

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

## VERSION 2 – MANDATED EMPLOYER-PAID CORE BENEFIT

**Mandate preamble.** This measure requires one or more local units of government to expand or modify activities so as to necessitate additional expenditures from local revenues but does not provide funding for at least 90% of those expenditures. Pursuant to the Constitution of Maine, Article IX, Section 21, 2/3 of all of the members elected to each House have determined it necessary to enact this measure.

**Be it enacted by the People of the State of Maine as follows:**

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

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. Employers shall provide the long-term disability insurance coverage to their employees who are members or provide substantially equivalent coverage obtained from another source.

**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 under this subchapter must be borne as follows:~~by the covered person, the covered person's employer or both the covered person and the covered person's employer.~~

A. The employer shall elect a maximum monthly benefit, which must be at least \$2,000, and pay any premiums and other amounts for that maximum monthly benefit amount; and

B. The member may elect to have the maximum monthly benefit that has been elected by the employer or pay any remaining premiums and other amounts for a maximum monthly benefit of \$8,000.

**1-A. Benefits.** Subject to the applicable maximum monthly benefit amount, a minimum monthly benefit amount of \$100, and offsets and other typical long-term disability policy provisions, the coverage offered by the board under this subchapter must replace:

A. For members 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

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

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

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Sec. 2. 5 MRSA § 18701, as enacted by PL 2017, c. 378, §1 is amended to read as follows:

The board ~~may~~shall offer long-term disability insurance coverage to members and employees who choose not to become members but participate in the defined contribution plan pursuant to section 18801, subsection 1 through their employer and may contract with one or more insurance companies to provide this coverage. Employers shall provide the long-term disability insurance coverage to their employees who are members or participants in the defined contribution plan pursuant to section 18801, subsection 1 or provide substantially equivalent coverage obtained from another source.

**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 under this subchapter must be borne as follows:~~by the covered person, the covered person's employer or both the covered person and the covered person's employer.~~

A. The employer shall elect a maximum monthly benefit, which must be at least \$2,000, and pay any premiums and other amounts for that maximum monthly benefit amount; and

B. The member or participant may elect to have the maximum monthly benefit that has been elected by the employer or pay any remaining premiums and other amounts for a maximum monthly benefit of \$8,000.

**1-A. Benefits.** Subject to the applicable maximum monthly benefit amount, a minimum monthly benefit amount of \$100, and offsets and other typical long-term disability policy provisions, the coverage offered by the board under this subchapter must replace:

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

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

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

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

### SUMMARY

This bill requires the Maine Public Employees Retirement System to offer long-term disability insurance coverage and requires employers to partially fund and provide members of the System

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and certain employees who participate in the System's defined contribution plan with the coverage or substantially equivalent coverage obtained from another source.