

April 12, 2023

**Statement of the American Council of Life Insurers
House Business and Labor Committee**

Senate Bill 31-A: Paid Family and Medical Leave

Dear Chairman Holvey and Members of the Committee:

The American Council of Life Insurers (“ACLI”) appreciates the chance to comment and provide suggestions on **Senate Bill 31-A**, which would allow the Director of the Employment Department until August 11, 2023, to announce a delay in the start of Oregon Paid Family and Medical Leave (PFML) benefit payments if the Director determines that the state trust fund is insolvent.

Oregon’s PFML program allows employers to choose one of two ways to offer PFML benefits to their employees. Employers may choose to enroll in the state administered program or may choose to provide PFML benefits to their employees through an Equivalent Plan offered on a fully insured or self-funded basis. Equivalent Plans must provide the same or better benefits than are available through the state plan.

ACLI represents 280 member companies, a subset of whom offer Equivalent Plans in the form of insurance policies to Oregon employers. Oregon has an active Equivalent Plan market with thousands of Oregonians anticipated to receive PFML benefits through an Equivalent Plan. Based on recent data provided by Paid Leave Oregon, approximately 1400 applications have been received for Equivalent Plan approval and they expect this number to increase. The insurance carriers that offer these plans have been working closely with employers across the state to ensure that Equivalent Plans are ready to pay PFML benefits on September 3, 2023.

While we understand a delay may be necessary due to potential solvency concerns in the state’s trust fund, we request the following amendments to the timelines outlined in the legislation to allow adequate time for all parties to prepare for a delay and avoid confusion.

We recommend that any decision to delay the program should be made by June 1, 2023. As currently drafted, the bill allows the Director as few as three weeks to assess the state trust fund’s solvency (by August 11, 2023, after two quarters of contributions have been paid) and determine whether to delay the payment of benefits set to begin on September 3, 2023.

While we understand that Paid Leave Oregon would like as much time as possible to assess the amount of contributions paid into the state trust fund (and therefore wait to decide until after

second quarter state plan contributions are due by July 30), a program delay on such short notice would be highly disruptive to the employees who are planning on taking leave. For instance:

- Parents who are planning on taking time away from work to stay home and care for a new child will need more than three weeks to make alternate childcare arrangements if benefit payments are delayed and they must stay at work since they will not receive their expected income replacement benefits.
- Employees with planned surgeries and recovery periods will need to reschedule. Rescheduling surgery can create the same set of concerns as the example above as the employee may need to delay their surgery and alter plans for rehabilitation and family caregivers who need to plan time away from their jobs to care for them.

A short period to decide whether to delay the program is also very difficult from a communications standpoint. Paid Leave Oregon is planning on increasing their level of promotion of the availability of PFML benefits over the summer. It would be difficult to effectively communicate to employees in only three weeks that the program is delayed, particularly because these employees have been hearing and seeing promotions of the availability of benefits on September 3rd for several months. While the state may help explain the delay, a large part of that burden will fall on employers who can offer no recourse, especially for the employees who may not have childcare to fall back on or the paid time off to cover their surgery and recovery.

Paid Leave Oregon will need more than three weeks to develop and implement a communications plan around a delay that explains to employees and employers what is happening with the program and gives employees and employers time to make alternate arrangements. A June 1st decision date will allow Paid Leave Oregon to assess the Q1 contributions (due by April 30th), plan accordingly, and allow employees with leave needs to do the same.

We appreciate your consideration and would be happy to answer any questions you may have.

Sincerely,

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