

# Family and Medical Leave Insurance Program 2024 Annual Report

January 2025

LE § 8.3-406 (MSAR #15562)

January 6, 2025

The Honorable Wes Moore, Governor  
State House, 100 State Circle  
Annapolis, Maryland 21401

The Honorable Aruna Miller, Lieutenant Governor  
State House, 100 State Circle  
Annapolis, Maryland 21401

The Honorable Bill Ferguson, President  
Senate of Maryland  
State House, H-107  
Annapolis, Maryland 21401

The Honorable Adrienne A. Jones, Speaker  
Maryland House of Delegates  
State House, H-107  
Annapolis, Maryland 21401

Dear Governor Moore, Lieutenant Governor Miller, President Ferguson, and Speaker Jones:

The Maryland Department of Labor is honored to share the first annual report of the Family and Medical Leave Insurance (FAMLI) Division outlining the foundational work the Department has undertaken to bring paid family and medical leave to Maryland.

The report discusses the projections and assumptions the Department is working on as they bring the program to fruition. Featured in the report is the extensive work the Department has done educating the employer community across the State to prepare them for the various implementation phases and implications of paid family and medical leave. It also reports on the steps the Department has taken to build itself out, including developing the regulatory framework, hiring the team, procuring necessary support and the initial steps of creating a digital platform.

We welcome your review of this report and look forward to updating you on our progress for years to come. Should you have any questions please feel free to direct them to Andrew Fulginiti, the Department's Legislative Director, at [Andrew.Fulginiti@maryland.gov](mailto:Andrew.Fulginiti@maryland.gov).

Sincerely,



Portia Wu  
Secretary

## FAMLI Annual Report 2024

### *Introduction*

The Time to Care Act of 2022 established Maryland's Family and Medical Leave Insurance (FAMLI) program at the Maryland Department of Labor (the Department), so that the 2.5 million workers in Maryland do not have to choose between their career and their family and Maryland's 180,000 employers do not have to choose between supporting their workers and making payroll. Starting July 1, 2026, workers will be able to take time away from work to care for themselves or a family member and still be paid up to \$1,000 a week for up to 12 weeks. Employers and workers will make contributions into the FAMLI Fund administered by the State. Alternatively, an employer may apply to use a commercial or self-insured plan. When a worker needs to take leave, either the State or the private plan will pay the worker a portion of their salary.

Section 8.3-406 of the Labor and Employment Article requires the Department to submit an annual report to detail activities completed in the prior fiscal year. The Department is committed to building a strong State paid leave program, learning from best practices and the experiences of other states, and our State agencies are working closely on delivering this program for our constituents. As the program is under development, information is not yet available for some of the content areas and may have changed based on the date of publication.

For the most up to date information about the program, please visit [www.paidleave.maryland.gov](http://www.paidleave.maryland.gov).

### *Projected Participation Rates*

The Department commissioned a [cost analysis](#) from the Jacob France Institute at the Merrick School of Business at the University of Baltimore in order to estimate an initial contribution rate, which also included an [actuarial report](#) from Milliman, Inc. The report estimated that there would be nearly 166,000 approved claims for family and medical leave benefits in the program's first full year of operation. However, the report was unable to estimate how many claims would be submitted to the State Plan and how many would be processed by private plans.

### *Contribution Rate*

In analyzing the cost of maintaining the solvency of the FAMLI Fund and paying benefits to covered individuals, the [cost analysis](#) relied on administrative records, assumptions on labor market and financial market trends, as well as data from national surveys and publicly available reports from other states with similar programs. The report used three different models – the Econometric Analysis and Simulation, the DOL Worker PLUS Simulation & Optimization, and

an Actuarial Study by Milliman, Inc. For each model, the researchers considered varying administrative costs, the ratio of claims to contributions, various levels of expected claims, a range of possible start-up funds, and different schedules to pay back start-up funds.

There was consistency in recommended contribution rates between the three models. Using a median estimate of ongoing administrative costs, the report provided three similar range options.

Taking into account these recommendations, on October 1, 2023 the Department established an initial contribution rate of 0.45% of covered wages for both workers and employers for a total contribution rate of 0.90%. For employers with fewer than 15 workers, the rate will be 0.45% of covered wages, and those employers may withhold up to this full amount from their workers' pay.

### *Projected and Actual Fund Balances*

Contributions remitted by employers will make up the FAMLI Fund that will be used to pay benefits starting July 1, 2026. Assuming all employers participate in the State Plan, the [actuarial report](#) listed projected Fund balances for different assumptions. Projected Fund balances in 2026 with a contribution rate of 0.90% would result in a Fund balance of approximately \$2.4 billion if all employers participate in the State Plan.

However, as discussed above, the Department does not yet know the number of employers who will decide to offer a private plan, and therefore is unable to project a Fund balance at this time. The prevalence of private plans in other states ranges widely from coverage of just 2.5% to almost a third of workers.

### *Public Outreach Efforts*

Extensive public outreach will be needed to inform employers and workers about the FAMLI program. Outreach has focused on employers, third party administrators, and insurance carriers as these groups will be the first to interact with FAMLI.

In FY 2024, FAMLI staff hosted or presented at 50 events, totalling 2,550 attendees. In the first quarter of FY 2025, staff presented during conference workshops, panel discussions, stakeholder meetings, and "Introduction to FAMLI" webinars, altogether 22 events, totalling over 3,500 attendees. Most of the attendees represented employers, but also in attendance were workers, advocates, health care professionals, insurance carriers, HR professionals, third party administrators, local government representatives, and other State government agencies.

Some of the organizations presented to include:

- Maryland Association of Counties (MACo);
- Maryland Municipal League (MML);
- Maryland Chamber of Commerce;
- National Federation of Independent Businesses;
- Local Chambers of Commerce: Allegany County, Cecil County, Howard County, Queen Anne’s County, Salisbury Area, Talbot County, Washington County, and Worcester County;
- Montgomery County Black Collective and Maryland Black Chamber of Commerce;
- Baltimore County Public Schools;
- Baptist Convention of Maryland;
- Maryland Nonprofits;
- MD Philanthropy Network;
- Mid-Atlantic Association of Community Health Centers;
- American Council of Life Insurers (ACLI);
- League of Life and Health Insurers (LLHI);
- LifeSpan Maryland;
- Time to Care Coalition.

In addition, the Department hosted 4 monthly webinars targeted to employers beginning in June 2024 to introduce the basics of FAML. The first webinar was attended by over 1,000 people; the subsequent 3 webinars were attended by over 3,000 people.

The Department continues to plan events with local organizations as well as canvassing local businesses to explain the upcoming program before employers begin to register in the Spring of 2025. It has engaged over 300 businesses throughout the Central Maryland region as part of the Main Street Business Outreach efforts. The outreach areas included:

- Baltimore City: Belvedere Square; Broadway Market; Cross Street Market; Federal Hill Main Street; Fells Point; Locust Point; Pigtown Main Street; Waverly Main Street.
- Baltimore County: Catonsville Arts and Entertainment District; Downtown Towson and Stoneleigh.
- Harford County: Havre de Grace Main Street.
- Howard County: Ellicott City Main Street.

*Capability & Capacity of Department*

The [report](#) prepared for DLS by Spring Consulting Group in February 2023 outlined various capabilities that Maryland’s paid family and medical leave system will need to be successful. The Department has used the report as a baseline for its activities and has been working along four major intertwined paths – development of the regulations, staffing and hiring, digital solutions, and procurement – to bring FAML to fruition.

## **Regulatory Development**

The Department engaged in a 16-month informal regulatory engagement process which included 9 FAMLII-hosted public meetings with over 1,300 attendees and 14 documents for public comment including two draft sets of regulations. The Department received 67 total written comments from organizations such as ACLI/LLHI, MACo, the Maryland Chamber, MML, and the Time to Care Coalition. The Department also met individually with numerous stakeholder groups. The Department has also consulted with State agency partners including the Comptroller of Maryland, Maryland Insurance Administration (MIA), University System of Maryland, Maryland Department of Health, Department of Budget and Management, and Department of Information Technology (DoIT).

Incorporating the stakeholder feedback, the proposed regulations were published in the *Maryland Register* on October 18, 2024.

## **Staffing and Hiring**

Over the past year, the Department has hired key staff for required FAMLII program functions: Claims and Benefits, Community and Stakeholder Engagement, Customer Care, Digital Services, Employer Services, Financial Services, Insurance Plan Compliance, Policy, and Strategic Communications. Over 30 critical staff have been hired with plans to hire over 100 new staff over the course of the next year. In 2025, focus will continue on filling out the management levels of the teams, developing hiring plans, and building capacity to hire at scale.

## **Digital Services**

The Department conducted extensive research to lay the groundwork for the digital systems needed for the FAMLII program. This research has included discussions with states who have implemented or are implementing paid family and medical leave programs, sister agencies (DoIT, Department of Assessments and Taxation, Comptroller, Treasurer), resources within the Department, federal partners, and experts in digital technology. Based upon the outcomes of this research, the FAMLII platform will be built leveraging industry standard Software as a Service tools. FAMLII is using a combination of in-house expertise, vendor support, and software procurements to create its digital systems. The procurement for two major digital services vendor partners was approved by the Board of Public Works on October 2, 2024.

## **Procurement**

In addition to the digital services procurement, the Department has procured multiple vendors to partner with for various system capabilities including strategic communications support, call center technology, and training services. Procurements for actuarial research and accounting expertise are currently in the pipeline.

## Not Yet Applicable

Since the Department has not yet begun collecting contributions or paying benefits, there is no data on actual program participation rates yet. The Department also does not yet have data on enforcement efforts, complaints, and costs of administering the program attributable to different user groups.

## **Conclusion**

In 2024, the Department laid a strong foundation for a successful program making significant advances in creating the regulatory structure for the program, securing necessary procurements, reaching stakeholder audiences, and building FAMLII staff. Over the coming year, the Department will begin pivoting from an implementation stance to an operational stance as the team prepares to begin accepting employer registrations and State plan contributions.