

DATE: April 4, 2023

TO: Senator Michael Tipping, Chair
Representative Amy Roeder, Chair
Members, Joint Standing Committee on Labor and Housing

FROM: Kathy J. Morin, Director, Actuarial and Legislative Affairs

SUBJECT: Testimony on L.D. 1152 – An Act to Make Long-term Disability Insurance Coverage Available to Public Employees

Good afternoon, Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor and Housing. My name is Kathy Morin, and I am the Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System.

MainePERS is neither for nor against L.D. 1152. We are here to provide information and offer any assistance the Committee might need regarding this bill. We are supportive of offering long-term disability insurance (LTDI) coverage to our members, whether through a plan offered through MainePERS or through an alternative plan offered by an employer. However, we do not endorse or oppose any specific position on allocating the costs of providing coverage.

LTDI would assist in filling income protection gaps for public employees who are temporarily unable to work due to a disabling condition. MainePERS disability retirement provides income replacement for those permanently disabled, but is not available to those temporarily unable to work.

Public Law 2021, c. 277, Sec. 43 required MainePERS to "... convene a stakeholder group, including representatives of participant employers and employee groups, to develop an implementation plan for providing mandatory long-term disability insurance coverage to retirement system members through their employers...(and)...submit an implementation plan, including any recommended legislation..."

MainePERS convened the stakeholder group and facilitated the discussion on the development of the LTDI Implementation Plan. The group represented employees and employers and as such brought differing views and opinions to the discussion. While there were key areas in the design of the plan in which agreement was reached, there were other areas where disagreement remained, including how the plan should be funded. The LTDI Implementation Plan MainePERS submitted to the LBHS Committee on December 15, 2022,

included two versions of proposed legislation, one that mandated employer-paid coverage and one that did not. L.D. 1152 is the version of proposed legislation favored by the labor members of the stakeholder group that requires employers to fully fund LTDI for covered employees. Although MainePERS is in favor of providing the coverage, as previously indicated, we do not have a position on how a LTDI program should be funded.

If the Committee is interested in receiving a more detailed briefing of the proposed LTDI program as detailed in the Implementation Report, we would be happy to provide that at the Committee's convenience.

Thank you for your consideration of this testimony. I would be happy to answer your questions and will be available at your work session.