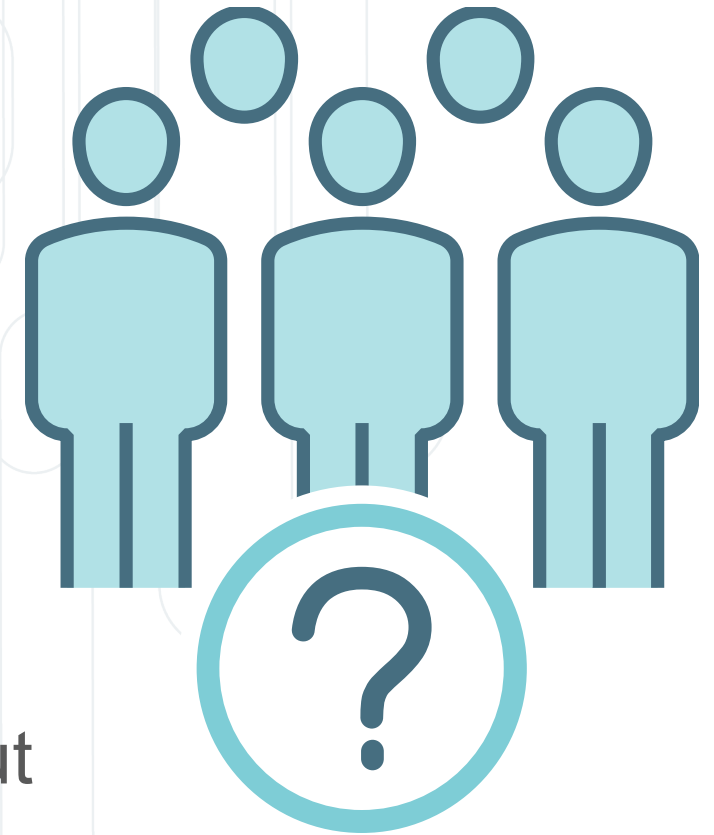
# What is PFML?

- State program
- Provides leave benefits
- Mandatory participation (varies)
- Terms vary by state
- Provides or requires employers to provide paid time off for qualifying reasons



# Who can participate?

- Employers:
  - Private employers
  - Most public employers
  - Self-employed
  - Minimum number of employees varies, but trend is to be more inclusive



# Who can participate?

- Employees:
  - Private sector
  - Public sector
  - Typically, must work a minimum threshold of hours or earn a minimum threshold in wages

# Other Paid Leave Variables

- Allowed reasons for paid leave
- Employee eligibility rules
- Duration of paid leave
- Wage-replacement rate
- Contribution rate / cost

# What is the difference between FMLA and PFML?

# FMLA vs. PFML

- FMLA is a federal employment law
  - Unpaid
  - Job protection
- PFML laws are currently state/local
  - Paid/some type of salary replacement
  - Typically job protected but not always



# FMLA vs PFML

	FMLA	PFML
Does it provide job protection?	Yes	Typically, yes
Is it paid?	Generally, No	Yes
What is the length of leave?	12-26 weeks	Varies
Do health benefits continue?	Yes	Typically, yes
Does it require the use of accrued time?	Employer determines	Varies
Does it allow time to bond with a new child?	Yes	Typically, yes
Does it include time for caring for yourself or a family member with a serious health condition?	Yes	Typically, yes
Does it include preparing for a military family member's deployment?	Yes	Varies

# 19%

of workers had access to  
paid family leave in 2021<sup>2</sup>

# 27%

of workers had access to  
paid family leave in 2023<sup>1</sup>

# 90%

of workers had access to  
unpaid family leave in 2023<sup>1</sup>

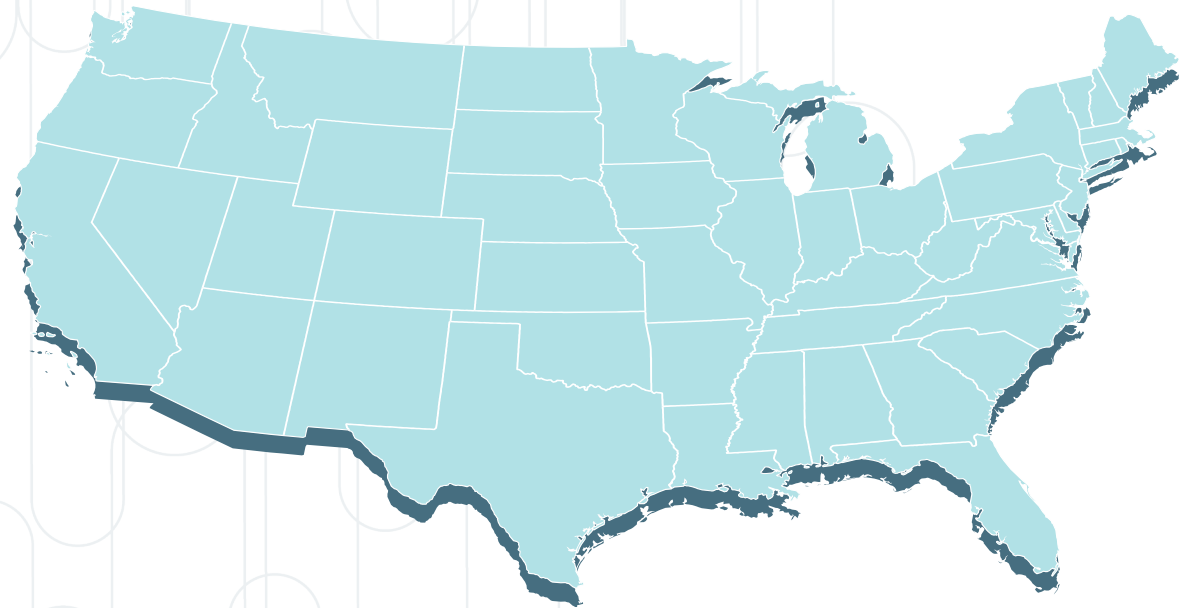
1. <https://www.bls.gov/ebs/factsheets/family-leave-benefits-fact-sheet.htm#:~:text=In%20March%202023%2C%2027%20percent,access%20to%20unpaid%20family%20leave,> accessed January 9, 2025
2. <https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2020/02/Paid-Family-Leave-in-the-United-States.pdf>, February 2020, accessed September 24, 2024

# What's the latest on PFML across the states?



# Current PFML Landscape

- Continues to expand
- No uniform definitions
- No set method for funding



**In 2016, only 4 states had mandatory PFML laws.<sup>1</sup>**

**As of December 2024, thirteen states and D.C. have passed mandatory paid family leave legislation.<sup>2</sup>**



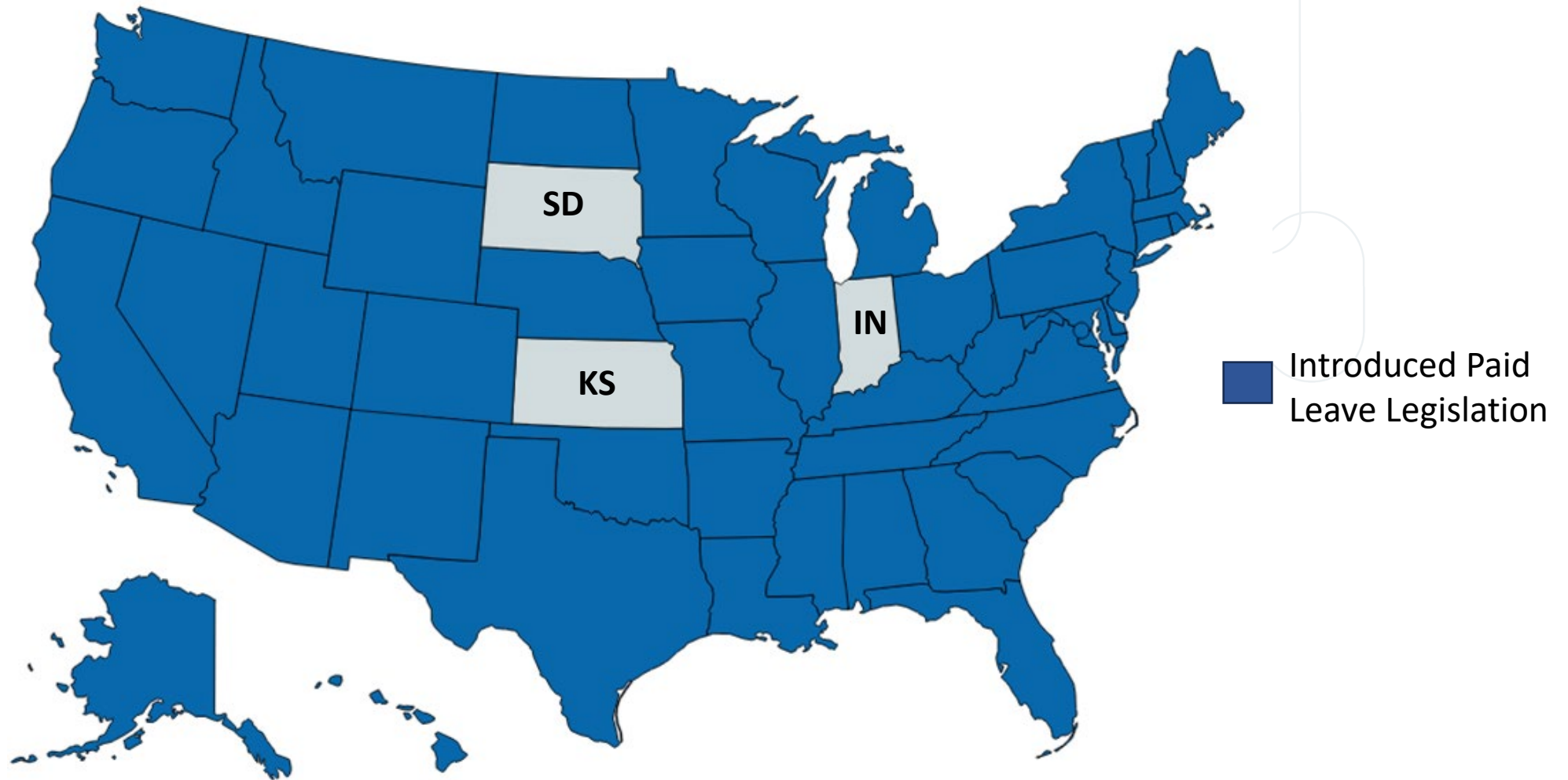
<sup>1</sup><https://www.investopedia.com/paid-family-and-medical-leave-by-state-5089907#:~:text=Key%20Takeaways,Columbia%20have%20enacted%20PFML%20laws>, accessed January 9, 2025.

<sup>2</sup><https://www.dol.gov/agencies/wb/featured-paid-leave#:~:text=Thirteen%20states%20and%20the%20District,leave%20programs%20for%20eligible%20workers>, accessed January 9, 2025



AF-4262-0125

# 2023-2024 Paid Leave Legislation



<sup>1</sup>American Fidelity internal data as of November 2024.

AF-4262-0125

# What has American Fidelity been seeing?

# Our Experience

- Legislative and compliance changes
- 20+ years
- Experienced partners
- Private PFML provider in several states
- AFleave™ leave management solution



What is the impact PFML  
may have on your  
organization?

# 8 Ways PFML Could Impact Your Organization



# Benefit Choice

1

- Ability to select and negotiate benefits
- Autonomy to opt in/out of plans
- Insurers assist by providing options
- Consider individualized needs and personalized decisions

# Maximum Salary Replacement: Private Carriers

# 2.

- Coverage options beyond minimum statutory levels
- Percent of salary replacement could be higher
- Higher maximum benefits

# Employee Eligibility for Leave

# 3.

- Different eligibility rules that may result in earlier or broader coverage
- May cover situations outside of or in addition to FMLA leave
- Creates added complexity in leave tracking and compliance obligations

# Coordination with Other Benefits

# 4.

- Integration can vary
- Terms of contract may impact
- Duplication of coverage possible
- May result in overspending for consumers
- Complex rules

# Associated Administrative Tasks

5.

- Possible increase in employees on leave
- Additional personnel may be needed to fill gaps
- Integration with sick leave, sick leave banks, etc.

# Impact on Retention and Recruitment

6.

- Value of employer-provided benefit plans
- Supplemental insurance to fill gaps in PFML coverage

# Potential Impact on Absenteeism

7

- Increase in employees on leave
- Increase in amount of leave used
- Increase in use of substitutes
- Increase in budgetary costs
- Increased workload for covering duties of absent employees

# Impact on Existing Policies

8.

- Coordination of benefits
- Use of other forms of leave and exhaustion requirements
- Payroll policies and processes
- Call-out policies
- Leave administration policies
- Sick leave banks



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# Questions?

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