

MAINE STATE LEGISLATURE

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L.D. 1152

Date: 3/20/24

(Filing No. S-592)

MAJORITY

LABOR AND HOUSING

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STATE OF MAINE

SENATE

131ST LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 479, L.D. 1152, "An Act to Make Long-term Disability Insurance Coverage Available to Public Employees"

Amend the bill by striking out the title and substituting the following:

'An Act to Require Public Employers to Provide Long-term Disability Insurance Coverage'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 5 MRSA §18101, as enacted by PL 2017, c. 378, §1, is amended to read:

§18101. Long-term disability insurance coverage ~~authorized~~ required

~~The Beginning July 1, 2025, the board may shall~~ offer long-term disability insurance coverage to members through their employer and may contract with one or more insurance companies to provide this coverage. An employer shall provide the long-term disability insurance coverage or substantially equivalent coverage from another source to the employer's employees who are members.

1. Premiums. All premiums and any other amounts due to an insurance company or other 3rd party in connection with coverage offered by the board or provided by the employer under this subchapter must be borne by the ~~covered person, the covered person's employer or both the covered person and the covered person's employer.~~

1-A. Benefits. The coverage offered by the board or provided by the employer under this subchapter must provide for a monthly benefit payment amount of not more than \$8,000 and not less than \$100, including applicable offsets. The monthly benefit payment must be in an amount to replace:

A. For a member who would receive a disability retirement benefit equal to 59% of the member's average final compensation if qualified for disability retirement benefits, 59% of the covered member's income from the employer providing the coverage; or

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1 B. For a member who would receive a disability retirement benefit equal to 66 2/3%
2 of the member's average final compensation if qualified for disability retirement
3 benefits, 66 2/3% of the covered member's income from the employer providing the
4 coverage.

5 **2. Rules.** The board may adopt rules to implement this subchapter. Rules adopted
6 pursuant to this subsection are routine technical rules pursuant to chapter 375, subchapter
7 2-A.

8 **3. Costs.** The State shall pay 100% of the costs of the premiums and any other amounts
9 due to an insurance company or other 3rd party in connection with coverage offered by the
10 board or provided by the employer under this section.

11 **Sec. 2. 5 MRSA §18701**, as enacted by PL 2017, c. 378, §2, is amended to read:

12 **§18701. Long-term disability insurance coverage ~~authorized~~ required**

13 The ~~Beginning July 1, 2025, the~~ board ~~may~~ shall offer long-term disability insurance
14 coverage to members and employees who choose not to become members but participate
15 in the defined contribution plan pursuant to section 18801, subsection 1 through their
16 employer and may contract with one or more insurance companies to ~~provide~~ offer this
17 coverage. ~~An employer shall provide the long-term disability insurance coverage or~~
18 substantially equivalent coverage from another source to the employer's employees who
19 are members or participants in the defined contribution plan pursuant to section 18801,
20 subsection 1.

21 **1. Premiums.** All premiums and any other amounts due to an insurance company or
22 other 3rd party in connection with coverage offered by the board or provided by the
23 employer under this subchapter must be borne by the ~~covered person, the~~ covered person's
24 employer or ~~both the covered person and the covered person's employer.~~

25 **1-A. Benefits.** The coverage offered by the board or provided by the employer under
26 this subchapter must provide for a monthly benefit amount of not more than \$8,000 and
27 not less than \$100, including applicable offsets. The monthly benefit payment must be in
28 an amount to replace:

29 A. For a member or a participant who would receive a disability retirement benefit
30 equal to 59% of the member's or participant's average final compensation if qualified
31 for disability retirement benefits, 59% of the member's or participant's income from the
32 employer providing the coverage;

33 B. For a member or a participant who would receive a disability retirement benefit
34 equal to 60% of the member's or participant's annual compensation if qualified for
35 disability retirement benefits, 60% of the member's or the participant's income from
36 the employer providing the coverage; or

37 C. For a member or a participant who would receive a disability retirement benefit
38 equal to 66 2/3% of the member's or the participant's average final compensation if
39 qualified for disability retirement benefits, 66 2/3% of the member's or the participant's
40 income from the employer providing the coverage.

41 **2. Rules.** The board may adopt rules to implement this subchapter. Rules adopted
42 pursuant to this subsection are routine technical rules pursuant to chapter 375, subchapter
43 2-A.

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1 3. Costs. The State shall pay 100% of the costs of the premiums and any other amounts
2 due to an insurance company or other 3rd party in connection with coverage offered by the
3 board or provided by the employer under this section.'

4 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
5 number to read consecutively.

6 **SUMMARY**

7 This amendment replaces the bill and changes the title. The amendment clarifies that
8 the Maine Public Employees Retirement System board of trustees must offer long-term
9 disability insurance coverage to members through their employer and that the public
10 employer must provide that coverage or substantially equivalent coverage from another
11 source to the public employee. It specifies that coverage must be offered beginning July 1,
12 2025. The amendment also specifies that the State must pay 100% of the costs of the
13 premiums and any other amounts due to an insurance company or other 3rd party in
14 connection with coverage offered by the board or provided by the employer.

15 **FISCAL NOTE REQUIRED**

16 (See attached)



131st MAINE LEGISLATURE

LD 1152

LR 754(02)

An Act to Make Long-term Disability Insurance Coverage Available to Public Employees

Fiscal Note for Bill as Amended by Committee Amendment "A" (5592)

Committee: Labor and Housing

Fiscal Note Required: Yes

Fiscal Note

State Mandate - Funded

Future biennium cost increase - All Funds

State Mandates

Required Activity	Unit Affected	Local Cost
Requires public employers to provide long-term disability coverage offered by the Maine Public Employees Retirement System or a substantially equivalent coverage from another source to its public employees effective July 1, 2025.	All Public Employers	\$3.2M to \$7.7M

The required local activities in this bill may represent a state mandate pursuant to the Constitution of Maine. If the bill does require a local unit of government to expand or modify its activities so as to necessitate additional expenditure from local revenue, the state mandate provisions of the Constitution of Maine require either: (1) General Fund appropriations be provided to fund at least 90% of any additional necessitated local costs of the mandate; or (2) a Mandate Preamble be added to the bill and two-thirds of the members of each House vote to exempt the mandate from the funding requirement. If the bill does represent a state mandate and neither one of these actions occurs, the local units of government will not be required to implement the mandated activities.

Fiscal Detail and Notes

This bill requires the Maine Public Employees Retirement System (MainePERS) to offer long-term disability insurance (LTDI) coverage to a public employer and requires the public employer to provide that coverage or substantially equivalent coverage from another source to its employees beginning July 1, 2025. The bill also requires the State to pay 100% of the costs of the premiums and any other amounts due an insurance company or other 3rd party in connection with the coverage offered by MainePERS or a substantially equivalent coverage from another source offered by the employer to fund the mandated requirement.

According to MainePERS, it has received bids from 3 insurance carriers to provide the LTDI but has not yet awarded a contract to a carrier. Based on the bids received, the expected annual premium to cover all eligible individuals ranges from \$3.2 million per year to \$7.7 million per year, depending on the carrier selected. The estimated costs were determined based on the most recent payroll data collected by MainePERS from employers that participate in the retirement system and assume that coverage is provided under the MainePERS program. To the extent that the cost of alternative coverage provided by an employer differs from the MainePERS offered program, the total cost of providing LTDI coverage may differ from these estimates. It is important to note that as payroll costs increase, the total premium costs will increase proportionately.