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# A STRONG VOICE FOR OREGON'S WORKERS

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April 1, 2025

Chair Taylor, Vice-Chair Bonham and members of the Senate Labor and Business committee,

The Oregon AFL-CIO represents over 300,000 workers across the state in every sector and is a voice for all workers in the legislative process. As worker advocates, we helped pass Paid Family and Medical leave to make sure that workers across Oregon are able to take the time they need without fear of losing their job and livelihood. Thanks for the opportunity to testify in support of SB 1148 which continues to clarify how workers can use this benefit and others.

As a baseline, short term disability is a voluntary benefit that many workers across the state – including those who work for the state or in the private sector like manufacturing – are offered or have as part of their benefit package. While the exact terms of each plan are set by the employer and insurer, short term disability generally covers 60% of a workers' wage for their own disability or injury. It can generally be taken in 13 week increments and there is no job protection, meaning a worker could get fired while taking this time. Often the employer is just an intermediary: they purchase the plan from an insurer and either offer it to workers full of partial premium paid as part of a benefits package, or – in the case of the state – offer it as a policy a worker can buy by paying a monthly premium.

In contrast, paid family and medical leave generally covers a workers' own medical leave, leave to take care of a family member, family and bonding leave and safe leave. It provides progressive wage replacement based on income, is for most workers, is job protected and can be taken up to 12 weeks in a year-long period.

Currently, when a worker files a claim to use their short term disability insurance, the insurance provider often requires them to use or apply for PFML first, even when the worker knows they will be denied. This time-intensive burden not only prolongs benefits paid out to the worker, it also puts an undue and unnecessary strain on PFML in processing claims that are not wanted or eligible.

There may be many instances where a worker would want to use their short term disability plan first, even though there is an inherent risk of no job protections. For example, if a worker gets hurt, they may want to use their short term disability first because they know their partner is going to have a baby a few months later. In many instances currently, that worker would be forced into using Paid Family and Medical Leave instead of their short term disability, meaning that when the baby came later in the year (a reason not covered by short term disability) they would have no bank of time. If the inverse happened – PFML for the birth of a child and then a few months later a personal injury – the worker would be able to use both PFML and short-term disability simply because of the order of their events.

SB 1148 as amended addresses this by saying that an insurer cannot require a person eligible for benefits to utilize or apply for PFML prior to being eligible for disability benefits offered by the disability income insurance policy. To be clear, this change alone is a step in the right direction to allow workers to utilize the full range of benefits that are part of their negotiated benefits or are paying into directly, and eases some unnecessary burden from the Department in processing Paid Family and Medical Leave claims swiftly and accurately.

The second problem is around offsetting PFML from short-term disability payments. Currently, when a worker wants to use their short term disability insurance, the benefit they would receive from PFML – regardless of if they are actually receiving it – is deducted from the short-term disability payout. For example, if a workers' short term disability weekly benefit amount is \$700 and they qualify for \$600 from PFML, they would only receive \$100 from short-term disability. This occurs regardless of if the worker is actually receiving the Paid Family and Medical Leave benefit amount.

This creates a system where workers are paying into or agreeing to a negotiated benefit that actually provides very little payout or benefit to the worker in reality.

SB 1148-2 addresses this problem by saying that a worker can choose if they want to use PFML and Short Term Disability concurrently for their own medical leave (as family and safe leave are not covered by short term disability). If they choose to do this, the full PFML benefit would be paid out first, and then they could use short term disability to get to (or closer to) 100% wage replacement. The bill also specifies that if used concurrently, the worker cannot receive more than 100% of their weekly wage. If the worker chooses to not use the leaves concurrently, they could get partial wage replacement for the PFML and then partial wage replacement for a personal injury.

Important to note, both instances must be triggered by a substantiated event with notes and proof from a medical provider (unless in the instance of safe leave). This is extremely rare *and* we see all too often that workers can have the worst year of their lives with multiple life events happening in short order of one another. No one wants to have to take weeks off of work to care for themselves or a loved one, and yet, these life events and keeping Oregonians in the workforce is what both short-term disability and Paid Family and Medical Leave were designed to achieve.

The problems this bill seeks to solve have all been brought to us from real experiences and frustrations from workers trying to access their short-term disability benefits in both the public and private sector. Under today's reality, we are allowing workers who happen to have medical emergencies in the "right order" a greater amount of leave. Those who cannot plan their medical emergencies are left with an empty bank and few options. And when they are actually able to use their short-term disability insurance, PFML are held against that benefit – regardless of if they are actually using PFML at the time or not.

While we understand the concern from the insurance industry that this change will drive down the need for their short-term disability product, we ultimately believe that any benefit program should provide a meaningful benefit, particularly in times of great distress and hardship.

SB 1148-2 does not eliminate all risk when a worker gets hurt as the worker can still be fired while utilizing short-term disability. However, it allows workers to fully access the benefits they have when they need it most.