

# State of Vermont Response to RFI FMLI



**MetLife Representative**

Phone Number:  
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## Vendor Information

Your world is changing. Competition for talent is at an all-time high. We understand that you are looking for ways to attract and retain employees while keeping them engaged. We recognize that your workforce is increasingly diverse and multi-generational, with different needs and expectations from each. We're here to help the State of New Hampshire and the State of Vermont stay ahead of the evolving needs and expectations of today's workforce, so you can better recruitment, retain and maximize the productivity of your workforce. We do this through proactive consultative guidance, customer-focused solutions, and exceptional service.

### Experience

We are celebrating our 150th anniversary in the group insurance business and we have been providing Group Disability benefits for more than half a century. Today, we are the leading player in group benefits, with a market share of █% among state benefit plan for public employees. Overall, we provide insurance and benefits to █ million workers across █ organizations of all sizes; this includes small businesses with as few as 2 employees. Our Group Disability business provides protection to more than █ employees and we manage more than █ claims and leaves every year.

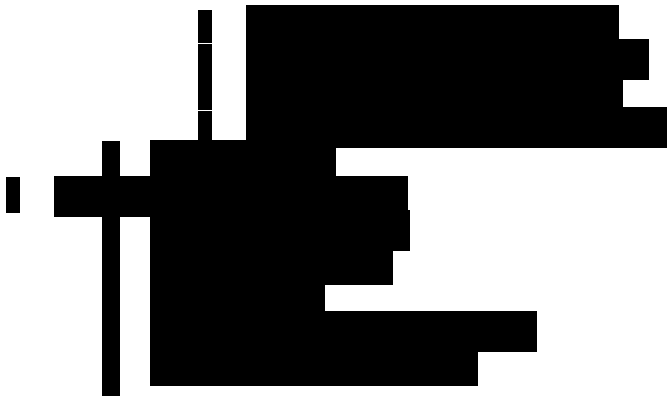
### Products and Capabilities

Our product portfolio includes these flexible, competitive solutions to help you meet the diverse needs of your employees and retirees:

Life	Auto and Home	Worksite Short-Term Disability
Dental	Accident & Health (Critical Illness, Hospital Indemnity, Accident and Cancer)	Financial Education
Disability	Legal Plan Services, with Hyatt Legal	Retirement and Savings
Vision	Pet Insurance, through Nationwide	

Our Disability and Absence Management services are a powerful blend of people and technology, offering a simply process for you and your employees. Our services are designed with tools to streamline processing by offering smart guidance and easy access to data to make the claims process as easy as possible for you and your employees. We provide comprehensive data access and regular status notifications, so you and your employees always know the status of a claim.





## Investing for the Future

We're making significant investments to transform the way we operate internally and the way we interact with our customers. Here are some of the programs we're working on:

- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]


By choosing MetLife, you are partnering with a company that is committed to doing things right, making your job simpler and easier.

## Assets

As of year-end 2017, MetLife, Inc. and its affiliates had over \$ [Redacted] in total assets under management.

## Target Market

Our target market includes public entities and companies of all sizes. Our customers include group with between two employees to corporations/state plans with over 200,000 employees. Our experience within the public sector includes a broad range of customers such as educational institutions, employee health & welfare trust funds, and government agencies. We have a team designated to working with cities, counties, states, unions and other public entities of all sizes, made up of industry experts experienced in understanding the unique requirements of employers in the public sector. Our largest group customers are services by our National Accounts organization which is a dedicated, fully self-contained organization structured to provide specialized account management and related services to companies with more than 5,000 benefit eligible lives.



We're committed to building long-term relationships. You can see that in the way we deliver our services and account management models. Our financial strength ratings are some of the highest in the industry<sup>1</sup> meaning we can meet our obligations to you and your employees – today and in the future.

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<sup>1</sup> View current ratings information and a more complete analysis of the financial strength of MLIC at <https://www.metlife.com/about/corporate-profile/ratings/index.html>.

**State of Vermont**  
**RFI FMLI**

<b>Structural and Operational Features of the Plan:</b>
1. Qualified leave will match the types of leave protected under the federal Family and Medical Leave Act (FMLA) of 1993, including, but not limited to:
● the birth and care of the newborn child of the employee;
● placement with the employee of a child for adoption or foster care;
● care for an immediate family member (spouse, child or parent) with a serious health condition;
● medical leave when the employee is unable to work because of a serious health condition;
● any qualifying exigency arising out of the fact that the employee’s spouse, son, daughter or parent is a covered military member on “covered active duty,” or to care for a covered service-member with a serious injury or illness if the eligible employee is the service-member’s spouse, son, daughter, parent or next of kin (military caregiver leave).
2. The employee will receive 60% of their weekly wage (subject to the provisions of No. 4 below), with a cap on wages eligible for FMLI coverage equal to the Social Security Taxable Wage Maximum (currently \$132,900).
3. The maximum wage replacement will be six weeks per year, with no minimum duration required.

**Illustrative Cost Estimates**

	<u>Low Estimate</u>	<u>High Estimate</u>
<b>Total number of employees</b>	18,500	18,500
<b>Assumed medical leave incidence (per 100 Ees)</b>	4.0%	7.0%
<b>Assumed family leave incidence (per 100 Ees)</b>	2.0%	4.0%
<b>Total number of annual claims</b>	1,110 <span style="border: 1px solid black; padding: 0 5px;">A</span>	2,035
<b>Average annual salary</b>	\$51,000	\$51,000
<b>Benefit percentage</b>	60%	60%
<b>Average weekly benefit per claim</b>	\$588 <span style="border: 1px solid black; padding: 0 5px;">B</span>	\$588
<b>Maximum number of weeks</b>	6	6
<b>Duration utilization</b>	60%	85%
<b>Assumed average number of weeks</b>	3.6 <span style="border: 1px solid black; padding: 0 5px;">C</span>	5.1
<b>Estimated annual claim cost (\$)</b>	\$ 2,351,492 <span style="border: 1px solid black; padding: 0 5px;">A X B X C</span>	\$ 6,107,348
<b>Estimated premium (after expenses) premium per employee per year</b>	<span style="background-color: black; color: black;">██████████</span>	<span style="background-color: black; color: black;">██████████</span>

## Business and Technical Requirements

We applaud your efforts to create a bi-state family medical leave insurance programs for approximately 18,500 Vermont and New Hampshire state government employees as well as extending the option of participation to private and other public employers, their employees and self-employed individuals.

Providing wage replacement for employees and protecting their income has a significant impact to an individual's work-life health.

There are several existing paid family leave programs throughout the United States in various levels of maturity and complexity. Several of those states have implemented plans which pay higher benefits for those employees with lower incomes, recognizing that many workers cannot afford to miss even a single paycheck and that 60% may not be sufficient.

- California's plan ran for many years with a flat 55% benefit. In 2018, they moved to a tiered benefit offering 70% to lower wage workers and 60% to higher wage workers, allowing for a wider utilization in the lower income tiers. They have a maximum benefit over \$1200. There is not much demand for private plans in California because the state requires that any private plan has better provisions for the participants than the state plan thereby increasing plan cost as well as taking on the addition of administration costs by working with a claim administrator, driving most to stay with the state plan.
- New York's Disability Benefits Law (DBL) plan has been in place for over sixty years. The benefit has been set at \$170 per week since 1987. This creates the need for employers to have a short term disability plan layered over the state plan in order to create a meaningful benefit for employees. The NY Paid Family Leave plan, effective in 2018 with a 50%, 8 week benefit, will increase to a 67% benefit in 2021. The maximum benefit for their PFL program is based on the average wage in the state and is over \$700 in 2019. The PFL benefit is a rider to the DBL benefits plan and both are required to be administered together. Although the benefits cannot be used concurrently due to differing qualifying reasons, the maximum allowable time available under the PFL program is decremented by any time utilized under the DBL program. There are some challenges in the community rating methodology as the state determines the community rate and there are risks associated with such rate adequately covering planned enhancements and covering associated claim costs.
- Washington State and Massachusetts are coming up over the next couple years with premium set as a percentage of income for all participants, but benefits tiered to favor the lower income workers. They are offering 90% and 80% of salary respectively to those making less than half of the state average weekly wage. Private market participation in these plans will be limited.

In addition to offering tiered benefits, other areas of consideration include, but are not limited to:

- [REDACTED]



- [Redacted]
- [Redacted]
- [Redacted]
- █ [Redacted]