

PFML SIDE EFFECTS: 2020-2021

EXEMPTION SAVINGS
UPDATES TO BENEFIT OFFERINGS
HR BEST PRACTICES

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EXEMPTION SAVINGS

WHICH PRIVATE PFML OPTION IS THE RIGHT FIT?

WHAT IS THE RIGHT PRIVATE OPTION?

The biggest impact choosing a private plan is your financial savings during the ramp up period prior to January 2021.

Savings Calculator:

1 Month Gross Payroll x 15 Months at 0.75% = ***Savings Prior to 1/1/21***

Different Private Options:

1. Carriers that will underwrite your risk based on your census
2. Carriers that will “Match the State Rate” if:
 - a. Company currently has another line of business with carrier
 - b. Company promises to write another line of business with carrier

What is the right choice?

SAMPLE PROPOSAL

1/1/2021

Benefit effective dates vary

- January 1, 2021 - Medical for
- for bonding, military exigency or ca
- July 1, 2021 - Family leave to care t

of MA Covered

151

Family and Medical)

\$ 0.44% of all covered wages, not exceed
base wage limit, currently \$132,900.

- 0.13% - Paid Family Leave
- 0.31% - Medical Leave

Rates assumes contributory plan with th
coverage up to the state allowable may

- Family leave may be 100% employer
- Medical leave may be up to 40% e

However, an employer with fev
employer portion of prem

\$56,684

Annual Payroll	\$12,960,000.00
Monthly Payroll	\$1,080,000.00

Option 1: State Plan

Contribution Rate	Contrib Schedule	Total Cost
0.75%	10/1/19-12/31/20	\$121,500.00
0.75%	1/1/21-12/31/21	\$97,200.00
		\$218,700.00

Option 2: Private Plan

Contribution Rate	Contrib Schedule	Total Cost
0.00%	10/1/19-12/31/20	\$0.00
0.44%	1/1/21-12/31/21	\$57,024.00
		\$57,024.00

Private Plan Savings (\$161,676.00)

UPDATES TO BENEFITS OFFERING

CONTINUING THE CONVERSATION BEYOND THE EXEMPTION FILING

PFML BENEFIT IMPACT

Strategizing with in-force benefits:

Keeping benefits together streamlines claims processing:

Claims can be submitted into one carrier who can then determine whether it needs to coordinate with PFML, short-term disability, long-term disability, or a combination of the coverages in place

Coordination with short- and long-term disability:

Employers will need to proactively make updates to both in-force short- and long-term disability products to ensure employees are not over-insured.

1. STD benefits will need to be reduced or in some cases cancelled; carriers will look to offer “Wrap” STD programs
2. LTD benefits will need to have elimination period updated as PFML benefit has a longer duration than most STD plan offerings

ABSENCE MANAGEMENT TECHNOLOGY

Private carriers offer solutions to manage all different types of employee leave.

Coordinating Leave

- State PFML
- Federal FMLA
- Short- and long-term disability
- Sick pay/Vacation
- PTO/Employer Leave

Why engage this type of solution?

Elevate HR Team
Compliance
Administrative Ease

Absence Management



■ Administrative Updates ■ Coordinating Leave ■ Managing Risk

HR BEST PRACTICES

PROACTIVELY PREPARING YOUR ORGANIZATION FOR 2021

PFML TO DO LIST

You should have already:

- Given out and received back your signed employee notices.
- Started employee withholding or applied for and received an exemption.
- Put up the required poster.

By December 2020:

- Trained and gotten all managers on board with using performance management tools to document performance issues.
- Updated your handbook.
- Refined your leave approval policies/practices to account for the new law.



TYPES OF LEAVES



You must learn to recognize when an employee is taking time off that would qualify as:

- PFML
- FMLA
- Parental/Workers' Comp
- Sick Leave

Be especially vigilant with new babies as there are many overlapping laws:

- FMLA
- Parental Leave
- PFML
- Pregnancy Fairness Act
- Equal Pay
- Gender/Pregnancy Discrimination

AREA FOR IMPROVEMENT; PERFORMANCE MGMT.

PFML: Once an employee returns from leave, there is a six-month presumption of retaliatory intent for adverse employment actions

Can only be rebutted with “clear and convincing evidence.”



DOCUMENTING & PERFORMANCE IMPROVEMENT

Employers need to evaluate their performance management practices:

- Are you documenting performance and other issues when they happen, consistently and equitably?
- Are you doing at least annual performance reviews?
- Are the managers accurately reporting deficiencies?
- Are you regularly checking in with struggling employees and documenting those verbal counseling sessions?
- Do you issue warnings and PIPs?

PROPER DOCUMENTATION IS PROTECTION



- Follow up conversations with e-mail (if they have e-mail) or memo
- Honest annual performance evaluations
- For new employees and struggling employees it should be more frequent.
- Written feedback/warnings as needed
- Place struggling employees on Performance Improvement Plans when warranted

WHY WE DOCUMENT



Defend Against Legal
Attacks - Prove that
employer took action for
legitimate business reason
Justify Pay Differentials
Employee Morale