PAID FAMILY LEAVE PROGRAM IMPACT STUDY

IN ACCORDANCE WITH ACT 109, SESSION LAWS OF HAWAII 2018

Prepared for:

Legislative Reference Bureau, State of Hawaii

November 13, 2019

Revised December 5, 2019

Spring[SM]

AN ALERA GROUP COMPANY

REVISION NOTE

This revised version of the *Paid Family Leave Program Impact Study* includes revisions requested by the Legislative Reference Bureau after the delivery of the final product.

This revision includes the following changes from the version originally submitted to the Legislature on November 13, 2019:

(1) Cost projections were amended to reflect a sixty percent load for public sector employee benefits;

(2) Additional information was added to reflect temporary disability insurance (TDI) leave benefits in other states that allow employees to care for their own serious health condition; and

(3) Other technical changes were made for the purposes of clarity and style.

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Director

December 2019

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Acronyms Defined

AWBA	Average Weekly Benefit Amount
AWW	Average Weekly Wage
CFRA	California Family Rights Act
CRADLE	U.S. Child Rearing and Development Leave Empowerment Act
CUIC	California Unemployment Insurance Code
DBL	New York Disability Benefits Law
DCD	Disability Compensation Division of the Hawaii Department of Labor and Industrial Relations
DLIR	Hawaii Department of Labor and Industrial Relations
DOES	District of Columbia Department of Employment Services
DOL	U.S. Department of Labor
EDD	California Employment Development Department
EEOC	U.S. Equal Employment Opportunity Commission
EOA	Hawaii Executive Office of Aging
EOLWD	Massachusetts Executive Office of Labor and Workforce Development
ERISA	U.S. Employee Retirement Income Security Act
ETS	Hawaii Office of Enterprise Technology Services
FAMILY	U.S. Family and Medical Insurance Leave Act
FAQ	Frequently Asked Questions
FLA	New Jersey Family Leave Act

FLI	New Jersey Family Leave Insurance
FMLA	U.S. Family and Medical Leave Act
HFLL	Hawaii Family Leave Law
ICD	International Classification of Disease
IT	Information Technology
LWD	New Jersey Department of Labor and Workforce Development
MDG	Medical Duration Guidelines
NAM	National Arbitration and Mediation
NYSIF	New York State Insurance Fund
OPFL	District of Columbia Office of Paid Family Leave
PFL	Paid Family Leave
PFLAC	District of Columbia Paid Family Leave Advisory Committee
PFML	Paid Family and Medical Leave
PHC	Hawaii Prepaid Health Care
PTO	Paid Time Off
QA	Quality Assurance
RR	Replacement Ratio
SAFE	New Jersey Security and Financial Empowerment Act
SAWW	State Average Weekly Wage
SDI	California State Disability Insurance

SFTP	Secure File Transfer Protocol
TAT	Turnaround Time
TCI	Rhode Island Temporary Caregiver Insurance
TDI	Temporary Disability Insurance
TPA	Third Party Administrator
UI	Unemployment Insurance
VP	Voluntary Plan
WC	Workers' Compensation
WMW	Weekly Minimum Wage
1099-MISC	Miscellaneous Income

Glossary

Administrative Cost Funding Rate: A calculation within this report that is the result of dividing the State Administrative Costs divided by Taxable Wage Base.

Benefit Duration: The average length of time that benefits are expected to be paid to an employee, as specified by the insurance contract or plan design.

Benefit Adjustment Factor: Factors used in the model to adjust for paid family leave incidence rates due to benefit schedule variations under different state models.

Claim Frequency (Incidence Rate): A measure of the percentage of insureds (eligible claimants) that will make claims against the paid leave program.

Claims Cost: Cost associated with paid family leave claims only before addition of administrative costs.

Covered Family Members: The specified family members that are covered under a paid family leave policy (e.g., an employee's child or spouse, siblings, grandparents, or individuals that are the equivalent of a familial relationship).

Community Rating: A rating structure under which all employees pay the same funding or premium rates regardless of their risk profile including demographic differences, industry, size and experience.

Contribution Rate: The percentage of wages an employee and/or an employer will pay into a paid family or paid medical leave program, to fund the program. May also be referred to as the funding rate.

Eligible Employers: Employers that meet the requirements to be considered eligible and therefore insured or covered by a plan.

Eligible Employees: Employees that meet the requirements to be considered eligible and therefore insured or covered by a plan.

Exigency Leave: The type of leave used to help employees manage family affairs when their family members are called to or on covered active duty.

Eligible Labor Force: People in the labor force who are eligible to receive paid family leave benefits.

Employer Mandate: Require employers to provide coverage through self-insurance or approved private coverage at the employer's expense, with or without employee contributions.

Eligibility: One or more requirements that must be fulfilled in order to be insured or covered by insured or self-insured plans.

Fully Insured: A program in which the employer pays a premium to a commercial insurance carrier in return for coverage.

Indicative Claim(s) Funding Rate: A calculation within this report that is the result of dividing Modeled Claims Cost by the Taxable Wage Base.

Indicative Funding Rate: A calculation within this report that is the result of adding the Indicative Claims Funding Rate and the Administrative Cost Funding Rate.

Labor Force: The number of individuals who either are employed or are seeking employment.

Loss Ratio: The portion of funding contributions or insurance premium use to cover claims.

Long Term Disability (LTD): A benefit plan that replaces a portion (e.g., 50%, 60% or 66%) of an employee's income when that income is lost due to an extended illness and/or injury.

Paid Family Leave (PFL): Program that provides paid time off to an employee who needs to care for a family member for a variety of reasons such as bonding with a new child or caring for a family member with a serious health condition. Leave programs differ by state and program characteristics vary such as benefit payment amounts, length of leave, covered events and funding structures.

Paid Family and Medical Leave (PFML): Program that provides paid time off to an employee who needs to care for a family member or due to the employee's own medical condition. PFML laws have been enacted in states without temporary disability insurance (TDI) or paid family leave (PFL) leave laws already in place and the characteristics of each law vary across jurisdictions.

Wage Replacement Ratio: The percentage of an individual's wage that is replaced while on a paid leave.

Risk: Uncertainty as to the outcome of an event when two or more possibilities exist.

Risk Adjustment: Under community rating, a mechanism where insurance carriers with better than average actual or expected claims experience pay into the risk pool while insurance carriers with higher than average expected, or actual claims experience get paid from the pool.

Short Term Disability (STD): Type of insurance that pays income replacement benefit (usually 60% to 80%) for total disability after a brief waiting period (typically one to seven days).

Social Insurance: Require employees and/or employers to submit payroll contributions into a dedicated fund. The amount of this payment (contribution rate) is set by the state, risk and resources are pooled together, and benefits are generally administered by the government, with private plan options possibly allowed following state approval.

Taxable Wage Base: The maximum amount of earned income on which employees must pay paid family leave contributions.

Temporary Disability Insurance (TDI): Statutory insurance to provide payments for lost wages because an injury/illness prevents the employee from doing their usual job while recovering.

Executive Summary

This report was prepared by Spring Consulting Group, an Alera Group Company, LLC (Spring) as requested by the Legislative Reference Bureau (the Bureau), and pursuant to Act 109, Session Laws of Hawaii 2018. Act 109 directed the Bureau to conduct an analysis to understand the impacts of the establishment of a paid family leave program on industry, consumers, employees, employers and caregivers.

The Bureau conducted a Request for Proposal (RFP) process to identify an objective and unbiased contractor to conduct the study. As the selected contractor, Spring analyzed the following aspects:

- Paid family leave background, evolution and summary of current state;
- Comparative analysis of the seven state paid leave models in place at the time of request;
- Hawaii-based cost breakdowns for each of the seven state-specific models; and
- Options for compliance and enforcement of a proposed paid family leave program.

If Hawaii decides to move forward in establishing a PFL program, several pertinent policy aspects will need to be determined by lawmakers. Although each are described separately below and within this report, they should be considered as a whole and interrelated.

Plan Structure

- Plan model (e.g., social insurance, social insurance with opt-outs, social insurance alongside regulated and private options, employer mandate)
- Rating method (e.g., community rating with or without risk adjustment if private insurance is allowed, or individual employer and carrier rate determination)
- Plan design including but not limited to:
  - Benefit amount and wage replacement ratio – progressive or not, percentage of salary replaced, and any minimum or maximum benefit
  - Length of leave (including maximum weeks) for bonding and family care
  - Employer eligibility (e.g., public employers, employer size, self-employed)
  - Employee eligibility (e.g., minimum time worked, minimum earnings achieved)
  - Qualifying events
  - Covered relationships
  - Job protection
  - Interaction with the State's Temporary Disability Insurance (TDI) program

Funding

- Taxable wage base for funding (e.g., Hawaii TDI wage base, social security wage base, other)
- Contributions to funding (e.g., employee, employer, employee and employer)

- Updated costs, particularly as indicative funding rates in this report could change as additional and updated state by state experience can be obtained

Administration

- Administrative structure (e.g., administering agency, level of staffing, information technology system used, data reporting)
- Claims management (e.g., claim application and submission methods, eligibility, claim payment timing, interaction with TDI and other employee benefits)
- Ongoing monitoring (e.g., employer opt-out application, compliance review, annual actuarial funding review)

Implementation Timeline

- Rollout sufficient to gain industry and employer support
- Framework to educate and prepare the community
- Protocol for contributions and pre-funding

A. Paid Family Leave Background, Evolution & Summary of Current State

Most workers will experience a time they need to be away from their job for a medical or family need. For some, it may be to bond with a new baby. For others, it may be to care for a parent or child with a serious illness, or even their own medical condition. As less than a fourth of United States workers have paid family leave programs available to them, and only slightly more (34% to 39%) have access to short- or long-term disability coverage, the momentum for both federal and state legislation continues to increase.

In 1993, the United States passed the Family and Medical Leave Act (FMLA) to provide a means for employees to balance work and family responsibilities by taking unpaid leave for certain reasons. Since its passage, numerous states (including Hawaii) have enacted laws to expand unpaid leave protection, either by loosening the eligibility requirements or increasing the amount of leave. Beginning in 2004, states with temporary disability insurance (TDI) laws started adding paid family leave (PFL) to their programs. PFL programs go beyond the medical coverage under TDI to provide paid time off for employees caring for family members, either to bond with a new child or to care for a family member with a serious health condition or who needs medical attention. Some states also cover activities related to the military deployment of a family member.

Although paid leave initiatives have been introduced at the federal level to include these and similar aspects, none of them have passed. As shown in Exhibit i, seven states had enacted their own paid family and medical leave laws at the time of the Bureau's request, four of which had TDI programs in place before adding PFL. Since that time, two more states have passed paid leave laws, but are outside the scope of this analysis.

Exhibit i

States With Paid Family Leave Laws			
	In Place At Time of Bureau's Request	**Passed After Bureau's Request (Out of Scope of Analysis)**	**TDI In Place Before Adding PFL**
California	✓		✓
Connecticut		✓	
District of Columbia	✓		
Massachusetts	✓		
New Jersey	✓		✓
New York	✓		✓
Oregon		✓	
Rhode Island	✓		✓
Washington	✓		

For the seven states of focus, the most common model is that of social insurance where employers can opt-out to private plans and either administer the plan themselves or partner with an insurance carrier or third-party administrator (TPA) on a fully insured or self-insured basis. The scope of coverage provided by each state varies significantly, from the eligibility requirements, to the qualifying reasons for leave, waiting periods, leave durations, benefit levels, benefit calculations, and whether there is job protection. Furthermore, the definitions of what is covered and how, and the mechanics of calculating benefit payment can be cumbersome.

Employers and industry professionals have voiced concern over these differences and points of confusion as they not only make it challenging for employers to communicate and educate their employees, but also to understand and determine how paid leave laws coordinate with other benefit plans (e.g., sick leave, disability, workers' compensation). The issue is heightened for employers that have employees in more than one state, as they may have multiple paid leave laws to interpret.

As such, regulation that is clear, administration that is straightforward and education that is comprehensive are essential to a state's success and core to the intention of paid leave laws being designed to support workers. Running paid family/medical leave concurrently with unpaid FMLA leave, considering a simplified benefit formula, aligning the definition of salary with that of disability or workers' compensation (WC), and avoiding Employee Retirement Income Security Act (ERISA) status are also advised.

Advocating for return to work within the law, providing gender neutral covered relationships and leave lengths, excluding job protection (as it is accounted for elsewhere) and sunsetting existing unpaid leave laws (to start fresh with any new law) are thought to provide clarity and decrease confusion. Allowing for at least two, but ideally three years, to implement a new program is suggested. This allows appropriate time so parameters can be clearly defined, and administration and funding requirements can be thoroughly devised.

B. Comparative Analysis of Seven State Plan Leave Models

1. State Structures

As mentioned above, of the seven states of focus, the most common structure is that of social insurance. This structure requires workers and/or their employers to submit payroll contributions into a dedicated fund. When a worker qualifies for leave, they receive partial wage replacement. Rates are set by the state, risk and resources are pooled together, and benefits are generally administered by the government.

Two of the seven states (District of Columbia and Rhode Island) operate social insurance models through an exclusive state fund. Four states (California, Massachusetts, New Jersey and Washington) allow employers to opt-out of the state-administered plan and cover their employees with limited private options that may be fully insured or self-insured. One state (New York) offers highly regulated and private options where employers may elect to offer benefits through a state insurance fund, private insurance or self-insurance, all of which are subject to community rating (where all employers and/or their employees pay the same rate) but include a risk adjusting mechanism to maintain private insurer equity.

Exhibit ii

Paid Family Leave by State Structure			
State	**Social Insurance Through an Exclusive State Fund**	**Social Insurance with an Opt-Out: Limited Private Options**	**Social Insurance Alongside Regulated and Private Options**
California		✓	
District of Columbia	✓		
Massachusetts		✓	
New Jersey		✓	
New York			✓
Rhode Island	✓		
Washington		✓	

Alternatives to social insurance include an employer mandate and a non-contributory program, neither of which are in place for the states of focus of this report.

2. Scope of Coverage

The scope of paid leave coverage afforded by each of the seven states varies considerably. Examples include different eligibility, qualifying events, covered relationships, job protection, benefit amounts, lengths of leave, claim submission methods, claim payment timing, funding and contribution requirements.

Employers required to comply with the law range from all employers to those with more than fifty employees. Employee eligibility for benefits may include an earnings requirement, hours worked minimum, or both.

All seven states provide family leave to bond with a new child or to care for a family member with a serious health condition as qualifying events. Four states (District of Columbia, Massachusetts, New York and Washington) include care for a covered service member, while one state (New Jersey) provides coverage for victims of domestic or sexual violence. Three of the seven states (District of Columbia, Massachusetts and Washington) provide leave for an employee's own serious health condition, as they do not have TDI laws in place to cover that aspect.

For covered relationships, the federal FMLA provides for employees to take leave to care for a child, parent, or spouse. State paid leave laws encompass this set of relationships and may extend coverage to employees taking leave to care for grandparents, grandchildren, siblings, or for one state, any individual with whom the employee has the equivalent of a family relationship.

While four of the seven states (Massachusetts, New York, Rhode Island and Washington) provide job protection ensuring employees are returned to the same or similar position when they return to work, three of the states (California, District of Columbia and New Jersey) only provide a monetary benefit and otherwise defer to concurrency with other federal or state programs.

The benefit formula that determines employee payment while on PFL varies significantly by jurisdiction. Four states (California, District of Columbia, Massachusetts and Washington) calculate it based on a progressive benefit structure and state average wage whereby employees with a lower average wage receive a higher benefit percentage. Three states (New Jersey, New York and Rhode Island) provide a flat percentage of average weekly wage. Annual benefit maximums can limit the wage replacement employees receive, especially those earning a higher average weekly wage. Four states (California, New York, Rhode Island and Washington) provide minimum benefit amounts, while three states (District of Columbia, Massachusetts and New Jersey) are silent on this aspect.

Like benefit amounts, the length of family leave allotted varies greatly, from as low as four weeks to as high as twenty-six weeks. The first few states to implement PFL programs had the shortest leave allotments, which have since increased for California and New Jersey. While some states have a standard maximum leave duration that applies to all covered leave reasons, others specify maximum durations based on the specific reason leave is being requested.

3. Gender Equity

Although the specifics of existing paid leave programs vary by jurisdiction, they aim to provide employees with wage replacement while taking time off for a variety of family or medical reasons. These programs are thought to help retain valuable employees who need help balancing work and family, reduce employer costs for when time is being taken, and contribute to U.S. economic growth. In addition to childcare, these laws allow workers to provide care for elderly parents without having to sacrifice their livelihoods.

Both the reasons for leave and definitions of covered family member continue to broaden under PFL laws, and as a result encourage leave taking to be less specific to gender and more focused on caregiving relationships. Historical and recent PFL data points to more leave being taken by males, particularly for bonding but somewhat for family care. Both research studies and data trends also suggest that longstanding cultural norms about gender, work and household responsibilities are starting to break down.

While this will take time to fully understand, the impact of PFL programs on workforce participation is thought to be positive, though their influence on hiring and pay practices is inconclusive to date. In the meantime, protections by the Equal Employment Opportunity Commission (EEOC) and community rating under social insurance models serve to mitigate hiring, pay and overall gender discrimination risk.

4. Ease of Making Applications or Claims

When employees do need to make a claim for PFL benefits, the process for submitting an application is primarily online, with traditional options of mail, fax or at a service center supported. The four states with PFL programs that are in operation (California, New Jersey, New York and Rhode Island) promote online as being a quicker method for the claimant, but at the same time provide instructions for print, mail and fax if that is preferred. The three newer states to offer PFL (District of Columbia, Massachusetts and Washington) are still developing their processes.

5. Speed of Benefit Payments

After an employee's eligibility has been confirmed, three states (California, Massachusetts and Washington) issue payment within fourteen days. One jurisdiction (District of Columbia) commits to payment within ten days of an eligibility determination. One state (New Jersey) issues funds two days after a claim is approved. Another state (Rhode Island) commits to a three to four-week turnaround time for payments, after receipt of an approved application. This can be faster if a state specific debit card is used, for example within twenty-four hours.

6. Financial Sustainability

When it comes to PFL funding, four states (California, New Jersey, New York and Rhode Island) rely solely on employee contributions, while two states (Massachusetts and Washington) gather a combination of both employer and employee payments and one jurisdiction (District of Columbia) is funded entirely by employers. In most cases, employers can subsidize employee contributions by paying some or all of the required premium. Contribution requirements are based on either the state or federal taxable wage bases or the state average weekly wage, with the wage base and contribution rates varying broadly across states.

7. Administration

Of the seven states that have implemented or are in the process of developing their paid leave systems, three states (California, District of Columbia and Washington) have organized them as part of their state employment agencies, and three states (Massachusetts, New Jersey and Rhode Island) have structured them through their labor departments. One state (New York) administers its program in coordination with WC through its state WC Board and corresponding state insurance fund.

Within each administrative agency, specific sections have been established to manage and oversee PFL, either in conjunction with or separate from TDI. Particular units or areas of responsibility that may exist within PFL administration programs include tax/premium contribution collection, customer service, claims administration, audit and fraud detection, appeals, medical, private plan oversight, and overall program support, which may include or be separate for information technology (IT), training and education and outreach. In addition, finance and actuarial functions vary by type of model.

For the four states (California, Massachusetts, New Jersey and Washington) that allow employers to opt-out of the state to private plans, the administrative body also oversees the application for exemption process and provides ongoing governance to ensure employers remain compliant. One state (New York) only provides governance as it is up to the private insurance market and the state fund to administer claims, albeit through a highly regulated mechanism.

8. Data Collection Capabilities

To support claims administration, states collect employer and employee data through employer reporting via online portals or secured file feeds. Data collected generally includes employer identifying information, employee identifying information, employee counts, wages and contribution data, with specific fields and forms differing across states.

9. Compliance Monitoring Capabilities

While states approach compliance differently, and the newer states are still finalizing their processes, there is a broad theme of reviewing PFL claims against other sources or databases within the state purview, other benefits an employee may be eligible for, validity of diagnoses as deemed by a clinical resource or against industry specific guidelines and enforcing penalties when fraud is detected.

C. Hawaii-based Cost Breakdowns for Each of the Seven Models

1. Model Overview

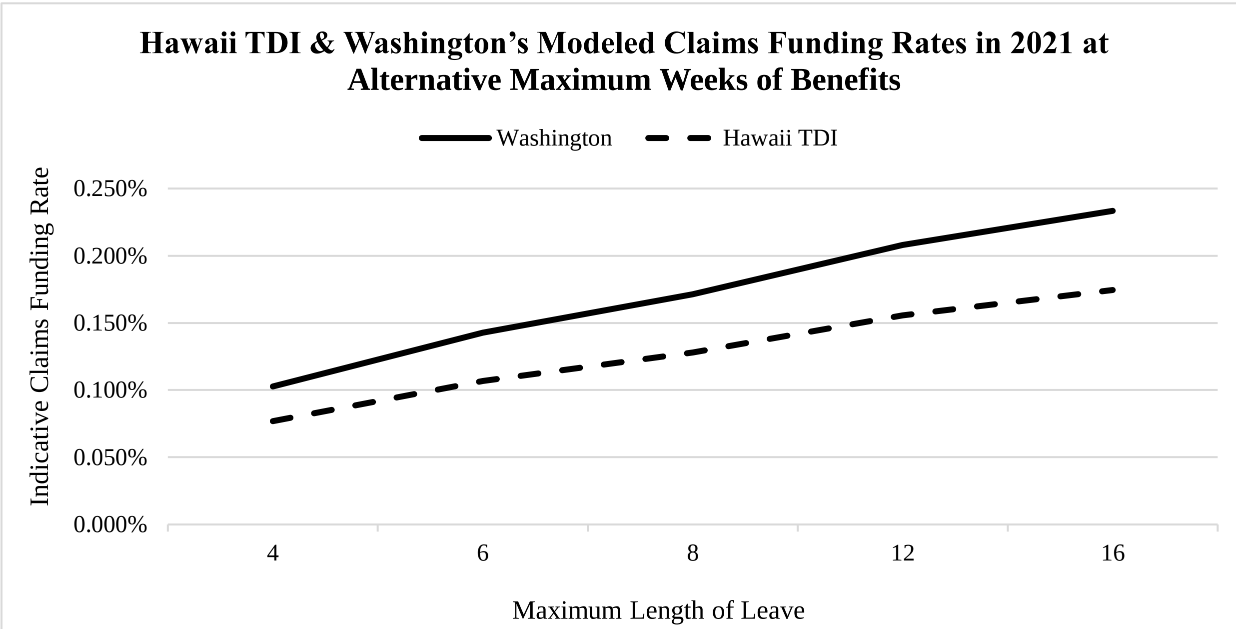
Spring developed an actuarial impact model that utilizes actual PFL claim and other industry data to project claim incidence rates, number of weeks benefit (i.e., duration), average benefit payments, expected costs and funding rates under existing state models and Hawaii's current TDI structure. Bonding and family care claims were developed separately due to differences in various claim characteristics, specifically incidence rates, maximum benefit period and benefit amounts. The model overlays Hawaii specific labor force characteristics on California, District of Columbia, Massachusetts, New Jersey, New York, Rhode Island and Washington PFL models over a five-year time horizon. In addition, the Hawaii TDI model is reviewed. Various benefit maximum period and fixed and progressive wage replacement ratios are also considered.

To account for variability, Spring's internal simulation model produces a reasonable range of claims cost and indicative claims funding rate projections by considering expected variations in both incidence rates and average weeks of benefit.

2. Projected Impacts by State

The primary driver of differences between state modeled indicative claims funding rates is the maximum number of weeks of benefit under each state model. The impact of maximum weeks of benefit is illustrated in Exhibit iii for Hawaii TDI and Washington. The other state projections of modeled indicative claims funding rates fall within these lines.

Exhibit iii



The remaining differences in modeled indicative claims funding rates are mostly explained by average weekly benefit amount variances which are impacted by wage replacement ratios and maximum benefits.

Washington has the highest wage replacement ratio which results in the highest average weekly benefit. New Jersey and the District of Columbia also have high wage replacement ratios resulting in high average weekly benefits. Rhode Island and California fall in the middle of the average weekly benefit projections with moderate wage replacement ratios. Massachusetts follows next due to a lower maximum on the benefit formula. Hawaii TDI and New York's average weekly benefit formula results in the lowest average weekly benefit due to lower wage replacement ratios and maximums.

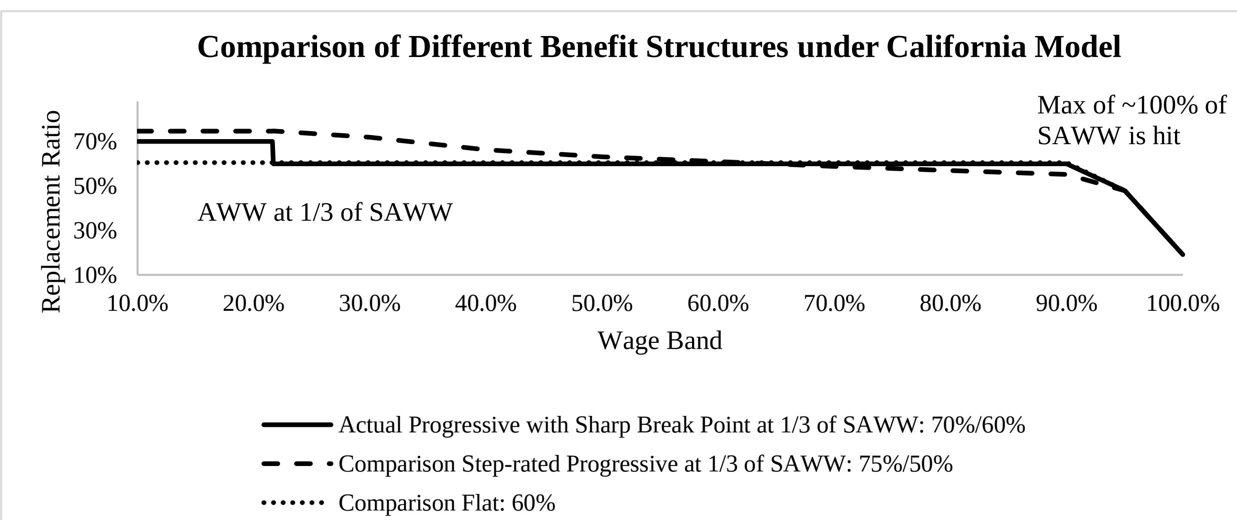
The indicative claims funding rates (or claims cost divided by taxable wage base) is highly impacted by the denominator (or taxable wage base) of the formula. Exhibit iv summarizes the average weekly benefit amount (AWBA) and indicative claims funding rate by state model assuming a common 8-week maximum benefit for bonding and family care leaves. The highest indicative claims funding rates are for the Washington and New York models, although New York has the lowest modeled average weekly benefit amount. This is driven by the low taxable wage cap in New York in comparison to other states. The District of Columbia also has an inconsistent relationship because the taxable wage base is not capped. The lowest indicative claims funding rates are for the Massachusetts and Hawaii TDI models.

Exhibit iv

Hawaii Modeled Average Weekly Benefit Amount and Claims Cost by State Model with 8-Week Maximum Benefit in 2021		
State Model	**Hawaii Modeled AWBA**	**Modeled Indicative Claims Funding Rate with 8-Week Maximum Benefit**
California	$557	0.144%
District of Columbia	$630	0.140%
Massachusetts	$550	0.134%
New Jersey	$651	0.159%
New York	$523	0.160%
Rhode Island	$599	0.140%
Washington	$691	0.171%
Hawaii TDI	$525	0.128%

Fixed and progressive wage replacement ratios are considered by using the State of California model as an example with other states discussed later in the report. As illustrated in Exhibit v, California's progressive benefit model results in a sharp decrease in benefit amount for people that go over the 1/3 of state average weekly wage (SAWW) threshold. Step-rated progressive models, by comparison, further benefit lower paid employees without significantly decreasing the benefits for highly paid employees. A flat benefit structure that includes a maximum is still progressive as wage replacement ratios drop once the maximum benefit is hit.

Exhibit v



PFL eligibility, including minimum salary and weeks worked as well as requirements to include or exclude public sector employees and self-employed workers, though important to total costs, impact both the costs and the taxable wage base denominator. Therefore, eligibility rules do not affect the indicative claims funding rate. Hawaii will want to closely review eligibility rules for both cost and administrative ease.

Lastly, to arrive at the total indicative funding rate charged to employers we add administrative costs for each state model to the indicative claims funding rate based on Hawaii labor force specifics. Claims funding rates are assumed to be equal for both the social insurance and governance only models below as community rating is assumed in both approaches.

Exhibit vi below includes ongoing annual costs of $2.624 million for a social insurance model exclusively through the state and the ongoing annual costs of $1.103 million for a governance only model. Columns 3 and 4 below divide the ongoing state administrative charges by the taxable wage base in column 2 to determine the administrative cost funding rates.

Estimated administrative cost funding rates for the social insurance model in column 3 are added to the indicative claims funding rates in column 5 to determine indicative funding rates for the social insurance model, in column 6 of the chart.

Carrier premium rates, in addition to claim costs, include other costs such as administrative costs, state assessments, profits and taxes. Carrier premium rates in column 7 of the chart includes carrier fees equal to 15% of carrier premium rates to cover costs other than claim costs. This 15% fee also covers any state administration charges for governance only as developed in the fourth column of the chart. The math for column 7 carrier premium rates is column 5 carrier funding rates divided by 85% (= 100% – 15% other costs.)

As shown below in Exhibit vi, total funding costs would be higher for employers in an employer mandate model, as carriers would likely add higher administrative expenses.

Exhibit vi

Ongoing Administrative Cost and Indicative Funding Rate by State Model in 2021						
State Model	**Taxable Wage Base ($M)**	**Ongoing State Administrative Charge Rates**		**Claims Funding Rate in Hawaii**	**Total Indicative Funding Rate**	
		Social Insurance Model ($2.624M)	**Governance Only Model ($1.103M)**		**Hawaii State Fund***	**Carrier Premium Rates****
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
California	$21,413	0.012%	0.005%	0.144%	0.156%	0.170%
District of Columbia	$29,021	0.009%	0.004%	0.138%	0.147%	0.163%
Massachusetts	$21,759	0.012%	0.005%	0.162%	0.174%	0.191%
New Jersey	$31,213	0.008%	0.004%	0.193%	0.201%	0.227%
New York	$17,497	0.015%	0.006%	0.193%	0.208%	0.228%
Rhode Island	$19,499	0.013%	0.006%	0.084%	0.098%	0.099%
Washington	$28,023	0.009%	0.004%	0.208%	0.217%	0.245%
Hawaii TDI	$22,876	0.011%	0.005%	0.107%	0.118%	0.126%
* Sum of ongoing administrative cost percentage under social insurance model and claims cost percentage						
** Claims cost % divided by loss ratio of 85%						

3. Consideration of Employer Size

Although state-based data was not obtained by employer size for this study, a recent formal carrier and TPA market survey suggests that larger employers have higher PFL incidence/loss ratios than smaller employers. Large employers typically have more robust leave management programs and proactively work to integrate disability, WC, FMLA, paid and unpaid leave, and sick leave benefits for their employees. They typically want to give their employees full replacement benefits, and they strive to provide high awareness about paid leave benefits, compared to their smaller employer counterparts.

For smaller employers, PFL incidence/loss ratios tend to be lower. They often make their own arrangements when employees take time off, or do not have the infrastructure to follow through a more formal or even state-run process. This leads to small employers subsidizing large employer usage, if all size employers contribute to the funding pool. Conversely, as some administrative costs do not increase by employer size, insurers providing PFL coverage incur higher administrative costs as a percentage of premium for smaller employers relative to larger employers. These higher administrative costs for smaller employers as a percent of premiums should in part or in whole offset their lower expected claim costs.

4. Impact to Employees & Costs of Compliance

The impact of these patterns on employees is largely dependent on the path their employers take (e.g., state model, private plan opt-out) within the model (e.g., social insurance, employer mandate) that is made available to them. When employee contributions are required, and employers opt out, employers typically have the choice to deduct the contributions from an employee's paycheck or pay them on the employee's behalf. In the latter case, employees receive PFL, but at their employers' expense and/or as integrated with a broader employee benefit package.

With regard to the cost of compliance related to other mandates, PFL programs require a certain level of governance that is outlined in the staffing description and costs in section D.3. of the Executive Summary. Outside of administering claims, this entails reviewing and processing appeals, where an established process (usually with two levels of appeal) should be followed by which claimants (or their employers) can exercise their right to appeal benefit denials. It also includes detecting fraud and abuse, where processes, procedural rules and resources are not only highly valued, but important to assure the public that PFL benefits are fair and equitable. Governance also involves outreach and education, which is essential to achieving a well-understood and appropriately accessed PFL program.

D. Options for Compliance & Enforcement of a Proposed Paid Family Leave Program

1. Functional Requirements

Governance includes the hiring of appropriate management staff to direct policies, determine internal process and administer an office for PFL.

Claims administration staff would administer the bonding and family care claims that flow through to the state. This starts with the initial reporting of a claim, then moves to determining eligibility. Once a claimant has met the eligibility requirements, administrators confirm that the reason leave is being requested is valid. From there, a decision to either approve or deny a claim is based on the application submitted and the administrator's review of eligibility and the leave event. Wage data is used to calculate a claimant's leave benefit and coordination with other benefits considered. Appropriate payments are then dispersed through either paper checks mailed to claimants, debit cards loaded with funds at regular intervals, or direct deposits into existing accounts.

Support staff would aid with claim audits, quality assurance, fraud detection, appeals and training, and also monitor tax/premium contribution collection and review private plan applications. IT staff would manage the system platforms used and provide data, analytic and reporting support as needed.

2. Administering Department

As a new state seeking to enact a paid leave system, Hawaii will need to choose or create a vehicle and structure for administration. The state must do so in accordance with the type of model (social insurance, employer mandate) it establishes for PFL and consider the structure it already has in place for TDI, which is an employer mandated program.

Under a social insurance model, either exclusively through the state or through allowance of private plan opt outs, the infrastructure for PFL will require all the functional and structural areas described above and thus, a new agency created, such as an office for PFL. Under a social insurance model that is highly regulated and reliant on private markets or an insurance fund, or under an employer mandate, Hawaii's role would be limited to governance and could likely be accomplished through adding staff to an existing agency, such as the Disability Compensation Division (DCD) of the Hawaii Department of Labor and Industrial Relations (DLIR).

States that had TDI before adding PFL have been successful in expanding their long-standing TDI programs under a social insurance model. Hawaii is unique in being the only state to operate TDI as a pure employer mandate. To date, none of the states have taken the employer mandate approach for PFL.

Some states have built on their existing Unemployment Insurance (UI) programs to deliver TDI/PFL however, this is not recommended due to the philosophical differences between UI benefits intended for workers when they separate from their jobs, and TDI and PFL benefits intended to facilitate return to work and require medical documentation and vocational review.

States that more recently passed PFL laws are starting to collaborate with state insurance departments, insurance carriers and TPAs that have a wealth of knowledge and experience handling disability, FMLA, and paid and unpaid family leave benefit programs. Having private insurers and TPAs provide and administer PFL benefits is thought to reduce the financial and administrative burden on government agencies and leverages expertise, systems and staff that is already available. It also provides employers with a way to manage a number of leave and benefits in one consolidated platform, thereby increasing ease of use and compliance.

3. Staffing & Information Technology

We have estimated staff count by role and commented on the IT infrastructure that will need to be developed for (1) a social insurance model exclusively through the state; (2) a social insurance model that allows private plan opt outs and (3) a governance only role that would be applicable to a social insurance model that is highly regulated and reliant on private markets or an insurance fund, or an employer mandate.

For illustrative and conservative purposes, the estimated staff counts for a full year of claims assumes the California model of eligibility and benefit terms as (1) 22.5 people to support a social insurance model exclusively through the state; (2) 22 people for a social insurance model that allows private plan opt outs and (3) 7.5 people to play a governance only role. These figures could be higher or lower depending on the state model considered and/or the eligibility requirements involved.

Although a detailed analysis of existing DLIR IT would need to be conducted to state for sure, Spring is of the opinion that Hawaii would not need to build their own solution to administer a PFL program. Instead, Spring believes the necessary IT infrastructure could be achieved by Hawaii utilizing comprehensive software that is already available in the marketplace to manage disability, FMLA, paid and unpaid leaves. This software could be identified through an RFP process. The selected system could interface with the State's UI system and others within the DLIR. The costs of the system are anticipated to consist of annual ongoing fees for technology lease/maintenance and initial one-time or implementation fees that would account for development, testing, custom programming, data feeds and training.

4. Projected Costs for a PFL System in Hawaii

These staff counts and IT infrastructure translate into financial terms of (1) $1.1 million start-up and $2.624 million ongoing to support a social insurance model exclusively through the state; (2) $1.1 million start-up and $2.618 million ongoing for a social insurance model that allows private plan opt outs and (3) $660,000 start-up and $1.103 million ongoing to play a governance only role.

I. Introduction

A. Background

Spring Consulting Group, an Alera Group Company, LLC (Spring) was engaged as an unbiased and objective contractor by the Legislative Reference Bureau (the Bureau) to conduct a study to identify potential impacts of establishing a paid family leave program in the State of Hawaii. This request was pursuant to Act 109, Session Laws of Hawaii 2018, that was signed into law on July 5, 2018. The Act requires the Bureau to conduct a sunrise analysis to understand the impact of the establishment of a paid family leave program on industry, consumers, employees, employers, and caregivers.[1]

B. Scope

Act 109 requires that this study examine the following concepts:

1. Comparative analysis of other state paid leave models, including a review of current temporary disability insurance usage and other state temporary disability insurance models, including:
   - 1.1. Scope of coverage
   - 1.2. Gender equity
   - 1.3. Ease of making applications or claims
   - 1.4. Speed of benefit payments
   - 1.5. Financial sustainability
   - 1.6. Administration
   - 1.7. Data collection capabilities
   - 1.8. Compliance monitoring capabilities
2. Hawaii-based cost breakdowns by model on projected impacts to employers by size, impacts to employees, and estimated impacts on the cost of compliance as it relates to other employer mandates
3. Examination of options for compliance and enforcement of the proposed paid family leave program with recommendations for additional staffing and support for the Hawaii Department of Labor and Industrial Relations to effectuate a program.[2]

C. Methodology

During the three-month period that was prescribed for the study, Spring reviewed existing literature and studies regarding paid family leave trends and usage and assessed available state specific and industry related data, including but not limited to the State of California Employment Development Department, New Jersey Department of Labor and Workforce Development, New York State Paid Family Leave Department, Rhode Island Department of Labor and Training, the

Department of Labor, Bureau of Labor Statistics, U.S. Census Bureau, the Integrated Benefits Institute and private insurance carrier or third-party administrator (TPA) data. Spring interviewed representatives from the Hawaii Department of Labor & Industrial Relations, as well as California, New Jersey, Massachusetts, Rhode Island, and Washington state paid family leave agencies. Spring gathered perspectives from employers that have experienced paid family leave programs, as well as from insurance carriers and TPAs that administer them.

In addition, Spring developed an actuarial impact model that utilizes actual paid family leave (PFL) claim and other industry data to project claim incidence rates, number of weeks of benefit (i.e., duration), average benefit payments, expected costs and funding rates under existing state models and also under Hawaii's current temporary disability insurance (TDI) structure. Bonding and family care claims were developed separately due to differences in various claim characteristics, specifically incidence rates and duration. To account for variability, Spring also used internal simulation software to produce a reasonable range of claims cost and funding rate projections by considering expected variations in both incidence rates and durations. The accuracy and reliability of the PFL projections depend upon assumptions described in Appendix A of this report entitled "Development of Estimated Model Parameters" found on page 89. The estimates can be characterized as actuarial central estimates. Each estimate represents an expected value over a range of reasonably possible outcomes; they do not reflect all conceivable extreme events where the contribution of such events to an expected value is not reliably predictable. The estimates are not defined by a precise statistical measure (i.e., mean, median, mode, etc.), but are selected from multiple indications produced by a variety of generally accepted actuarial methods that are intended to respond to various drivers of ultimate claim liabilities. It is also important to note that this analysis and the projections presented should be understood as estimates at one point in time and are subject to future change.

In performing this analysis, data and other information collected through available existing PFL programs and other industry sources as referenced throughout was relied upon. Spring has not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. In that event, the results of our analysis may not be suitable for the intended purpose. Historical claim and exposure data have been used in estimating expected results for the 2020 through 2024 projection period. Changes in any portion of the information or assumptions upon which Spring's estimates are based will require a reevaluation of the results of this report and possibly a revision of these estimates.

D. Organization of the Report

Beyond the Acronyms, Glossary, and Executive Summary, this report is organized to examine the major areas set forth in the Act.

Section I introduces the premise of the report, including the background, scope and methodology.

Section II discusses the concept of PFL, how it has evolved and what existing models of PFL have to offer in California, the District of Columbia (Washington, D.C.), Massachusetts, New Jersey, New York, Rhode Island and Washington.

Section III considers the impacts of adopting similar methods of PFL programs in Hawaii by overlaying Hawaii specific characteristics on specific state program scenarios over a 5-year time horizon and with various benefit period and fixed and progressive wage replacement ratios.

Section IV outlines how PFL programs are administered and discusses methods for building effective processes to ensure compliance of a paid leave program.

Section V presents key findings discovered through the analysis and resulting observations and conclusions.

Section VI includes further detail as appendices.

II. Comparative Analysis of Existing Models

A. Paid Family Leave Context & Evolution

1. Policy & Coverage

Family leave policies are designed to support workers when they need to take time off for themselves or family members. For some, it may be to bond with a new baby. For others, it may be to care for a parent or child with a serious illness, or even their own medical condition or diagnoses. Given these parameters, it is likely that most workers will experience a time when they need to be away from their jobs for a medical or family need. When this occurs, 17% of United States workers have paid family leave programs available, 39% have access to short-term disability coverage, and 34% to long-term disability.[3]

2. Federal Legislation

In 1993, the United States Congress passed the Family Medical and Leave Act (FMLA) to provide a means for employees to balance work and family responsibilities by taking unpaid leave for certain reasons. It was predicated on concerns for the needs of the American workforce and the development of high-performance organizations. This federal act recognized that children and elderly people are increasingly dependent on family members that work, and workers need reassurance that they will not be asked to choose between their jobs and families when the need to care for them arises.[4]

The FMLA allows eligible employees to take up to 12 work weeks of unpaid, job-protected leave during a 12-month period to care for a new child, care for a seriously ill family member, or recover from a serious illness. It was amended in 2008 and again in 2009 to include military caregiver and qualifying exigency leave for up to 26 weeks, and to recognize the non-traditional work hours of airline flight crewmembers and flight attendants. The FMLA requires employers to maintain benefits during an employee's leave, including continuing group health coverage, and reinstate the employee to the same or an equivalent position upon their return from leave.[5]

The FMLA covers both public and private-sector employers who employ 50 or more employees for at least 20 workweeks in the previous or current calendar year. To be eligible, employees must have worked for the employer for 1,250 hours during the 12 months prior to the start of leave (cumulatively and considering breaks in service over 7 years) and work at a location where the employer has 50 or more employees within 75 miles.[6] An estimated 68.2% of U.S. workers are covered by the FMLA, while 31.8% are not. Further, almost half of employees with an unmet need for time off report they cannot afford to take leave.[7]

3. State Structures

Numerous states[i] have enacted state family and medical leave laws that provide additional benefits to employees beyond the federal FMLA, usually in the form of less stringent eligibility requirements or an additional amount of leave. A lesser but expanding number have enacted state leave laws that afford pay during employee leave. The state programs vary in that they may mandate pay for medical leave, for family leave, or for both family and medical leave.

Five states – California, Hawaii, New Jersey, New York, Rhode Island – and Puerto Rico granted access to paid medical leave through TDI programs. Generally, to qualify for leave under a TDI program, an employee must be unable to work due to a serious medical condition or disability.

Four of the five beforementioned states – California, New Jersey, New York and Rhode Island – added PFL to their TDI programs. Paid family leave provides paid leave for employees who may need time off for reasons besides their own medical condition, such as the need to care for ill family members or to bond with a new child. Three additional jurisdictions - Massachusetts, the District of Columbia, and Washington – have developed paid leave programs that provide both family and medical leave (PFML) benefits, as they do not have TDI programs in place.

Of the seven states that have enacted paid family and medical leave programs, the most common structure is that of social insurance. Social insurance defines by statute that workers and/or their employers submit payroll contributions into a dedicated fund. Under this model, when a worker qualifies for leave, they receive partial wage replacement. Rates for employee and employer contributions are set by the state, as well as the wage replacement ratio. Risk and resources are pooled together.

Under this social insurance structure, the District of Columbia and Rhode Island operate through an exclusive state fund, where claimants access benefits solely through the state. California, Massachusetts, New Jersey, and Washington allow employers to opt-out of the state-administered plan and cover their employees with limited private options. Employers in these states may opt out of the state program by applying for an exemption and provide benefits through a fully insured program or by self-insuring. New York is unique in that it offers highly regulated and private options wherein employers may elect to offer benefits through the State Insurance Fund, private insurance or self-insurance, with the private insurance option including a risk adjustment mechanism.

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[i] California, Colorado, Connecticut, District of Columbia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin.

Exhibit 1

Paid Family Leave by State Structure			
State	**Social Insurance Through an Exclusive State Fund**	**Social Insurance with an Opt-Out: Limited Private Options**	**Social Insurance Alongside Regulated and Private Options**
California		✓	
District of Columbia	✓		
Massachusetts		✓	
New Jersey		✓	
New York			✓
Rhode Island	✓		
Washington		✓	

An alternative structure to social insurance is that of an employer mandate. Under this model a state requires employers to provide coverage through self-insurance or state approved private insurance coverage. Employers may elect to cover either the full cost of the program or collect contributions and share the cost of the program with employees, up to permitted levels set by each state. This model is not in effect for any PFL programs in the states this report focuses on. It is, however, in place in Hawaii, not only for its TDI program, but also for its Prepaid Health Care (PHC) program. Under this model, employers (and their insurance or service provider partners) rather than the government or related representatives administer the benefit. There is no common rate setting or transfer of government funds to offset costs as employers are expected to finance the paid leave themselves.

In addition to social insurance and employer mandate program structures, a noncontributory option exists. Under this model financial benefits are still afforded through a government program, but it is financed through general funds instead of premium contributions by workers and/or employers. This structure is not in place for paid medical or family leave in the U.S. and is a less common approach than social insurance in other countries.

4. Pending Initiatives

There are an additional number of states in the regulatory phases of offering paid leave[ii] and several more[iii] that have introduced legislation. Further, there is political, commercial and individual momentum for broader legislation. Eighty-four percent of Americans across Democratic, Independent

[ii] Connecticut and Oregon.

[iii] Colorado, Hawaii, Iowa, Illinois, Maine, Minnesota, North Carolina, Nebraska, New Hampshire, Oklahoma, Pennsylvania, Tennessee and Vermont

and Republican parties support a national paid family and medical leave policy that would cover all working individuals.[8]

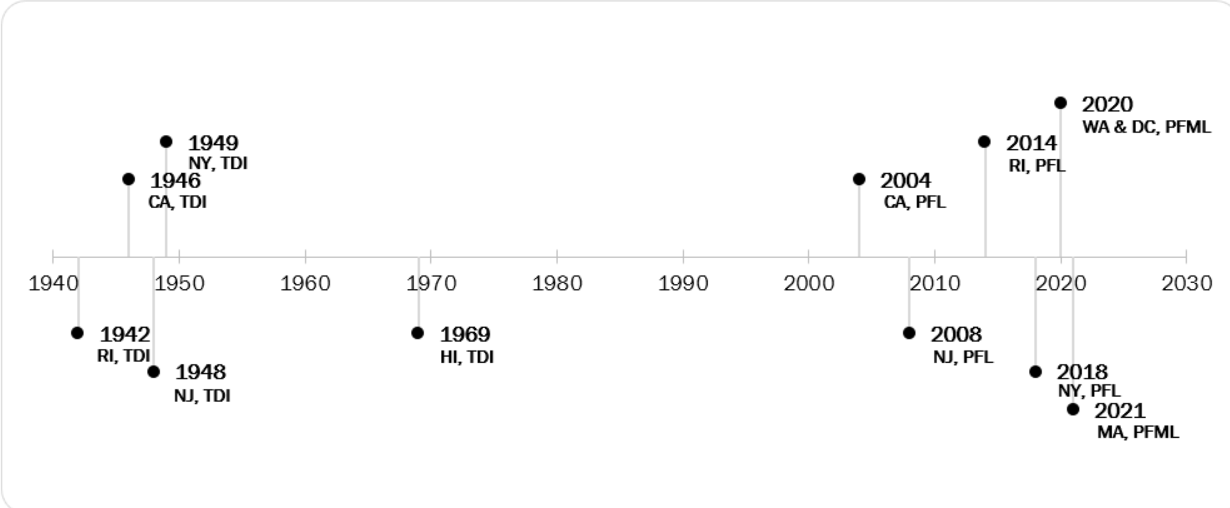
Many initiatives have been proposed at the federal level with the biggest differences concerning structure, funding, and breadth of coverage. The WorkFlex in the 21st Century Act, for example, would amend the Employment Retirement Income Security Act (ERISA) by allowing employers to opt out of other applicable state and local benefit laws in exchange for a minimum threshold of paid leave (ranging from 12 to 20 days depending on the size of the employer and tenure of the employee) and flexible work options (at least one of a biweekly work program, compressed work schedule, telework, job-sharing, flexible or predictable schedule).[9] The Family and Medical Insurance Leave (FAMILY) Act would establish an Office of Paid Family and Medical Leave within the Social Security Administration and be funded by a payroll tax. It would provide employees with two-thirds of their wages, up to a $4,000 monthly cap, for up to 60 workdays, or 12 workweeks, in a year to address their own serious health condition, including pregnancy or childbirth; to deal with the serious health condition of a family member; to care for a new child; and for certain military caregiving and leave purposes.[10] The Economic Security for New Parents Act and Child Rearing and Development Leave Empowerment (CRADLE) Act would provide more of a parental leave coverage, be financed by a portion of Social Security and would allow both natural and adoptive parents to receive up to three months of paid leave benefits in exchange for postponing the activation of their retirement benefits for up to six months.[11,12]

B. Current State Program Models

1. Specific States of Focus

Considering this momentum and the scope of Act 109, the jurisdictions of focus for this analysis include California, the District of Columbia, Massachusetts, New Jersey, New York, Rhode Island, and Washington. Of these, Rhode Island was the first to create a TDI program in 1942. As shown in Exhibit 2, this trend grew as California implemented a TDI program in 1946, New Jersey in 1948 and New York in 1949. Hawaii was the last state to establish TDI twenty years later in 1969. After thirty years, in 2004, California became the first state to add PFL to its TDI program. New Jersey followed suit by implementing PFL in 2008, Rhode Island in 2014, and New York in 2018. The District of Columbia and Washington passed new paid leave laws in 2017 that will go into effect in 2020, while Massachusetts law passed in 2018 and will go into effect in 2021.

Exhibit 2



2. Paid Medical Leave Development

In examining these models, it is important to point out that disability or TDI programs are solely focused on medical conditions for the employee, and more specifically, medical conditions classified as a disabling illness or injury, either physical or mental, and including pregnancy, that prevent an employee from performing regular and customary work. The coverage is non-occupational in nature, and therefore does not consider conditions that are thought to be caused by the person's job. Benefits are typically subject to a (7-day) waiting period, can last from 26 to 52 weeks (with 26 weeks being most common), and pay between 50% and 66 2/3% wage replacement subject to minimum and maximum weekly amounts.

3. Paid Family Leave Expansion

PFL programs go beyond medical coverage to provide paid time off for employees caring for family members. In particular, leave is available for covered employees to bond with a new child or to care for a family member with a serious health condition or who needs medical attention. Some states also cover activities related to the military deployment of a family member. Benefits may or may not be subject to a waiting period, can last from 4 weeks to 26 weeks, and pay between 50% and 90% wage replacement subject to minimum and maximum weekly amounts.

Of the states this report focuses on, four had TDI programs in place before adding PFL. Three did not have TDI programs in place, so instead included employee medical leave for an employee's own serious health condition in the PFL laws, which are often referenced as PFML as summarized in Exhibit 3.

Exhibit 3

State Paid Medical and Paid Family Leave by Leave Law Type			
State	**Paid Medical Leave through TDI**	**Paid Family Leave through PFL**	**Paid Family and Medical Leave through PFML**
California	✓	✓	
District of Columbia			✓
Massachusetts			✓
New Jersey	✓	✓	
New York	✓	✓	
Rhode Island	✓	✓	
Washington			✓

C. Scope of Coverage Afforded

The paragraphs below compare and contrast the scope of PFL coverage afforded by the seven jurisdictions. The parameters related to child bonding and care for a family member will be most important to Hawaii, and are the focus of our report, as the State already has a TDI program (and in effect medical leave for own serious health condition) in place.

1. State Summaries

i. California

In California, employees looking to take PFL must earn at least $300 in wages during a base period, work for a private or public employer and take leave for a qualifying reason. Qualifying reasons include parents taking leave for bonding following the birth, adoption, or placement of a child for foster care or for employees to take time to care for a family member with a serious health condition. Beginning January 1, 2021, leave will also be available for a qualifying military exigency due to the overseas deployment of an employee's family member. Paid leave for an employee's own serious health condition is covered under California State Disability Insurance (SDI) and employees must meet the same eligibility requirements.

While California PFL provides a monetary benefit, job protection is not provided through PFL but may be available under FMLA or the California Family Rights Act (CFRA) that run concurrently. The weekly benefit for PFL is 60% to 70% of an employee's income, depending on their quarterly income in the base period of 5 to 18 months prior to the claim start date and may range between $50 and $1,252 in 2019. If an employee's highest quarterly earnings are between $929 and $5,385.37, the benefit is about 70%, while if the highest quarterly earnings are greater than $5,385.37, the benefit is about 60% of earnings. Employees who earn between $300 and $928.99 receive a minimum benefit of $50. The benefit cap is adjusted annually by a statutory formula.

Employees who qualify for leave may take up to 6 weeks of leave in a 12-month period, which will expand to 8 weeks on July 1, 2020. For bonding leave, employees must take at least 2 weeks at a time, unless employers grant a request for a shorter duration. To care for a family member with a serious health condition, intermittent leave is available an hour at a time, or the shortest period used by the payroll system. Employers may require employees to take up to 2 weeks of accrued, but unused, vacation time before the employee's initial receipt of benefits. Employers are required to maintain group health plan coverage, though employees must continue to make premium payments.[13]

ii. District of Columbia

The District of Columbia passed a PFML law in April of 2017, with benefits becoming payable on July 1, 2020. The law applies to all employers who pay unemployment insurance on behalf of employees. Unique to D.C., and perhaps due to some of the nature of work in the jurisdiction, employees are covered if at least 50% of their work time is spent in D.C., for an eligible D.C. based employer. Alternatively, if employees do not meet this threshold, they are covered if a substantial amount of work time is at the D.C. site of an eligible employer and not more than 50% of work is in another jurisdiction.

The law only provides a monetary benefit and does not include job protection. However, leave may run concurrently with FMLA and D.C. FMLA. During leave, employees receive a benefit based on their average weekly wage (AWW) relative to the D.C. minimum wage. If employees have an AWW less than or equal to 150% of the D.C. minimum wage multiplied by 40, benefits are 90% of an employee's AWW. If an employee has an AWW that is greater than 150% of the D.C. minimum wage multiplied by 40, benefits are 90% of an employee's AWW plus 50% of the amount the employee's AWW exceeds 150% of the minimum wage multiplied by 40. The maximum weekly benefit in the first year of the program is $1,000.

Employees can take up to eight weeks as parents to bond with a new child, six weeks to care for a family member with a serious health condition, and up to 2 weeks for an employee's own serious health condition. Employees taking leave must satisfy a 7 consecutive day waiting period per year, regardless of the number of qualifying events. Up to 16 weeks of leave are available per year, which must be taken in at least full day periods. Employees earning long term disability payments, unemployment, or self-employment income are not eligible to receive benefits at the same time.[14] The ability for an employee to use employer-provided paid leave benefits (e.g., vacation time, sick time) while taking paid family leave is determined by the employer's policies.[15] An employee's health insurance must be maintained during leave, under the same conditions that apply while an employee is regularly at work.[16]

iii. Massachusetts

While Massachusetts PFML is not available until January 2021, it will require all employers to provide this benefit to W-2 employees including full-time, part-time, seasonal, and temporary employees, union employees, and 1099-MISC contractors if they make up more than 50% of an employer's total workforce. Employees may apply for leave if they are parents taking leave to bond with a child within 12 months of the child's birth, adoption, or foster care placement, to care for a family member with a serious health condition, to care for a family member who is a covered servicemember, for a qualifying exigency due to a family member's call to active duty, or for one's own medical condition.

In addition to a monetary benefit, Massachusetts PFML provides job protection and ensures employees are restored to the employee's previous or an equivalent position upon return from leave. An employee's weekly benefit is calculated by taking 80% of the employee's AWW that is less than 50% of the state average weekly wage (SAWW) ($1,383 in 2019), plus 50% of the employee's AWW greater than the SAWW, up to a maximum of 64% of the SAWW ($850 in 2019 per the regulation). The benefit cap is adjusted annually based on statewide average weekly wages.

Subject to a 7 consecutive day waiting period, employees may take up to 12 weeks of leave for family leave for bonding, a military exigency, or to care for a family member. 20 weeks is available for medical leave, and 26 weeks for family leave to care for a covered servicemember. As a combined total, 26 weeks may be taken at a maximum within a 52-week period. Leave to care for a family member or for a covered service member or medical leave may be taken intermittently, if medically necessary. Intermittent leave is available for bonding, if an employer agrees to it, and for leave for a qualifying military exigency. Employees may elect to use accrued paid time off offered by the employer rather than receiving PFL benefits, as long as they meet employer notice requirements and certification processes to use the leave.[17] While an employee is on leave, health benefits must be continued by the employer, as if the employee had been at work, with employees continuing to make their own contributions.[18]

iv. New Jersey

New Jersey family leave insurance (FLI) covers employers with 30 or more employees. For employees to be eligible, they must have worked 20 weeks earning at least $172 weekly or have earned a combined total of $8,600 in the first four quarters (the base year). New Jersey FLI can be taken to bond with a new child or care for a family member. As of February 2019, FLI includes leave taken under the New Jersey SAFE Leave Act which provides protected time off for employees if they themselves or their family members have been victims of domestic or sexual violence (which applies to employers with 25 or more employees).[19] Paid leave for an employee's own serious health condition is covered under New Jersey TDI in accordance with TDI eligibility requirements.

While New Jersey FLI provides a monetary benefit, job protection is not provided, but may be available under FMLA or the New Jersey Family Leave Act (FLA) which run concurrently when a claimant meets all eligibility requirements. Employees will receive 66 2/3% of their AWW, up to 53% of the SAWW, which in 2019 is set at $650. No longer subject to a waiting period (this was removed effective July 1, 2019), benefits apply for up to a maximum of 6 weeks or up to 20 days for leave related to domestic assault/sexual violence. Effective July 1, 2020, the maximum entitlement will increase to 12 weeks and wage replacement will increase up to 85% of an employee's base weekly wage, maxing out at 70% of the SAWW. Intermittent leave can be taken in as few increments as days to care for a family member, while employees taking leave for bonding can take intermittent leave in weeks only. Advance notice is required when leave is foreseeable and if proper notice is not given, an employee's leave entitlement may be reduced by 14 days.[20]

In relation to other leaves, employees cannot simultaneously use paid family leave and disability benefits or unemployment compensation.[21] Prior to February 2019, employers could require employees use up to 2 weeks of accrued time before taking FLI, which would then be reduced by up to 14 days. New regulations now enable employees to elect the use of employer provided paid time off which does not reduce an employee's leave entitlement. Employers must continue health benefits for employees on leave.[22]

v. New York

New York employees are eligible for PFL if they work for eligible employers and are either full time employees who have worked 20 or more hours per week for 26 consecutive weeks with the same employer or part-time employees who have worked less than 20 hours per week for 175 days with the same employer. Eligible employers include all private employers with 1 or more employees on each of at least 30 consecutive or non-consecutive days in any calendar year. Public employers and self-employed individuals are not automatically included under the law but may voluntarily opt-in to the program.

New York PFL provides job-protected leave for employees who need time away from work to bond with a new child, to care for a family member with a serious health condition or to assist loved ones when a spouse, domestic partner, child or parent is on active service or has been notified of an impending call to duty in a foreign country. Paid leave for an employee's own serious health condition is covered under New York Disability Benefits Law (DBL) in accordance with DBL eligibility requirements. The PFL leave allotment and benefit amount is not subject to a waiting period and increases annually from 10 weeks at 55% of an employee's AWW in 2019 up to a maximum weekly benefit of $746.61, to 10 weeks at 60% in 2020, and to 12 weeks at 67% in 2021.

The shortest leave increments available (including for intermittent time) is one day. Combined with New York DBL, the maximum length of leave cannot exceed 26 weeks in a 52-week period.

Employers cannot require employees to use paid time off while on PFL and must continue health insurance on the same terms as if the employee had continued to work.[23]

vi. Rhode Island

Rhode Island employees are eligible for paid family leave through temporary caregiver insurance (TCI) when they have worked for an eligible employer and have been paid at least $12,600 in base period wages. Employees that have not earned that amount may be eligible if they earn $2,100 in one base period quarter, total base period wages are at least 1.5 times the highest quarter earnings, and base period taxable wages are at least $4,200. Eligible employers include all private employers in Rhode Island, however public employers may elect to have certain classes of employees participate in the program. Self-employed individuals are not able to opt-in to the program. Leave is available under Rhode Island TCI for employees needing time to bond with a new child within the first 12 months of parenting, or to care for a family member with a serious health condition. Paid leave for an employee's own serious health condition is covered under Rhode Island TDI in accordance with TDI eligibility requirements.

Rhode Island TCI provides job protection in that employees must be offered a comparable position with equivalent seniority, status, employment benefits, pay and other terms and conditions as the job they were in before taking leave. When a qualified healthcare provider indicates an employee cannot work for at least 7 consecutive days, leave for bonding or to care for a family member can be taken for up to 4 weeks. Not subject to a waiting period, employees receive a weekly benefit of 4.62% of wages paid during the highest quarter of their base period which amounts to approximately 60% of weekly wages up to $867 per week, plus dependent benefits up to $1,170.[24] The benefit cap is adjusted annually based on statewide average weekly wages. Any leave taken for TCI reduces leave available for Temporary Disability Insurance or TDI. Employees cannot use TCI and TDI at the same time, however employees may use paid salary, sick or vacation pay while on TCI.[25] Employers are also required to maintain health insurance coverage for employees on leave.

vii. Washington

Washington PFML payroll deductions began January 1, 2019 and reporting began July 1, 2019; however benefits will not be available to employees until January 1, 2020. The law applies to all employers, except for federal employers, and includes out of state employers with Washington based employees. To be eligible for benefits, employees must have worked at least 820 hours in the qualifying period, which is the first 4 of the last 5 completed calendar quarters, or the last 4 completed calendar quarters beginning the day the employee takes leave. Under the law, Washington employees can take leave to bond with a new child within 12 months of the birth or placement, to care for a family member with a serious health condition, for activities related to the deployment of a family member, or for medical leave for an employee's own serious health condition.

Washington PFML provides job protection if the employer has 50 or more employees, the employee has worked for the employer for at least 12 months, and the employee has worked at least 1,250 hours in the last 12 months. The weekly benefit is based on annual earnings in relation to the SAWW. If an employee earns less than or equal to 50% of the SAWW, the benefit is 90% of the employee's AWW, rounded down to the nearest dollar. Alternatively, if an employee earns more than 50% of the SAWW, the benefit is the sum of 90% of the employee's AWW up to 50% of the SAWW, plus 50% of employee's AWW that is over 50% of the SAWW. Weekly benefits will be capped at $1,000.

Claimants must meet a 7 consecutive day waiting period before accessing leave, which may last up to 12 weeks in the 52-week benefit period. Leave can be extended by 2 weeks when it is a result of pregnancy complications, and by 4 weeks when an employee uses a combination of family and medical leave. If an employee experiences a serious health condition with pregnancy and takes a combination of family and medical leave, the total leave duration can be up to 18 weeks (16 weeks of combined leave plus 2-week extension for pregnancy complications). A waiting period is not required for bonding leave and only one waiting period must be met per year, regardless of the number of qualifying events. Leave must be taken in at least 8-hour increments. When leave is foreseeable, employees must give their employer a 30-day notice before leave begins.

Washington PFML runs concurrent with FMLA and is in addition to any leave for sickness or temporary disability due to pregnancy or childbirth. Any week in which the employee is eligible to receive federal or state unemployment compensation, industrial insurance, or disability insurance, the employee is disqualified from receiving family or medical leave benefits.[26] Employees can choose to supplement or substitute PFML benefits for accrued time off, such as sick leave or vacation time. Employers must maintain any existing health benefits for employees on leave for the duration of the approved leave.[27]

2. Employer & Employee Eligibility

Employers required to comply with PFL laws differ across the relevant states, ranging from all employers to those with more than 50 employees. Employee eligibility for benefits is more detailed, usually involving an earnings requirement or a certain amount of time worked for an employer.

Exhibit 4

State	Employer Eligibility as of October 2019	Employee Eligibility as of October 2019
California (CA)	▪ All private employers ▪ Public entities electing to participate	▪ Earned $300 in wages in CA subject to insurance tax in the base period
District of Columbia (D.C.)	▪ All private employers that are required to pay unemployment insurance, except for those exempt from taxes in D.C. by federal law or treaty ▪ Self-employed individuals can voluntarily opt-in	▪ 50% of work occurs in D.C. ▪ Employed when applying for benefits
Massachusetts (MA)	▪ All employers with covered MA employees and 1099-MISC contractors if more than 50% of the employer's workforce ▪ Public employers and self-employed individuals can voluntarily opt-in	▪ Work is localized in MA, or work is not localized in any state, but operations are based in MA, or operations are not based in any state, but the employee resides in MA ▪ 15 weeks or more of earnings and earned at least $4,700 in the last 12 months ▪ Former employees not separated for more than 26 weeks
New Jersey (NJ)	▪ Employers with 30 or more employees covered under New Jersey Unemployment Compensation Law, including state and government employment *Note: Before June 30, 2019, the program applied to employers with 50 or more employees*	▪ Worked 20 calendar weeks in the base year; and ▪ Earned $172 or more per week; or ▪ Earned $8,600 or more in the base year *Note: When the program was implemented in 2009, the earning requirement was $143 per week or $7,200 during the base year. The requirement has generally increased each year*
New York (NY)	▪ Private employers with 1 or more employees on each of at least 30 consecutive or non-	▪ Full time employees who worked 20+ hours per week for 26 weeks

	consecutive days in any calendar year ▪ Public employers and self-employed individuals can voluntarily opt in	▪ Part time employees who worked less than 20 hours per week for 175 days
Rhode Island (RI)	▪ All RI private employers ▪ Governmental entities may elect to have certain classes of employees participate ▪ Self-employed individuals are not eligible to opt in	▪ Paid at least $12,600 in the base period; or earned at least $2,100 in one base period quarter; and ▪ Total base period taxable wages are at least 1.5x the highest quarter earnings; and ▪ Base period taxable wages are at least $4,200
Washington (WA)	▪ All WA employers, except for Federal employers ▪ Out of state employers with WA employees ▪ Federally recognized tribes and self-employed individuals can voluntarily opt in	▪ Work 820+ hours in a qualifying period ▪ All or most of the work performed is in WA

3. Qualifying Events

Each state that provides PFL affords employees family leave to bond with a new child, or family leave to care for a family member with a serious health condition. The District of Columbia, Massachusetts, New York, and Washington provide a leave allotment for military members to address issues before they are deployed (qualifying military exigency[iv]). Massachusetts extends the amount of time employees can take to care for a family member who is a covered service member. New Jersey is unique in that it provides leave for employees to care for themselves or a family member who was a victim of domestic or sexual violence. Medical leave for an employee's own serious health condition is included for the District of Columbia, Massachusetts, and Washington, as they do not also have a statutory disability law.

[iv] Definitions differ by state, but qualifying military exigencies may include the need to attend military events, childcare related activities, making financial or legal arrangements, attending counseling or other parental activities.

Exhibit 5

State	Qualifying Events as of October 2019
California	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Beginning 1/1/2020, leave is available for qualifying military exigencies
District of Columbia	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Family leave due to a qualifying military exigency ▪ Medical leave to care for one's own serious health condition
Massachusetts	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Family leave to care for a family member who is a covered service-member ▪ Family leave due to a qualifying military exigency ▪ Medical leave to care for one's own serious health condition
New Jersey	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Family leave to care for a family member seeking medical attention for, or recovering from, physical or psychological injuries due to domestic or sexual violence ▪ Medical leave to seek medical attention for, or recover from, physical or psychological injuries due to domestic or sexual violence *Note: Leave for domestic or sexual violence was added in February 2019, through the NJ SAFE Act*
New York	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Family leave due to a qualifying military exigency
Rhode Island	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition
Washington	▪ Family leave for bonding due to the birth, adoption or foster care placement of a new child ▪ Family leave to care for a family member's serious health condition ▪ Family leave due to a qualifying military exigency ▪ Medical leave to care for one's own serious health condition

4. Covered Relationships

PFL programs often expand the definition of family member beyond that set originally by the federal law. The federal FMLA provides protections for employees to take leave to care for a child, parent, or spouse.[28] State laws encompass this set of relationships and may extend coverage to employees taking leave to care for grandparents, grandchildren, siblings, or in the case of New Jersey, any individual with whom the employee has the equivalent of a family relationship.

Exhibit 6

State	Covered Family Members as of October 2019
California	▪ Child (biological, adopted, or foster son or daughter, a legal ward, a son or daughter of a domestic partner, or the person to whom the employee stands in loco parentis) ▪ Parent (biological, foster, or adoptive parent, a parent-in-law, step-parent, a legal guardian, or other person who stood in loco parentis to the employee when the employee was a child) ▪ Spouse Domestic Partner ▪ Grandparent (parent of the employee's parent) ▪ Grandchild (child of the employee's child) ▪ Sibling (a person related to another person by blood, adoption, or affinity through a common legal or biological parent) *Note: Family member definition expanded in 2014 to include parent-in-law, grandparent, grandchild and sibling*
District of Columbia	▪ Child (biological, adopted or foster son or daughter, a stepson or stepdaughter, a legal ward, a son or daughter of a domestic partner, or a person to whom an eligible individual stands in loco parentis) ▪ Parent (biological, foster, or adoptive parent, a parent-in-law, a step-parent, a legal guardian, or other person who stood in loco parentis to an eligible individual when the eligible individual was a child) ▪ Parent-in-Law ▪ Spouse ▪ Registered Domestic Partner ▪ Grandparent ▪ Sibling
Massachusetts	▪ Child (biological, adopted or foster child, a stepchild or legal ward, a child to whom the covered individual stood in loco parentis, or a person to whom the covered individual stood in loco parentis when the person was a minor child)

State	Covered Family Members as of October 2019
	▪ Parent (biological, adoptive, step- or foster mother or father of the covered individual) ▪ Parent-In-Law or Parent of Domestic Partner ▪ Spouse ▪ Domestic Partner ▪ Grandchild ▪ Grandparent (parent of the covered individual's parent) ▪ Sibling (biological, adoptive, stepbrother or stepsister of a covered individual)
New Jersey	▪ Child (biological, adopted, foster child, or resource family child, stepchild, legal ward, or child of a parent including a child who becomes the child of a parent pursuant to a valid written agreement between the parent and gestational carrier) ▪ Parent (biological, adoptive, foster parent, resource family parent, step-parent, parent-in-law or legal guardian, having a parent-child relationship with a child as defined by law, or having sole or joint legal or physical custody, care, guardianship, or visitation with a child, or who became the parent of the child pursuant to a valid written agreement between the parent and a gestational carrier) ▪ Spouse ▪ Domestic Partner ▪ Civil Union Partner ▪ Grandchild ▪ Grandparent ▪ Sibling ▪ Any other individual whom the employee shows to have a close association with the employee which is the equivalent of a family relationship *Note: Family member definition expanded in 2019 to include sibling, grandparent, grandchild, parent in law, any other individual related by blood to the employee, and any other individual whom the employee shows to have a close association with the employee which is the equivalent of a family relationship*
New York	▪ Child (biological, adopted, foster son or daughter, stepson or stepdaughter, legal ward, son or daughter of a domestic partner, or the person to whom the employee stands in loco parentis) ▪ Parent (biological, foster, adoptive parent, parent-in-law, stepparent, legal guardian, or another person who stood in loco parentis to the employee when the employee was a child)

State	Covered Family Members as of October 2019
	▪ Spouse ▪ Domestic Partner ▪ Grandchild (child of the employee's child) ▪ Grandparent (parent of the employee's parent)
Rhode Island	▪ Child (biological, adopted, or foster son or daughter, a stepson or stepdaughter, a legal ward, a son or daughter of a domestic partner, a son or daughter of an employee who stands in loco parentis to that child) ▪ Parent (biological, foster, adoptive parent, stepparent, legal guardian, or another person who stands in loco parentis to the employee or the employee's spouse or domestic partner when he/she was a child) ▪ Parent-In-Law (parent of the employee's spouse or domestic partner) ▪ Spouse (party in common law marriage, a party in a marriage conducted and recognized by another state or country, or in a marriage) ▪ Domestic Partner ▪ Grandparent (parent of the employee's parent)
Washington	▪ Child (biological, adopted, or foster child, a stepchild, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status) ▪ Parent (biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse, or an individual who stood in loco parentis to an employee when the employee was a child) ▪ Spouse (husband or wife, or state registered domestic partner) ▪ Grandchild (child of the employee's child) ▪ Grandparent (parent of the employee's parent) ▪ Sibling

5. Job Protection

While some state leave programs do provide protections ensuring employees are returned to the same or similar position when they return to work, other states, such as California, only provide a monetary benefit and not a leave entitlement. In these cases, job protection is only provided if the leave runs concurrently with another federal or state program providing leave such as the FMLA.

Exhibit 7

State	Job Protection Provided as of October 2019
California	▪ No
District of Columbia	▪ No
Massachusetts	▪ Yes
New Jersey	▪ No
New York	▪ Yes
Rhode Island	▪ Yes, upon returning to work, employees must be offered a comparable position with equivalent seniority, status, employment benefits, pay and other terms and conditions as the job they were in before taking leave
Washington	▪ Yes, if the employer has 50 or more employees, the employee has worked for the employer for at least 12 months, and the employee has worked at least 1,250 hours in the last 12 months

6. Benefit Amount

The wage replacement formula for benefits an employee can receive while on leave varies significantly by jurisdiction. California, the District of Columbia, Massachusetts, and Washington all have calculations based on a progressive benefit structure, whereby employees with a lower average wage receive a higher benefit percentage. In comparison, New Jersey, New York and Rhode Island provide a straightforward flat percentage wage replacement ranging from 55% to 67%. Annual benefit maximums further limit the wage replacement rate employees can receive, especially those earning a higher average weekly wage. Currently, California has the highest maximum weekly benefit an employee can earn, at $1,252, which is about twice the $650 weekly New Jersey maximum. California, New York, Rhode Island and Washington provide minimum benefit amounts, while the District of Columbia, Massachusetts, and New Jersey do not state minimums.

Exhibit 8

State	Benefit Amount as of October 2019
California	▪ 60% of an employee's weekly earnings for employees who earn 1/3 or more of the state average quarterly earnings ▪ 70% of an employee's weekly earnings for employees who earn less than 1/3 of the state average quarterly wage ▪ Maximum benefit of $1,252 per week ▪ Minimum benefit of $50 per week

State	Benefit Amount as of October 2019
	Note: In 2004, the first year of the program, the maximum weekly benefit was $728 and has generally increased annually. The benefit amount also increased to 60% -70% in 2018, from the original benefit of 55%
District of Columbia	▪ For employees with AWW less than or equal to 150% of the D.C. minimum wage multiplied by 40, the benefit amount is 90% of an employee's AWW ▪ For employees with AWW greater than 150% of the D.C. minimum wage multiplied by 40, the benefit amount is 90% of an employee's AWW plus 50% of the amount the employee's AWW exceeds 150% of the minimum wage multiplied by 40 ▪ Maximum benefit of $1,000 per week recalculated annually to increase relative to the annual average increase in the Consumer Price Index for All Urban Consumers in the Washington-Baltimore Metropolitan area ▪ No stated minimum
Massachusetts	▪ 80% of an employee's AWW that is equal to or less than 50% of the SAWW; plus ▪ 50% of an employee's AWW that is greater than 50% of the SAWW ▪ Maximum benefit of $850 in 2019 recalculated annually to be 64% of the SAWW ▪ No stated minimum
New Jersey	▪ 66 2/3% of an employee's AWW ▪ Maximum benefit of $650 per week recalculated annually based on the SAWW ▪ No stated minimum ▪ Beginning 7/1/2020, employees can receive up to 85% of an employee's AWW, up to 70% of the SAWW *Note: In 2009, the first year the program was in place. the maximum weekly benefit was $546 and has increased annually*
New York	▪ 55% of an employee's AWW in 2019 ▪ Maximum benefit of $746.41 in 2019 which is 55% of the current SAWW ▪ Minimum benefit is the lesser of $100 and employee's full weekly wages ▪ Benefit increases to 60% in 2020 and 67% in 2021 are required by NY PFL regulations *Note: In 2018, the first year the program was in place, the weekly benefit was 50% of AWW up to $652.96 (50% of SAWW)*

State	Benefit Amount as of October 2019
Rhode Island	▪ 4.62% of an employee's total highest quarter wages in the base period which amounts to approximately 60% ▪ Maximum benefit of $867 per week, plus dependent allowance up to $1,170 ($10 per dependent or 7% of weekly benefit rate per dependent, up to 5 dependents), based on the SAWW ▪ Minimum benefit of $98 per week, based on state minimum wage *Note: In 2014, the first year the program was in place, the maximum weekly benefit was $752, and the minimum benefit was $74, which has increased annually*
Washington	▪ For an employee who earns less than or equal to 50% of the SAWW, the benefit is 90% of the employee's AWW ▪ If an employee earns more than 50% of the SAWW, the benefit is the sum of 90% of their AWW up to 50% of the SAWW, plus 50% of the employee's AWW that is greater than 50% of the SAWW ▪ Maximum benefit of $1,000 per week recalculated annually to be 90% of the SAWW ▪ Minimum benefit is the lesser of $100 and employee's full weekly wages

7. Length of Leave

Like benefit amounts, the length of leave allotted by each PFL law varies greatly. As the first few states to implement PFL programs, California, New Jersey, and Rhode Island historically had the shortest leave allotments. However, both California and New Jersey ruled to increase leave durations in 2020 to 8 and 12-week maximums, respectively. Most states indicate leave allotment by type of leave. Some states, such as the District of Columbia, Massachusetts and Washington, set maximums that combine all leave types. Massachusetts is by far the most generous state in terms of leave length, offering 26 weeks of combined leave, while Rhode Island provides the least generous family leave allotment of only 4 weeks.

Exhibit 9

State	Maximum Length of Leave as of October 2019
California	▪ 6 weeks total for parental leave for bonding and for family leave to care for a family member *Note: Increases to 8 weeks effective 7/1/2020; Provides 52 weeks for employee's own serious health condition through TDI law*
District of Columbia	▪ 8 weeks for parental leave for bonding ▪ 6 weeks for family leave to care for a family member with a serious health condition ▪ 2 weeks for medical leave ▪ 16 weeks total if all qualifying events occur within 52-week period
Massachusetts	▪ 12 weeks for family leave for bonding, care for a family member with a serious health condition, or for a military exigency ▪ 20 weeks for medical leave ▪ 26 weeks for family leave to care for a family member who is a covered service member ▪ 26 weeks combined maximum within a 52-week period
New Jersey	▪ 6 weeks total for parental leave for bonding and for family leave to care for a family member with a serious health condition ▪ 20 days total for family leave to care for a family member, or medical leave for one's self, seeking medical attention for, or recovering from, physical or psychological injuries due to domestic or sexual violence *Note: Leave entitlement for bonding and to care for a family member increases to 12 weeks effective 7/1/2020; Provides 26 weeks for employee's own serious health condition through TDI law*
New York	▪ 10 weeks total for parental leave for bonding, for family leave to care for a family member with a serious health condition, and for family leave due to a qualifying exigency ▪ Increases to 12 weeks effective 1/1/2021 *Note: Maximum leave length initially allotted in 2018 was 8 weeks and increased to 10 weeks effective 1/1/19; Provides 26 weeks for employee's own serious health condition through TDI law*
Rhode Island	▪ 4 weeks total for parental leave for bonding and for family leave to care for a family member with a serious health condition *Note: Provides 30 weeks for employee's own serious health condition through TDI law*
Washington	▪ 12 weeks total for parental leave for bonding, for family leave to care for a family member with a serious health condition, for family leave due to a qualifying exigency, and for medical leave to care for one's own serious health condition ▪ Additional 2 weeks available when leave is a result of pregnancy complications ▪ 16 weeks when a combination of family and medical leave is used ▪ 18 weeks when a combination of family and medical leave is used, and leave is a result of pregnancy complications

D. Gender Equity Considerations

Although the specifics vary by jurisdiction, PFL programs aim to provide employees with wage replacement while taking time off for a variety of family or medical reasons. Both the reasons for leave and definitions of covered family member continue to broaden under PFL laws, making leave taking less specific to gender and more focused on caregiving relationships.

According to the Department of Labor (DOL), the most common reason for taking FMLA leave is for one's own serious health condition (55%), followed by bonding (21%), family care (18%), other qualifying reasons (2%) or other non-qualifying or unknown reasons (4%).[29] Under states with PFL programs, bonding is more frequent and longer in duration than in states without PFL laws. In addition, bonding leave for men is more than twice as high and 44% longer in states with PFL laws than states without PFL laws.[30] California has seen a shift in more leaves being taken by men, with the number of male bonding claims almost quadrupling since program inception and the number of male family care claims more than doubling from 2005 to 2018.[31,32,33,34] Rhode Island has seen a similar trend with an increasing number of males filing TCI claims,[35] and New York's female to male claim filing ratio seems to be heading in the same direction.[36]

1. Workforce Participation

Family friendly policies such as PFL are thought to help retain valuable employees who need help balancing work and family,[37] reduce employer costs for when time is being taken, and contribute to U.S. economic growth.[38] In addition to childcare, these laws allow workers to provide care for elderly parents without having to sacrifice their livelihoods.[39]

Studies point to paid leave policies increasing the likelihood that women will enter the labor force,[40] stay in the labor force, and have less of a need for public assistance.[41] This is especially the case when the paid leave entitlement is around three months.[42] Women are more likely to work later into their pregnancies, and more likely to return to work after a child's birth.[43] One study shows that implementing PFL polices decreases female separations by 1.5% as a result of access to job-protected leave, and therefore increases female attachment to the labor force.[44] Further, female labor force participation increases when fathers take more paternity leave.[45]

2. Hiring & Pay Practices

When it comes to hiring practices, the limited research that exists is both inconclusive and contradictory. A few studies point to PFL policies raising the education and skill requirements in job postings,[46] slightly reducing employment rates for younger women,[47] and increasing the perceived cost of hiring women compared to men.[48] At the same time, others conclude that desirability of an applicant is based on perceived commitment to the job, not the fact that leave had been taken[49] and that PFL policies also slightly reduce employment rates for younger men.[50]

From a pay perspective, a few available studies report encouraging results. Sixty-nine percent of women who returned to the same employer after the birth of their first child experienced no changes in pay, skill level, or hours.[51] Further, female labor force wages are thought to increase when fathers take more paternity leave, with one study suggesting that fathers taking paternity leave increases the ability of mothers to engage in paid work, with a positive effect on both female labor force participation and wages.[52]

These and other emerging findings point to paternity leave and broader caregiving having the potential to change longstanding cultural norms about gender, work and household responsibilities.[53] In addition, the Equal Employment Opportunity Commission (EEOC) affords protections against discrimination and actively investigates employer practices that are thought to be unequal. Lastly, but very importantly, social insurance models as utilized by the states that have passed PFL laws mitigate hiring and discrimination risks for those more likely to take advantage of PFL. Under these models, community rating or flat rates over the entire state risk pool result in all employers equally sharing in the cost of providing PFL coverage to their employee populations.

E. Ease of Making Applications or Claims

The process of submitting a claim is primarily online, with some states also offering more traditional methods. Specifically, California, the District of Columbia, New Jersey, Rhode Island, and Washington all allow applications online. New York only requires submission of an application via mail, but online submission may be available through an administrator. While the District of Columbia and Washington's processes are still under development, so far applications may only be submitted via online portal, with no mail or fax option. The process in Massachusetts is still being determined.

Exhibit 10

State	Ease of Making Applications or Claims as of October 2019
California	▪ Apply by completing the Claim for Paid Family Leave Benefits Form online, by mail or at a service center ▪ Bonding claims must include documentation showing relationship to the child (e.g., birth certificate, adoptive placement agreement, foster care placement record) ▪ Caregiving claims must include a medical certification from the treating physician and the care recipient's signature
District of Columbia	▪ Employee will file a claim using the Office of Paid Family Leave online portal

State	Ease of Making Applications or Claims as of October 2019
	Note: Process is under development at the time of writing
Massachusetts	*Note: Process is under development at the time of writing*
New Jersey	▪ Apply by filing a claim online, by mail, or by fax ▪ Employees must create an account on the Department of Labor and Workforce Development (LWD) website and either start the application online or print the application to be mailed or faxed ▪ Included in the application are forms for the treating physician to complete, which can also be completed online, mail or fax by the physician ▪ Online applications are processed quicker than those sent by mail or fax
New York	▪ Employees can request the forms from their employer or insurance carrier, or download online, which may include a Request for Paid Family Leave, a Release of Personal Health Information Under the Paid Family Leave Law (for family leave), a Health Care Provider Certification (for family leave), Bonding Certification (for bonding leave), or a Military Qualifying Event Form (for military family support leave) ▪ Forms must be completed by the employee, the employer, the family member to whom care is being provided (if applicable), and the health care provider ▪ The completed packet can be mailed or faxed to the insurance carrier
Rhode Island	▪ Claimants can apply online, download a paper application, or call to have a paper application mailed ▪ Employees are responsible for completing the application and for requesting and submitting the medical form, completed by the treating physician ▪ Completed forms can be submitted online, by mail or fax
Washington	▪ Claimant will create an account, complete application and upload documentation as proof of the qualifying event ▪ Documentation may include a certification of serious health condition form, active duty orders, birth certificate, or placement-related court documents *Note: Process is under development at the time of writing*

F. Speed of Benefit Payments

After states have confirmed an employee's eligibility, payment is issued within 14 days, except for in the District of Columbia, New Jersey and Rhode Island. Payments in the District of Columbia must be issued within 10 days of an eligibility determination. New Jersey issues funds 2 days after a claim is approved. Rhode Island commits to a 3 to 4 week turn-around-time for payments, after receipt of an approved application. This can be faster if a state specific debit card is used.

Exhibit 11

State	Speed of Benefit Payments as of October 2019
California	▪ Initial benefit paid within 24 hours for payment issued on the Employment Development Department (EDD) Debit Card or 7 to 10 days for checks by mail from the determination of eligibility, which will be decided within 14 days of receipt of a complete claim
District of Columbia	▪ Initial benefit paid within 10 business days of the determination of eligibility, which is issued 10 business days following the receipt of claim ▪ Benefit paid biweekly after the initial payment
Massachusetts	▪ Initial benefit paid within 14 days of eligibility determination
New Jersey	▪ A debit card will be sent to the claimant before the application is processed, but funds will not be loaded until 2 business days after the application is approved
New York	▪ Initial benefit paid or denied within 18 calendar days of receipt of completed request, or the first day of leave, whichever is later ▪ Benefits paid biweekly after the initial payment
Rhode Island	▪ Initial benefit paid within 3 to 4 weeks of receipt of a valid application
Washington	▪ Initial benefit paid within 14 days of the application, when a claim is approved ▪ Benefit paid biweekly after the initial payment

G. Financial Sustainability of Models

1. Funding Method

All state programs, except for the District of Columbia, are funded through some degree of employee payroll deductions. California, New Jersey, New York and Rhode Island are solely funded by employee contributions, while Massachusetts and Washington are funded through a combination of both employer and employee payments. The District of Columbia is the only jurisdiction funded entirely by employers to date. These payments are considered mandatory for covered employers and employees. However, and in most cases, employers can subsidize employee contributions by paying some or all of the required premium.

Exhibit 12

State	Funding Method as of October 2019
California	▪ Employee payroll deductions
District of Columbia	▪ Employer payroll tax
Massachusetts	▪ Employee and Employer contributions *Note: Employers with less than 25 employees are not required to contribute employer portion of premium*
New Jersey	▪ Employee payroll deduction
New York	▪ Employee payroll deduction
Rhode Island	▪ Employee payroll deduction
Washington	▪ Employee and Employer contributions *Note: Employers with less than 50 employees are not required to contribute employer portion of premium*

2. Contribution Rates

Contribution requirements are based on either the state or federal taxable wage bases or the state average weekly wage. The taxable wage base and contribution rates vary broadly across states.

Exhibit 13

State	Contribution Rates as of October 2019
California	▪ 1.0% of wages up to taxable wage base of $118,371 for TDI and PFL *Note: In 2004, the first year the program was in place, the contribution rate was 1.18% of a $68,829 taxable wage base*
District of Columbia	▪ 0.62% of total wages (not subject to a cap) for PFL
Massachusetts	▪ 0.75% of federal social security base limit of $132,900 for PFML ▪ 0.62% medical leave contribution, of which employer pays at least 60% (0.372%) and employee pays up to 40% (0.248%) ▪ 0.13% family leave contribution, of which the employee pays the entire share
New Jersey	▪ 0.08% of wages up to taxable wage base of $34,400 for FLI *Note: In 2009, the first year the program was in place, the contribution rate was 0.09% of a $28,900 taxable wage base*
New York	▪ 0.153% of employee's AWW, up to SAWW of $1,357.11 for PFL

State	Contribution Rates as of October 2019
	Note: The contribution rate in 2018 was 0.126% of weekly wage
Rhode Island	▪ 1.1% of wages up to taxable wage base of $71,000 for TDI and TCI *Note: In 2014, the first year the program was in place, the contribution rate was 1.2% of a $62,700 taxable wage base*
Washington	▪ 0.4% of wages up to taxable wage base of $132,900 for PFML ▪ 1/3 is family leave premium, 2/3 is medical leave premium ▪ Employers are required to pay at least 1/3 of total premiums and may withhold up to 2/3 from employees, but can elect to cover a higher share

H. Data Collection Capabilities

States collect employer and employee data through employer reporting via online portals or secured file feeds. Data collected generally includes employer information, such as identification numbers and business names, employee identifying information like social security number and name, employee counts, wages and contribution data. Specific fields and forms differ across states.

Exhibit 14

State	Data Collection Capabilities as of October 2019
California	▪ All employers are required to submit employment tax returns, wage reports and payroll tax deposits to the EDD ▪ Beginning 1/1/2019, this is required to be submitted online
District of Columbia	▪ Quarterly wage reports and tax payments are submitted via online portal (same portal used for unemployment insurance)
Massachusetts	▪ Employers must report wages paid, payment for contract services rendered and workforce information via the MassTaxConnect online portal
New Jersey	▪ Employee quarterly earnings ▪ Employer's quarterly report to include monthly payroll counts (number of full-time, part-time employees) and quarterly contributions report ▪ Reporting can be done online or by secure file transfer protocol (SFTP)
New York	▪ Employers are responsible for reporting employee contributions on Form W2
Rhode Island	▪ Employers are responsible for deducting TDI tax and submitting contributions to the Employer Tax Unit quarterly

State	Data Collection Capabilities as of October 2019
	▪ Employers must provide employee wage and employment reports when requested by TDI following the receipt of an employee's claim
Washington	▪ Employers will create accounts or log into the SecureAccess Washington (SAW) website to submit reports ▪ Reports must include business identification information, total premiums collected from employees, employee identifying information and quarterly wages and time worked

I. Compliance Monitoring

While states approach compliance differently, there is a broad theme of reviewing claims against other sources and enforcing penalties when fraud is detected. As the District of Columbia, Massachusetts, and Washington are still in the "rulemaking" phase, processes may not yet be final.

Exhibit 15

State	Compliance Monitoring as of October 2019
California	▪ SDI monitors claim payments, actively investigates suspicious activity, and seeks repayment and conviction through prosecution ▪ EDD issues guidance to employers and physicians on fraud prevention methods and may seek confirmation of information from these sources ▪ Fraud is punishable by prison time and/or a fine up to $20,000
District of Columbia	*Note: Process is under development at the time of writing*
Massachusetts	▪ Employer penalties for failing to provide required notifications to employees will be $50 per employee on the first violation and $300 per employee for subsequent violations *Note: Process is under development at the time of writing*
New Jersey	▪ State verifies claims and reviewed diagnosis (ICD) codes and the care recipient's estimated date of recovery to determine if the claim is consistent with the normal anticipated duration ▪ Employers are asked to notify the New Jersey Division of Temporary Disability and Family Leave Insurance immediately upon discovery of incorrectly reported information
New York	▪ The state requires the employer to confirm data submitted with claims by employees such as hours worked and wages earned ▪ Issues with compliance and fraud are handled by the insurance carrier

State	Compliance Monitoring as of October 2019
Rhode Island	▪ Registered nurses review claims when they exceed medical duration guidelines (MDG) and is referred to the Claims Management Unit ▪ TDI can require individuals to be examined by an impartial qualified healthcare provider to determine eligibility and continued disability ▪ TDI has an internal program to determine if someone has received TDI benefits during a period when they were working and is in constant contact with the Workers' Compensation Court, insurance carriers, and the Unemployment Insurance Division to determine if someone has received TDI benefit to which they are not entitled
Washington	▪ Data will be cross checked against state databases *Note: Process is under development at the time of writing*

III. Projected Impacts of Adopting Similar Models in Hawaii

A. Employee Leave in Hawaii

1. Population & Labor Force Demographics

With a population of approximately 1.42 million people, Hawaii has both similarities and differences to the other states of focus that are considered in our projections and modeling.[54] Similar to California and Washington, Hawaii features an equal mix of males and females in both the population and workforce.[55,56] Hawaii has the second highest birth rate,[57] and the lowest mortality rate among the states examined for purposes of this study.[58] The average household size is larger than the other states,[59] and a smaller proportion of workers are age 64 and over.[60] The average wage in Hawaii is lower than most states,[61] likely driven by the large portion of employment by firms with less than 100 employees. Additionally, Hawaii unemployment rates are similar to most states.[62]

Exhibit 16

Demographic Comparison for States of Focus				
State	**Female / Male Gender Mix**	**Birth Rate per 1,000 Population**	**Age-Adjusted Death Rate per 100,000 Population**	**Average Household Size**
California	50.3 / 49.7	11.93	614.8	2.96
District of Columbia	52.6 / 47.4	13.78	753.0	2.28
Massachusetts	51.5 / 48.5	10.31	672.2	2.53
New Jersey	51.1 / 48.9	11.24	666.7	2.74
New York	51.4 / 48.6	11.57	640.4	2.63
Rhode Island	51.4 / 48.6	10.04	704.3	2.46
Washington	50.0 / 50.0	11.82	677.4	2.55
Hawaii	49.9 / 50.1	12.27	582.8	3.02

Exhibit 17

Demographic Comparison for States of Focus				
State	**Workers Age 64 and Over**	**Average Weekly Wage**	**Population Percent from Firms with <100 Employees**	**2018 Unemployment Rate**
California	5.8%	$1,405	58.6%	4.2%
District of Columbia	5.5%	$1,849	48.1%	5.6%
Massachusetts	7.1%	$964	62.8%	2.6%
New Jersey	6.5%	$1,606	54.4%	3.4%
New York	6.8%	$1,415	56.8%	4.2%
Rhode Island	6.9%	$1,696	52.8%	4.1%
Washington	6.1%	$1,082	61.6%	4.1%
Hawaii	4.9%	$1,390	57.2%	4.4%

2. Existing Leave Programs

In addition to federal FMLA that all states are subject to, Hawaii has a state TDI program, as well as a state family leave law, a prepaid healthcare law and a caregiver program in place. Although we did not contact nor evaluate these programs, they are described below as there are times when more than one program might apply to an employee leave event.

i. Hawaii Temporary Disability Insurance

Hawaii TDI provides employees with up to 26 weeks of leave when they are unable to work due to a non-occupational injury or sickness. To be eligible for leave, the employee must have at least 14 weeks of Hawaii employment, during which they were paid for 20 hours or more per week. This work requirement does not need to be met consecutively and does not need to be with only one employer. Eligible claimants must also have earned at least $400 in the 52 weeks preceding the first day of disability and must be in current employment. Eligible employees receive 58% of their AWW, up to the maximum weekly benefit amount ($632 in 2019). If an employee's AWW is less than $26, the weekly benefit amount is equal to the employee's AWW up to $14,[63] with a minimum of $1.[64] Hawaii TDI only provides a monetary benefit and does not ensure a claimant's job is protected.

As TDI is run under an employer mandate model, Hawaii does not require employer or employee contributions to a state fund. Employers are responsible for providing coverage but may elect to take a deduction up to 0.5% of an employee's weekly wage, up to 0.5% of the maximum weekly wage base or $5.44 per week in 2019. Employers must cover at least 50% of plan costs, plus any additional costs not chargeable to the employee. It is up to employers to choose whether to purchase an insured plan through an authorized carrier or to offer a self-insured plan approved by the Disability Compensation Division of the Hawaii Department of Labor and Industrial Relations (DCD). Claimants must meet a 7-day waiting period before benefits are eligible to begin on the 8th consecutive day of disability. Employees have up to 90 days from the date of disability to file a claim before being at risk to lose part or all of the benefit payments. Employees who disagree with a determination can submit appeals to the DCD or the Department of Labor and Industrial Relations (DLIR) District office within 20 calendar days of the claim notice.[65] Claim and benefit processes may differ by employer or insurance carrier but must at least meet the minimum conditions of the law.

ii. Hawaii Family Leave Law

Under the Hawaii Family Leave Law (HFLL) an employee may be eligible for up to 4 weeks of unpaid family leave each calendar year for the birth or adoption of a child, or to care for a child, spouse, reciprocal beneficiary, or parent with a serious health condition. HFLL is considered an expansion of the FMLA as there are no restrictions for eligibility based on hours worked. Therefore, part time, seasonal or freelance workers may be covered, as long as they work for a company with 100 or more employees and have at least 6 months of consecutive employment. As in other states, for an employee to take leave to care for a child, there is no limitation on the age of the child, but the child must be an employee's biological, adopted, or foster son or daughter of an employee; stepchild; or legal ward. A parent is defined as a biological, foster, adoptive parent; a parent-in-law; a stepparent; a legal guardian; a grandparent; or a grandparent-in-law.[66] An employee may substitute up to ten days per year of their accrued paid leave (i.e., vacation or sick leave) for any part of HFLL, however, when an employer has a self-insured TDI plan using the company's sick leave policy, only the amount in excess of the statutorily required minimum (e.g., fifteen days) can be applied. If an employee qualifies for both HFLL and FMLA, both leave periods will run concurrently.[67]

iii. Hawaii Prepaid Health Care Act

Hawaii's Prepaid Health Care Act (PHCA) is an employer mandate to improve health care coverage. It sets a minimum standard of health care benefits for workers by requiring employers to offer coverage to employees working at least 20 hours per week for four or more consecutive weeks. For eligible employees, it offers protection against the high cost of medical and hospital care that comes into play for nonwork-related illness or injury. Unless an applicable collective bargaining agreement specifies differently, employers contribute at least one-half of the premium for the coverage and employees contribute the balance, through payroll deductions, up to a maximum of 1.5 percent of the employee's wages.[68]

iv. Hawaii Kupuna Caregivers Act

Hawaii also has a caregiver program in place through the Kupuna Caregivers Act (Act 102, Session Laws of Hawaii 2017). The goal of the program is to help caregivers stay in the workforce while still assisting loved ones. It strives to provide a stipend of up to $70 per day, pending availability of appropriated funds, for people who work at least 30 hours per week while also caring for an elderly family member that is 60 years of age or older. It can be used for a variety of aspects to help the caregiver meet responsibilities without having to sacrifice work, such as adult day care costs, home health care workers, home aids, meal deliveries, transportation or cleaning services.[69]

3. Claimant Characteristics

When considering potential claimant characteristics for Hawaii, it is important to reflect upon the PFL data available for the four states that have currently operational programs in place.

i. California PFL Data

Since the inception of California's PFL program in 2004, there has been an increasing trend of bonding and family care claims for both males and females, but a shift in more leaves being taken by men. For example, and as shown in Exhibit 18, the female/male ratio for paid claims has decreased significantly from 4.14 to 1.66, suggesting that the proportion of men taking leave has increased significantly since the program started.

Exhibit 18

Actual California PFL Claims by Gender [70,71]								
Claim Year	**Filed Claims**			**Paid Claims**			**Approved Claims Percentage**	
	Female	**Male**	**Ratio**	**Female**	**Male**	**Ratio**	**Female**	**Male**
2005	125,480	30,609	4.10	119,948	28,994	4.14	96%	95%
2006	131,775	34,243	3.85	125,363	32,239	3.89	95%	94%
2007	142,748	40,417	3.53	135,892	38,081	3.57	95%	94%
2008	153,020	46,871	3.26	145,899	44,345	3.29	95%	95%
2009	142,732	44,995	3.17	136,090	42,596	3.19	95%	95%
2010	146,856	53,789	2.73	139,905	51,055	2.74	95%	95%
2011	148,024	57,516	2.57	141,063	54,638	2.58	95%	95%
2012	150,807	62,966	2.40	144,933	60,423	2.40	96%	96%
2013	151,211	65,748	2.30	141,860	61,620	2.30	94%	94%
2014	163,045	75,234	2.17	153,968	71,030	2.17	94%	94%
2015	161,638	75,895	2.13	153,022	71,851	2.13	95%	95%
2016	170,111	86,378	1.97	160,156	81,370	1.97	94%	94%
2017	168,539	90,880	1.85	158,799	85,767	1.85	94%	94%
2018	177,368	106,446	1.67	168,338	101,298	1.66	95%	95%

Reviewing the same period broken out by bonding and family care claims in Exhibit 19, the data indicates a growing utilization of bonding by fathers. While the number of female bonding claims increased by 34% since inception, the number of male bonding claims almost quadrupled (376%) since the inception of the program. The female/male ratio for bonding claims witnesses a trend towards equality in most recent years.

A similar trend can also be found in family care claims. Both female and male family care claims have more than doubled from 2005 to 2018. The female/male ratio, however, decreases at a lower rate.

Exhibit 19

Actual California PFL Paid Claims by Claim Type and Gender [72,73]						
Claim Year	Bonding Claims			Family Care Claims		
	Female	Male	Ratio	Female	Male	Ratio
2005	108,453	23,991	4.52	11,495	5,003	2.30
2006	114,039	27,250	4.18	11,324	4,989	2.27
2007	123,855	32,772	3.78	12,037	5,309	2.27
2008	133,245	38,582	3.45	12,654	5,763	2.20
2009	125,011	37,569	3.33	11,079	5,027	2.20
2010	126,514	45,097	2.81	13,391	5,957	2.25
2011	126,922	48,165	2.64	14,141	6,473	2.18
2012	129,189	53,058	2.43	15,743	7,365	2.14
2013	127,022	54,690	2.32	14,839	6,930	2.14
2014	137,405	63,260	2.17	16,563	7,770	2.13
2015	136,364	64,045	2.13	16,658	7,806	2.13
2016	141,243	72,220	1.96	18,912	9,150	2.07
2017	140,149	77,040	1.82	18,650	8,728	2.14
2018	145,137	90,186	1.61	23,201	11,112	2.09

ii. New Jersey FLI Data

New Jersey differs from California, New York and Rhode Island in that the proportion of males taking leaves is much less although it has also increased over time. The driver of this difference is not explained in the underlying data shown in Exhibit 20.

Exhibit 20

Actual New Jersey FLI Claims by Gender [74]								
Claim Year	Total Claims (Eligible and Ineligible)			Eligible Claims			Eligible Claim Percentage	
	Female	Male	Ratio	Female	Male	Ratio	Female	Male
2014	29,188	5,508	5.30	25,396	4,454	5.70	87%	81%
2015	29,424	5,511	5.34	25,092	4,345	5.77	85%	79%
2016	29,488	5,822	5.06	24,972	4,570	5.46	85%	78%
2017	31,343	6,829	4.59	26,067	5,003	5.21	83%	73%

Exhibit 21

Actual New Jersey FLI Eligible Claims by Claims Type and Gender [75]						
Claim Year	**Bonding Claims**			**Family Care Claims**		
	Female	**Male**	**Ratio**	**Female**	**Male**	**Ratio**
2014	21,806	3,227	6.76	3,590	1,227	2.93
2015	21,841	3,259	6.70	3,251	1,086	2.99
2016	21,647	3,540	6.11	3,325	1,030	3.23
2017	22,681	3,889	5.83	3,386	1,114	3.04

New Jersey's data, however, is helpful in examining claimant characteristics by different age groups. According to Exhibit 22, nearly 2/3 of bonding claims are for people age 25 to 34 years while nearly 1/3 is for people age 35 to 44. For family care claims, nearly 2/3 are for people age 45 and over, and less than 1/4 is for people 35 to 44. Age composition is quite stable over the span of four years.

Exhibit 22

Actual New Jersey FLI Eligible Claims by Claims Type and Age Group [76]								
Age Group	**Bonding Claims**				**Family Care Claims**			
	2014	**2015**	**2016**	**2017**	**2014**	**2015**	**2016**	**2017**
Under 25	5%	5%	4%	4%	1%	1%	1%	1%
25-34	64%	64%	64%	63%	13%	12%	12%	12%
35-44	30%	31%	31%	32%	24%	23%	23%	22%
45-54	1%	1%	1%	1%	30%	31%	30%	29%
55-64	0%	0%	0%	0%	25%	26%	27%	28%
Over 65	0%	0%	0%	0%	7%	7%	7%	8%

iii. New York PFL Data

New York data is only available for one year as the program was launched in 2018. As shown in Exhibit 23, although both bonding and family care claims are higher for women than men, these rates are similar to recent data from California and Rhode Island. Additionally, in New York's first year of 2018, the highest number of bonding claims are filed by people age 34 while the highest number of family care claims are filed by people age 56.[77]

Exhibit 23

Actual New York PFL Approved Claims by Claims Type and Gender [78]						
Claim Year	**Bonding Claims**			**Family Care Claims**		
	Female	**Male**	**Ratio**	**Female**	**Male**	**Ratio**
2018	59,000	26,600	2.22	27,400	10,900	2.51

Exhibit 24 shows PFL claims by wage band in New York. 18% of claims are made by people with annual wages over $100,000 while accounting for only 10% of the eligible labor force.[79]

Exhibit 24

Actual New York PFL Claims by Wage Band [80]		
Wage Band	**Number of Claims**	**Percentage of Total Claims**
<20K	6,800	5%
20-40K	32,900	26%
40-60K	32,000	25%
60-80K	22,500	18%
80-100K	12,400	10%
100-120K	7,500	6%
120-140K	4,900	4%
140-160K	3,500	3%
160-180K	2,000	2%
180-200K	1,500	1%
>200K	2,000	2%
Total	**128,000**	**100%**

iv. Rhode Island TCI Data

In Rhode Island, as in California and New York, an increasing number of males are filing TCI claims. Also notable, as illustrated in Exhibit 25, is the decreasing overall approval rate for claims filed since the establishment of Rhode Island's TCI program. In 2018, less than half of the claims filed by males were approved while 60% of those filed by females were approved.

This could be driven by the fact that the term for non-approved claims changed since 2017 to "pending claims" from "denied claims" to be more accurate as most non-approved claims are pending due to lack of documentation. On a TCI bonding claim, for instance, the claimant must provide proof of the parent-child relationship for the claim to be approved.

Exhibit 25

Actual Rhode Island TCI Claims by Gender[81]								
Claim Year	**Filed Claims**			**Approved Claims**			**Approved Claims Percentage**	
	Female	**Male**	**Ratio**	**Female**	**Male**	**Ratio**	**Female**	**Male**
2014	3,408	1,701	2.00	2,685	1,185	2.27	79%	70%
2015	4,693	3,016	1.56	3,278	1,663	1.97	70%	55%
2016	5,777	4,160	1.39	3,789	2,093	1.81	66%	50%
2017	6,399	4,754	1.35	3,910	2,314	1.69	61%	49%
2018	6,893	5,386	1.28	4,149	2,607	1.59	60%	48%

Like California PFL data, and as shown in Exhibit 26, the ratio of female/male bonding claims decreases over time while the female/male family care ratio is more stable since 2015. For bonding, 1.5 women take leaves for every man while for family care, 2.2 women take leaves for every man.

Exhibit 26

Actual Rhode Island TCI Paid Claims by Claims Type and Gender [82]						
Claim Year	**Bonding Claims**			**Family Care Claims**		
	Female	**Male**	**Ratio**	**Female**	**Male**	**Ratio**
2014	1,946	901	2.16	739	284	2.60
2015	2,500	1,303	1.92	778	360	2.16
2016	2,965	1,719	1.72	824	374	2.20
2017	3,035	1,933	1.57	875	381	2.30
2018	3,206	2,184	1.47	943	423	2.23

B. Impact Model Overview

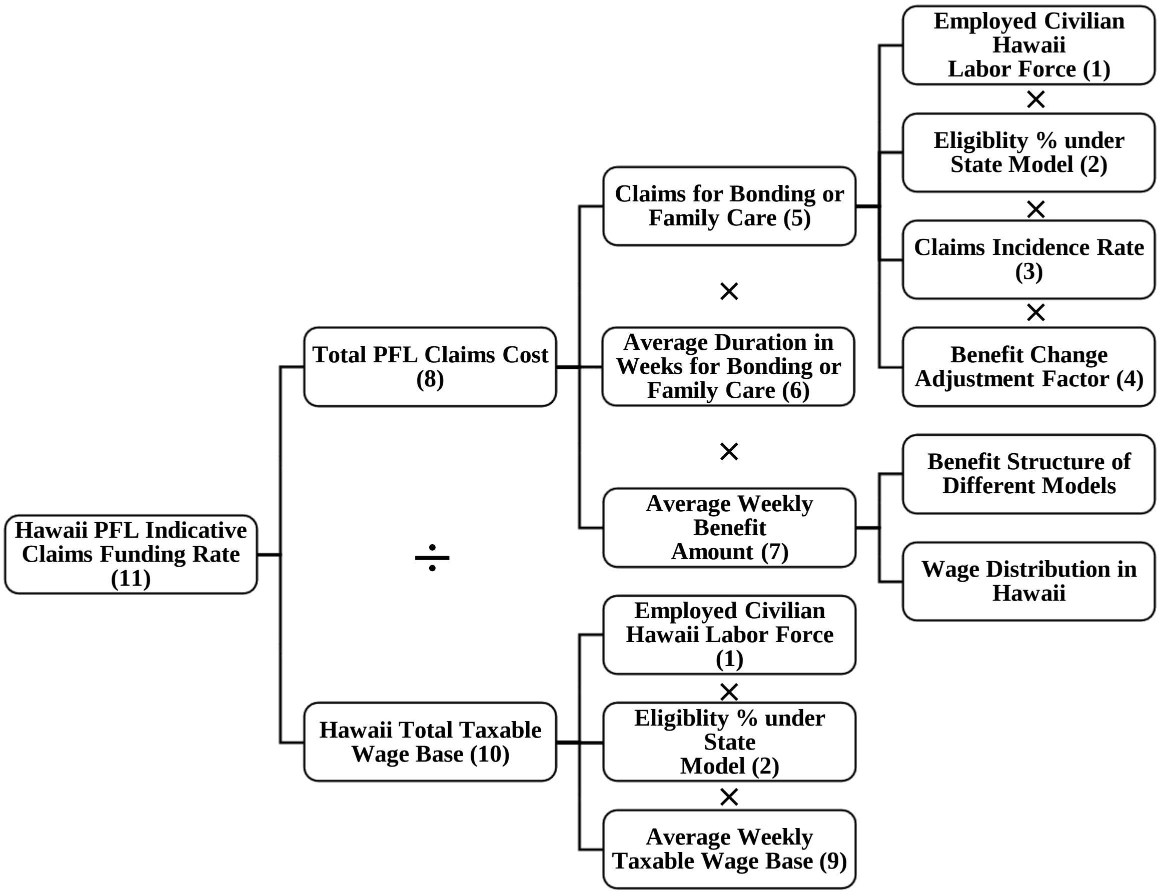
1. Model Structure

The actuarial model developed for this report is based on key assumptions, technical components and a range of variables. It projects the cost for implementing a PFL program in Hawaii from 2020 to 2024 under different state models (including the Hawaii TDI model) and alternative maximum benefit periods as well as flat and progressive benefit structures.

The basis of the claims cost model and therefore the calculation of total claims cost for the PFL program is equal to the product of claims frequency (or incidence rate), number of weeks of benefit (or duration), and average weekly benefit amount. The indicative claims funding rate is then calculated as this total claim cost divided by the estimated taxable wage base, as illustrated in Exhibit

27. The additional costs for administering the program are discussed in section C.3 beginning on page 61.

Exhibit 27



i. Claims Frequency (Incidence)

Expected incidence rates are modeled separately for bonding and family care utilizing the actual PFL incidence rates reported by California, New Jersey, New York and Rhode Island. Adjustments are made for Hawaii demographic differences, Hawaii wage differences, state benefit variations and eligibility differences where appropriate.

Incidence rates are developed by dividing actual PFL claims by eligible employees in the labor force. Eligible employees in the labor force are determined by multiplying the percentage of the labor force eligible for each state model by the total Hawaii labor force.

ii. Number of Weeks of Benefit Received (Duration)

Duration is projected separately for bonding and family care claim types. This is calculated based on actual state PFL data. The durations are extrapolated under high maximum week alternatives based on a combination of available data, industry norms and benchmarks.

iii. Average Weekly Benefit Amount

Average Weekly Benefit Amount (AWBA) is the final aspect used to determine total claim cost under each model. This is calculated by applying Hawaii wage distribution data to state benefit rules.

iv. Average Taxable Wage Base

Estimated annual taxable wage base for funding the state models is calculated using Hawaii wage distribution data based on estimated eligible workers under the state models and the maximum wage subject to funding the program costs.

2. Sample Calculation of Hawaii PFL Total Claims Cost

Exhibit 28 demonstrates our methodology by providing a sample calculation of the projected 2021 results for Hawaii under the California modeled structure. We illustrate 2021 as that is the earliest year Hawaii could potentially implement a program (even though 2022 or 2023 is more likely).

Exhibit 28

Projected Hawaii PFL Claims Cost for 2021 Under California Model			
Components	**Bond-ing**	**Family Care**	**Total**
Employed Civilian Hawaii Labor Force (1)	672,132	672,132	672,132
Eligibility % under California Model (2)	65.2%	65.2%	65.2%
Claims Incidence Rate (3)	1.50%	0.39%	1.89%
Benefit Change Adjustment Factor (4)	107.1%	119.7%	109.7%
Claims (5) = (1) x (2) x (3) x (4)	**7,052**	**2,049**	**9,101**
Average Duration in Weeks (6)	6.6	4.3	6.1
Average Weekly Benefit Amount (AWBA) (7)	$557	$557	$557
Total PFL Claims Cost in $M: (8) = (5) x (6) x (7) / $1M	**$25.9**	**$4.9**	**$30.9**
Average Weekly Taxable Wage Base (9)			**$940**
Total Taxable Wage Base in $M: (10) = (1) x (2) x (9) x 52 / $1M			**$21,413**
Hawaii PFL Indicative Claims Funding Rate (11) = (8) / (10)			**0.144%**

Further description of the above components is reflected in Exhibit 29.

Exhibit 29

Claims Funding Calculation Component Descriptions
▪ Employed Civilian Hawaii Labor Force: Projected 2021 employed civilian labor force in Hawaii based on data from the Bureau of Labor Statistics (BLS) ▪ Eligibility: Percentage of eligible Hawaii labor force under the state specific models (California in the above example). This considers state program eligibility requirements and actual labor force participation (as available) ▪ Claims Incidence Rate: Eligible claims for bonding and family care for the eligible Hawaii labor force. This rate also considers a baseline benefit level of 60% wage replacement, a 7-day waiting period and no job protection ("baseline benefits") ▪ Benefit Adjustment Factor: An adjustment is made for expected change in incidence due to the richness of program benefit levels relative to the baseline benefits ▪ Claims: Estimates the approved paid claims for bonding and family care in Hawaii under the selected state model ▪ Average Duration in Weeks: Estimates average duration in weeks for bonding and family care in Hawaii, accounting for the maximum benefit duration of the state program ▪ Average Weekly Benefit Amount: Estimates the average weekly benefit payout amount for Hawaii by using Hawaii's wage distribution based on the estimated eligible workers under the state model ▪ Total PFL Program Claims Cost: Total program claim costs associated with the state model ▪ Average Weekly Taxable Wage Base: Estimates the average wage base for the state model using Hawaii's wage distribution based on estimated eligible workers under the state model and the maximum wage subject to funding the program costs ▪ Total Annual Taxable Wage Base: Total taxable wage base for Hawaii under the state model ▪ Hawaii PFL Indicative Claims Funding Rate: Claims for the Hawaii PFL program as a percentage of the total annual taxable wage base

3. Simulation Model: Assumptions, Variability in Key Impact Model Parameters & Results

The model simulated a reasonable range of claims cost rate outcomes. This was done by first modeling expected variations in both incidence rates and duration of weekly benefits paid (in weeks). Actual PFL data for California, Rhode Island, New Jersey and New York was utilized in combination with actuarial judgment to estimate variations in these two components for determining claims cost. The development of these ranges is detailed in Appendix A beginning on page 89. By simulating this estimated variability, a range of estimated claim cost rates (low, central, high) was established based on 10,000 independent trials of simulation results. These ranges are illustrated for each state model in section B.5 found on page 50. It is expected that the low- and high-end points will occur much less frequently than the central estimate, although estimating actual incidence rates is inherently uncertain and it is possible for actual PFL claim rates in Hawaii to occur outside of the modeled ranges for any given state model implemented. Appendix C, beginning on page 133, provides a comprehensive technical overview of the simulation model.

4. Hawaii PFL Modeled Results & Discussion

The following tables (Exhibits 30 to 36) summarize the mean expected model results for 2021. These results reflect expected Hawaii PFL performance under each of the eight different state models. The full results over the 2020 through 2024 projection period can be found in Appendix B.

Exhibit 30

2021 Projected Eligible Hawaii Labor Force and Paid Claims by State Model			
State Model	**Eligible Labor Force**	**Bonding Claims**	**Family Care Claims**
California	438,043	7,052	2,049
District of Columbia	485,350	8,315	2,204
Massachusetts	408,740	6,825	1,809
New Jersey	544,116	9,706	2,875
New York	431,262	6,808	1,978
Rhode Island	381,901	5,854	1,628
Washington	497,486	9,020	2,299
Hawaii TDI	485,729	7,227	1,879

i. 2021 Projected Number of Eligible Claimants (Labor Force)

California and New Jersey claim projections reflect actual PFL program participation based on historical claim level data, since this data was available. All other state projections reflect estimated participation based on state program eligibility requirements. Massachusetts, New York, and Rhode Island eligible claimant levels are lower because self-employed and public workers are not eligible. New Jersey does not exclude public employees therefore claims projections are higher; Washington only excludes federal employees.

ii. 2021 Projected Number of Eligible Claims

In addition to eligibility differences, the projected number of eligible claims also reflect benefit level differences for each state model. New Jersey and Washington have the richest benefit in terms of maximum weekly benefit and wage replacement ratio and therefore we are projecting claims to be higher relative to other states. Rhode Island and Hawaii TDI have the least generous benefit formula terms which lead to lower claims in comparison to the other states. New Jersey family care claims are higher than the other states due to the removal of the waiting period and the more generous replacement ratio.

iii. 2021 Denied Claims Activity

Denial claim rates vary widely across the states that make denial data available (i.e., California, New Jersey and Rhode Island). For both California and New Jersey, denial rates for family care are significantly higher than for bonding. Recent bonding denial rates are a low of 4.2% (as a percent of total filed claims) for California, 13.5% for New Jersey and a high of 44.8% for Rhode Island. Recent family care denial rates are approximately 13.0% for California, 28.0% for New Jersey and a high of 43.7% for Rhode Island.

In Rhode Island, reasons for denial of benefits include no certification, insufficient earnings in the base period, and receipt of unemployment or workers' compensation (WC) benefits.[83] Interviews we held with various other state agencies indicated the top reasons to be late notice by the employee, not meeting the eligibility requirements and failure to complete the application.

Our denial projections assume all other states having a 12% denial rate for bonding and a 25% denial rate for family care based on the weighted average experience of these three states. The high denied rate in Rhode Island, illustrated in Exhibit 31, includes pending claims. Most pending claims are due to lack of documentation and can be approved and paid once the documentation is received. Therefore, a lesser weight is given to Rhode Island's denied rate in determining a denied rate for other states.

Exhibit 31

Projected Filed, Denied, and Paid Bonding Claims by State Model in 2021*				
State Model	**Filed**	**Denied Rate**	**Denied**	**Paid**
California	7,363	4.2%	311	7,052
District of Columbia	9,449	12.0%	1,134	8,315
Massachusetts	7,755	12.0%	931	6,824
New Jersey	11,225	13.5%	1,519	9,706
New York	7,736	12.0%	928	6,808
Rhode Island	10,608	44.8%	4,755	5,853
Washington	10,250	12.0%	1,230	9,020
Hawaii TDI	8,212	12.0%	985	7,227
* Numbers may not add up due to rounding				

Exhibit 32

Projected Filed, Denied, and Paid Family Care Claims by State Model in 2021*				
State Model	**Filed**	**Denied Rate**	**Denied**	**Paid**
California	2,355	13.0%	306	2,049
District of Columbia	2,939	25.0%	735	2,204
Massachusetts	2,412	25.0%	603	1,809
New Jersey	3,992	28.0%	1,117	2,875
New York	2,638	25.0%	660	1,979
Rhode Island	2,889	43.7%	1,261	1,628
Washington	3,065	25.0%	766	2,299
Hawaii TDI	2,505	25.0%	626	1,879
* Numbers may not add up due to rounding				

Exhibit 33

Projected Filed, Denied, and Paid Total Bonding and Family Care Claims by State Model in 2021*				
State Model	**Filed**	**Denied Rate**	**Denied**	**Paid**
California	9,718	6.3%	617	9,101
District of Columbia	12,388	15.1%	1,869	10,519
Massachusetts	10,167	15.1%	1,534	8,633
New Jersey	15,217	17.3%	2,636	12,581
New York	10,374	15.3%	1,588	8,786
Rhode Island	13,497	44.6%	6,016	7,481
Washington	13,315	15.0%	1,996	11,319
Hawaii TDI	10,717	15.0%	1,612	9,105
* Numbers may not add up due to rounding				

iv. 2021 Projection of Average Number of Benefit Weeks & Total Number of Benefit Weeks (Duration)

The projected total number of benefit weeks are calculated as the product of average claim duration and eligible claims from Exhibit 30. Rhode Island has the lowest average number of benefit weeks for both bonding and family care due to the 4-week maximum in place. California has an 8-week maximum for bonding and family care while the District of Columbia has an 8-week maximum for bonding and a 6-week maximum for family care. All remaining states have a 12-week maximum for both bonding and family care. Hawaii TDI results assume a 6-week maximum.

Exhibit 34

Projected Average and Total Number of Benefit Weeks for Bonding and Family Care by State Model in 2021				
State Model	**Average Number of Weeks for Bonding**	**Average Number of Weeks for Family Care**	**Total Number of Weeks for Bonding**	**Total Number of Weeks for Family Care**
California	6.6	4.3	46,542	8,811
District of Columbia	6.6	4.0	54,881	8,817
Massachusetts	8.2	4.5	55,976	8,141
New Jersey	8.2	4.5	79,609	12,935
New York	8.2	4.5	55,838	8,902
Rhode Island	3.8	3.2	22,244	5,209
Washington	8.2	4.5	73,979	10,346
Hawaii TDI	5.4	4.0	39,025	7,516

v. 2021 Projection of Maximum, Weekly Benefit Amount, Average Weekly Benefit Amount & Total Benefit per Claimant

Washington has the highest wage replacement which results in the highest average weekly benefit. New Jersey and the District of Columbia also have high wage replacement ratios resulting in high average weekly benefits. Rhode Island and California fall in the middle of the average weekly benefit projections with moderate wage replacement ratios. Massachusetts follows next due to a lower maximum on the benefit formula. Hawaii TDI and New York's average weekly benefit formula results in the lowest average weekly benefit due to lower replacement ratios and maximums.

As a result, California's maximum weekly benefit amount is the highest at 100% of SAWW, followed by Washington at 90% of SAWW. Rhode Island is somewhere in the middle at 85% of SAWW, while Massachusetts is the lowest at 64% of SAWW.

The average total benefit per claimant is calculated as the average duration from Exhibit 34 multiplied by the average weekly benefit amount. Rhode Island's 4-week maximum benefit leads this to be the lowest average total benefit per claimant. Washington's average is the highest as a result of having a 12-week maximum and providing the second highest average weekly benefit compared to other state models. The next highest is New Jersey, also with a 12-week maximum and the second most generous wage replacement formula.

Exhibit 35

Projected Maximum Weekly Benefit Amount, Average Weekly Benefit Amount, and Total Benefit per Claimant by State Model in 2021			
State Model	**Modeled Maximum Weekly Benefit Amount**	**Modeled Average Weekly Benefit Amount**	**Total Benefit per Claimant**
California	$1,158	$557	$3,391
District of Columbia	$1,000	$630	$3,815
Massachusetts	$741	$550	$4,084
New Jersey	$811	$651	$4,788
New York	$776	$523	$3,852
Rhode Island	$984	$599	$2,196
Washington	$1,042	$691	$5,150
Hawaii TDI	$813	$525	$2,685

vi. 2021 Projection of Total Annual PFL Claims Cost in Dollars & as a Percentage of Taxable Wage Base for Hawaii

Total annual PFL claims cost are equal to the product of projected eligible claim count, duration, and average weekly benefit amount. These values are illustrated in Exhibit 36. Rhode Island's total annual program costs in dollars and as a percent of taxable wage base is the lowest and is driven by a combination of having the lowest percentage of eligible workers and the lowest maximum weeks of benefit compared to the other states. Hawaii TDI is the second lowest, mostly due to the 6-week maximum assumption. The highest cost state models are New Jersey and Washington. New York is more towards the low end in terms of total program cost, but at the higher end as a percentage of taxable wage base due to a lower cap on taxable wage base.

Exhibit 36

Projected Annual Hawaii PFL Program Claims Cost, Covered Wages and Total Claims Cost as Percentage of Total Wages by State Model in 2021			
State Model	**Total Annual Hawaii PFL Program Claims Cost ($Millions)**	**Total Annual Hawaii Taxable Wages ($Millions)**	**Total Claims Cost (as Percentage of Total Wages in Hawaii)**
California	$30.9	$21,413	0.144%
District of Columbia	$40.1	$29,021	0.138%
Massachusetts	$35.3	$21,759	0.162%
New Jersey	$60.2	$31,213	0.193%
New York	$33.8	$17,497	0.193%
Rhode Island	$16.4	$19,499	0.084%
Washington	$58.3	$28,023	0.208%
Hawaii TDI	$25.9	$24,198	0.107%

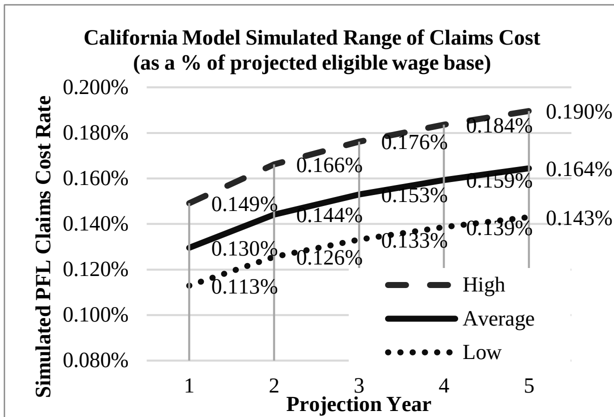
5. Sensitivity Tested Model Components & the Indicated Range of Results

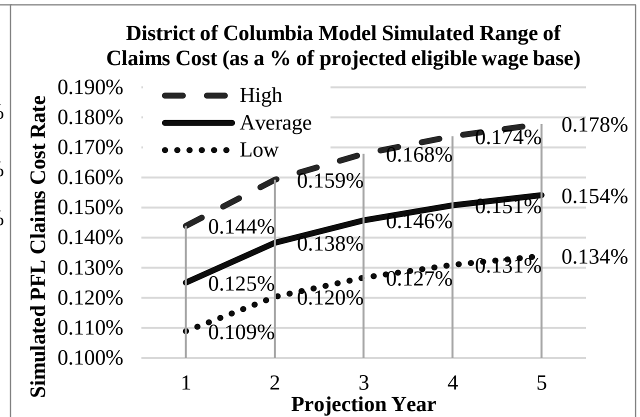
The simulation considers variation in both incidence rates and number of weeks of benefit payout. We estimated a reasonable range of claims cost outcomes around the modeled projections. There is considerable variation between actual PFL state incidence rates even after adjusting for differences in state eligibility, demographic differences, and benefit level differences that impact the incidence rates. Viewing this simulated range of results allowed us to understand the sensitivity of the modeled incidence rates and number of weeks of benefit payout have to the overall claims cost results for Hawaii's prospective PFL program under each of the state models. This range of projected total claims cost (as a percentage of total taxable wage base in Hawaii) in comparison to modeled average estimates is shown for each state model below. The following charts graphically present the range of claims cost percentages by state for the 2020 to 2024 projection period. The low end represents the 5th percentile of simulated claims cost outcomes and the high end represents the 95th percentile of simulated claims cost outcomes.

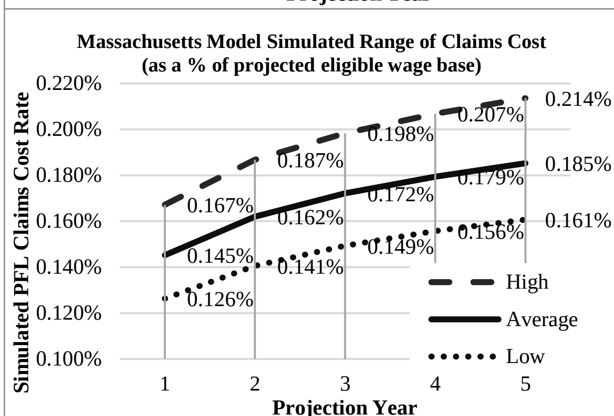
The year-over-year increases in the simulated claims cost rates shown in Exhibit 37 reflect modeled incidence rate trends. The development of these trends is shown in Appendix A.5 and A.6 for bonding and family leave, on pages 103 and 104, respectively. These trends account for the expected participation growth of a newly implemented program in Hawaii over the first five projection years and is expected to flatten out over time. Further, the year-over-year increases from 2020 (Year 1) to 2021 (Year 2) reflect any benefit level changes in each of the states' benefit formulas. These benefit level adjustments impact both modeled incidence rates and average weekly benefit calculation and are also further detailed in the Appendix. The distance between the low and high lines in each graph is proportionally the same for the 5 projection years with minor differences due to rounding and the random nature of the simulation model results.

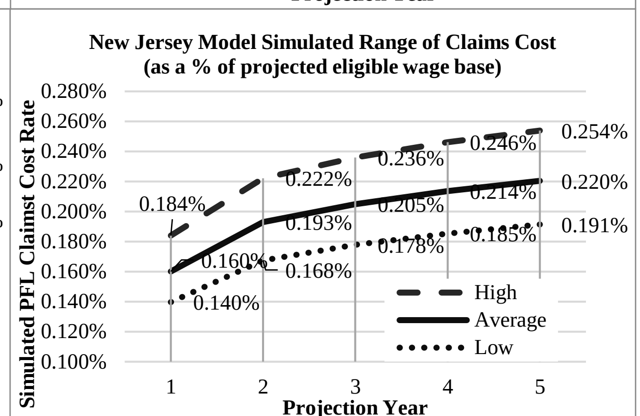
Indicative funding rates should be updated prior to implementation in Hawaii to reflect any drafted legislation and updated state experience.

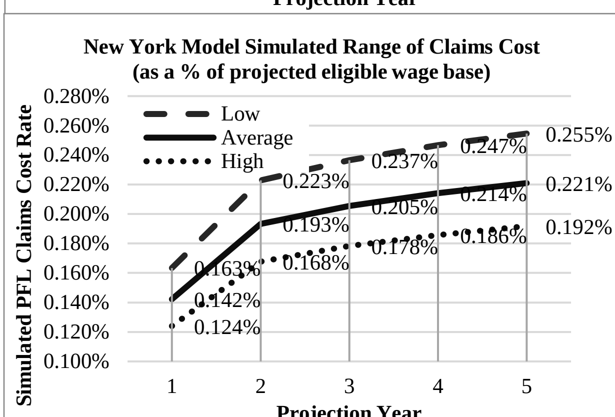
Exhibit 37

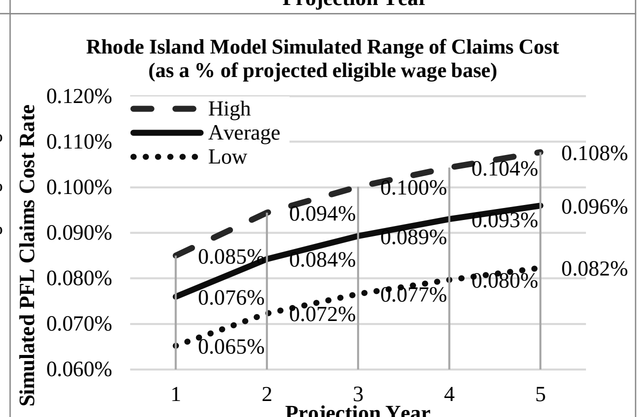

California Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.200%
0.180%
0.160%
0.140%
0.120%
0.100%
0.080%
Projection Year
1 2 3 4 5
High
Average
Low
0.149% 0.166% 0.176% 0.184% 0.190%
0.130% 0.144% 0.153% 0.159% 0.164%
0.113% 0.126% 0.133% 0.139% 0.143%

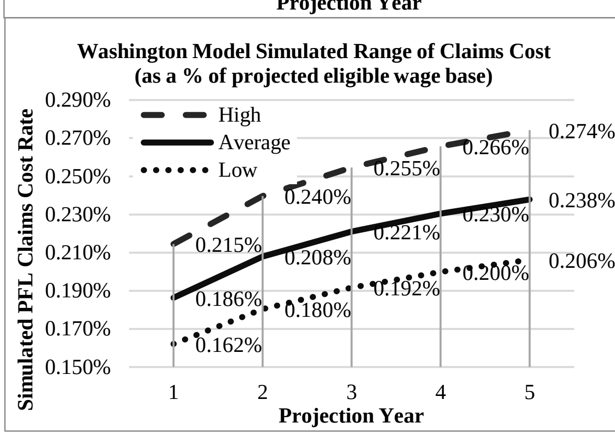

District of Columbia Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.190%
0.180%
0.170%
0.160%
0.150%
0.140%
0.130%
0.120%
0.110%
0.100%
Projection Year
1 2 3 4 5
High
Average
Low
0.144% 0.159% 0.168% 0.174% 0.178%
0.125% 0.138% 0.146% 0.151% 0.154%
0.109% 0.120% 0.127% 0.131% 0.134%

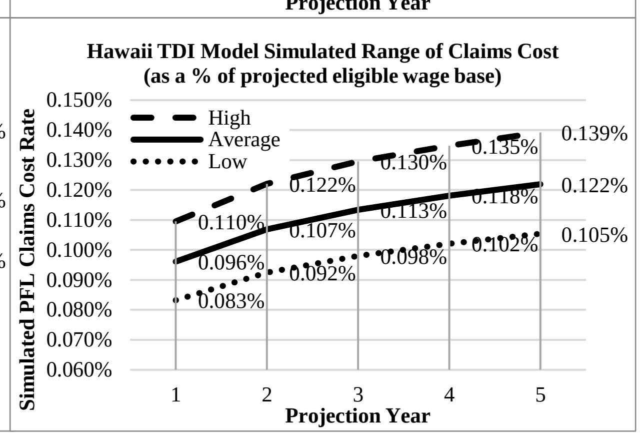

Massachusetts Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.220%
0.200%
0.180%
0.160%
0.140%
0.120%
0.100%
Projection Year
1 2 3 4 5
High
Average
Low
0.167% 0.187% 0.198% 0.207% 0.214%
0.145% 0.162% 0.172% 0.179% 0.185%
0.126% 0.141% 0.149% 0.156% 0.161%


New Jersey Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claimst Cost Rate
0.280%
0.260%
0.240%
0.220%
0.200%
0.180%
0.160%
0.140%
0.120%
0.100%
Projection Year
1 2 3 4 5
High
Average
Low
0.184% 0.222% 0.236% 0.246% 0.254%
0.160% 0.193% 0.205% 0.214% 0.220%
0.140% 0.168% 0.178% 0.185% 0.191%


New York Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.280%
0.260%
0.240%
0.220%
0.200%
0.180%
0.160%
0.140%
0.120%
0.100%
Projection Year
1 2 3 4 5
Low
Average
High
0.163% 0.223% 0.237% 0.247% 0.255%
0.142% 0.193% 0.205% 0.214% 0.221%
0.124% 0.168% 0.178% 0.186% 0.192%


Rhode Island Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.120%
0.110%
0.100%
0.090%
0.080%
0.070%
0.060%
Projection Year
1 2 3 4 5
High
Average
Low
0.085% 0.094% 0.100% 0.104% 0.108%
0.076% 0.084% 0.089% 0.093% 0.096%
0.065% 0.072% 0.077% 0.080% 0.082%


Washington Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.290%
0.270%
0.250%
0.230%
0.210%
0.190%
0.170%
0.150%
Projection Year
1 2 3 4 5
High
Average
Low
0.215% 0.240% 0.255% 0.266% 0.274%
0.186% 0.208% 0.221% 0.230% 0.238%
0.162% 0.180% 0.192% 0.200% 0.206%


Hawaii TDI Model Simulated Range of Claims Cost (as a % of projected eligible wage base)
Simulated PFL Claims Cost Rate
0.150%
0.140%
0.130%
0.120%
0.110%
0.100%
0.090%
0.080%
0.070%
0.060%
Projection Year
1 2 3 4 5
High
Average
Low
0.110% 0.122% 0.130% 0.135% 0.139%
0.096% 0.107% 0.113% 0.118% 0.122%
0.083% 0.092% 0.098% 0.102% 0.105%

C. Alternative Structure Analyses

1. Maximum Week Options

As outlined previously, the projected maximum weekly benefit under the current state programs are as follows:

Exhibit 38

Maximum Duration in Weeks by Leave Type and Projection Year				
State Model	**Bonding Leave**		**Family Leave**	
	2020	**2021-2024**	**2020**	**2021-2024**
California	8	8	8	8
District of Columbia	8	8	6	6
Massachusetts	12	12	12	12
New Jersey	6 *	12	6	12
New York	10	12	10	12
Rhode Island	4	4	4	4
Washington	12	12	12	12
Hawaii TDI	6	6	6	6
*New Jersey maximum duration increases to 12 weeks effective 7/1/2020				

By varying the maximum weekly benefit amounts in the model, certain results outlined previously will change. As such, we assess the impact of the following maximum week of benefit alternative scenarios under each of the state models:

- Four (4) Weeks
- Six (6) Weeks
- Eight (8) Weeks
- Twelve (12) Weeks
- Sixteen (16) Weeks

For the purpose of this alternative maximum leave duration analysis we illustrate the 2021 projections. The relative state model relationships are not expected to vary significantly for the other projection years.

Exhibit 39

Projected Average Duration of Bonding and Family Care Leave (in weeks) in 2021					
Leave Type	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
Bonding Leave	3.8	5.4	6.6	8.2	9.3
Family Care Leave	3.2	4.0	4.3	4.5	4.6

Exhibit 40

Projected Average Combined Bonding and Family Care Number of Weeks Compensated by State Model in 2021					
State Model	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
California	3.7	5.1	6.1	7.4	8.3
District of Columbia	3.7	5.1	6.1	7.4	8.3
Massachusetts	3.7	5.1	6.1	7.4	8.3
New Jersey	3.7	5.1	6.1	7.4	8.2
New York	3.7	5.1	6.1	7.4	8.3
Rhode Island	3.7	5.1	6.1	7.4	8.3
Washington	3.7	5.1	6.1	7.5	8.4
Hawaii TDI	3.7	5.1	6.1	7.4	8.3

Exhibit 41

Projected Total Combined Bonding and Family Care Number of Weeks Compensated by State Model in 2021					
State Model	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
California	33,354	46,277	55,354	67,061	75,134
District of Columbia	38,652	53,720	64,359	78,121	87,616
Massachusetts	31,723	44,090	52,822	64,117	71,909
New Jersey	46,081	63,911	76,420	92,544	103,663
New York	32,200	44,676	53,439	64,740	72,535
Rhode Island	27,453	38,121	45,634	55,337	62,029
Washington	41,632	57,902	69,416	84,325	94,613
Hawaii TDI	33,475	46,541	55,777	67,730	75,977

Exhibit 42 shows the projected total benefit paid per claimant. This takes the projected average weekly benefit from Exhibit 35, on page 49, for 2021 multiplied by the expected duration under each of the alternative maximum weekly durations. The highest total benefits per claimant are under the New Jersey and Washington models, whereas the lowest are under the New York and Hawaii TDI models.

Exhibit 42

Projected Average Total Benefit per Claimant by State Model in 2021					
State Model	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
California	$2,043	$2,835	$3,391	$4,108	$4,602
District of Columbia	$2,315	$3,218	$3,855	$4,679	$5,248
Massachusetts	$2,021	$2,809	$3,365	$4,084	$4,581
New Jersey	$2,384	$3,306	$3,954	$4,788	$5,363
New York	$1,916	$2,658	$3,179	$3,852	$4,316
Rhode Island	$2,196	$3,050	$3,651	$4,427	$4,962
Washington	$2,543	$3,536	$4,239	$5,150	$5,778
Hawaii TDI	$1,931	$2,685	$3,218	$3,907	$4,383

Exhibit 43 shows the total benefit payment costs. This is the projected total benefit per claimant in Exhibit 42 multiplied by the expected total number of eligible claims from Exhibit 30 on page 45. The highest gross benefit payments are under the New Jersey and Washington models, whereas the lowest are under the New York and Rhode Island models. Rhode Island model generates the lowest gross benefit payments due to stricter eligibility requirements.

Exhibit 43

Projected Gross Benefit Payments (in Millions) by State Model in 2021					
State Model	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
California	$18.6	$25.8	$30.9	$37.4	$41.9
District of Columbia	$24.4	$33.8	$40.6	$49.2	$55.2
Massachusetts	$17.4	$24.2	$29.1	$35.3	$39.5
New Jersey	$30.0	$41.6	$49.7	$60.2	$67.5
New York	$16.8	$23.4	$27.9	$33.8	$37.9
Rhode Island	$16.4	$22.8	$27.3	$33.1	$37.1
Washington	$28.8	$40.0	$48.0	$58.3	$65.4
Hawaii TDI	$17.6	$24.4	$29.3	$35.6	$39.9

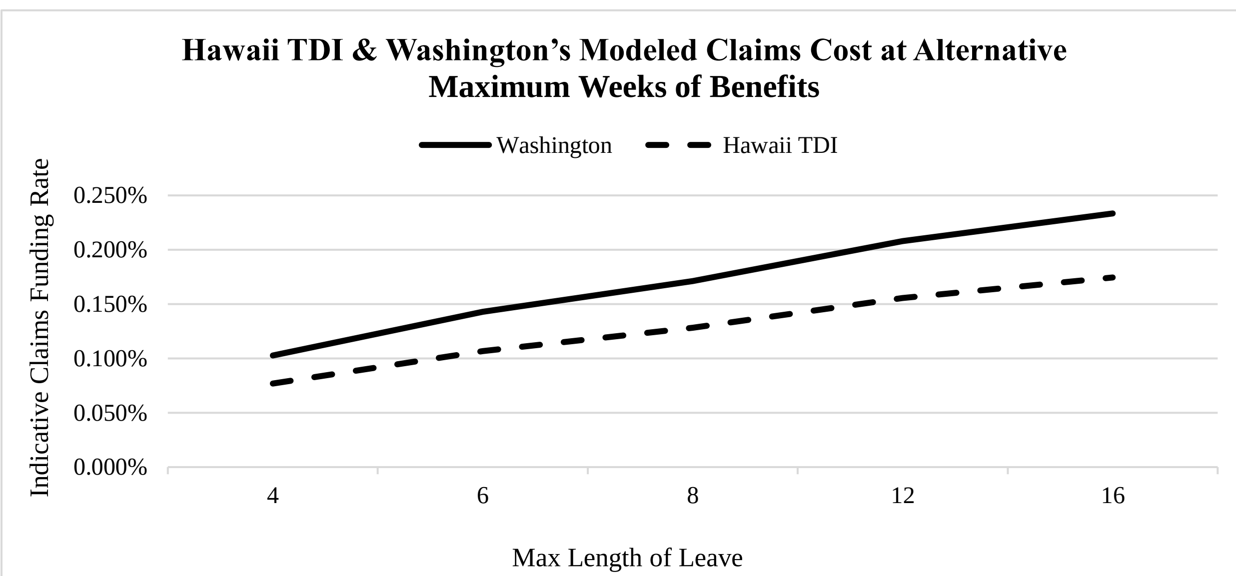
Exhibit 44 shows the total projected claims cost for 2021 as a percent of total taxable wage base. This takes the projected total benefits in Exhibit 43 divided by the taxable wage base in Exhibit 36.

Exhibit 44

Projected Claims Cost Funding Level by State Model in 2021					
State Model	**Maximum Duration**				
	4	**6**	**8**	**12**	**16**
California	0.09%	0.12%	0.14%	0.17%	0.20%
District of Columbia	0.08%	0.12%	0.14%	0.17%	0.19%
Massachusetts	0.08%	0.11%	0.13%	0.16%	0.18%
New Jersey	0.10%	0.13%	0.16%	0.19%	0.22%
New York	0.10%	0.13%	0.16%	0.19%	0.22%
Rhode Island	0.08%	0.12%	0.14%	0.17%	0.19%
Washington	0.10%	0.14%	0.17%	0.21%	0.23%
Hawaii TDI	0.08%	0.11%	0.13%	0.16%	0.17%

The primary driver of differences between state modeled claims cost funding levels is the maximum number of weeks of benefit under each state program. A graphical depiction of the range of state modeled indicative claims funding rates at each alternative maximum weeks of benefit is illustrated in Exhibit 45 of Hawaii TDI's and Washington's modeled indicative claims funding rates. The other state projections of modeled claims cost fall within these lines.

Exhibit 45



The remaining differences in modeled claims cost is mostly explained by modeled AWBA differences.

Washington has the highest modeled AWBA and claims cost. Hawaii TDI has the second lowest AWBA and the lowest claims cost. New York is an outlier since it has the lowest modeled AWBA and the second highest modeled claims cost. This is driven by the low taxable wage base cap in New York in comparison to the other states. The District of Columbia also has an inconsistent relationship, and this is because they do not have a taxable wage base cap.

Exhibit 46

Hawaii Modeled Average Weekly Benefit Amount and Claims Funding Rates by State Model in 2021 with 8-Week Maximum Benefit		
State Model	**Hawaii Modeled AWBA**	**Modeled Indicative Claims Funding Rates with 8-Week Maximum Benefit**
California	$557	0.144%
District of Columbia	$630	0.140%
Massachusetts	$550	0.134%
New Jersey	$651	0.159%
New York	$523	0.160%
Rhode Island	$599	0.140%
Washington	$691	0.171%
Hawaii TDI	$525	0.128%

Washington has the highest wage replacement which results in the highest average weekly benefit. New Jersey and District of Columbia also have high wage replacement ratios resulting in high average weekly benefits. Rhode Island and California fall in the middle of average weekly benefit projections with moderate wage replacement ratios. Massachusetts follows next due to a lower maximum on the benefit formula. Hawaii TDI and New York's average weekly benefit formula results in the lowest due to lower wage replacement ratios and maximums.

2. Benefit Structure Differentials (Flat vs. Progressive)

We illustrate two progressive benefit structures and one flat benefit structure. For California, the first progressive benefit structure (current structure) decreases the wage replacement ratio at a certain wage level and applies it to the total wages, which in effect creates a sharp break point for the benefit amount received instead of a gradual change in benefit. The other alternative progressive benefit structure is step-rated, whereby the first $x dollars of wages applies a higher replacement ratio and then the excess applies the lower replacement ratio. This step-rated feature creates a more gradual benefit amount change.

For the remaining states, we illustrate two progressive benefit structures that are both step-rated, one with 1/3 of SAWW as the break point, and the other with ½ of SAWW as the break point. For each state, these alternative structures are developed to illustrate the same expected average benefit with each alternative structure. Exhibit 47 illustrate this concept with a visualization of wage replacement ratio variations for people in different wage band. Our analysis also assumes the program maximum and minimum would remain unchanged. More detailed calculations for each state model is listed in Appendix D, beginning on page 134.

The results show that step-rated progressive models benefit the lower paid employees compared to flat-rated model, without significant decreasing the benefits on more highly paid employees. The sharp break-point progressive model used by California will create a sharp decrease in replacement ratio for people going over the threshold. Comparing the two step-rated models with different thresholds (1/3 SAWW vs. 1/2 SAWW), placing a lower threshold will benefit the lowest paid employees more (population below 20% wage band in most states) while placing a higher threshold will strike a smoother transition for the population below the 50% wage band.

Exhibit 47

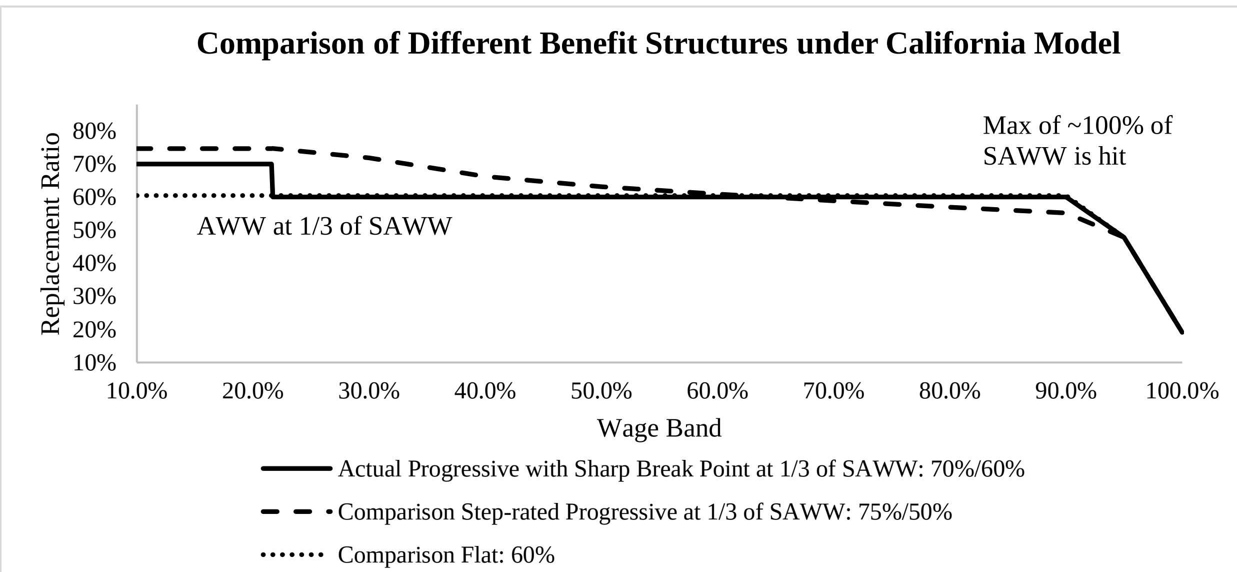


Exhibit 48

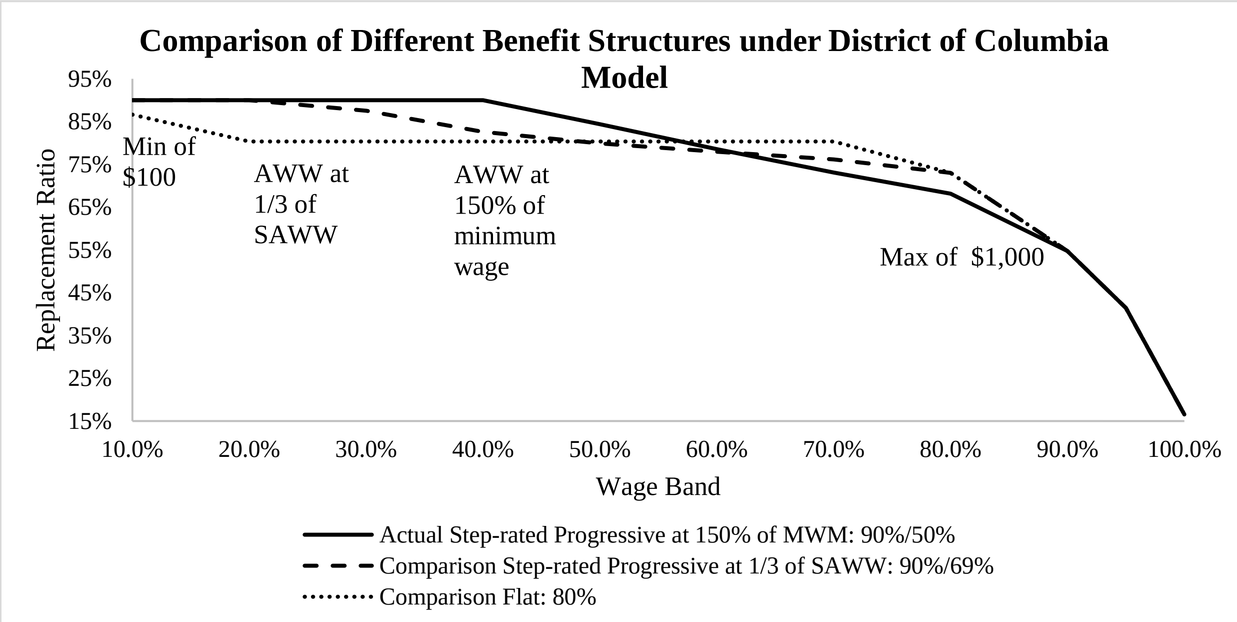


Exhibit 49

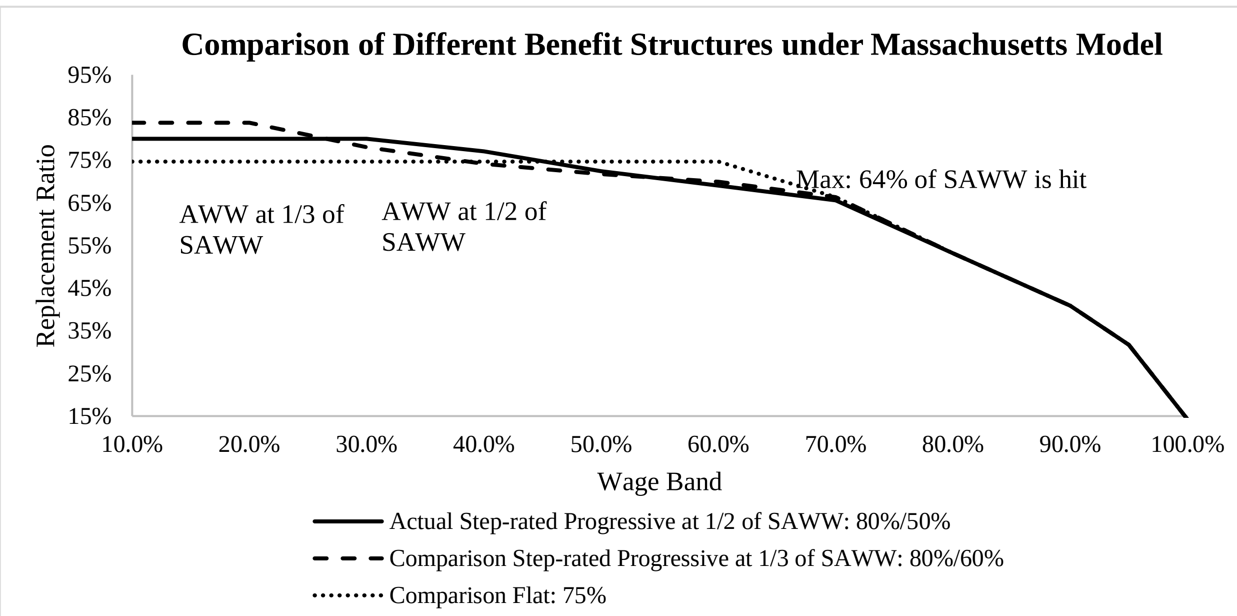


Exhibit 50

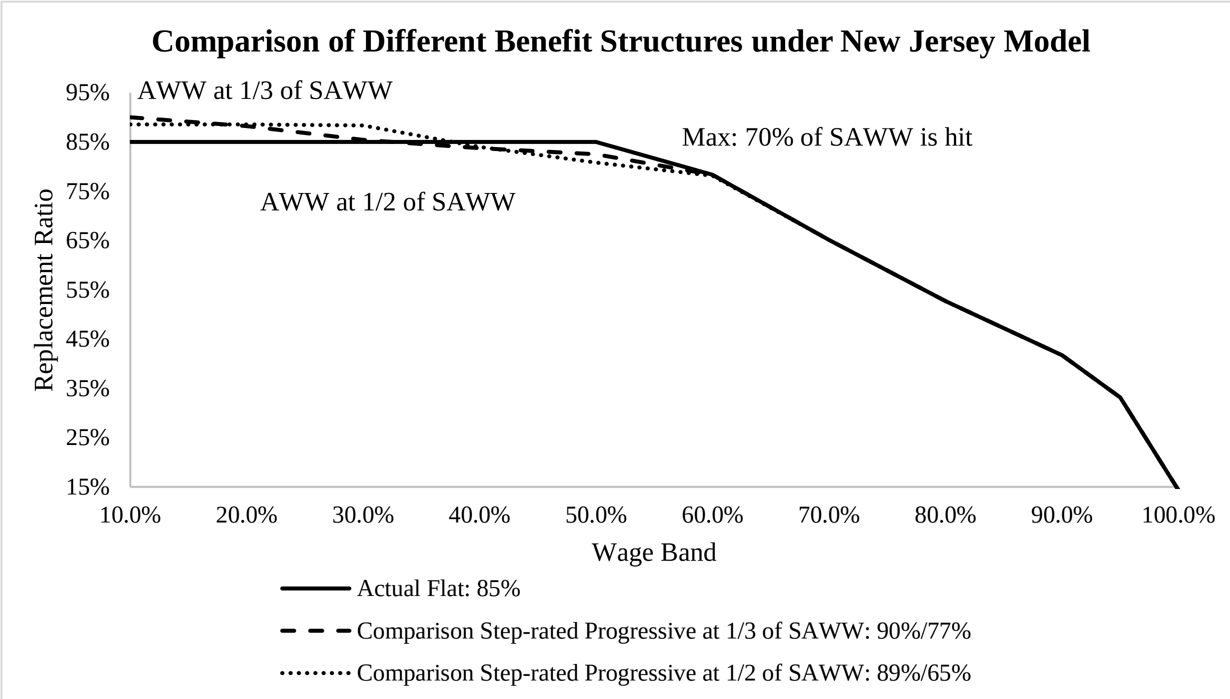


Exhibit 51

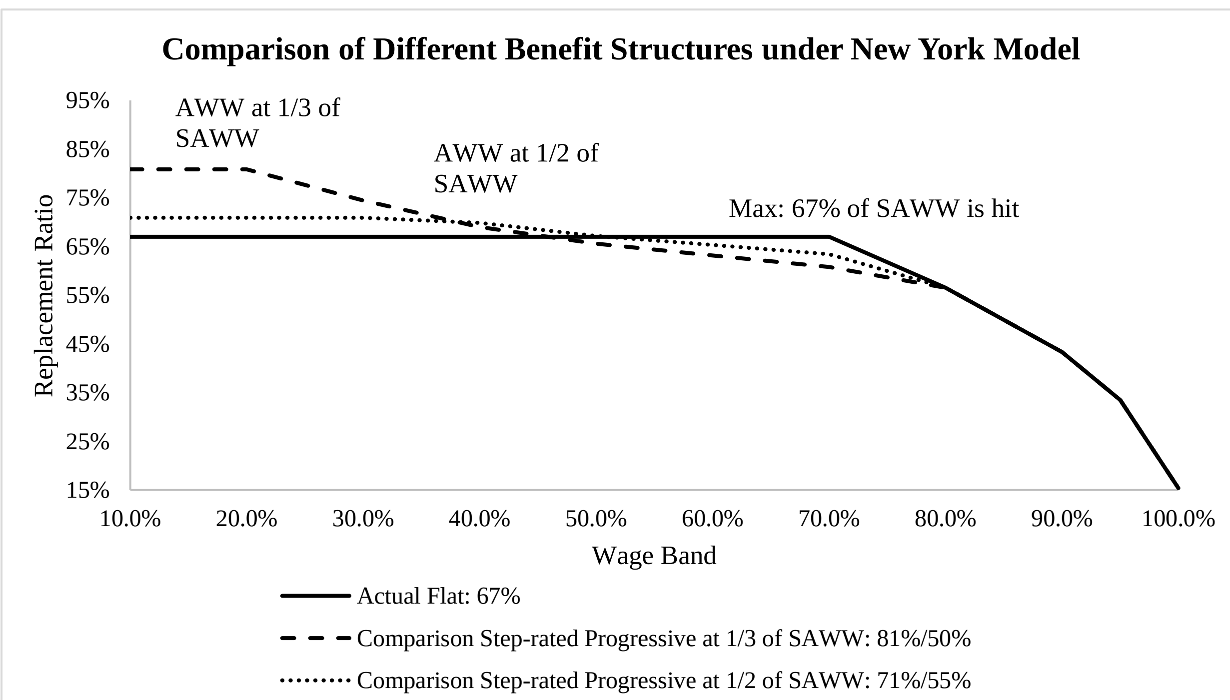


Exhibit 52

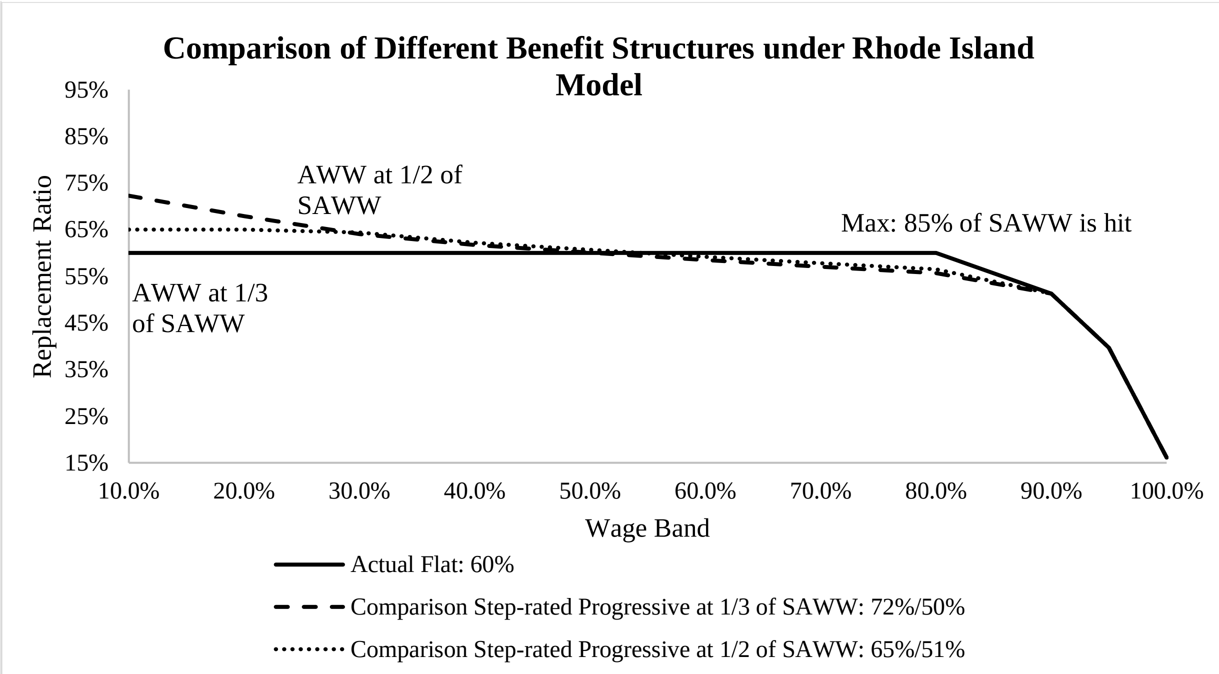


Exhibit 53

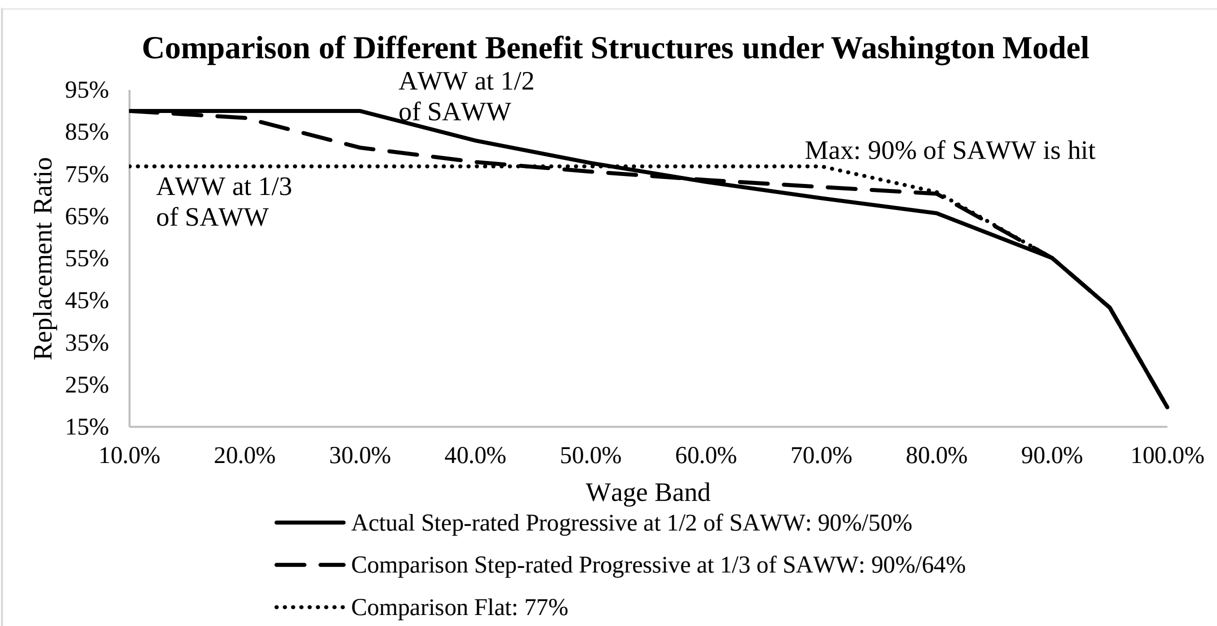
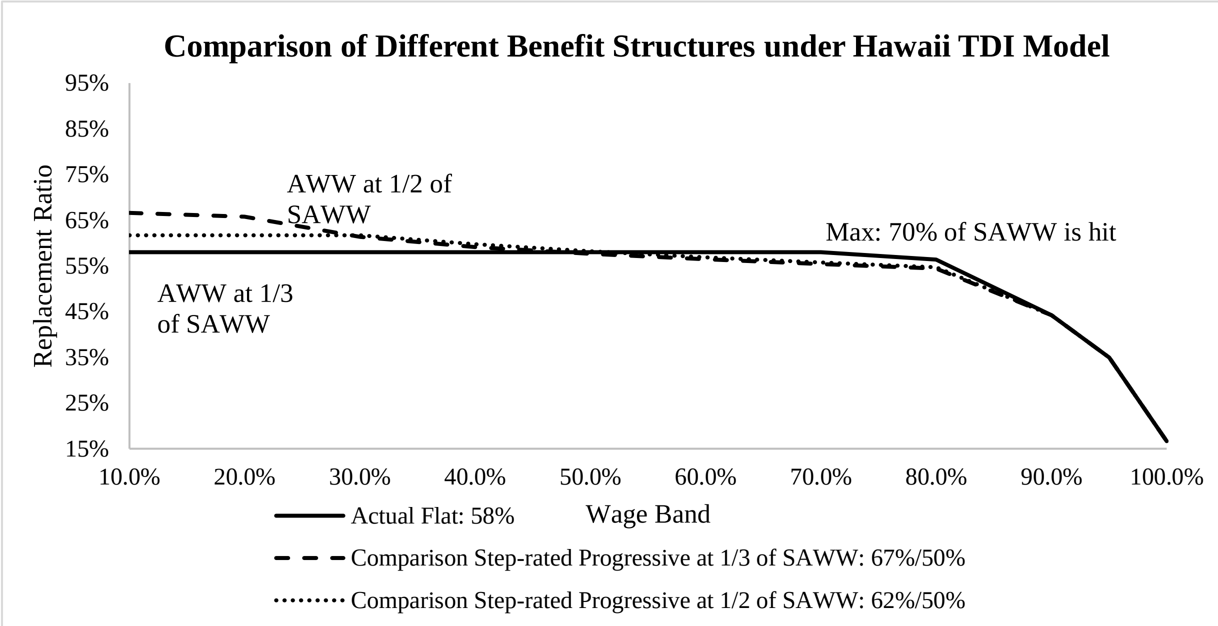


Exhibit 54



3. Administrative & Funding Rates by State Structure Type

The modeling illustrated above is based on a social insurance model whereby contributions cover the costs of claims. Therefore, the model assumes rates are set by Hawaii using community rating techniques; they do not vary by claims experience; all employees/employers are treated similarly and are not subject to cost variations based on age, gender, geographic location or any other demographic factor. They are pooled across the entire state workforce allowing the higher costs of people needing to take leave to be offset by those that do not take it.

In a social insurance model where employers can opt out to private plans, there is a risk of employers selecting against the community rate. Employers with "good" risk may opt out and leave the state with "bad" risk. As private plan opt outs in California and New Jersey are relatively low at 3% to 4%, we assume 3% of employers will opt out which should not significantly impact the community rated experience.

Under a social insurance model that is highly regulated with private options where employers may elect to offer benefits through a state insurance fund, private insurance or self-insurance (like New York), or an employer mandate model, contributions may vary to reflect each employers' risk profile. Parameters can be set around how much an employee can contribute (such as how Hawaii TDI limits an employee's contribution to not exceed 0.5% of the weekly wage). Insurer rates can be community rated and subject to a risk adjustment mechanism where insurance carriers with better than average claims experience pay into the risk pool while insurance carriers with higher than average claims experience get paid from the pool. An alternative is to develop a risk score based on the mix of lives covered by each carrier and the risk pool charges or pays each carrier dependent upon relative risk scores; however, this more complex approach has not been done in the paid leave market.

Regardless, insurance carriers need to incorporate marketing costs (including broker commissions), claim adjudication, premium taxes and administrative costs as well as profit margins in their premium rates. Based on our recent survey of 12 carriers and TPAs, 15% of premium is likely needed to cover non-claim costs including state administrative charges for governance. Though the administrative expense ratio will vary by employer size with the expense ratio higher for smaller employers, this perhaps can be offset by lower expected claim loss ratios for smaller employers thereby maintaining the same community rate for employers of all sizes.

In order to arrive at total funding costs for Hawaii to consider, below we combine the claim, administrative or carrier charges together for each of two following models to develop indicative costs for the state scenarios previously presented.

- State fund: claim funding plus state administrative cost
- Carrier premium: claim funding grossed up to cover expenses or claims divided by (1 – 15%)

Exhibit 55 (third and fourth columns) develops the ongoing state administrative cost charges to administer the state fund as a percentage of the taxable wage base and alternatively the cost of governance only for a private model which can also cover opt-outs from a social insurance model allowing private plans. The cost of a governance only model is less than half the cost of administering a state fund.

The last two columns of Exhibit 55 show indicative total funding costs for claims plus administration state model for 2021. The indicative Hawaii state fund cost rates is simply the sum of claims cost rates and state pool administrative charge rates. Carrier premium rates reflect the claim cost rates grossed up for carrier administrative charges equal to 15% of premium.

Exhibit 55

Ongoing Administrative Cost and Indicative Funding Rate in 2021 by State Model						
State Model	**Taxable Wage Base ($M)**	**Ongoing State Administrative Charges**		**Total Claims Cost % of Total Wages in Hawaii**	**Indicative Funding Rate**	
		Social Insurance Model ($2.624M)	**Governance Only Model ($1.103M)**		**Hawaii State Fund***	**Carrier Premium Rates****
California	$21,413	0.012%	0.005%	0.144%	0.156%	0.170%
District of Columbia	$29,021	0.009%	0.004%	0.138%	0.147%	0.163%
Massachusetts	$21,759	0.012%	0.005%	0.162%	0.174%	0.191%
New Jersey	$31,213	0.008%	0.004%	0.193%	0.201%	0.227%
New York	$17,497	0.015%	0.006%	0.193%	0.208%	0.228%
Rhode Island	$19,499	0.013%	0.006%	0.084%	0.098%	0.099%
Washington	$28,023	0.009%	0.004%	0.208%	0.217%	0.245%
Hawaii TDI	$22,876	0.011%	0.005%	0.107%	0.118%	0.126%
* Sum of ongoing administrative cost percentage under social insurance model and claims cost percentage						
** Claims cost percentage divided by a loss ratio of 85%						

Carrier premium rates are projected to be 1% to 13% higher than funding rates for the state fund. Under a social insurance model with private plan opt-outs, Hawaii may choose to follow other states and not allow employee contributions to exceed those that would be charged for the state fund.

D. Additional Cost Breakdowns

1. Size of Employer.

Although state-based employer size data was not readily available for this study,[v] a recent formal carrier and TPA market survey[84] suggests that larger employers have higher PFL incidence/loss ratios than smaller employers. Large employers typically have more robust leave management programs and proactively work to integrate disability, WC, FMLA, paid and unpaid leave, and sick

[v] State PFL data is not published or generally released by employer size. Obtaining it would be subject to a formal request for information process that only some states will entertain and typically takes longer than the time allotted for this study.

leave benefits for their employees. They typically want to give their employees full replacement benefits, and they strive to provide high awareness about paid leave benefits, compared to their smaller employer counterparts.

For smaller employers, PFL incidence/loss ratios tend to be lower. They often make their own arrangements when employees take time off, or don't have the infrastructure to follow through a more formal or even state-run process. This leads to small employers subsidizing large employer usage, if all size employers contribute to the funding pool. Insurers providing PFL coverage will incur higher administrative costs as a percentage of premium for smaller employers relative to larger employers. The higher administrative costs for smaller employers as a percent of premiums should in part or in whole offset their lower expected claim costs. The same could be said for certain industries (e.g., healthcare), that tend to utilize paid leave and absence benefits more than other industries.

2. Impacts to Employees

The impacts of these patterns on employees is largely dependent on the path their employer takes within the model that is made available to them. When employee contributions are required, and employers opt out, they typically have the choice to deduct them from an employee's paycheck or pay them on the employee's behalf. In the latter case, employees receive PFL, but at their employers' expense.

3. Cost of Compliance Related to Other Mandates

With regard to the cost of compliance related to other mandates, PFL programs require a level of governance that is outlined in the next section of the report. Outside of administering claims, this entails reviewing and processing appeals, detecting fraud and abuse and supporting outreach and education. Industry experts suggest that state departments should work closely with their department of insurance counterparts, and not assume that Unemployment Insurance (UI) is the model to follow. PFL should dovetail with statutory disability leave and considered as part of a broader employee benefit offering, not just in one silo. A simplified benefit formula and coordination with disability and FMLA is thought to decrease confusion and increase awareness,[85] which is ultimately the goal of implementing a PFL program in the first place.

IV. Compliance & Enforcement Options

A. Functional Requirements

In order to effectively support a paid leave program, a number of operational and educational activities are required. All leave programs begin with the reporting of a leave, then flow through to determining eligibility, approval or denial, and for approved claims, ensuring that payment is made. Protocols for appeals, as well as detecting fraud and abuse should be in place. A strategy and implementation plan for outreach and education are also critical.

1. Operational Activities

i. Considering Applications

For initial leave intake to be successful, the administrator should be able to efficiently collect all the necessary and initial claim information from the employee.[86] While the trend for intake methods is becoming increasingly more web or online-based, states also offer mail and fax options.

Exhibit 56

State	Claim Submission Methods as of October 2019
California[87]	▪ Online ▪ Mail
District of Columbia[88]	▪ Online *Note: Process is under development at the time of writing*
Massachusetts[89]	▪ Online *Note: Process is under development at the time of writing*
New Jersey[90]	▪ Online ▪ Mail ▪ Fax
New York[91]	▪ Varies by plan administrator/carrier
Rhode Island[92]	▪ Online ▪ Mail
Washington[93]	▪ Online *Note: Process is under development at the time of writing*

ii. Determining Eligibility

Applications must be reviewed to confirm employees meet the eligibility requirements established under the leave law, which may include an employee's earnings, hours worked during an established time period, or both. California and Rhode Island base eligibility on earnings. New York and Washington determine eligibility based on time worked. Massachusetts and New Jersey base eligibility on both earnings and time worked, whereas the District of Columbia only looks to see if a claimant was employed with an eligible employer at the time of application and that 50% of work occurred in the district.

To confirm if a claimant meets the eligibility requirements, states look to access available data. Data collected for UI typically includes quarterly wage information for employees that can be utilized to verify eligibility based on earnings and, in some cases, may also include work hours. Alternative sources may include previous year state and federal individual tax filings. Additionally, fees might be required to access and use state or federal data.[94]

iii. Verifying Qualifying Events

Beyond confirming a claimant has met the eligibility requirements, administrators must confirm that the reason leave is being requested is valid. If an employee is requesting leave due to the birth or placement of a new child, a birth certificate, hospital discharge, declaration of paternity, or an adoption or foster placement record is enough to validate leave for bonding. This can be further verified through state birth records.

Leave claims to care for family members require certification from the treating medical provider of the family member receiving care. This verification includes accepted medical coding terminology as well as the expected duration of the care needed. Verification techniques can be built into software applications. Clarification questions may be posed to physicians or providers. In some cases, such as in Rhode Island, medical reviews are conducted by clinicians. All states reserve the ability to request an exam from an independent medical examiner to validate the medical necessity for leave.[95] Confirming an employee's relationship to the individual receiving care is more difficult. Employees, care recipients, and treating providers are typically asked to attest to the covered relationship within the claim form. California, New Jersey, and Rhode Island do not require proof of the relationship, except for bonding. The degree of scrutiny applied to claims must balance the goal of providing benefits promptly and within established timelines with the goal of managing the risk of relying on incomplete or potentially false information.

iv. Approving or Denying the Request

A decision to either approve or deny a claim is based on the application submitted and the administrator's review of eligibility and the leave event.[96] If employees are deemed eligible and the qualifying leave reason is validated, administrators will approve and pay a claim. If a claim is denied, employees will be notified and given the opportunity to appeal the decision. Eligibility decisions are generally communicated to claimants through letters mailed to the individual, however states may provide online resources to check on the status of a claim. For example, New Jersey has an online portal that provides basic claim information including claim and payment status.[97] States typically mandate the time period in which a claim decision must be made as a performance standard. The expected turnaround times (TAT) for each state are listed in Exhibit 57.

Exhibit 57

State	Benefit Determination TAT Performance Standards as of October 2019
California[98]	▪ 14 days from receipt of a completed claim
District of Columbia[99]	▪ 10 business days from receipt of a completed claim
Massachusetts[100]	▪ 14 days from receipt of a completed claim
New Jersey[101]	▪ Not stated; applications are processed in the order received
New York[102]	▪ 18 days from the latter of receipt of a completed claim or the first day of leave
Rhode Island[103]	▪ 3 to 4 weeks from the receipt of a valid application
Washington[104]	▪ 14 days from receipt of a clean claim

v. Calculating Amount of Benefit

Similar to determining eligibility, wage data is needed to calculate a claimant's leave benefit. This data may be collected from employees and verified through state or federal data resources or reports provided by employers.

New Jersey, for example, previously required employer statements and based benefits on the average weekly wage immediately preceding the claim. It is now calculated based on employer earnings reports submitted to the state from previous quarters. The state may still reach out to employers to request additional data if information supplied with the claim is insufficient.[105]

The time period used to calculate an employee's benefit may differ from what is used to confirm eligibility. For instance, the District of Columbia bases eligibility on the 52 weeks immediately preceding the leave, while the benefit is calculated on a wage base established by the highest 4 out of 5 quarters immediately preceding the leave.

Exhibit 58

State	Benefit Base Methods as of October 2019
California[106]	▪ The weekly benefit amount is based on the highest quarter of earnings in the base period ▪ The base period is 12 months, divided into 4 consecutive quarters, and includes wages subject to the SDI tax paid about 5 to 18 months preceding the start of leave (defined as the first 4 of the prior 5 quarters before the quarter in which a claim is filed)
District of Columbia[107]	▪ AWW equals the total wages in covered employment earned during the highest 4 out of 5 quarters immediately preceding a qualifying event divided by 52
Massachusetts[108]	▪ AWW is calculated using earnings from the base period ▪ Base period is the last 4 completed calendar quarters immediately preceding the start date of a qualified period of paid family or medical leave ▪ A completed calendar quarter is one for which an employment and wage detail report has been or should have filed
New Jersey[109]	▪ AWW is calculated by dividing base year (first 4 of the last 5 completed quarters) earnings by the number of base weeks ▪ A base week is any week in which an employee earned at least $172
New York[110]	▪ AWW is calculated as the average of the employee's last 8 weeks of wages ▪ Wages will be the greater of either the last 8 weeks including the week leave began *or* the last eight weeks worked excluding the week leave began
Rhode Island[111]	▪ Weekly benefit rate is 4.62% of wages paid in the highest quarter of the employee's base period ▪ The base period is the first 4 of the last 5 completed calendar quarters before the start date of leave
Washington[112]	▪ Weekly benefit is prorated by the percentage of hours on leave compared to the number of hours provided as the typical workweek hours ▪ AWW is calculated by dividing the employee's total wages during the 2 quarters of the employee's qualifying period in which total wages were highest by 26, rounded to the next lower multiple of one dollar ▪ Qualifying period is the first 4 of the last 5 completed calendar quarters or, if eligibility is not established, the last 4 completed calendar quarters immediately preceding the application for leave

vi. Coordinating with Other Benefits

Generally, employees who are receiving benefits under a PFL program are not eligible to receive payments under other state or federal programs, such as disability, unemployment or WC. Unpaid state and federal leaves and in some cases employer specific leaves may run concurrently to the paid leave, if leave reasons and eligibility criteria overlap. Furthermore, employers may be able to supplement employee's benefits with other benefits (e.g., paid time off (PTO), disability) up to a certain percentage of the employee's wage.[113]

Exhibit 59

State	Benefit Coordination as of October 2019
California[114]	▪ If entitled to FMLA and CFRA, PFL must be taken concurrently ▪ Employers can require the use of up to 2 weeks of earned but unused vacation time prior to the initial receipt of benefits (sick leave cannot be used) ▪ Employers can provide additional benefits while employees are receiving PFL payments to "top up" the plan to 100% of an employee's normal weekly wage
District of Columbia[115]	▪ Not eligible for PFL benefits if receiving long term disability payments ▪ Not eligible for PFL benefits if receiving unemployment compensation ▪ Not eligible for PFL benefits if earning self-employment income
Massachusetts[116]	▪ Runs concurrently to leave taken under applicable state and federal leave laws including MA Parental Leave Act and FMLA when leave is for a qualified reason under those acts
New Jersey[117]	▪ Employees may elect to use PTO in addition to FLI benefits without reducing the employee's entitlement to FLI
New York[118]	▪ Employees may elect to use paid time off while on PFL, but employers cannot require they do so ▪ Employees cannot collect disability and PFL benefits at the same time ▪ Employees cannot collect PFL while collecting WC for a total disability, however employees on a reduced earnings schedule may be eligible
Rhode Island[119]	▪ Employee must be fully released from a TDI claim before applying for TCI
Washington[120]	▪ Leave runs concurrent with FMLA ▪ Leave is in addition to any leave for sickness or temporary disability due to pregnancy or childbirth ▪ Not eligible to receive PFL while also receiving federal or state unemployment compensation, industrial insurance, or disability insurance

vii. Processing & Dispersing Payments

States issue payments through either paper checks mailed to claimants, debit cards loaded with funds at regular intervals, or direct deposits into existing accounts. States are progressively moving away from issuing paper checks in favor of debit cards and direct deposit to claimants' banks. Debit cards, combined with claimant notification, allow states to pay benefits for various programs such as PFL, disability or unemployment. Cards are reloaded at established intervals during the benefit entitlement period. To issue debit cards, states must partner with banking and financial institutions.

viii. Reviewing & Processing Appeals

Each state has an established process by which claimants can exercise their right to appeal benefit denials. In most states, two levels of administrative appeals exist before cases are sent through the state and federal court systems. Not only are employees able to appeal decisions, but their employers may also be given the right to submit an appeal. In California, New Jersey, and Rhode Island, the process for PFL is identical to the process for unemployment insurance.[121]

Employees are given instructions on how to appeal a decision when a claim is denied. This includes a timeframe in which the appeal must be submitted. The time provided varies among states and is, for example, 7 days in New Jersey, and 30 days in California. Appeals must typically be made in writing, but online options are also available.[122,123]

Exhibit 60

State	Appeal Process as of October 2019
California[124]	▪ When a claim is denied, claimants receive an appeal form with the denial notice that must be submitted within 30 days of the mailing date of the decision notice ▪ The EDD will evaluate the claim and notify the employee of the results or issue payment on the claim ▪ If the EDD cannot issue payment, the appeal will be sent to the California Unemployment Insurance Appeals Board local Office of Appeals, who will mail the claimant a notification with a hearing date ▪ The hearing will be evaluated by an Impartial Administrative Law Judge
District of Columbia[125]	▪ Appeals are sent to the Office of Administrative Hearings
Massachusetts[126]	▪ Appeals are made to the department within 10 days of receipt of the notice of determination ▪ When making an appeal, the claimant may request a hearing or agree to a disposition without a hearing or submit evidence without appearing at a hearing ▪ A final decision will be issued by the department within 30 days of the hearing

State	Appeal Process as of October 2019
	▪ Further appeals may be filed as complaints in the district courts for the county where the individual resides or was last employed within 30 days of the receipt of the final decision
New Jersey[127]	▪ Submit appeal online or in writing to the Division of Temporary Disability Insurance ▪ Reviewed by an appeals examiner who will decide how to proceed based on the provided information ▪ If the issue can be resolved without a hearing, the claimant will receive a call from a division representative ▪ Appeals not easily resolved will be sent to the appeal tribunal and claimants will receive a notice in the mail to register for an administrative telephone hearing ▪ A decision from the tribunal will be mailed to the claimant with additional step to take if the claimant is not satisfied with the decision
New York[128]	▪ When a leave request is denied, the carrier must provide the reason for denial and information about requesting arbitration ▪ The denial will be reviewed by an Arbitrator (independent, third party who will make a final and binding determination) based on information submitted by the employee and carrier ▪ The state- approved administrator of all arbitrations in New York State Paid Family Leave claim disputes is National Arbitration and Mediation (NAM)
Rhode Island[129,130]	▪ Submit a written appeal request to the TCI Appeals Coordinator ▪ The claim will be assigned to a Referee at the Board of Review who will schedule a hearing with the employee ▪ The referee will render a decision ▪ If the claimant does not agree with the decision, an appeal may be made to the Board of Review for final review
Washington[131]	▪ An appeal may be filed with the commissioner of appeals within 30 days of decision notification ▪ The commissioner will assign an administrative law judge to conduct a hearing and issue a proper order upon notice of an appeal

ix. Detecting Fraud & Abuse

PFL program administration must include processes, procedural rules and resources to protect against fraud and abuse, identify potential occurrences and prosecute offenders. Strong anti-fraud measures assure that the public perceives that PFL benefits are fairly and equitably made only to those who are entitled to them. The monetary values of taxes and contributions and of benefit payments make sound financial controls essential.

California has, over time, implemented a comprehensive fraud prevention and detection program that offers valuable examples to leave administrators in other states.[132] As documented in the EDD's annual report, PFL is a benefit of high value which can lead to attempts to defraud the system for personal gain. Examples of these activities include 1) employers may not fully pay required taxes; 2) claimants may claim or continue to claim benefits while working; 3) imposters may falsely use identities of workers to obtain benefits; 4) physicians or providers may certify medical conditions inappropriately; and 5) forged documents may be submitted.[133]

The EDD in California administers fraud prevention and detection programs for UI, SDI and PFL programs. Prevention activities include customer education and attestation of understanding about the illegality of submitting false information (e.g. so-called fraud notices on claim documents), reviews of physician and provider licenses, verification of medical information (potentially including independent medical examinations), and cross matching of data.[134] Private insurance carriers who administer disability and/or PFL benefits have procedures that are equally robust. These procedures are employed in combination with external auditors who verify that practices follow stated norms and report findings and suggestions for improvement. Finally, sound practices require that once suspected or identified, possible fraud must be fully investigated up to and including arrests and prosecution.

States with private plan options oversee similar activities. Employers are required to formally apply to the states for approval to offer private plans. Approvals are dependent on adherence to state specifications for coverage including the requirement that coverage provisions be at least as good as those offered by the state plan. Some states require a common administrator for temporary disability and family leave (California, New York and New Jersey) and others allow a split between private and state plans (Massachusetts and Washington State). Once plans have been implemented, employers are subject to oversight of their plans by the states. This can take multiple forms, including required state reporting and onsite audits.

Exhibit 61

State	Administration Options	Private Plan Requirements as of October 2019
California	▪ Employers may apply to opt-out of state plan for temporary disability and paid family leave in favor of a Voluntary Plan (VP)	▪ Majority of employees must approve opting out of state plan ▪ Plan must provide all benefits of SDI and one benefit that is better; cannot cost employees more than SDI

State	Administration Options	Private Plan Requirements as of October 2019
		▪ If approved, employer must post security deposit with the state to guarantee all obligations are met ▪ Employers must adhere to prescribed benefit determination procedures and submit required reports to state ▪ Annual onsite compliance reviews required by California Unemployment Insurance Code (CUIC) and conducted by EDD. Formal audit report delivered within 90 days with requirement to address any corrective actions.[135]
District of Columbia	▪ District administered plan only	▪ Insured or self-insured private plans are not allowed
Massachusetts	▪ Private plan option (insured or self-insured) allowed for either temporary disability or family leave or both	▪ Benefits must be equal or greater than those provided by state PFML ▪ Self-insurers must post bond ▪ Must adhere to state requirements for coverage and provide job protection ▪ Application for private plan online; decision promised in 1-2 business days ▪ Appeals allowed ▪ Oversight responsibilities under development[136]
New Jersey[137]	▪ Private plan option (insured or self-insured) allowed; must be for both temporary disability and family leave allowed	▪ Private plan must at least equal the provisions of the state plan ▪ Insurance carriers approved to offer PFL are posted to website ▪ Private Plan Claims Manual available ▪ Semi-annual/annual reports required by employers for statistical purposes (claims submitted, accepted, amounts paid) and annual yearly summary including earned premium and administrative costs

State	Administration Options	Private Plan Requirements as of October 2019
		▪ As of May 2019, New Jersey no longer requires employee election of a private plan and employers no longer need to contribute to the TDI trust fund
New York[138,139]	▪ No state plan option ▪ Coverage provided by private insured or self-insured plans or New York State Insurance Fund (NYSIF) ▪ Same administrator required for temporary disability and family leave	▪ PFL coverage falls under NY procedures for insured and self-insured private plans; filing process and model language included ▪ List of insurance carriers offering PFL posted on website ▪ Insurance company exams generally conducted on-site every 24-36 months by Department of Financial Services followed by written report
Rhode Island	▪ State administered plan only	▪ Insured or self-insured private plans are not allowed
Washington[140]	▪ Private plan option (insured or self-insured) allowed for either temporary disability or family leave or both	▪ Plan provisions must meet or exceed state plan and be offered to all employees ▪ Employers submit application for private plan to state with fee of $250; re-application with fee is required for each of first 3 years. If application denied, may be appealed; employees covered by state until approved ▪ To assure portability of coverage when employees change jobs, employers must report wages and hours worked by employee quarterly when operating their own plans ▪ State oversight responsibilities under development

2. Outreach & Education

A robust and continuous education and outreach program is essential to a well-understood and valued PFL program. Hawaii is in a unique position to benefit from the experiences of states with existing or planned programs, including the most mature programs in California, New Jersey, New York and Rhode Island and programs under development in the District of Columbia, Washington and Massachusetts. Each of the seven states can provide valuable insights or lessons learned about addressing the unique attributes of a state's employers and working population, and best practices can be extracted from their experiences.

The identification of customers and constituents and their roles and responsibilities in a PFL program is the essential first step in developing a plan for education and outreach activities.

Exhibit 62

Customer/Constituent	Roles and Responsibilities
Employer	▪ Collect payroll taxes or contributions to fund PFL ▪ Guide employees to the state in accordance with state laws and/or self-administer or use an insurance carrier or TPA if opt out to a private plan ▪ Advocate for PFL and source of information for employees
Employee	▪ The recipient of PFL benefits ▪ Employees must understand their coverage, how their plan is funded and details about claim filing and administration
Physicians/Providers	▪ Provide documentation of medical condition for personal or care giver leave
Participating Stakeholders	▪ Vendors and suppliers that provide software and other services necessary to administer PFL ▪ Includes payroll and tax vendors and resources, legal resources, insurance brokers, carriers and TPA's
Additional Stakeholders	▪ Resources who can assist in "getting the word out" about benefits for workers caring for ill or elderly family members ▪ Includes private and public medical and residential care facilities, social service agencies and, clinics, hospitals, assisted living and nursing homes

Education and outreach information should be disseminated through effective and efficient communication channels. The timing of the plan's deliverables should respect the goals of building awareness and support detailed content based on a "need to know" basis. For example, the premium or tax collection process precedes the payment of benefits, requiring that employers be placed near the front end of the communication timeline. Employees, on the other hand, benefit from paid leave information closer to when they are either anticipating a leave or accessing benefits.

California and the District of Columbia represent examples of education and outreach programs from two different perspectives. California has the oldest PFL program in the nation, while the District of Columbia program is being developed with benefits beginning in 2020. Massachusetts and Washington are likewise under development. New York and New Jersey, with long-established plans and administrative structures, do not have readily available information regarding formal education and outreach plans, and a Rhode Island historical perspective is informative as noted below.

Exhibit 63

State	Education and Outreach Methods as of October 2019
California	▪ California has been providing PFL since 2004 and the state's experience illustrates the need for continuous education. The workforce changes over time and gaps in consumers' understanding are revealed. Current outreach activities are as follows:[141] □ The legislature authorized $6.2 million over a three-year period, 2014-2017, to support education and outreach activities □ The state identified family care leave as an area needing emphasis, thus the Education and Outreach Unit within the Disability Insurance Branch was created to accomplish these tasks □ The unit utilized a consultant to implement a statewide media outreach campaign titled "Moments Matter."[142] This campaign consisted of digital and print advertisements and publications, ethnically focused to reach the diverse multicultural populations of California[143] □ A PFL microsite was launched: □ The campaign included radio ads focusing on bonding and caregiving leave, media briefings and television and radio interviews and outreach events to constituents. Videos promoting PFL program created and posted to the website □ The EDD and PFL advocates meet quarterly to exchange information and promote further outreach goals[144]
District of Columbia	▪ Public education and awareness campaigns are required by D.C.'s paid leave law[145] ▪ Collecting premium taxes from employers to fund the program necessitates that they be a priority audience for detailed education about their responsibilities and required actions. Major 2019 activities as reported by the District include: □ Launched a public website as the information hub for engaging with the public: https://dcpaidfamilyleave.dc.gov. Constituents will find electronic newsletters, the employer webinar series, collateral such as one-page fact sheets, an employer tool kit, and frequently asked questions (FAQ's). The state reports that informational videos are particularly effective in communicating complex information[146]

State	Education and Outreach Methods as of October 2019
	☐ The District is actively engaged in a range of community outreach activities including Information Sessions for members of the business community, Town Hall Forums directed to employers, and a series of Business Walks by which staff of the Office of Paid Family Leave (OPFL) distribute printed collateral to smaller business owners, inform them of the website and answer questions ☐ The District uses multiple channels of communication—printed mailers, social media, television and radio newscasts as part of an advertising campaign currently emphasizing employers. ☐ The District plans to install The Paid Family Leave Advisory Committee (PFLAC), an informal body used to solicit input and feedback regarding PFL issues and to provide another avenue for sharing information with the public[147]
Massachusetts	▪ Massachusetts is in the early stages of developing their program and the state's website, www.mass.gov, links the user to PFML information for employers and workers with updated postings as the implementation plan proceeds[148.] ▪ The site contains detailed information about employer contributions, timelines, fact sheets and guides for employers about their new responsibilities regarding contributions to the state. The site also contains an online application for opting out of the state plan in favor of a private plans, self-insured or through a carrier and a tool for employers to calculate their contributions[149] ▪ The state has built a feedback tool into the site which asks the user if their question has been answered; responses can be used to formulate additional content
New Jersey	▪ The New Jersey website, https://myleavebenefits.nj.gov, is the hub for information and allows for online claim submission and the ability to access information about individual claims[150]
New York	▪ The state has a dedicated website, https://www.paidfamilyleave.ny.gov, which provides a program overview, FAQ's, employer resources and updated information[151] ▪ Employers who provide private insurance for DBL and PFL are the source of information for workers along with their carriers and administrators
Rhode Island	▪ Rhode Island implemented PFL in six months ▪ The state has a PFL dedicated website: www.ripaidleave.net

State	Education and Outreach Methods as of October 2019
	▪ After the first year of PFL administration, the University of Rhode Island, partnering with the RI Department of Labor and Training, conducted a program assessment and surveys with PFL-eligible employees. Survey results showed only 50% of eligible individuals were aware of the state's TCI program, thus targeted marketing, outreach and education were recommended[152] ▪ Rhode Island received funding from the U.S. DOL to launch its education and outreach campaign [153]
Washington	▪ Washington's program is under development. As the first program in the U.S. not built on an existing disability program, the statute allocated funding for outreach. Since the bill was passed in 2017, $1.5 million has been spent. The campaign has been built by 6 full time staff and a communication strategy firm[154] ▪ The state's communication plan employs a variety of outreach tools, including a website, www.paidleave.wa.gov, where program details are posted, employer toolkits, webinars, emails, business ads, ethnic print, digital ads (videos, social media), radio, paystub inserts, and earned media (new coverage)[155]

In our research and interviews with various state agencies there were multiple mentions of necessary or particularly effective tools which may be considered best practices regardless of the type of model applied.

Exhibit 64

Education and Outreach Best Practices
▪ A successful PFL program relies on a well-orchestrated and continuous education and outreach plan tailored to the state's business community and its employees. Over-communication is impossible. Regular feedback mechanisms identify gaps and improve content and message delivery ▪ A dedicated website serves as a communication hub where information is posted, stored and easily accessed ▪ Webinars and informational videos are effective and well-received tools for conveying complex information ▪ A wide variety of communication channels, tailored to the state, constitute an effective education program, including digital, print, radio, television and in-person informational forums; multiple language capabilities are required.

- Advisory committees can serve as a formal means for information exchange between constituents and the state department administering and/or overseeing PFL. These discussions provide information to guide implementation and administration, identify barriers and misunderstandings and build support and trust
- Well-staffed customer service contact centers are beneficial to responding to questions about all aspects of a PFL program and are essential to quality claim administration

B. Administering Department

1. Specific States of Focus

States that have already implemented PFL systems or are in the process of developing them have built their programs through their employment security agencies, who also administer Unemployment Insurance (California, District of Columbia, Washington), or through their labor departments (Massachusetts, New Jersey, Rhode Island). The exception is New York who administers its program in coordination with WC through its New York State Workers' Compensation Board and the NYSIF that provides WC, TDI and PFL.

Exhibit 65

State	Administrative Agency	Responsible for PFL
California[156]	Employment Development Department (EDD)	Disability Insurance Branch (Central Office Division, Field Office Division)
District of Columbia[157]	Department of Employment Services (DOES)	Office of Paid Family Leave (OPFL)
Massachusetts	Executive Office of Labor and Workforce Development (EOLWD)	Department of Family and Medical Leave
New Jersey	Department of Labor and Workforce Development	Division of Temporary Disability and Family Leave Insurance
New York[158]	Workers' Compensation Board	Department of Financial Services
Rhode Island	Department of Labor and Training	Temporary Disability, Caregiver Insurance Section
Washington	Employment Security Department	Office of Paid Family and Medical Leave

Some of the states (California, New Jersey, Massachusetts, Washington) allow employers to opt out of the state option to private plans whereby the administrative body also oversees the application for exemption process and provides ongoing governance to ensure employers remain compliant. Of the four states that provide this option, two of them (Massachusetts and Washington) allow employers to split the opt-out to allow medical leave only, family only or both medical and family leave. One state (New York) only provides governance as it is up to the private insurance market and the NYSIF to administer claims, albeit through a highly regulated mechanism.

Within each administrative agency, and as relevant to the above-mentioned structures and associated claim volumes, specific sections have been established to manage and oversee PFL, either in conjunction with or separate from TDI. Particular units or areas of responsibility that may exist within PFL administration programs include tax/premium contribution collection, customer service, claims administration, audit and fraud detection, appeals, medical, private plan oversight, and overall program support, which may include or be separate for information technology (IT), training and education and outreach. In addition, finance and actuarial functions vary by type of model.

Access to state services is most commonly provided online where claims are filed and supportive information can be found; through call centers where inquiries from claimants, employers and medical providers are addressed; or in person where customers can visit offices to submit or pick up a claim form, ask questions or provide additional documentation for their claim.

IT systems aid in determining PFL eligibility, adjudicating PFL claims, and ensuring that PFL benefit payments are calculated accurately and dispersed timely. Efficiencies should be built between PFL and UI systems for eligibility data, coordination of benefits, and to minimize redundant reporting, but are otherwise recommended to be separate and distinct. Ideally, the same system should be used to manage TDI and PFL (or stand alone for PFML) and the system should be specific to the requirements of leave management. Many of the established states use custom built systems to manage claims, while some of the newer states are in the process of seeking more modernized and absence specific systems.

2. Hawaii Department of Labor & Industrial Relations

Although Hawaii does not have a PFL law in place, it does have its long-standing TDI program, enacted in 1969, which is administered by the DLIR. Conversations held with the DLIR indicate that it is responsible for oversight and management of the DCD in their administration of TDI, as well as WC and PHC. The DCD does not conduct day to day claim management for these coverages. The major activities performed within these groups are centered on appeals, hearings, cost review, vocational rehabilitation review, compliance and program support. For WC, most employers purchase insurance from carriers authorized to transact business in Hawaii, and some are approved to be self-insured. The TDI program is employer mandated and is provided through insured or self-insured vehicles (there is no state fund).

Similar to other states, Hawaii services have been shifting to primarily online delivery, although there are satellite offices in the counties of Kauai, Maui and Hawaii that provide in-person customer support. Information technology has been evolving with centralization of systems and initiatives to automate disability processes. The state is also in the process of developing a proprietary system to be used for WC.

3. Anticipated Support & Potential Approach

As a new state seeking to enact a paid leave system, Hawaii will need to choose or create a vehicle and structure for administration. The state must do so in accordance with the type of model (social insurance, employer mandate) it establishes for PFL and considering the structure it already has in place for TDI.

Under a social insurance model, either exclusively through the state (District of Columbia, Rhode Island) or through allowance of private plan opt outs (California, Massachusetts, New Jersey, Washington), the infrastructure for PFL will require all of the functional and structural areas described above and thus, a new agency created, such as an office for PFL. Under a social insurance model that is highly regulated and reliant on private markets or an insurance fund (New York), Hawaii's role would be limited to governance and could likely be accomplished through adding staff to an existing agency, such as the DCD.

Other states have been successful in expanding their long-standing TDI programs for PFL; however, Hawaii is unique in being the only state to deliver TDI as a pure employer mandate. To date, none of the states have taken the employer mandate approach for PFL. Although, there are concerns that gender inequity could result from such an approach, the effects could be mitigated through appropriate risk sharing mechanisms, and the EEOC provides protections against discrimination.

Some states have built on their existing UI programs, however, this is not recommended due to the philosophical differences between UI benefits being intended for workers when they separate from their jobs and TDI and PFL benefits intended to facilitate return to work. PFL departments are starting to collaborate with state insurance departments, insurance carriers and TPAs that have claims, customer service and administrative staff and experience handling disability, FMLA, and paid and unpaid family leave benefit programs.[159] Having private insurers and TPAs provide and administer PFL benefits is thought to reduce the financial and administrative burden on government agencies; leverage expertise, systems and staff that is already available; and provide employers with a way to manage a number of leave and benefits in one consolidated platform, thereby increasing ease of use and compliance.[160]

C. Staffing & Information Technology

As it is not yet known which model the state will choose, we have estimated staff count by role and commented on the IT infrastructure that will need to be developed for (1) a social insurance model exclusively through the state; (2) a social insurance model that allows private plan opt outs and (3) a governance only role that would be applicable to a social insurance model that is highly regulated and reliant on private markets or an insurance fund or an employer mandate.

1. Recommended Roles & Headcount

The roles that will be needed to effectively manage a paid leave program in Hawaii can be organized into several categories. Program management staff would run an office for PFL by directing policy, determining processes, facilitating education and outreach and the like. Claims administration staff would administer the bonding and family care claims that will flow through to the state. Support staff would aid the claims staff in terms of audit, quality assurance, fraud detection, appeals and training, and would also monitor tax/premium contribution collection and review private plan applications. IT staff would manage the system platforms used and provide data, analytic and reporting support as needed. According to discussion with Hawaii's Office of Enterprise Technology Services (ETS), all would be supported by ETS from a shared services perspective.

The number of recommended staff in each category, according to individual roles are summarized below. The figures are shown by model type and are based on the first full year of claims. For illustrative and conservative purposes, they are based on Hawaii assuming the California model of eligibility and benefit terms.

Exhibit 66

	Social Insurance Model through an Exclusive State Fund	Social Insurance Model with Private Plan Opt-Outs	Governance Only Role
Program Management Staff			
Director	1	1	1
Office Manager	1	1	1
Policy Developer	1	1	1
Education and Outreach Manager	1	1	1
Administrative Support	1	1	1
Claims Administration Staff			
Senior Claim Specialists	3	2	--
Claim Specialists	2	2	--
Intake/Customer Service Representatives	2	1	--
Manager	1	1	--
Supervisor	1	1	--
Clinical/Vocational Rehabilitation Specialist	0.5	0.5	--
Program Support Staff			
Audit/QA and Fraud	2	2	--
Appeals	1	0.5	--
Training Specialist	1	1	--
Tax/Premium Contribution Collection	1	1	1

	Social Insurance Model through an Exclusive State Fund	Social Insurance Model with Private Plan Opt-Outs	Governance Only Role
Private Plan Review	--	2	--
IT Staff			
System Integration Administrator	1	1	--
System Analyst and Coordinator	1	1	1
Data, Analytics and Reporting Specialist	0.5	0.5	0.5
System Team Support	0.5	0.5	--
Total Estimated Staff Count	22.5	22	7.5

2. IT Infrastructure Development

In addition to the carriers and TPAs that are already actively involved in the leave administration market, there are a number of software platforms that have been built to specifically manage disability, FMLA, paid and unpaid leaves. They are based on leave management business rules that link to federal, state and local regulatory guidelines, include comprehensive workflow to guide the process from intake to eligibility, all the way through to claim determination and correspondence generation. They match incoming documents to claims, trigger automated tasks for consistent action, and include audit trails and change history to facilitate audits and fraud inquiries. They are user-friendly and prepared to manage multiple leaves on a concurrent basis, and interface with other systems to share data as appropriate.

As a result, and although a detailed analysis of current Hawaii DLIR IT infrastructure would need to be conducted to be sure, Spring is of the opinion that Hawaii would not need to build their own PFL system solution from the ground up. Instead, a request for proposal process could be conducted to select from a cadre of existing systems that are already prepared to manage PFL in an efficient and effective manner. The selected system could interface with the UI system and possibly others within the DLIR, and the costs would consist of annual ongoing fees for technology lease/maintenance and initial one-time or implementation fees that would account for development, testing, custom programming, data feeds and training.

D. Projected Start-Up Costs

The staffing numbers and IT infrastructure for each of the three options have been translated into financial terms and estimated costs below. Start-up costs have been separated to the extent possible, and ongoing costs categorized accordingly. A more detailed accounting can be found in the Appendix.

Exhibit 67

	Social Insurance Model through an Exclusive State Fund	Social Insurance Model with Private Plan Opt-Outs	Governance Only Role
Start-Up Costs			
Staffing with 60% Benefits Load and 5% Property & Equipment Load	Note: Program Management Staff to be Phased In	Note: Program Management Staff to be Phased In	Note: Program Management Staff to be Phased In
IT Software Implementation	$0.400M	$0.400M	--
Marketing Strategy & Materials	$0.100M	$0.100M	$0.60M
External Legal	$0.100M	$0.100M	$0.100M
External Consultants & Actuaries	$0.500M	$0.500M	$0.500M
Sub-Total Start-Up Costs	$1.100M	$1.100M	$0.660M
Ongoing Costs			
Staffing with 60% Benefits Load and 5% Property & Equipment Load	$2.240M	$2.235M	$0.953M
IT Software	$0.175M	$0.175M	--
Tools and Training	$0.009M	$0.008M	--
External Legal	$0.050M	$0.050M	$0.050M
External Consultants & Actuaries	$0.150M	$0.150M	$0.100M
Sub-Total Ongoing Costs	$2.624M	$2.618M	$1.103M

V. Observations & Conclusions

A. Perspective on Existing Models

Without a federal law in place, the momentum for states to pass their own paid leave laws is increasing. For the states that have enacted laws, the most common model is that of social insurance where employers can opt-out to private plans and either administer the plan themselves or partner with an insurance carrier or TPA on a fully insured or self-insured basis to do so.

The scope of coverage provided by each state law varies significantly, from the eligibility requirements, to the qualifying reasons for leave, waiting periods, leave durations, benefit levels, benefit calculations, and whether there is job protection. Furthermore, the definitions of what is covered and how, and the mechanics of calculating benefit payment can be cumbersome.

Employers and industry professionals have voiced concern over these differences and points of confusion as they not only make it challenging for employers to communicate and educate their employees, but also to understand and determine how paid leave laws coordinate with other benefit plans (e.g., sick leave, disability, WC) that employers offer. The issue is heightened for employers that have employees in more than one state, as they may have not only one paid leave law, but multiple paid leave laws to interpret.

As such, regulation that is clear, administration that is straightforward, and education that is comprehensive are essential to a state's success and core to the intention of paid leave laws being designed to support workers. Striving for consistency with other state benefits and mandates, particularly ensuring they dovetail with statutory disability and considering paid leave as part of a broader benefit offering, will decrease confusion and increase awareness of all parties involved.

B. Modeling Conclusions

In terms of the analysis that was conducted to consider the impacts of adopting the paid leave models of seven states, there are a range of costs and funding levels to consider, as well as rating structure to determine.

The primary driver of differences between state modeled claims cost funding levels is the maximum number of weeks of benefit under each state program. The remaining differences in modeled claims cost is mostly explained by average weekly benefit amount differences which is impacted by wage replacement ratios and maximum benefits.

Although the body of the report describes various cost and funding measures and illustrates several options for Hawaii to consider, all point to the Washington, New York and New Jersey models resulting in the highest indicative claim funding rates (projected claim costs divided by projected taxable wage base) to Hawaii, though New York has the second lowest average weekly benefit amount. This is driven by the low taxable wage base in New York in comparison to the other states. Also, although the District of Columbia has a relatively high average weekly benefit amount, the funding rate is relatively low because they do not cap the taxable wage base. The District of Columbia, Massachusetts and Hawaii TDI models result in the lowest funding rates to Hawaii. California falls in the middle of the range.

C. Industry Insights

Hawaii is in a unique position as it already has a TDI law in place which could be expanded upon as other states have done, however it is carried out through an employer mandate, which none of the states have done. The closest model to an employer mandate is New York, which Hawaii could implement, likely without creating a state fund and instead allowing private plan opt-outs and lifting the TDI restriction that carriers or TPAs need to have an on-island presence to administer claims. Whichever model Hawaii chooses, there will be a certain number of staff that will need to be added to the existing state infrastructure and an office for PFL established.

For new states seeking to enact a paid leave system, industry professionals offer the following advice, some of which is thought to encourage gender equity and even increase state to state equity:

- Preserve the statutory requirement that disability benefits for an employee's own medical condition provide for 26 weeks of leave, which is the standard period of privately insured short-term disability policies, and that family leave be limited to a shorter period of time up to the 12 weeks that is afforded under FMLA. Cap the total benefit with a combined maximum entitlement of 26 weeks that can be taken in one year[161]
- Legislation should clearly state that paid family/medical leave run concurrently with unpaid FMLA leave so that leaves are not "stacked" and employees don't end up with double or more the amount of leave contemplated by the statutes.[162] Consider a simplified benefit formula, align the definition of salary with that of disability or WC, avoid ERISA status, advocate for return to work, provide gender neutral covered relationships and leave lengths, exclude job protection (as it is accounted for elsewhere) and sunset unpaid leave laws (to start fresh with the new law)[163]
- Include the opportunity for employers to opt-out to private plans in the regulations and allow both fully insured and self-insured options for employers to choose from.[164] Within these parameters, set minimum standards but allow employers and insurers the flexibility to design and offer coverage that provides equal or richer benefits than any designated state benefits
- Allow for adequate timing to implement a new program, which is felt to be at least two years but ideally two to three years, starting with the point at which legislation is developed so that parameters can be clearly-defined and administration requirements well thought out, and a thorough job can be done to estimate cost[165]

- Leverage industry experts (e.g., insurance carriers, TPAs, brokers and consultants) in all steps of the paid leave law development process, as they have been managing both paid and unpaid leave for years and can provide valuable insight into industry and market best practices. Invite industry to comment on draft regulations, provide input on process and administrative nuances. Hire people with industry experience into state departments as applicable, and work closely with department of insurance counterparts to ensure effective coordination[166]

If Hawaii decides to move forward in establishing a PFL program, several pertinent policy aspects will need to be determined by lawmakers. Although each are described below and separately within this report, they should be considered as a whole and interrelated.

Plan Structure

- Plan model (e.g., social insurance, social insurance with opt-outs, social insurance alongside regulated and private options, employer mandate)
- Rating method (e.g., community rating with or without risk adjustment if private insurance is allowed, or individual employer and carrier rate determination)
- Plan design including but not limited to:
  - Benefit amount including wage replacement ratio – progressive or not, percentage of salary replaced, and any minimum or maximum benefit
  - Length of leave (including maximum weeks) for bonding and family care
  - Employer eligibility (e.g., public employers, employer size, self-employed)
  - Employee eligibility (e.g., minimum time worked, or minimum earnings achieved)
  - Qualifying events
  - Covered relationships
  - Job protection
  - Interaction with the State's TDI program

Funding

- Taxable wage base for funding (e.g., Hawaii TDI wage base, social security wage base or other)
- Contributions to funding (e.g., employee, employer, employee and employer contributions)
- Updated costs, particularly as indicative funding rates in this report could change as additional and updated state by state experience can be obtained

Administration

- Administration structure (e.g., administering agency, level of staffing, information technology system used, data reporting)
- Claims management (e.g., claim application and submission methods, eligibility, claim payment timing, interaction with TDI and other employee benefits)

- Ongoing monitoring (e.g., employer opt-out application, compliance review, annual actuarial funding review)

Implementation Timeline

- Rollout sufficient to gain industry and employer support
- Framework to educate and prepare the community
- Protocol for contributions and pre-funding

VI. Appendices

A. Development of Estimated Model Parameters

This section provides extensive detail on the development of each of the estimated model parameters with appropriate narrative and technical support. Each of these model parameters is used to estimate the various 5-year projections presented in Appendix B. The impact of historical benefit changes prior to the projection period were reviewed to project the results.

1. Hawaii Labor Force

Exhibit 68 shows the employed labor force in Hawaii from 2015 to 2024 based on an annualized growth rate of 0.5%.[167]

Exhibit 68

Historical and Projected Hawaii Employee Labor Force		
Year	**Employed Labor Force[168]**	**Note**
2015	649,950	Actual
2016	662,800	Actual
2017	667,000	Actual
2018	662,150	Actual
2019	665,461	Projection Year 0
2020	668,788	Projection Year 1
2021	672,132	Projection Year 2
2022	675,493	Projection Year 3
2023	678,870	Projection Year 4
2024	682,264	Projection Year 5

2. Eligibility

Eligibility is the percentage of total labor force that receives PFL benefits and is used in our analyses in two ways. First, state eligibility for existing state programs was utilized to bring the state specific incidence rate data to a common level to model an appropriate baseline projection for Hawaii's modeled PFL incidence rate. Then Hawaii eligibility factors were utilized to adjust Hawaii's projected labor force for total eligible claimants (i.e., eligible labor force) in Hawaii under each state model. These eligibility factors reflect the various state eligibility requirements identified previously. Differences between the actual state eligibility factors and the determined Hawaii factors arise due to differences in state wage distributions, mix of public and private sector employment, self-employment and others discussed below.

Exhibit 69

Eligibility Adjustments as a Percentage of Employee Labor Force		
State Model	**State Eligibility Factor**	**Hawaii Eligibility Factor**
California	70.00%	65.20%
District of Columbia	NA	72.20%
Massachusetts	NA	60.80%
New Jersey	80.00%	81.00%
New York	67.90%	64.20%
Rhode Island	62.70%	56.80%
Washington	NA	74.00%
Hawaii TDI	72.30%	72.30%

For California and New Jersey, the state data eligibility percentages are developed based on actual data in recent published state PFL performance reports.[169,170] This accounts for actual program participation in addition to the state eligibility requirements in place.

For the remaining states and Hawaii TDI, state eligibility percentages are developed based on state wage survey data and state model eligibility requirements.[171]

3. Benefit Level Adjustments

Benefit level differences between state models have an impact on actual claim activity. As the wage replacement ratio increases a higher incidence rate is expected. Further, decreasing the waiting period and increasing job protection both have the effect of increasing incidence rates (and vice versa).

Historical period benefit level factors are developed and applied to California, New Jersey, Rhode Island and New York claim data to bring actual observed claim incidence rates to a consistent baseline level (60% replacement, a 7-day waiting period and no job protection) to model an appropriate baseline projection for Hawaii's modeled PFL incidence rate. Exhibits 70 and 71 detail the differences from the developed baseline for each of the state models and corresponding impacts. The subsequent pages discuss the development of the benefit adjustments.

Exhibit 70

Baseline Adjustments		
State Model	**Waiting Period**	**Job Protection**
Baseline	7-day waiting period	No job protection
California	2018 adjustment for elimination of waiting period: 4% for bonding and 14% for family care	None
District of Columbia	None	None
Massachusetts	None	2021 adjustment of 1% for offering job protection
New Jersey	None	2020 adjustment of 1% for offering anti-retaliatory rule
New York	2018 adjustment for no waiting period: 4% for bonding and 14% for family care	2018 adjustment of 1% for offering job protection
Rhode Island	2014 adjustment for no elimination period: 2% for bonding and 7% for family care	2014 adjustment of 1% for offering job protection
Washington	2020 adjustment of 4% for no waiting period for bonding	None
Hawaii TDI	None	None

Exhibit 71

Baseline Adjustments		
State Model	**Benefits**	**Definition of Family Members**
Baseline	60% replacement ratio subject to 100% of SAWW with no minimum	Child, spouse, parent, domestic partner
California	(1) 2004 adjustment of -1% for 55% replacement ratio and $50 minimum benefit; (2) 2018 adjustment of 3% for replacement ratio of 70%/60% based on 1/3 of SAWW	2014 adjustment of 2% based on expanded definition for family members
District of Columbia	2020 adjustment of 14% for replacement ratio of 90%/50% based on minimum wage subject to $1,000 maximum benefit	2020 adjustment of 2% based on expanded definition for family members
Massachusetts	2021 adjustment of 10% for replacement ratio of 80%/50% based on 50% of SAWW subject to 64% of SAWW maximum benefit	2021 adjustment of 2% based on expanded definition for family members

Baseline Adjustments		
New Jersey	2020 adjustment of 13% for replacement ratio of 85% subject to 70% of SAWW maximum	2020 adjustment of 4% based on expanded definition for family members (most liberal definition)
New York	(1) 2018 adjustment of -3% for replacement ratio of 50% subject to 50% of SAWW maximum; (2) 2019 adjustment of -2% for replacement ratio of 55% subject to 55% of SAWW maximum; (3) 2020 adjustment of -1% for replacement ratio of 60% subject to 60% of SAWW maximum	2018 adjustment of 2% based on expanded definition for family members
Rhode Island	2014 adjustment of -1% for 60% replacement ratio subject to a minimum based on state minimum wage and maximum (around 85% of SAWW)	2014 adjustment of 2% based on expanded definition for family members
Washington	2020 adjustment of 16% for replacement ratio of 90%/50% based on 50% of SAWW, subject to 90% of SAWW maximum	2020 adjustment of 2% based on expanded definition for family members
Hawaii TDI	2020 adjustment of -1% for 58% replacement ratio subject to 70.18% of SAWW maximum	No adjustment assuming Hawaii PFL program uses the baseline definition under TDI model

i. Elimination of Waiting Period Adjustment Description

Historical elimination of waiting period adjustments are developed using the indicated increase shown from 2017 to 2018 for California's claim rates (as a percentage of the California labor force). The resulting adjustments to the incidence rate are 4.0% for bonding and 14% for family care. Rhode Island factors were modeled at 2.0% for bonding and 7% for family care claim as the maximum duration is only 4 weeks.

ii. Job Protection Adjustment Description

The model includes a 1.0% increase in incidence rates when job protection is included in the leave laws. This is developed from survey data by multiplying the 4.6% of all employees who reported needing leave for a qualified family and medical reason but not taking it, and 17% of those not taking leave due to the fear of losing a job.[172]

iii. Expansion of the Definition of Covered Family Members Description

Family leave rates are modeled based on the observed 2% trend in California's family leave incidence rate associated with the 2014 definition change, wherein the definition of family member was expanded from a child, spouse, parent, and domestic partner, to include parent-in-law, grandparent, grandchild, and sibling.[173]

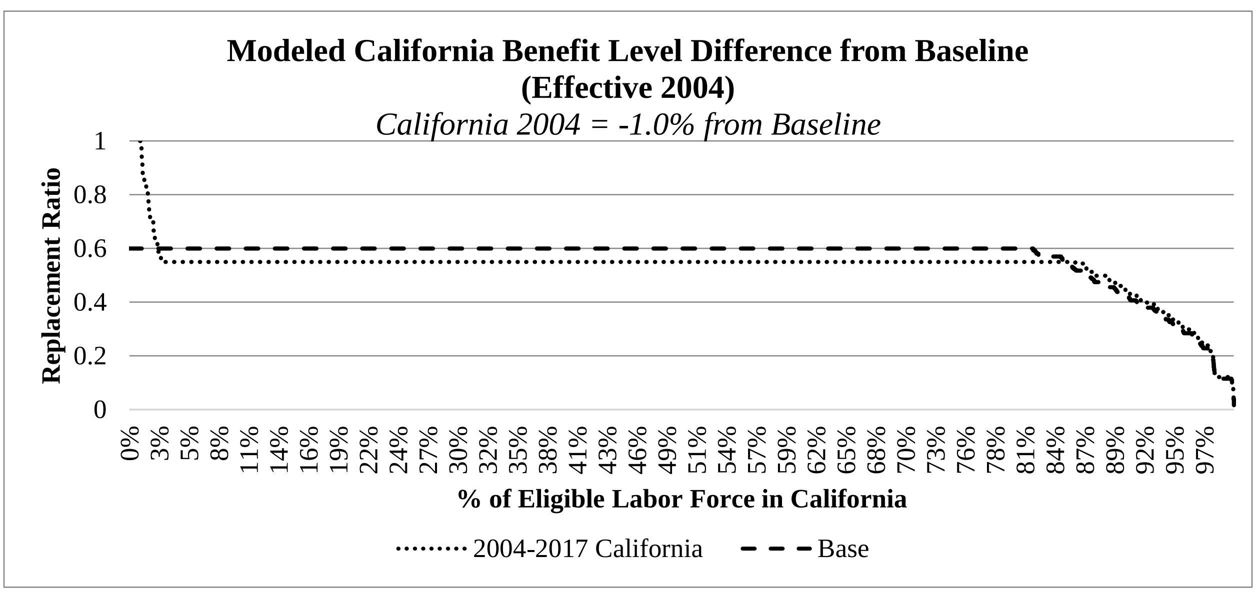
iv. Benefit Change Adjustment Descriptions

Changes in benefit levels from baseline were used to model the impact on both the bonding and family care incidence rates. As the wage replacement ratio and/or program maximum benefit increase a higher incidence rate is expected and vice versa. An insurer's group short term disability rate filing[174] with an effective date of January 1, 2019 was used to model these impacts for each state model. These modeled differences from baseline are summarized by state below.

a. California

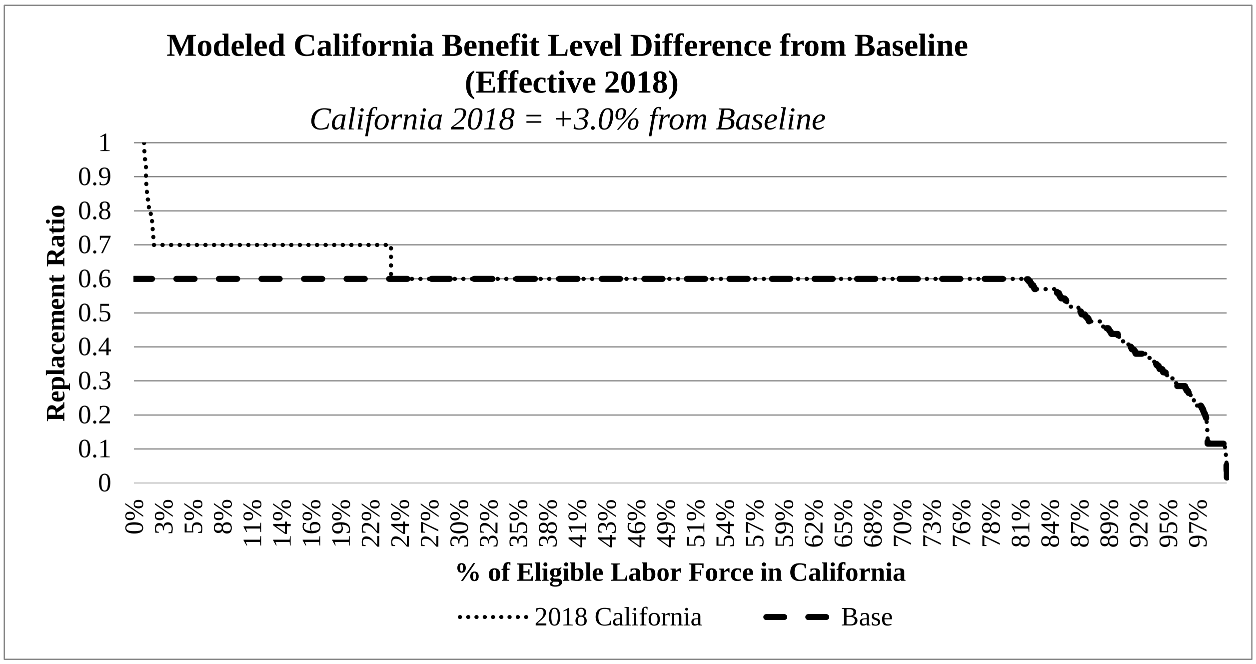
The impact of California's 2004 and 2018 benefit adjustment from the established baseline is developed utilizing the incidence rate adjustments of -1% and 3% respectively. The estimate is based on a combination of industry disability rate filing replacement ratio factors, relative benefit level differences (wage replacement ratio and program minimum and maximum benefit), and eligible labor force data. Benefit level differences from baseline and the eligible labor force percentage impacted are illustrated in Exhibit 72.

Exhibit 72



The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted California line is similar but demonstrates a 55% wage replacement ratio and recognizes the $50 California minimum benefit. Thus, for lower paid employees, the California plan is above the baseline plan indicating a richer benefit, while for most employees the California line is below the baseline due to a 55% wage replacement ratio compared to the baseline 60% ratio. Finally, for highly paid employees, the benefit is capped at the same maximum. The California plan is actuarially determined to be worth 1% less than the baseline. Similarly, the California plan, as revised in 2018 in Exhibit 73, is determined to be worth 3% more than the baseline.

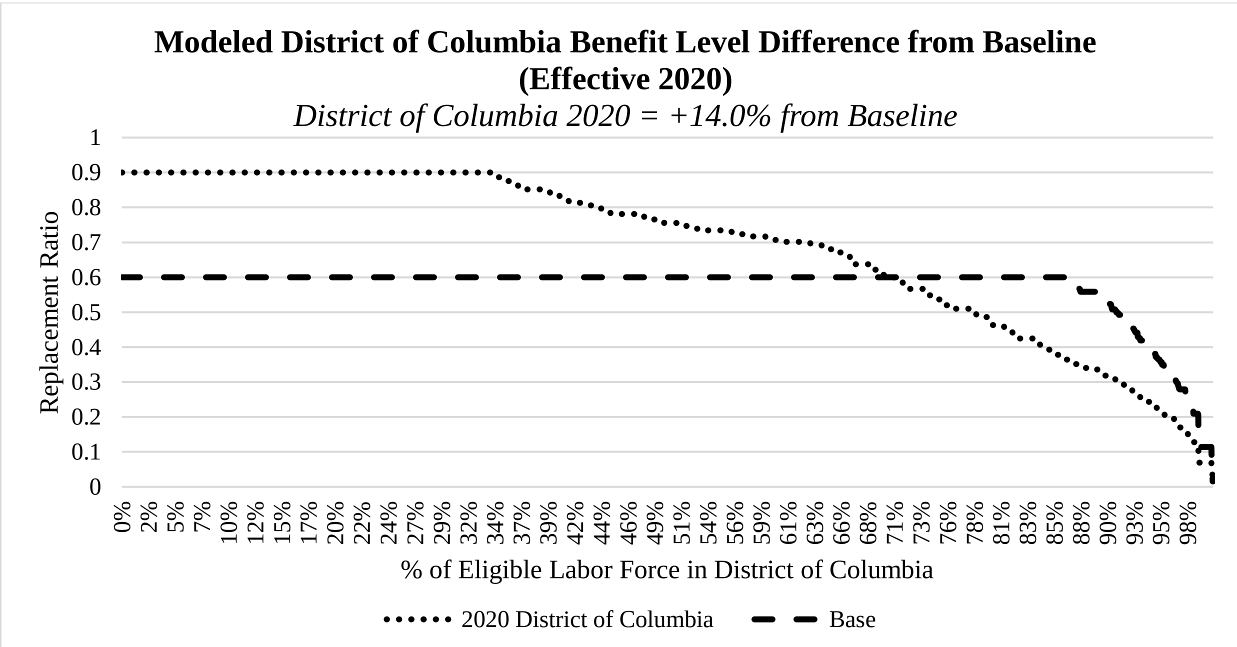
Exhibit 73



b. District of Columbia

The impact of District of Columbia's 2020 benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of +14%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted District of Columbia line demonstrates a progressive structure with a 90% replacement ratio for wages up to 150% of minimum wage and 50% of wages above 150% of minimum wage, subject to a maximum of $1,000. Thus, for lower paid employees, District of Columbia's plan is well above the baseline plan indicating a much richer benefit. This difference from baseline begins to taper off at the 33rd percentile of wage earners and drops below baseline at approximately the 70th percentile of wage earners. This is attributable to a combination of the reduction in contribution rate and then the capped maximum benefit. The District of Columbia plan is actuarially determined to be worth 14% more than the baseline.

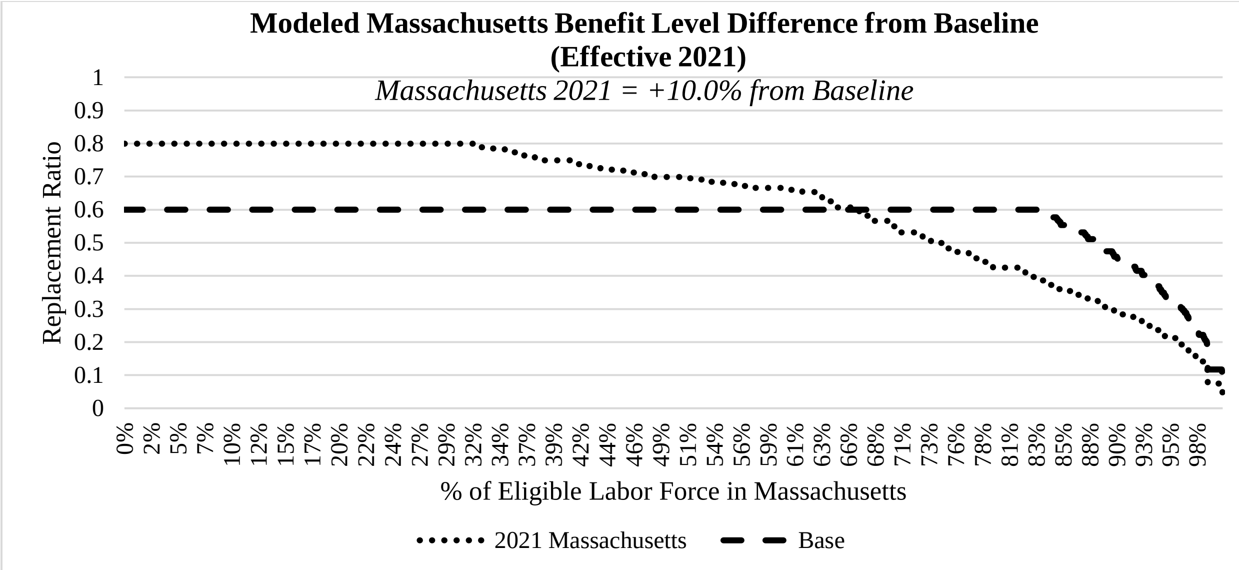
Exhibit 74



c. Massachusetts

The impact of Massachusetts's 2021 benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of +10%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted Massachusetts line demonstrates a progressive benefit structure with an 80% replacement ratio for wages up to 1/2 of SAWW and 50% of wages above 1/2 of SAWW, subject to a maximum of 64% of SAWW. Thus, for lower paid employees, Massachusetts's plan is well above the baseline plan indicating a much richer benefit. This difference from baseline begins to taper off at the 30th percentile of wage earners and drops below baseline at approximately the 65th percentile of wage earners. This is attributable to a combination of the reduced contribution rate and the capped maximum benefit. The Massachusetts plan is actuarially determined to be worth 10% more than the baseline.

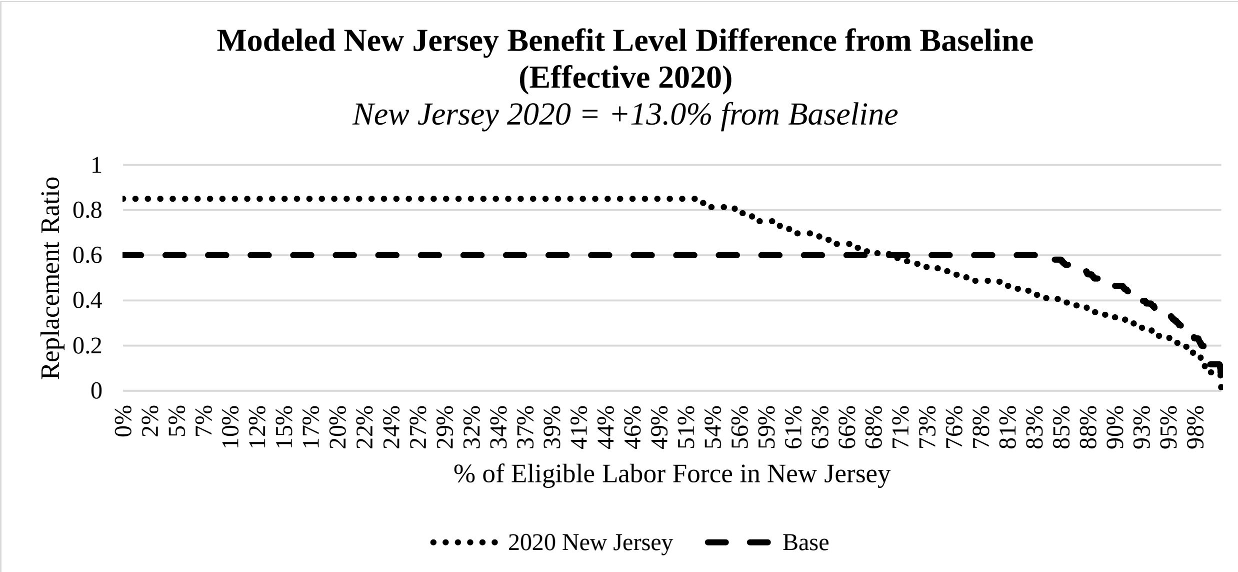
Exhibit 75



d. New Jersey

The impact of New Jersey's 2020 benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of +13%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted New Jersey line demonstrates a fixed benefit structure with an 85% replacement ratio for wages, subject to a maximum of 70% of SAWW. Thus, for lower paid employees, New Jersey's plan is well above the baseline plan indicating a much richer benefit. This difference from baseline begins to taper off at the 50th percentile of wage earners and drops below baseline at approximately the 70th percentile of wage earners. This is attributable to the capped maximum benefit. The New Jersey plan is actuarially determined to be worth 13% more than the baseline.

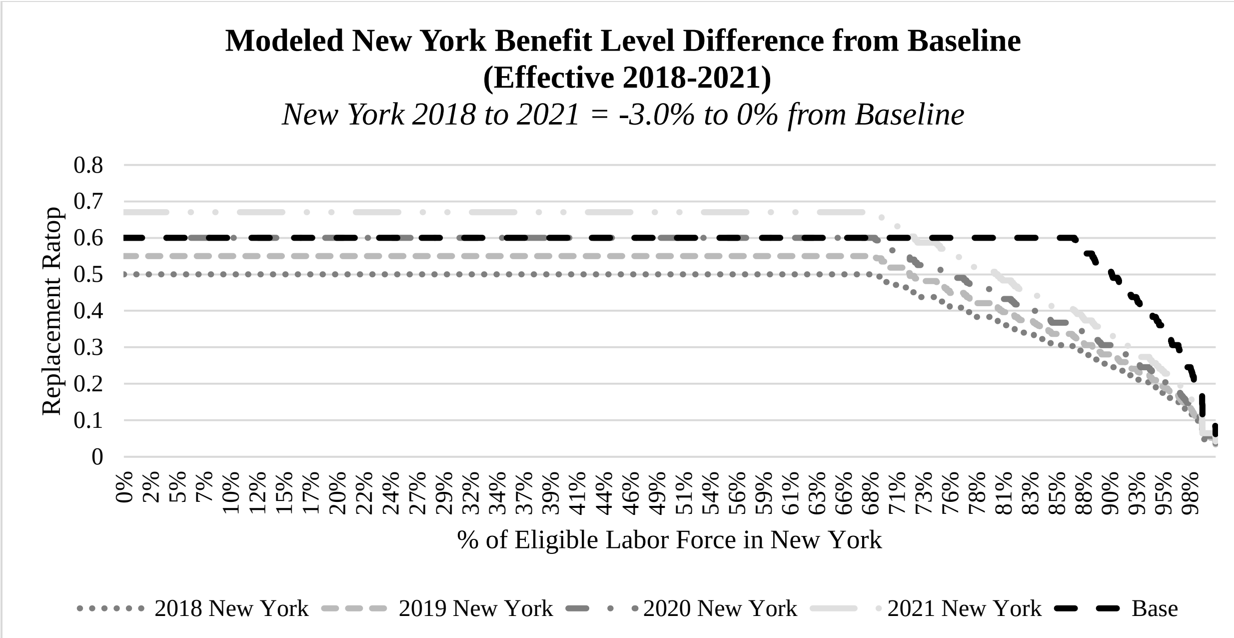
Exhibit 76



e. New York

The impact of New York's 2018, 2019, 2020 and 2021 benefit level adjustments from the established baseline are developed utilizing the incidence rates adjustment of -3%, -2%, -1%, and 0% respectively. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted New York line for 2018 demonstrates a fixed benefit structure with an 50% wage replacement ratio, subject to a maximum of 50% of SAWW. The dotted New York lines for the subsequent 3 years also represent a fixed rate structure but with increases in both the replacement ratio for wages and subject maximum to 55%, 60% and 67%, respectively. The 2018 through 2020 benefits are at or below baseline for all wage earners. Starting with the 2021 benefit level adjustment at 67%, roughly 2/3 of the population are above the baseline plan indicating a richer benefit for lower wage earners. This difference from baseline begins to taper off at the 67th percentile of wage earners and drops below baseline at approximately the 73rd percentile of wage earners. This is attributable to the capped maximum benefit. The New York plan is actuarially determined to be worth 3%, 2%, 1%, and 0% less than the baseline for 2018, 2019, 2020 and 2021, respectively.

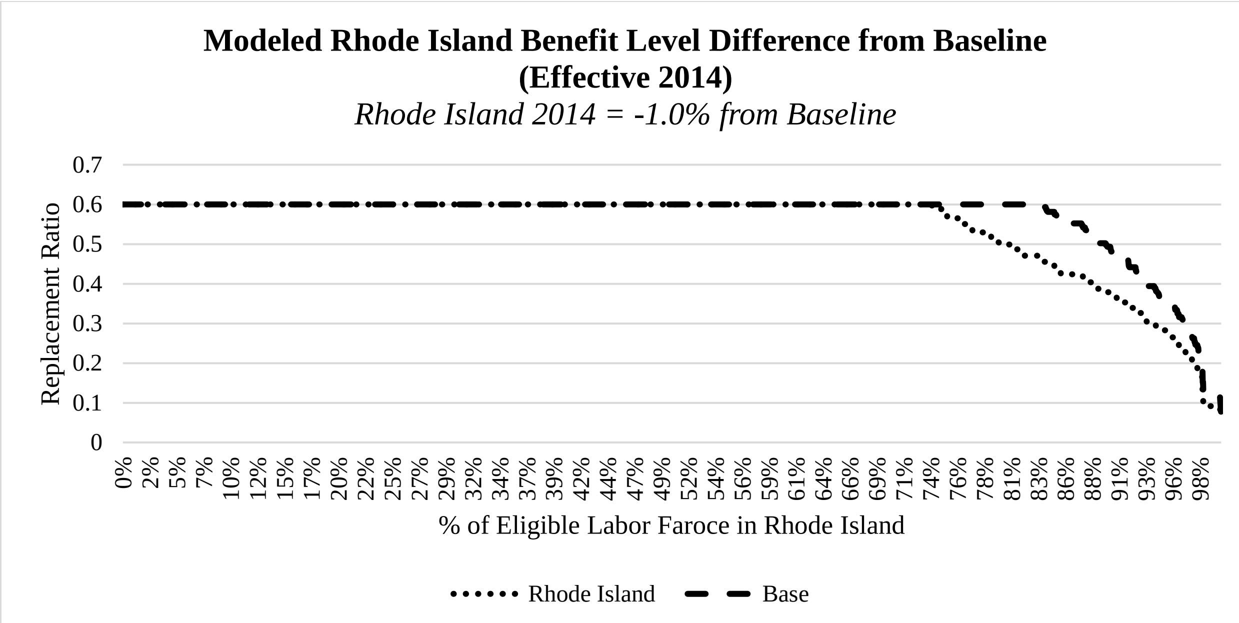
Exhibit 77



f. Rhode Island

The impact of Rhode Island's 2014 benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of -1%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted Rhode Island line demonstrates a fixed benefit structure with an 60% wage replacement ratio, subject to a maximum of 85% of SAWW. Thus, for lower paid employees, Rhode Island's plan is equal to the baseline plan indicating no difference in benefit. These zero differences from baseline change at the 75th percentile of wage earners and starts decreasing from baseline. This is attributable to the capped maximum benefit. The Rhode Island plan is actuarially determined to be worth 1% less than the baseline.

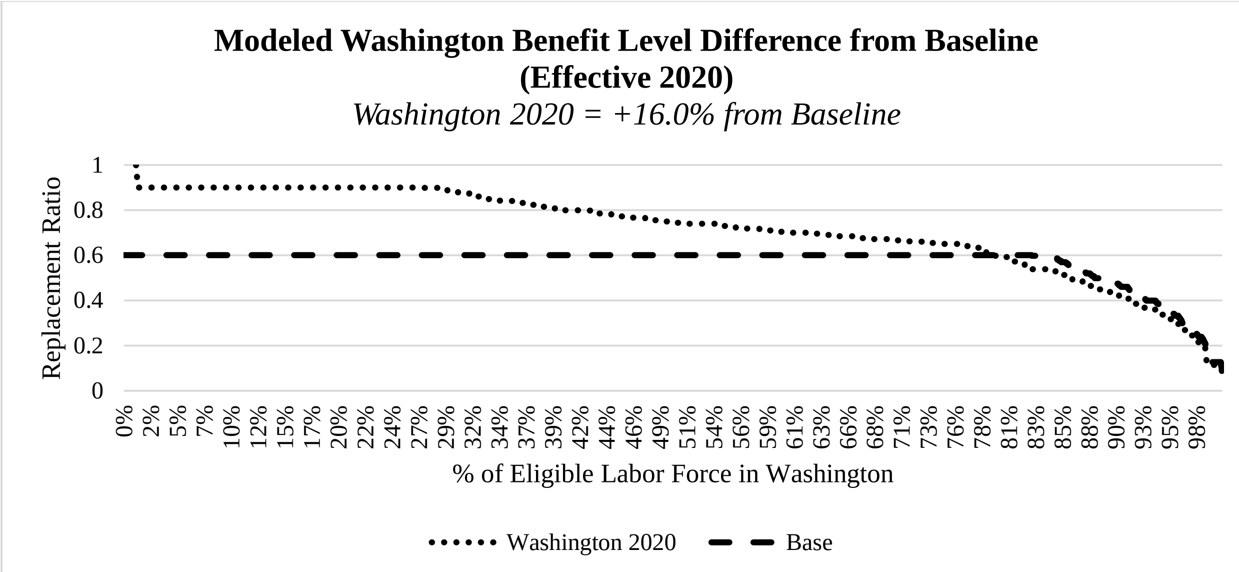
Exhibit 78



g. Washington

The impact of Washington's 2020 benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of +16%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted Washington line demonstrates a progressive benefit structure with an 90% replacement ratio for wages up to 1/2 of SAWW and 50% of wages above 1/2 of SAWW, subject to a maximum of 90% of SAWW. There is also a minimum benefit of $100. Thus, for lower paid employees, the Washington plan is well above the baseline plan indicating a richer benefit. This difference from baseline begins to taper off at the 30th percentile of wage earners and drops below baseline at approximately the 80th percentile of wage earners. This is attributable to a combination of the reduced contribution rate and the capped maximum benefit. The Washington plan is actuarially determined to be worth 16% more than the baseline.

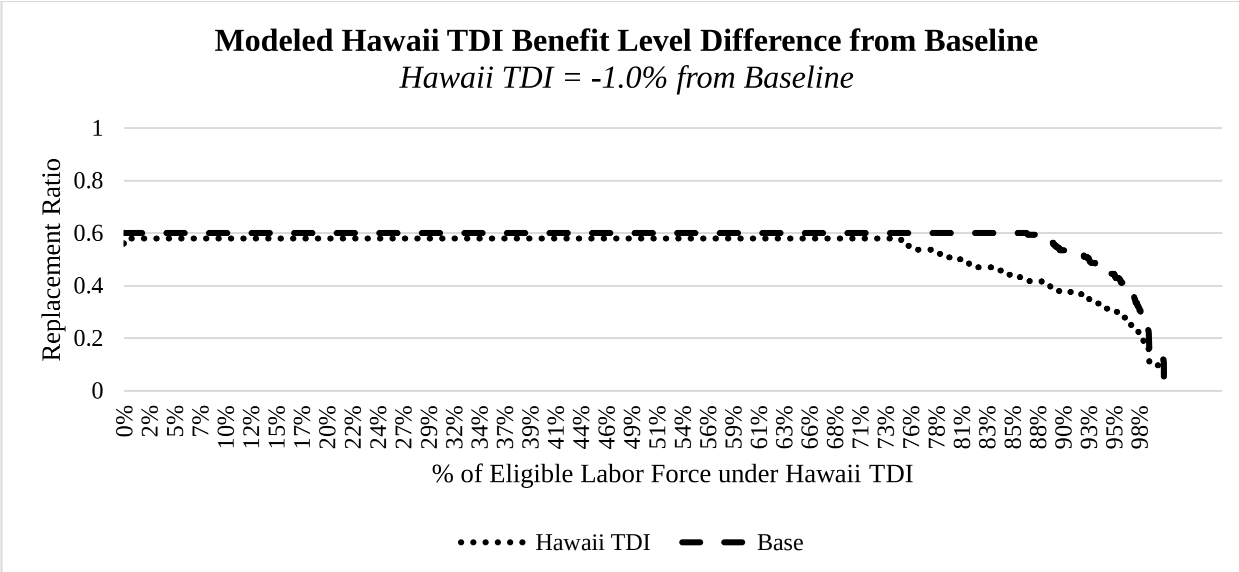
Exhibit 79



h. Hawaii TDI

The impact of Hawaii TDI benefit level adjustment from the established baseline is developed utilizing the incidence rates adjustment of -1%. The dashed baseline 60% wage replacement ratio is up to a maximum benefit of 100% of SAWW. Thus, for highly paid employees, the wage replacement ratio decreases at the maximum benefit level. The dotted Hawaii TDI line demonstrates a fixed benefit structure with an 58% wage replacement ratio, subject to a maximum of 70.1% (58% x 1.21) of SAWW. Thus, for lower paid employees, Hawaii TDI's model is less than the baseline for all wage earners. The Hawaii TDI adjustment is actuarially determined to be worth 1% less than the baseline.

Exhibit 8o



4. Demographic Adjustments

To model an appropriate baseline projection for Hawaii's expected PFL incidence rate using actual historical state PFL claim incidence rates, adjustments were needed to account for certain differences between states for demographics. Certain demographic characteristics are expected to drive a portion of the differences observed between states claims activity, along with the benefit level and eligibility differences previously discussed.

The model adjusts bonding incidence rates for demographic differences between states by comparing both birth rates differences from Hawaii and differences in female labor force in the prime birthing age band of 20-44 for Hawaii. The relative differences between Hawaii and each state were weighted to arrive at the selected adjustment factor to applied to the historical state incidence rate. More weight has given to the female labor force 20-44 differences.

Exhibit 81

Demographic Adjustment to Historical Bonding Incidence Rate				
State	**Year**	**Birth Rate per 1,000 Population*[175]**	**Female Labor Force Age 20-44 / Total[176]**	**Selected Adjustment Factor**
California	2017	11.93	24.7%	99.3%
California	2018	N/A	24.6%	99.3%
Hawaii	2016	12.64	23.5%	100% baseline
Hawaii	2017	12.27	23.7%	100% baseline
Hawaii	2018	N/A	24.3%	100% baseline
New Jersey	2016	11.48	22.5%	103.4%
New Jersey**	2017	11.24	23.7%	103.4%
New York	2018	N/A	25.1%	100.0%
Rhode Island	2017	10.04	26.3%	101.3%
Rhode Island	2018	N/A	24.4%	101.3%
* CDC's latest report is 2017 so 2018 birth rate is not available				
** New Jersey only has published PFL data up to 2017				

For family care, this adjustment considers the relative relationship of working females over the age of 44 relative to the total labor force in Hawaii. This is utilized because New Jersey data indicates two thirds of family care claims are submitted by females over age 44. The proportion is then compared to the state specific PFL claim data. The family care incidence rate is adjusted based on this relationship. The incidence rate for family leave in Hawaii is estimated to be approximately 8.1% higher than in California due to a higher proportion of females in Hawaii over 45 years of age in the labor force. California, New Jersey, Rhode Island and New York incidence adjustment factors for Hawaii demographic differences are summarized in Exhibit 82.

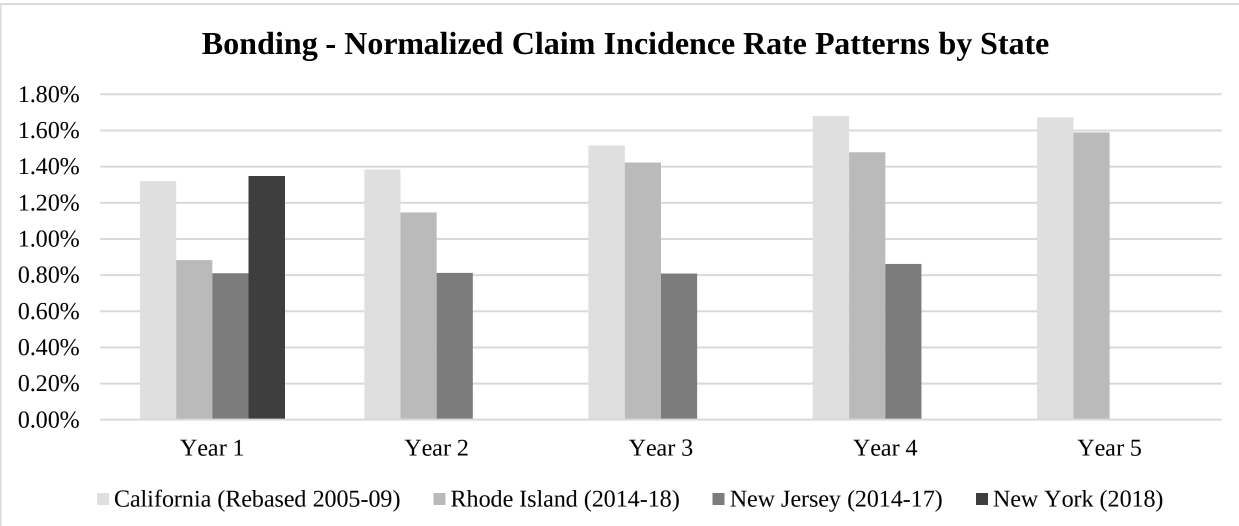
Exhibit 82

Demographic Adjustment to Historical Family Care Incidence Rate			
State	**Year**	**Female Labor Force Age 45+ / Total*[177]**	**Selected Adjustment Factor**
California	2017	19.4%	108.1%
California	2018	19.4%	108.1%
Hawaii	2016	22.0%	100% baseline
Hawaii	2017	22.6%	100% baseline
Hawaii	2018	22.7%	100% baseline
New Jersey	2016	22.4%	99.9%
New Jersey	2017	22.3%	99.9%
New York	2018	21.7%	102.3%
Rhode Island	2017	20.9%	103.0%
Rhode Island	2018	21.8%	103.0%
*New Jersey only has published PFL data up to 2017			

5. Bonding Incidence Rate

Bonding incidence rate is the number of paid bonding claims as a percentage of eligible labor force. The bonding incidence rate projections for Hawaii are developed by bringing historical claim level data to a common level for benefit and demographic differences as developed above. Exhibit 83 shows the resulting adjusted incidence rates for each of the existing PFL programs.

Exhibit 83



Projection year 2020 bonding incidence rate is based on weighting bonding incidence rates for states with current programs using the first year the program was in place (California, 1.32%, Rhode Island, 0.91% and NY-, 1.35%). This is adjusted to develop an annual trend of 1.2%. The trended rates for California, Rhode Island and New York are 1.35%, 0.97% and 1.15%, respectively. Weight is then applied in proportion to the square root of the current state labor force to arrive at the selection of a 1.33% bonding incidence rate for 2020. New Jersey incidence rates are excluded as an outlier.

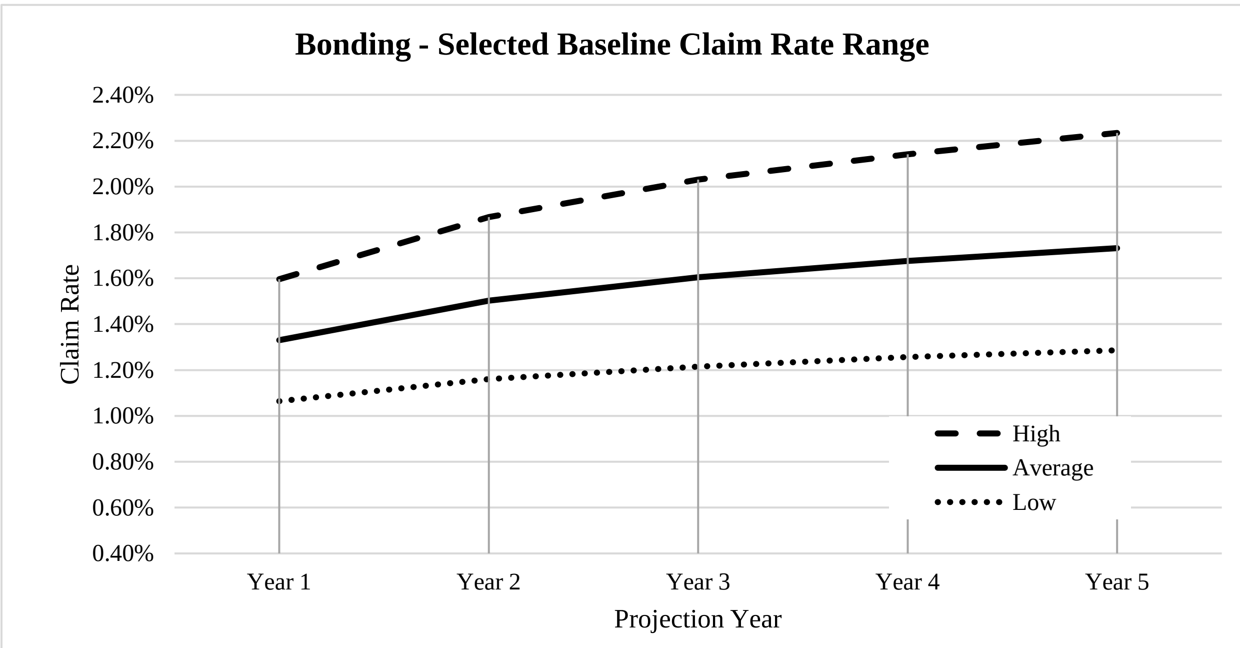
Next, trend increases are applied for the later projection years. The modeled 2021 through 2024 bonding incidence rate trends reflect the following fitted pattern for California incidence rates 2005 through 2009 using a natural log fit.

Exhibit 84

Modeled Year-to-Year Bonding Incidence Rate Trends					
	2020	**2021**	**2022**	**2023**	**2024**
Fitted California Trend	1.28%	1.45%	1.54%	1.61%	1.67%
Modeled Year-to-Year Trend	--	13.0%	6.7%	4.5%	3.3%

A low and high range of outcomes is selected based on the variability in the above state indications and actuarial judgment. The low, central and high figures represent a broad range of estimates based on observed PFL claims experience. Actual claim incidence rates could fall outside of this range. Exhibit 85 illustrates this range of selections against historical bonding incidence rates.

Exhibit 85

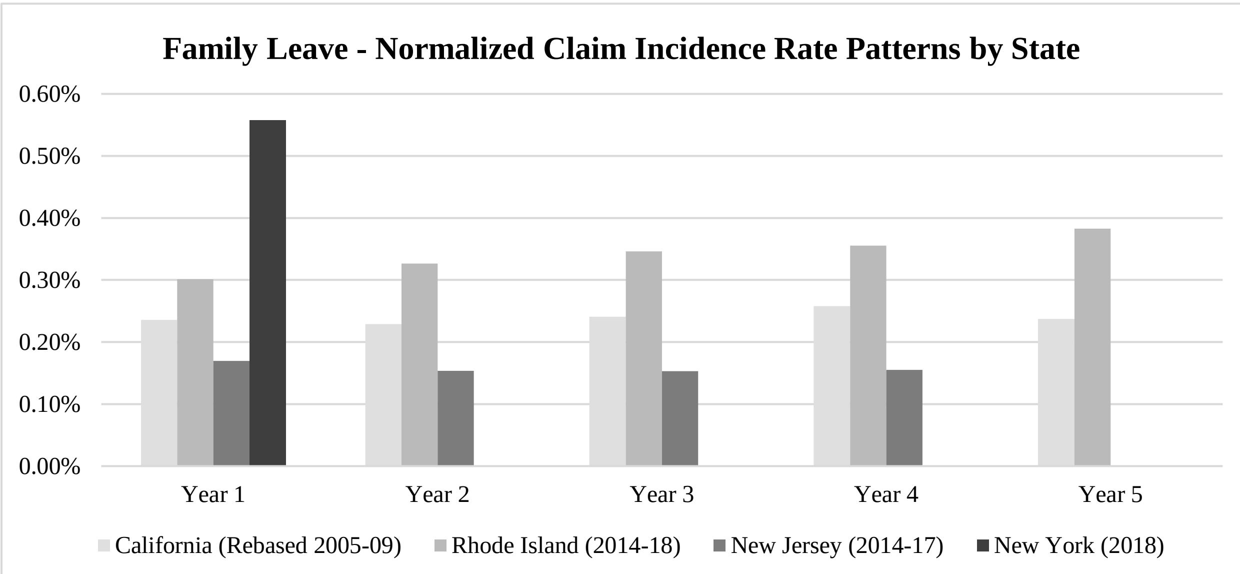


6. Family Leave Incidence Rate

The Hawaii family leave incidence rate is the number of PFL claims as a percentage of employed labor force. The selected bonding incidence rate projections are developed by bringing historical claim level data to a common level for benefit and demographic differences as noted above.

Exhibit 86 shows the resulting adjusted incidence rates for each of the existing PFL programs.

Exhibit 86



The family care incidence rate in projection year 2020 is based on a weighting of bonding incidence rate for California (rebased, 0.15%), Rhode Island (0.30%), and New York (0.57%) in the year the program was first implemented adjusted for an annual trend of 2.5%. The trended rates for California, Rhode Island and New York are 0.22%, 0.35% and 0.60%, respectively. Weight is then applied in proportion to the square root of the current state labor force to arrive at the selection of a 0.38% bonding incidence rate for 2020. NJ incidence rates are excluded as an outlier.

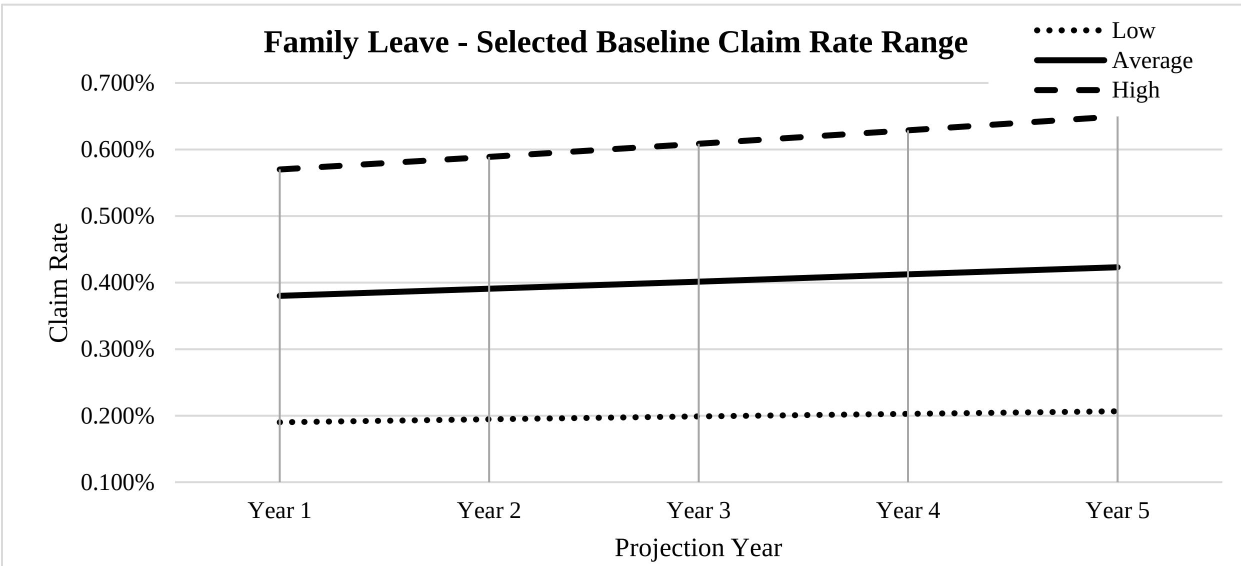
Next, trend increases are applied for the later projection years. The selected 2021 through 2024 family care incidence rate trends reflect the following fitted pattern for California incidence rates 2014 through 2018 using a linear fit.

Exhibit 87

Modeled Year-to-Year Family Care Incidence Rate Trends					
	2020	**2021**	**2022**	**2023**	**2024**
Fitted California Trend	0.21%	0.22%	0.22%	0.23%	0.24%
Change from Prior Year	--	2.8%	2.8%	2.7%	2.6%

A low and high range of outcomes is selected based on the variability in the above state indications and actuarial judgment. The low, central and high estimates represent a broad range of estimates based on observed PFL claims experience. Actual claim incidence rates could fall outside of this range. Exhibit 88 illustrates the range of selections against historical bonding incidence rates.

Exhibit 88



7. Claim Durations

Claim duration is the estimated average length of leave (in weeks) for bonding and family care claims. Duration is a function of the maximum benefit period. As the maximum benefit period increases, more people discontinue their leave. The rate of discontinuance is higher for family care than for bonding claims.

On average in Hawaii, 9.53 weeks are taken for bonding, whereas 4.27 weeks are taken to care for family members if there is no maximum benefit period.[178] As a result, increasing the maximum benefit period has a greater impact on bonding claims costs than on family care claim costs. Available data for PFL bonding versus family care claims is limited to only New Jersey and New York in 2018. These programs are subject to 6-week and 8-week maximum benefit periods, respectively.

Exhibit 89

Actual Duration by Claim Type (Number of Weeks)				
Year	Bonding Claims		Family Leave Claims	
	New Jersey	New York	New Jersey	New York
2014	5.4	N/A	4.0	N/A
2015	5.4	N/A	4.0	N/A
2016	5.4	N/A	4.0	N/A
2017	5.3	N/A	4.0	N/A
2018	5.4	6.6	4.0	4.2
Maximum	6.0	8.0	6.0	8.0

As actual PFL claim durations do not extend beyond these limits, an extrapolation approach is used to consider the expectation that the portion of leave takers decreases for each additional week of leave taken. Estimates for 4, 6, 8, 10, 12, 14 and 16 weeks are developed separately for bonding and family care with this consideration. The range of selected durations at different maximum benefit periods is illustrated below. This considers both the New Jersey and New York data points as well as the durations results stated above.

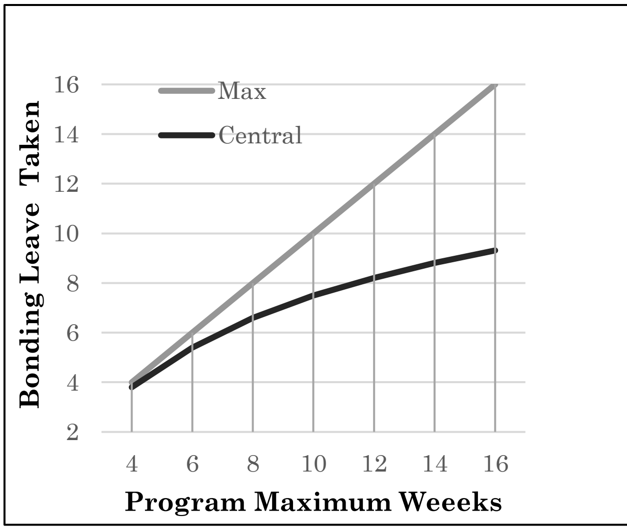
Exhibit 90

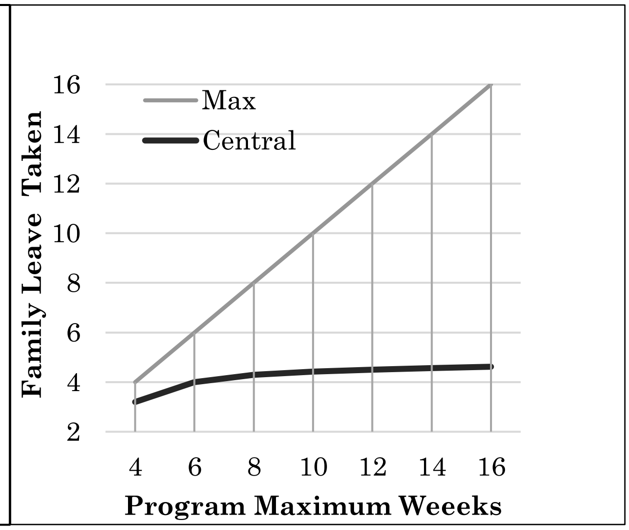
Central Estimate of Average Duration by Maximum Duration (Number of Weeks)		
Maximum Duration	Bonding Claims	Family Leave Claims
4	3.8	3.2
6	5.4	4.0
8	6.6	4.3
10	7.5	4.4
12	8.2	4.5
14	8.8	4.6
16	9.3	4.6

As shown in the below graphs, the difference between maximum duration and the modeled (central) duration increase with the increasing maximum duration, with selected average duration flattening much more quickly for family care.

Exhibit 91

Central Expected Bonding and Family Care Claim Duration Compared to Maximum

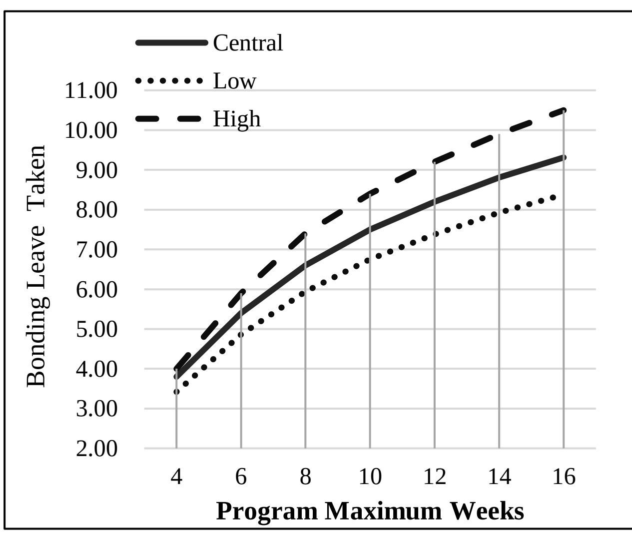


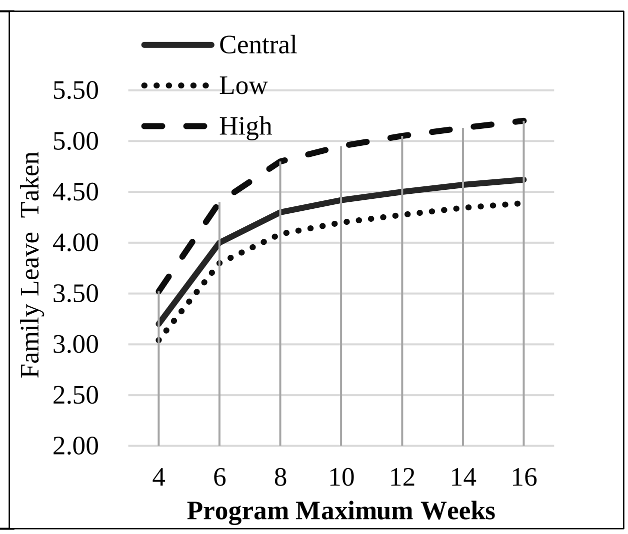


As shown in the below graphs, the model ranges between the expected mode durations (Central line in chart) and the low and high dotted line. Each incremental increase in maximum weeks corresponds to an increase in the expected duration. Further each additional increase in program maximum weeks leads to a smaller and smaller increase expected weeks of benefit payments since the percentage of the eligible workforce receiving benefits decreases over time. The larger distance between the high and central estimates in comparison to the distance between the low and central estimates is driven by the uncertainty of actual experience at higher maximum durations. These ranges were arrived at using actuarial judgment with consideration of this theoretical basis.

Exhibit 92

Modeled Bonding and Family Care Claim Duration Range





8. Average Weekly Benefit Amount & Taxable Wage Base

The average weekly benefit amount and taxable wage base in Hawaii is the estimated average weekly benefit subject to the state modeled PFL benefit rules and eligibility requirements. Calculating the average weekly benefit amount consists of the following steps:

1) The weekly wage distribution is calculated based on the eligible Hawaii labor force under the state eligibility requirements. An annual wage growth trend of 2.5% and a labor growth trend of 0.5% is applied to each annual projection period.[179,180] Note the expected average weekly wage in our model for Hawaii is approximately 10% higher than the bureau of labor and statistics (BLS) indication suggests. Because of the application of each state's program benefit maximum, the possible overestimate of expected average weekly benefit amount and average weekly taxable wage base is significantly mitigated. Also, significant variations exist between states' calculations of average weekly benefit.
2) The state maximum contribution formula for the projection year is applied to the wage distribution in step 1 to calculate the distribution of wages subject to the contribution rate to fund PFL program costs. This includes application of the state maximum contribution. The average weekly taxable wage base is then calculated based on the distribution of these wage contributions.
3) The state benefit formula for the projection year is applied to the wage distribution in step 1 to calculate the distribution of weekly benefit payouts. This includes application of benefit formula minimums, maximums and wage replacement ratios. The average weekly benefit received is then calculated based on the distribution of these weekly benefit payouts.

The results and explanations of the projections under California's PFL model for the 2020 through 2024 projection period are shown in Exhibit 93 to 95. Subsequent tables show the results for the other state models.

i. California

The following table shows the average wage distribution and overall average wage for Hawaii of eligible labor force under the California model. The projections adjust Hawaii data for California eligibility requirements, labor force growth and wage growth for the five projection years. The average shown in the last row shows Hawaii's average weekly wage of eligible labor force under this model.

Exhibit 93

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the California Program[181]					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$117	$120	$123	$126	$129
20.0%	$271	$278	$285	$292	$299
30.0%	$424	$435	$446	$457	$468
40.0%	$571	$585	$600	$615	$630
50.0%	$707	$725	$743	$762	$781
60.0%	$851	$872	$894	$916	$939
70.0%	$1,051	$1,077	$1,104	$1,132	$1,160
80.0%	$1,339	$1,373	$1,407	$1,442	$1,478
90.0%	$1,785	$1,830	$1,876	$1,923	$1,971
95.0%	$2,361	$2,420	$2,480	$2,542	$2,606
100.0%	$5,909	$6,057	$6,208	$6,364	$6,523
Average	**$1,125**	**$1,153**	**$1,182**	**$1,212**	**$1,242**

The following table caps the prior table at the maximum taxable wage.

Exhibit 94

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the California Program[182]					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$117	$120	$123	$126	$129
20.0%	$271	$278	$285	$292	$299
30.0%	$424	$435	$446	$457	$468
40.0%	$571	$585	$600	$615	$630
50.0%	$707	$725	$743	$762	$781
60.0%	$851	$872	$894	$916	$939
70.0%	$1,051	$1,077	$1,104	$1,132	$1,160
80.0%	$1,339	$1,373	$1,407	$1,442	$1,478
90.0%	$1,785	$1,830	$1,876	$1,923	$1,971
95.0%	$2,054	$2,106	$2,158	$2,212	$2,268
100.0%	$2,054	$2,106	$2,158	$2,212	$2,268
Average	**$917**	**$940**	**$964**	**$988**	**$1,012**

To develop the average weekly average benefit for a specific state, we overlay the benefit payout rules of that state to Hawaii's eligible wage distribution and calculate the distribution of average weekly benefit amount and the overall average. The benefit rule in California, for example, states that the average weekly benefit amount is 60% wage replacement for individuals who earn 1/3 or more of the state average quarterly wage and 70% wage replacement for individuals who earn less than 1/3 of the state average quarterly wage (it's also subject to a minimum of $50 and a maximum of 100% of SAWW).[183] The results are illustrated by percentile for informational purposes. For example, the $50 minimum is not illustrated as it falls below 10%.

Exhibit 95

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the California Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$82	$84	$86	$88	$90
20.0%	$190	$195	$200	$204	$210
30.0%	$255	$261	$268	$274	$281
40.0%	$343	$351	$360	$369	$378
50.0%	$424	$435	$446	$457	$468
60.0%	$511	$523	$536	$550	$564
70.0%	$630	$646	$662	$679	$696
80.0%	$803	$824	$844	$865	$887
90.0%	$1,071	$1,098	$1,125	$1,154	$1,182
95.0%	$1,130	$1,158	$1,187	$1,217	$1,247
100.0%	$1,130	$1,158	$1,187	$1,217	$1,247
Average	**$544**	**$557**	**$571**	**$586**	**$600**

Further detail behind the sample calculations are as follows:

- For year 1 at 10% wage: average weekly wage at the 10% is $117 and is below 1/3 of state average wage of $377 (=$1,130/3). Therefore, the benefit will be 70% x $117 = $82.
- For year 1 at 40% wage: average weekly wage at the 40% is $571 and is greater than 1/3 of state average wage of $377 (=$1,130/3). Therefore, the benefit will be 60% x $571 = $343.
- For year 1 at 90% wage: average weekly wage at the 90% is $1,785. Therefore, the benefit will be 60% x $1,785 = $1,071.
- For year 1 at 95% wage: average weekly wage at the 95% is $2,361. This wage is capped at the maximum of $2,054 (=$1,130/0.55). Therefore, the benefit will be 60% x $2,054 = $1,438 but is capped at the state maximum of $1,130 (=100% x $1,130).

The same calculation process is applied to other states with results shown in the following exhibits.

ii. District of Columbia

Exhibit 96

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the District of Columbia Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$113	$115	$118	$121	$124
20.0%	$268	$274	$281	$288	$295
30.0%	$421	$432	$443	$454	$465
40.0%	$569	$583	$597	$612	$628
50.0%	$705	$723	$741	$760	$779
60.0%	$849	$870	$892	$914	$937
70.0%	$1,048	$1,075	$1,102	$1,129	$1,157
80.0%	$1,336	$1,370	$1,404	$1,439	$1,475
90.0%	$1,782	$1,827	$1,873	$1,920	$1,968
95.0%	$2,357	$2,416	$2,477	$2,539	$2,602
100.0%	$5,897	$6,044	$6,195	$6,350	$6,509
Average	**$1,122**	**$1,150**	**$1,179**	**$1,208**	**$1,238**

Exhibit 97

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the District of Columbia Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$113	$115	$118	$121	$124
20.0%	$268	$274	$281	$288	$295
30.0%	$421	$432	$443	$454	$465
40.0%	$569	$583	$597	$612	$628
50.0%	$705	$723	$741	$760	$779
60.0%	$849	$870	$892	$914	$937
70.0%	$1,048	$1,075	$1,102	$1,129	$1,157
80.0%	$1,336	$1,370	$1,404	$1,439	$1,475
90.0%	$1,782	$1,827	$1,873	$1,920	$1,968
95.0%	$2,357	$2,416	$2,477	$2,539	$2,602
100.0%	$5,897	$6,044	$6,195	$6,350	$6,509
Average	**$1,122**	**$1,150**	**$1,179**	**$1,208**	**$1,238**

Exhibit 98

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the District of Columbia Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$101	$104	$106	$109	$112
20.0%	$241	$247	$253	$259	$266
30.0%	$379	$389	$398	$408	$418
40.0%	$512	$525	$538	$551	$565
50.0%	$601	$616	$632	$647	$664
60.0%	$673	$690	$707	$725	$743
70.0%	$773	$792	$812	$832	$853
80.0%	$917	$940	$963	$987	$1,000
90.0%	$1,000	$1,000	$1,000	$1,000	$1,000
95.0%	$1,000	$1,000	$1,000	$1,000	$1,000
100.0%	$1,000	$1,000	$1,000	$1,000	$1,000
Average	**$620**	**$630**	**$641**	**$652**	**$662**

iii. Massachusetts

Exhibit 99

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the Massachusetts Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$196	$201	$206	$211	$216
20.0%	$359	$368	$378	$387	$397
30.0%	$491	$503	$516	$529	$542
40.0%	$626	$642	$658	$674	$691
50.0%	$756	$775	$795	$815	$835
60.0%	$890	$912	$935	$958	$982
70.0%	$1,090	$1,117	$1,145	$1,174	$1,203
80.0%	$1,359	$1,393	$1,428	$1,463	$1,500
90.0%	$1,769	$1,814	$1,859	$1,905	$1,953
95.0%	$2,281	$2,338	$2,397	$2,457	$2,518
100.0%	$5,072	$5,199	$5,329	$5,462	$5,599
Average	**$1,121**	**$1,149**	**$1,178**	**$1,208**	**$1,238**

Exhibit 100

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the Massachusetts Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$196	$201	$206	$211	$216
20.0%	$359	$368	$378	$387	$397
30.0%	$491	$503	$516	$529	$542
40.0%	$626	$642	$658	$674	$691
50.0%	$756	$775	$795	$815	$835
60.0%	$890	$912	$935	$958	$982
70.0%	$1,090	$1,117	$1,145	$1,174	$1,203
80.0%	$1,359	$1,393	$1,428	$1,463	$1,500
90.0%	$1,769	$1,814	$1,859	$1,905	$1,953
95.0%	$2,281	$2,338	$2,397	$2,457	$2,518
100.0%	$2,620	$2,685	$2,752	$2,821	$2,892
Average	**$999**	**$1,024**	**$1,049**	**$1,076**	**$1,102**

Exhibit 101

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the Massachusetts Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$157	$161	$165	$169	$173
20.0%	$288	$295	$302	$310	$317
30.0%	$393	$403	$413	$423	$434
40.0%	$483	$495	$507	$520	$533
50.0%	$548	$561	$575	$590	$605
60.0%	$614	$630	$645	$662	$678
70.0%	$715	$732	$751	$770	$789
80.0%	$723	$741	$760	$779	$798
90.0%	$723	$741	$760	$779	$798
95.0%	$723	$741	$760	$779	$798
100.0%	$723	$741	$760	$779	$798
Average	**$537**	**$550**	**$564**	**$578**	**$592**

iv. New Jersey

Exhibit 102

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the New Jersey Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$272	$279	$286	$293	$300
20.0%	$434	$445	$456	$468	$479
30.0%	$570	$584	$598	$613	$629
40.0%	$700	$718	$736	$754	$773
50.0%	$842	$863	$885	$907	$929
60.0%	$1,010	$1,035	$1,061	$1,087	$1,114
70.0%	$1,215	$1,245	$1,276	$1,308	$1,341
80.0%	$1,501	$1,538	$1,577	$1,616	$1,657
90.0%	$1,895	$1,942	$1,991	$2,040	$2,091
95.0%	$2,387	$2,447	$2,508	$2,571	$2,635
100.0%	$5,502	$5,639	$5,780	$5,925	$6,073
Average	**$1,238**	**$1,269**	**$1,301**	**$1,333**	**$1,367**

Exhibit 103

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the New Jersey Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$272	$279	$286	$293	$300
20.0%	$434	$445	$456	$468	$479
30.0%	$570	$584	$598	$613	$629
40.0%	$700	$718	$736	$754	$773
50.0%	$842	$863	$885	$907	$929
60.0%	$1,010	$1,035	$1,061	$1,087	$1,114
70.0%	$1,215	$1,245	$1,276	$1,308	$1,341
80.0%	$1,501	$1,538	$1,577	$1,616	$1,657
90.0%	$1,895	$1,942	$1,991	$2,040	$2,091
95.0%	$2,325	$2,383	$2,443	$2,504	$2,566
100.0%	$2,325	$2,383	$2,443	$2,504	$2,566
Average	**$1,076**	**$1,103**	**$1,131**	**$1,159**	**$1,188**

Exhibit 104

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the New Jersey Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$231	$237	$243	$249	$255
20.0%	$369	$378	$388	$397	$407
30.0%	$484	$496	$509	$521	$534
40.0%	$595	$610	$626	$641	$657
50.0%	$716	$734	$752	$771	$790
60.0%	$791	$811	$831	$852	$873
70.0%	$791	$811	$831	$852	$873
80.0%	$791	$811	$831	$852	$873
90.0%	$791	$811	$831	$852	$873
95.0%	$791	$811	$831	$852	$873
100.0%	$791	$811	$831	$852	$873
Average	**$635**	**$651**	**$667**	**$684**	**$701**

v. New York

Exhibit 105

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the New York Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$272	$279	$286	$293	$300
20.0%	$434	$445	$456	$468	$479
30.0%	$570	$584	$598	$613	$629
40.0%	$700	$718	$736	$754	$773
50.0%	$842	$863	$885	$907	$929
60.0%	$1,010	$1,035	$1,061	$1,087	$1,114
70.0%	$1,215	$1,245	$1,276	$1,308	$1,341
80.0%	$1,501	$1,538	$1,577	$1,616	$1,657
90.0%	$1,895	$1,942	$1,991	$2,040	$2,091
95.0%	$2,387	$2,447	$2,508	$2,571	$2,635
100.0%	$5,502	$5,639	$5,780	$5,925	$6,073
Average	**$1,238**	**$1,269**	**$1,301**	**$1,333**	**$1,367**

Exhibit 106

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the New York Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$146	$150	$154	$157	$161
20.0%	$325	$333	$341	$350	$359
30.0%	$470	$482	$494	$506	$519
40.0%	$606	$621	$636	$652	$668
50.0%	$738	$756	$775	$794	$814
60.0%	$872	$894	$916	$939	$962
70.0%	$1,066	$1,093	$1,120	$1,148	$1,177
80.0%	$1,130	$1,158	$1,187	$1,217	$1,247
90.0%	$1,130	$1,158	$1,187	$1,217	$1,247
95.0%	$1,130	$1,158	$1,187	$1,217	$1,247
100.0%	$1,130	$1,158	$1,187	$1,217	$1,247
Average	**$761**	**$780**	**$800**	**$820**	**$840**

Exhibit 107

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the New York Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$88	$100	$103	$105	$108
20.0%	$195	$223	$229	$234	$240
30.0%	$282	$323	$331	$339	$347
40.0%	$363	$416	$426	$437	$448
50.0%	$443	$507	$519	$532	$546
60.0%	$523	$599	$614	$629	$645
70.0%	$640	$732	$751	$769	$789
80.0%	$678	$776	$795	$815	$836
90.0%	$678	$776	$795	$815	$836
95.0%	$678	$776	$795	$815	$836
100.0%	$678	$776	$795	$815	$836
Average	**$457**	**$523**	**$536**	**$549**	**$563**

vi. Rhode Island

Exhibit 108

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the Rhode Island Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$328	$336	$344	$353	$362
20.0%	$465	$477	$489	$501	$513
30.0%	$592	$607	$622	$637	$653
40.0%	$708	$725	$744	$762	$781
50.0%	$823	$844	$865	$887	$909
60.0%	$977	$1,001	$1,026	$1,052	$1,078
70.0%	$1,181	$1,210	$1,240	$1,271	$1,303
80.0%	$1,458	$1,494	$1,532	$1,570	$1,609
90.0%	$1,873	$1,920	$1,968	$2,017	$2,067
95.0%	$2,421	$2,482	$2,544	$2,607	$2,672
100.0%	$5,958	$6,107	$6,260	$6,416	$6,577
Average	**$1,259**	**$1,291**	**$1,323**	**$1,356**	**$1,390**

Exhibit 109

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the Rhode Island Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$197	$201	$206	$212	$217
20.0%	$279	$286	$293	$300	$308
30.0%	$355	$364	$373	$382	$392
40.0%	$425	$435	$446	$457	$469
50.0%	$494	$506	$519	$532	$545
60.0%	$586	$601	$616	$631	$647
70.0%	$708	$726	$744	$763	$782
80.0%	$875	$897	$919	$942	$966
90.0%	$960	$984	$1,009	$1,034	$1,060
95.0%	$960	$984	$1,009	$1,034	$1,060
100.0%	$960	$984	$1,009	$1,034	$1,060
Average	**$584**	**$599**	**$613**	**$629**	**$645**

Exhibit 110

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the Rhode Island Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$328	$336	$344	$353	$362
20.0%	$465	$477	$489	$501	$513
30.0%	$592	$607	$622	$637	$653
40.0%	$708	$725	$744	$762	$781
50.0%	$823	$844	$865	$887	$909
60.0%	$977	$1,001	$1,026	$1,052	$1,078
70.0%	$1,181	$1,210	$1,240	$1,271	$1,303
80.0%	$1,458	$1,494	$1,532	$1,570	$1,609
90.0%	$1,524	$1,562	$1,602	$1,642	$1,683
95.0%	$1,524	$1,562	$1,602	$1,642	$1,683
100.0%	$1,524	$1,562	$1,602	$1,642	$1,683
Average	**$958**	**$982**	**$1,006**	**$1,032**	**$1,057**

vii. Washington

Exhibit 111

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the Washington Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$200	$205	$210	$215	$221
20.0%	$398	$408	$418	$428	$439
30.0%	$555	$569	$583	$597	$612
40.0%	$686	$703	$721	$739	$757
50.0%	$817	$837	$858	$879	$901
60.0%	$975	$999	$1,024	$1,050	$1,076
70.0%	$1,171	$1,201	$1,231	$1,261	$1,293
80.0%	$1,438	$1,474	$1,510	$1,548	$1,587
90.0%	$1,847	$1,893	$1,940	$1,989	$2,038
95.0%	$2,346	$2,405	$2,465	$2,527	$2,590
100.0%	$5,180	$5,309	$5,442	$5,578	$5,717
Average	**$1,185**	**$1,214**	**$1,245**	**$1,276**	**$1,308**

Exhibit 112

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the Washington Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$200	$205	$210	$215	$221
20.0%	$398	$408	$418	$428	$439
30.0%	$555	$569	$583	$597	$612
40.0%	$686	$703	$721	$739	$757
50.0%	$817	$837	$858	$879	$901
60.0%	$975	$999	$1,024	$1,050	$1,076
70.0%	$1,171	$1,201	$1,231	$1,261	$1,293
80.0%	$1,438	$1,474	$1,510	$1,548	$1,587
90.0%	$1,847	$1,893	$1,940	$1,989	$2,038
95.0%	$2,346	$2,405	$2,465	$2,527	$2,590
100.0%	$2,620	$2,685	$2,752	$2,821	$2,892
Average	**$1,057**	**$1,083**	**$1,110**	**$1,138**	**$1,167**

Exhibit 113

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the Washington Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$180	$184	$189	$194	$199
20.0%	$358	$367	$376	$386	$395
30.0%	$499	$512	$525	$538	$551
40.0%	$569	$583	$598	$613	$628
50.0%	$634	$650	$666	$683	$700
60.0%	$713	$731	$749	$768	$787
70.0%	$812	$832	$853	$874	$896
80.0%	$945	$968	$993	$1,017	$1,043
90.0%	$1,017	$1,042	$1,068	$1,095	$1,122
95.0%	$1,017	$1,042	$1,068	$1,095	$1,122
100.0%	$1,017	$1,042	$1,068	$1,095	$1,122
Average	**$674**	**$691**	**$709**	**$726**	**$744**

viii. Hawaii TDI

Exhibit 114

Average Weekly Wage Earned by Eligible Labor Force in Hawaii under the Hawaii TDI Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$200	$205	$210	$215	$220
20.0%	$392	$402	$412	$422	$433
30.0%	$545	$559	$573	$587	$602
40.0%	$679	$696	$713	$731	$749
50.0%	$807	$827	$847	$869	$890
60.0%	$960	$984	$1,009	$1,034	$1,060
70.0%	$1,153	$1,181	$1,211	$1,241	$1,272
80.0%	$1,406	$1,441	$1,477	$1,514	$1,552
90.0%	$1,793	$1,838	$1,883	$1,931	$1,979
95.0%	$2,266	$2,323	$2,381	$2,440	$2,501
100.0%	$4,763	$4,883	$5,005	$5,130	$5,258
Average	**$1,145**	**$1,173**	**$1,203**	**$1,233**	**$1,264**

Exhibit 115

Average Taxable Wage Base by Eligible Labor Force in Hawaii under the Hawaii TDI Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$116	$119	$122	$125	$128
20.0%	$227	$233	$239	$245	$251
30.0%	$316	$324	$332	$340	$349
40.0%	$394	$403	$413	$424	$434
50.0%	$468	$480	$492	$504	$516
60.0%	$557	$571	$585	$600	$615
70.0%	$668	$685	$702	$720	$738
80.0%	$793	$813	$833	$854	$875
90.0%	$793	$813	$833	$854	$875
95.0%	$793	$813	$833	$854	$875
100.0%	$793	$813	$833	$854	$875
Average	**$512**	**$525**	**$538**	**$552**	**$566**

Exhibit 116

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under the Hawaii TDI Program					
Wage Band	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
10.0%	$200	$205	$210	$215	$220
20.0%	$392	$402	$412	$422	$433
30.0%	$545	$559	$573	$587	$602
40.0%	$679	$696	$713	$731	$749
50.0%	$807	$827	$847	$869	$890
60.0%	$960	$984	$1,009	$1,034	$1,060
70.0%	$1,153	$1,181	$1,211	$1,241	$1,272
80.0%	$1,367	$1,401	$1,436	$1,472	$1,509
90.0%	$1,367	$1,401	$1,436	$1,472	$1,509
95.0%	$1,367	$1,401	$1,436	$1,472	$1,509
100.0%	$1,367	$1,401	$1,436	$1,472	$1,509
Average	**$884**	**$906**	**$928**	**$952**	**$975**

9. Summary of Total Hawaii PFL Results by State Model – Average Weekly Taxable Wage Base & Benefit Amounts

Exhibit 117

Average Weekly Taxable Wage Base by Eligible Labor Force in Hawaii under Each State Program					
State	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
California	$917	$940	$964	$988	$1,012
District of Columbia	$1,122	$1,150	$1,179	$1,208	$1,238
Massachusetts	$999	$1,024	$1,049	$1,076	$1,102
New Jersey	$1,076	$1,103	$1,131	$1,159	$1,188
New York	$761	$780	$800	$820	$840
Rhode Island	$958	$982	$1,006	$1,032	$1,057
Washington	$1,057	$1,083	$1,110	$1,138	$1,167
Hawaii TDI	$884	$906	$928	$952	$975

Exhibit 118

Average Weekly Benefit Amount by Eligible Labor Force in Hawaii under Each State Program					
State	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
California	$544	$557	$571	$586	$600
District of Columbia	$620	$630	$641	$652	$662
Massachusetts	$537	$550	$564	$578	$592
New Jersey	$635	$651	$667	$684	$701
New York	$457	$523	$536	$549	$563
Rhode Island	$584	$599	$613	$629	$645
Washington	$674	$691	$709	$726	$744
Hawaii TDI	$512	$525	$538	$552	$566

B. 5-Year Projection Results

This section provides the 5-year projection results of the model including key intermediate components. The projections are provided for 2020 (or Year 1) through 2024 (or Year 5) for Hawaii's population under each state model (including Hawaii TDI).

1. Projected Number of Eligible Claimants (Labor Force)

Based on Hawaii labor force projections and eligibility percentages estimated under the different state programs, the number of eligible claimants is projected by state for 2020 to 2024 in the following table. The number of eligible claims equals the product of projected labor force and eligibility percentages.

Exhibit 119

Determination of Projected Number of Eligible Claimant by State Model						
Employee Hawaii Labor Force						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
	668,788	672,132	675,493	678,870	682,264	3,377,547
Eligibility Percentage by State Model						
California	65.2%	65.2%	65.2%	65.2%	65.2%	NA
District of Columbia	72.2%	72.2%	72.2%	72.2%	72.2%	NA
Massachusetts	60.8%	60.8%	60.8%	60.8%	60.8%	NA
New Jersey	81.0%	81.0%	81.0%	81.0%	81.0%	NA
New York	64.2%	64.2%	64.2%	64.2%	64.2%	NA
Rhode Island	56.8%	56.8%	56.8%	56.8%	56.8%	NA
Washington	74.0%	74.0%	74.0%	74.0%	74.0%	NA
Hawaii TDI	72.3%	72.3%	72.3%	72.3%	72.3%	NA
Projected Number of Eligible Claimant by State Model						
California	435,864	438,043	440,233	442,434	444,646	2,201,220
District of Columbia	482,935	485,350	487,776	490,215	492,666	2,438,943
Massachusetts	406,707	408,740	410,784	412,838	414,902	2,053,972
New Jersey	541,409	544,116	546,837	549,571	552,319	2,734,253
New York	429,116	431,262	433,418	435,585	437,763	2,167,146
Rhode Island	380,001	381,901	383,811	385,730	387,658	1,919,100
Washington	495,011	497,486	499,973	502,473	504,985	2,499,928
Hawaii TDI	483,312	485,729	488,158	490,598	493,051	2,440,848

2. Projected Number of Eligible Claims (Bonding, Family Care, Total)

The projected number of eligible claims is a function of eligible claimants and the eligible claim rate.

i. Bonding

Exhibit 120

Determination of Projected Number of Bonding Claims by State Model						
Eligible Claim Rate % for Bonding						
State Model	Projection Year					
	2020	2021	2022	2023	2024	Total
	1.33%	1.50%	1.60%	1.68%	1.73%	NA
Benefit Change Adjustment Factor for Bonding						
California	107.1%	107.1%	107.1%	107.1%	107.1%	NA
District of Columbia	114.0%	114.0%	114.0%	114.0%	114.0%	NA
Massachusetts	111.1%	111.1%	111.1%	111.1%	111.1%	NA
New Jersey	118.7%	118.7%	118.7%	118.7%	118.7%	NA
New York	104.0%	105.0%	105.0%	105.0%	105.0%	NA
Rhode Island	102.0%	102.0%	102.0%	102.0%	102.0%	NA
Washington	120.6%	120.6%	120.6%	120.6%	120.6%	NA
Hawaii TDI	99.0%	99.0%	99.0%	99.0%	99.0%	NA
Projected Number of Eligible Claims for Bonding						
California	6,210	7,052	7,564	7,942	8,247	37,014
District of Columbia	7,322	8,315	8,919	9,365	9,724	43,645
Massachusetts	6,010	6,825	7,320	7,686	7,981	35,821
New Jersey	8,547	9,706	10,411	10,931	11,350	50,945
New York	5,935	6,808	7,302	7,667	7,961	35,673
Rhode Island	5,155	5,854	6,279	6,592	6,845	30,724
Washington	7,943	9,020	9,675	10,158	10,548	47,342
Hawaii TDI	6,364	7,227	7,752	8,139	8,451	37,932

ii. Family Care

Exhibit 121

Determination of Projected Number of Family Care Claims by State Model						
Eligible Claim Rate % for Family Care						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
	0.38%	0.39%	0.40%	0.41%	0.42%	NA
Benefit Change Adjustment Factor for Bonding						
California	119.7%	119.7%	119.7%	119.7%	119.7%	NA
District of Columbia	116.2%	116.2%	116.2%	116.2%	116.2%	NA
Massachusetts	113.3%	113.3%	113.3%	113.3%	113.3%	NA
New Jersey	135.2%	135.2%	135.2%	135.2%	135.2%	NA
New York	116.2%	117.4%	117.4%	117.4%	117.4%	NA
Rhode Island	109.1%	109.1%	109.1%	109.1%	109.1%	NA
Washington	118.3%	118.3%	118.3%	118.3%	118.3%	NA
Hawaii TDI	99.0%	99.0%	99.0%	99.0%	99.0%	NA
Projected Number of Eligible Claims for Family Care						
California	1,983	2,049	2,116	2,184	2,252	10,583
District of Columbia	2,133	2,204	2,276	2,349	2,422	11,385
Massachusetts	1,751	1,809	1,868	1,928	1,988	9,344
New Jersey	2,781	2,875	2,968	3,063	3,159	14,846
New York	1,895	1,978	2,043	2,108	2,174	10,198
Rhode Island	1,575	1,628	1,681	1,735	1,789	8,407
Washington	2,225	2,299	2,374	2,450	2,526	11,874
Hawaii TDI	1,818	1,879	1,940	2,002	2,065	9,705

iii. Total

This is the sum of total bonding and family care claims from the two tables above.

Exhibit 122

Projected Total Number of Eligible Claims by State Model						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
California	8,193	9,101	9,680	10,125	10,498	47,597
District of Columbia	9,455	10,520	11,195	11,714	12,146	55,030
Massachusetts	7,760	8,634	9,188	9,614	9,969	45,165
New Jersey	11,328	12,581	13,379	13,994	14,509	65,791
New York	7,830	8,786	9,345	9,775	10,135	45,872
Rhode Island	6,730	7,481	7,960	8,327	8,634	39,132
Washington	10,167	11,319	12,049	12,608	13,074	59,217
Hawaii TDI	8,182	9,106	9,692	10,141	10,516	47,637

3. Projection of Average Number of Weeks & Total Number of Weeks (Duration)

Exhibit 123

Projection of Average Number of Weeks by State Model				
State Model	**Bonding**		**Family Leave**	
	2020	**2021-24**	**2020**	**2021-24**
California	6.6	6.6	4.3	4.3
District of Columbia	6.6	6.6	4.0	4.0
Massachusetts	8.2	8.2	4.5	4.5
New Jersey	7.5	8.2	4.4	4.5
New York	7.5	8.2	4.4	4.5
Rhode Island	3.8	3.8	3.2	3.2
Washington	8.2	8.2	4.5	4.5
Hawaii TDI	5.4	5.4	4.0	4.0

Exhibit 124

Maximum Number of Weeks for Bonding and Family Care by State Model				
State Model	**Bonding**		**Family Leave**	
	2020	**2021-24**	**2020**	**2021-24**
California	8	8	8	8
District of Columbia	8	8	6	6
Massachusetts	12	12	12	12
New Jersey	6/12*	12	6/12*	12
New York	10	12	10	12
Rhode Island	4	4	4	4
Washington	12	12	12	12
Hawaii TDI	6	6	6	6
* Effective 7/1/2020 New Jersey's maximum weeks increased from 6 to 12				

Exhibit 125 show the projection for the total number of weeks of benefit payments for bonding, family care, and in total.

Exhibit 125

Projected Total Number of Weeks of Received Benefit Payments for Bonding					
State Model	**Projection Year**				
	2020	**2021**	**2022**	**2023**	**2024**
California	40,984	46,542	49,922	52,416	54,427
District of Columbia	48,327	54,881	58,866	61,806	64,178
Massachusetts	49,291	55,976	60,040	63,039	65,458
New Jersey	64,102	79,609	85,390	89,655	93,096
New York	44,512	55,838	59,893	62,885	65,298
Rhode Island	19,587	22,244	23,859	25,051	26,012
Washington	65,144	73,979	79,351	83,315	86,512
Hawaii TDI	34,364	39,025	41,859	43,949	45,636
Projected Total Number of Weeks of Received Benefit Payments for Family Care					
California	8,526	8,811	9,099	9,390	9,683
District of Columbia	8,532	8,817	9,105	9,396	9,689
Massachusetts	7,878	8,141	8,407	8,675	8,946
New Jersey	12,294	12,935	13,358	13,784	14,214
New York	8,376	8,902	9,193	9,486	9,782
Rhode Island	5,040	5,209	5,379	5,551	5,724
Washington	10,011	10,346	10,684	11,025	11,369
Hawaii TDI	7,273	7,516	7,762	8,009	8,259
Projected Total Number of Weeks of Received Benefit Payments					
California	49,510	55,354	59,021	61,805	64,110
District of Columbia	56,859	63,698	67,971	71,202	73,867
Massachusetts	57,169	64,117	68,447	71,715	74,405
New Jersey	76,396	92,544	98,748	103,439	107,310
New York	52,888	64,740	69,086	72,371	75,080
Rhode Island	24,628	27,453	29,238	30,602	31,736
Washington	75,156	84,325	90,035	94,340	97,881
Hawaii TDI	41,637	46,541	49,620	51,959	53,895

4. Projection of Maximum Weekly Benefit Amount, Average Weekly Benefit Amount & Total Benefit per Claimant

The following tables in this section show the projected maximum weekly benefit amount, the projected average weekly benefit amount, and the projected total average benefit per claimant (bonding and family care claims combined).

Exhibit 126

Projected Maximum Weekly Benefit Amount by State Model						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
California	$1,130	$1,158	$1,187	$1,217	$1,247	N/A
District of Columbia	$1,000	$1,000	$1,000	$1,000	$1,000	N/A
Massachusetts	$723	$741	$760	$779	$798	N/A
New Jersey	$791	$811	$831	$852	$873	N/A
New York	$678	$776	$795	$815	$836	N/A
Rhode Island	$960	$984	$1,009	$1,034	$1,060	N/A
Washington	$1,017	$1,042	$1,068	$1,095	$1,122	N/A
Hawaii TDI	$793	$813	$833	$854	$875	N/A

Exhibit 127

Projected Average Weekly Benefit Amount by State Model						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
California	$544	$557	$571	$586	$600	N/A
District of Columbia	$620	$630	$641	$652	$662	N/A
Massachusetts	$537	$550	$564	$578	$592	N/A
New Jersey	$635	$651	$667	$684	$701	N/A
New York	$457	$523	$536	$549	$563	N/A
Rhode Island	$584	$599	$613	$629	$645	N/A
Washington	$674	$691	$709	$726	$744	N/A
Hawaii TDI	$512	$525	$538	$552	$566	N/A

Exhibit 128

Projected Total Benefit per Claimant by State Model						
State Model	Projection Year					
	2020	2021	2022	2023	2024	Total
California	$3,287	$3,391	$3,484	$3,575	$3,666	$17,403
District of Columbia	$3,726	$3,815	$3,891	$3,963	$4,026	$19,421
Massachusetts	$3,953	$4,084	$4,199	$4,310	$4,421	$20,968
New Jersey	$4,282	$4,788	$4,924	$5,054	$5,184	$24,232
New York	$3,085	$3,852	$3,961	$4,066	$4,170	$19,135
Rhode Island	$2,137	$2,196	$2,253	$2,311	$2,369	$11,266
Washington	$4,985	$5,150	$5,295	$5,434	$5,573	$26,437
Hawaii TDI	$2,608	$2,685	$2,757	$2,828	$2,899	$13,776

5. Projection of Total Annual PFL Claims Cost in Dollars & as a Percent of the Taxable Wage Base for Hawaii

The following tables show the projected annual claims costs (in $Millions) separately for bonding and family care claims. This is equal to the product of total eligible bonding claims multiplied by the average weekly benefit amount paid multiplied by the average duration for bonding and family care.

Exhibit 129

Projected Total Annual Cost for Bonding ($Millions) by State Model						
State Model	Projection Year					
	2020	2021	2022	2023	2024	Total
California	$22.3	$25.9	$28.5	$30.7	$32.7	$140.1
District of Columbia	$29.9	$34.6	$37.7	$40.3	$42.5	$185.0
Massachusetts	$26.4	$30.8	$33.8	$36.4	$38.8	$166.3
New Jersey	$40.7	$51.8	$57.0	$61.3	$65.3	$276.0
New York	$20.3	$29.2	$32.1	$34.5	$36.8	$152.9
Rhode Island	$11.4	$13.3	$14.6	$15.8	$16.8	$71.9
Washington	$43.9	$51.1	$56.2	$60.5	$64.4	$276.2
Hawaii TDI	$17.6	$20.5	$22.5	$24.3	$25.8	$110.7

Exhibit 130

Projected Total Annual Cost for Family Care ($Millions) by State Model						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
California	$4.6	$4.9	$5.2	$5.5	$5.8	$26.1
District of Columbia	$5.3	$5.6	$5.8	$6.1	$6.4	$29.2
Massachusetts	$4.2	$4.5	$4.7	$5.0	$5.3	$23.8
New Jersey	$7.8	$8.4	$8.9	$9.4	$10.0	$44.5
New York	$3.8	$4.7	$4.9	$5.2	$5.5	$24.1
Rhode Island	$2.9	$3.1	$3.3	$3.5	$3.7	$16.5
Washington	$6.8	$7.2	$7.6	$8.0	$8.5	$37.9
Hawaii TDI	$3.7	$3.9	$4.2	$4.4	$4.7	$20.9

The following tables show the projected total annual Hawaii program costs (in $Millions) for bonding and family care combined, the projected total taxable wage base in Hawaii, and the projected total cost as a percentage of total taxable wage base in Hawaii.

Exhibit 131

Projected Total Annual PFL Program Cost ($Millions) by State Model						
State Model	**Projection Year**					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
California	$26.9	$30.9	$33.7	$36.2	$38.5	$166.2
District of Columbia	$35.2	$40.1	$43.6	$46.4	$48.9	$214.2
Massachusetts	$30.7	$35.3	$38.6	$41.4	$44.1	$190.0
New Jersey	$48.5	$60.2	$65.9	$70.7	$75.2	$320.6
New York	$24.2	$33.8	$37.0	$39.7	$42.3	$177.0
Rhode Island	$14.4	$16.4	$17.9	$19.2	$20.5	$88.4
Washington	$50.7	$58.3	$63.8	$68.5	$72.9	$314.1
Hawaii TDI	$21.3	$24.4	$26.7	$28.7	$30.5	$131.7
Projected Total Annual Hawaii Wages ($Millions) by State Model						
California	$20,787	$21,413	$22,058	$22,722	$23,407	$110,387
District of Columbia	$28,172	$29,021	$29,895	$30,796	$31,724	$149,609
Massachusetts	$21,123	$21,759	$22,415	$23,090	$23,786	$112,174
New Jersey	$30,301	$31,213	$32,154	$33,122	$34,120	$160,910
New York	$16,986	$17,497	$18,024	$18,567	$19,127	$90,201

Rhode Island	$18,929	$19,499	$20,087	$20,692	$21,315	$100,521
Washington	$27,203	$28,023	$28,867	$29,737	$30,633	$144,463
Hawaii TDI	$22,207	$22,876	$23,565	$24,275	$25,006	$117,929
Projected Total Cost (as percentage of Total Wages in Hawaii by State Model						
California	0.130%	0.144%	0.153%	0.159%	0.164%	0.151%
District of Columbia	0.125%	0.138%	0.146%	0.151%	0.154%	0.143%
Massachusetts	0.145%	0.162%	0.172%	0.179%	0.185%	0.169%
New Jersey	0.160%	0.193%	0.205%	0.214%	0.220%	0.199%
New York	0.142%	0.193%	0.205%	0.214%	0.221%	0.196%
Rhode Island	0.076%	0.084%	0.089%	0.093%	0.096%	0.088%
Washington	0.186%	0.208%	0.221%	0.230%	0.238%	0.217%
Hawaii TDI	0.096%	0.107%	0.113%	0.118%	0.122%	0.112%

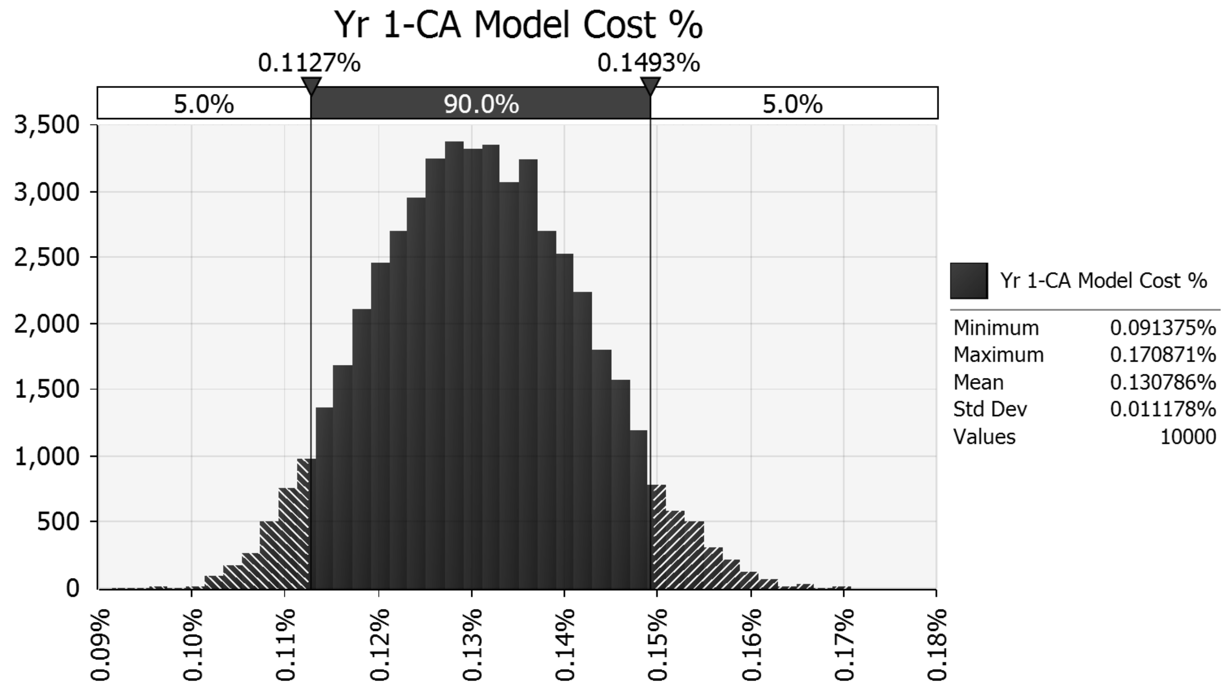
C. Simulation Model Technical Description

The simulation model considers expected variability in both incidence rates and duration of weekly benefits. A reasonable range of estimated incidence rates (low, central, high) is established separately for each leave type. The development of these ranges is detailed in Appendices A.5 and A.6 on pages 103 and 104 respectively. It is expected that the low- and high-end points will occur much less frequently than the central estimate, although estimating actual incident rates is inherently uncertain. To capture a portion of this uncertainty, a triangular distribution is utilized to model the variability across a reasonable range of results. This is a continuous probability distribution with a low limit (the selected low estimated incidence rate), an upper limit (the high selected incidence rate) and a mode (the central estimate incidence rate).

Similarly, there is possible variation in the actual duration of weekly benefits being paid. The expected range of durations is developed separately for bonding and family care claims. A triangular distribution is also used to model the variability across this range of results. These ranges are detailed in Appendix A.7.

The simulation follows a model where 10,000 randomly generated independent trials of projections are run through and evaluated. Each trial simulates a single point outcome of claim incidence rates and durations based on the selected triangular distributions. All other model variables, including projected labor force, eligibility percentage, benefit adjustment factor, average weekly benefit, and average weekly taxable wage base utilize the same single point central estimate for each simulated trial. As such, most of the variability is already captured in the incidence rate and duration distributions, which ultimately results in variation of total program costs. Exhibit 132 illustrates simulated claims cost output over the range of outcomes for California in 2020.

Exhibit 132



The range of outcomes between 5% and 95% are the selected low and high California claims cost rate outcomes.

It is important to note this does not represent the possible minimum and maximum range of program results because of both parameter risk and process risk. Parameter risk is the risk that actuarial methods underlying the estimates do not accurately represent the true characteristics of the risk. Process risk is the risk that actual results will vary from our ranges of actuarial central estimates based on random chance. Part of this is driven by the inherent uncertainty of where actual PFL results will fall due to lack of specific historical data, uncertainties around actual trends, participation and growth rates, and ultimate use of the benefits by the population of Hawaii.

D. Flat & Progressive Benefit Structure Differentials Calculation Description

The tables below summarize the three different benefit structures we used in each state model to reach the same average weekly benefit amount. The first approach is the actual approach adopted by the state and the other two approaches are for comparison purposes. Under the summary of the three approaches, we also summarize the weekly benefit amount received by population at different wage band side by side. Under California state model, a sample calculation for people at 50% wage band of weekly benefit under the three approaches is provided as well.

Exhibit 133

California: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit***	**Wage Replacement Ratio**
1	Actual	Progressive – Sharp Break Point	$50	100% of SAWW	70% if AWW ≤1/3 of SAWW; 60% if above
2	Model Equivalent	Progressive	$50	100% of SAWW	75% if AWW <= 1/3 of SAWW, sum of 75% of 1/3 SAWW and 50% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Flat	$50	100% of SAWW	60% of AWW
* California stipulates $1,252 as maximum weekly benefit amount in 2019, which is about 100% of SAWW					

Exhibit 134

California: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$120	$84	$90	$73
20.0%	$278	$195	$208	$168
30.0%	$435	$261	$313	$263
40.0%	$585	$351	$388	$354
50.0%	$725	$435	$458	$438
60.0%	$872	$523	$531	$528
70.0%	$1,077	$646	$634	$651
80.0%	$1,373	$824	$781	$830
90.0%	$1,830	$1,098	$1,010	$1,107
95.0%	$2,420	$1,158	$1,158	$1,158
100.0%	$6,057	$1,158	$1,158	$1,158
Average	**$1,153**	**$557**	**$557**	**$557**

We illustrate below the sample calculation of three approaches for calculating weekly benefit amount for people at 50% wage band, under California's benefit structure.

Approach 1:

- AWW at 50% is $725, >1/3 of SAWW (1/3 of $1,158 = $386)
- AWBA = 60% of $725 = $435

Approach 2:

- AWW at 50% is \$725, >1/3 of SAWW (1/3 of \$1,158 = \$386)
- AWBA = 75% of (1/3 of SAWW = \$386) + 50% of (\$725 - \$386) = \$459

Approach 3:

- AWBA = 60% x \$725 = \$435

The wage replacement ratio illustrated in Exhibit 135 for approach 2 and 3 are rounded numbers. The calculation in Exhibit 134 uses exact percentages to reach the same AWBA for different approaches. Therefore, the sample calculations above using rounded numbers may be a few dollars off from Exhibit 134.

Exhibit 135

Massachusetts: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Progressive	None	64% of SAWW	80% if AWW ≤1/2 of SAWW; sum of 80% of 1/2 SAWW and 50% of the difference of AWW and 1/2 SAWW if above
2	Model Equivalent	Progressive	\$100	64% of SAWW	84% if AWW ≤1/3 of SAWW; sum of 84% of 1/3 SAWW and 60% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Flat	\$100	64% of SAWW	75% of AWW

Exhibit 136

Massachusetts: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$201	$161	$168	$150
20.0%	$368	$295	$309	$275
30.0%	$503	$403	$393	$376
40.0%	$642	$495	$476	$479
50.0%	$775	$561	$556	$579
60.0%	$912	$630	$638	$681
70.0%	$1,117	$732	$741	$741
80.0%	$1,393	$741	$741	$741
90.0%	$1,814	$741	$741	$741
95.0%	$2,338	$741	$741	$741
100.0%	$5,199	$741	$741	$741
Average	**$1,149**	**$550**	**$550**	**$550**

Exhibit 137

District of Columbia: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Progressive	$100	$1,000	90% if AWW ≤150% of weekly minimum wage (WMW)*; sum of 90% of 150% WMW and 50% of the difference of AWW and 150% WMW if above
2	Model Equivalent	Progressive	$100	$1,000	90% if AWW ≤1/3 of SAWW; sum of 90% of 1/3 SAWW and 69% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Flat	$100	$1,000	80% of AWW
* Hawaii's minimum wage per hour is $10.1 in 2018 and 2019 and will increase gradually. We used a growth rate of 2.5%					

Exhibit 138

District of Columbia: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$115	$104	$104	$100
20.0%	$274	$247	$247	$220
30.0%	$432	$389	$378	$347
40.0%	$583	$525	$481	$468
50.0%	$723	$610	$577	$581
60.0%	$870	$683	$678	$699
70.0%	$1,075	$786	$819	$863
80.0%	$1,370	$933	$1,000	$1,000
90.0%	$1,827	$1,000	$1,000	$1,000
95.0%	$2,416	$1,000	$1,000	$1,000
100.0%	$6,044	$1,000	$1,000	$1,000
Average	**$1,150**	**$628**	**$628**	**$628**

Exhibit 139

New Jersey: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Flat	None	70% of SAWW	85% of AWW*
2	Model Equivalent	Progressive	None	70% of SAWW	90% if AWW ≤1/3 of SAWW; sum of 90% of 1/3 SAWW and 77% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Progressive	None	70% of SAWW	89% if AWW ≤1/2 of SAWW; sum of 89% of 1/2 SAWW and 65% of the difference of AWW and 1/2 SAWW if above
* This benefit structure will start from 7/1/2020 in New Jersey					

Exhibit 140

New Jersey: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$279	$237	$251	$247
20.0%	$445	$378	$393	$394
30.0%	$584	$496	$499	$516
40.0%	$718	$610	$601	$603
50.0%	$863	$734	$712	$697
60.0%	$1,035	$811	$811	$809
70.0%	$1,245	$811	$811	$811
80.0%	$1,538	$811	$811	$811
90.0%	$1,942	$811	$811	$811
95.0%	$2,447	$811	$811	$811
100.0%	$5,639	$811	$811	$811
Average	**$1,269**	**$651**	**$651**	**$651**

Exhibit 141

New York: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Flat	None	67% of SAWW	67% of AWW
2	Model Equivalent	Progressive	None	67% of SAWW	81% if AWW ≤1/3 of SAWW, sum of 81% of 1/3 SAWW and 50% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Progressive	None	71% of SAWW	71% if AWW <= 1/2 of SAWW, sum of 71% of 1/2 SAWW and 55% of the difference of AWW and 1/2 SAWW if above

Exhibit 142

New York: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$150	$100	$121	$106
20.0%	$333	$223	$269	$236
30.0%	$482	$323	$359	$341
40.0%	$621	$416	$428	$434
50.0%	$756	$507	$496	$508
60.0%	$894	$599	$565	$584
70.0%	$1,093	$732	$664	$693
80.0%	$1,373	$776	$776	$776
90.0%	$1,792	$776	$776	$776
95.0%	$2,318	$776	$776	$776
100.0%	$5,040	$776	$776	$776
Average	**$1,117**	**$523**	**$523**	**$523**
* New York increased the maximum weekly benefit amount from 60% to 67% of SAWW and increased replacement ratio from 60% to 67% from 2020 to 2021				

Exhibit 143

Rhode Island: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Flat	$98	85% of SAWW	60% of AWW (4.62% of total highest quarter wages in the base period)
2	Model Equivalent	Progressive	$98	85% of SAWW	72% if AWW ≤1/3 of SAWW; sum of 72% of 1/3 SAWW and 50% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Progressive	$98	85% of SAWW	65% if AWW ≤1/2 of SAWW; sum of 65% of 1/2 SAWW and 51% of the difference of AWW and 1/2 SAWW if above

Exhibit 144

Rhode Island: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$336	$201	$243	$218
20.0%	$477	$286	$323	$310
30.0%	$607	$364	$388	$391
40.0%	$725	$435	$448	$451
50.0%	$844	$506	$507	$512
60.0%	$1,001	$601	$586	$592
70.0%	$1,210	$726	$690	$699
80.0%	$1,494	$897	$832	$844
90.0%	$1,920	$984	$984	$984
95.0%	$2,482	$984	$984	$984
100.0%	$6,107	$984	$984	$984
Average	**$1,291**	**$599**	**$599**	**$599**
***** Rhode Island stipulates $867 as maximum weekly benefit amount in 2019, which is about 85% of SAWW				

Exhibit 145

Washington: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Progressive	$100	90% of SAWW	90% if AWW ≤1/2 of SAWW; sum of 90% of 1/2 SAWW and 50% of the difference of AWW and 1/2 SAWW if above
2	Model Equivalent	Progressive	$100	90% of SAWW	90% if AWW ≤1/3 of SAWW; sum of 90% of 1/3 SAWW and 64% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Flat	$100	90% of SAWW	77% of AWW

Exhibit 146

Washington: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$205	$184	$184	$158
20.0%	$408	$367	$360	$313
30.0%	$569	$512	$462	$437
40.0%	$703	$583	$548	$540
50.0%	$837	$650	$633	$643
60.0%	$999	$731	$736	$768
70.0%	$1,201	$832	$864	$923
80.0%	$1,474	$968	$1,037	$1,042
90.0%	$1,893	$1,042	$1,042	$1,042
95.0%	$2,405	$1,042	$1,042	$1,042
100.0%	$5,309	$1,042	$1,042	$1,042
Average	**$1,214**	**$691**	**$691**	**$691**

Exhibit 147

Hawaii TDI: Benefit Differential Calculation Description					
Approach	**Program**	**Benefit Structure**	**Minimum Benefit**	**Maximum Benefit**	**Wage Replacement Ratio**
1	Actual	Flat	None	70.18% of SAWW	58% of AWW
2	Model Equivalent	Progressive	None	70.18% of SAWW	67% if AWW <= 1/3 of SAWW, sum of 67% of 1/3 SAWW and 50% of the difference of AWW and 1/3 SAWW if above
3	Model Equivalent	Progressive	None	70.18% of SAWW	62% if AWW <= 1/2 of SAWW, sum of 62% of 1/2 SAWW and 50% of the difference of AWW and 1/2 SAWW if above

Exhibit 148

Hawaii TDI: Calculation of Projected Average Weekly Benefit Amount in 2021				
Wage Band	**AWW of Eligible Labor Force**	**Approach 1**	**Approach 2**	**Approach 3**
10.0%	$205	$119	$136	$126
20.0%	$402	$233	$264	$248
30.0%	$559	$324	$343	$345
40.0%	$696	$403	$411	$416
50.0%	$827	$480	$477	$481
60.0%	$984	$571	$555	$560
70.0%	$1,181	$685	$654	$658
80.0%	$1,441	$813	$784	$788
90.0%	$1,838	$813	$813	$813
95.0%	$2,323	$813	$813	$813
100.0%	$4,883	$813	$813	$813
Average	**$1,173**	**$525**	**$525**	**$525**

E. Staffing Plan

Exhibit 149

Potential Staffing Plan for Administering a Paid Leave Program in Hawaii			
	Social Insurance Model through an Exclusive State Fund	**Social Insurance Model through an Exclusive State Fund**	**Governance Only Role**
Estimated Claim Volume by Case Type			
Estimated Number of PFL Claims - Central Range	9,101	8,828	0
▪ Bonding Claims	7,052	6,840	0
▪ Family Care Claims	2,049	1,988	0
Estimated Program Management Staff			
Director	1.0	1.0	1.0
Office Manager	1.0	1.0	1.0
Policy Developer	1.0	1.0	1.0
Communications & Outreach Manager	1.0	1.0	1.0
Administrative Support	1.0	1.0	1.0
Estimated Claims Administration Staff			
Senior Claim Specialists	3.0	2.0	0.0
Bonding Leave Resource			
Claim Specialists	2.0	2.0	0.0
Leave Only Resource			
Fixed Staff in Claim Operation			
Manager(s)	1.0	1.0	0.0
Supervisor	1.0	1.0	0.0
Clinical/Vocational Rehabilitation	0.5	0.5	0.0
Intake/Customer Service			
Intake/Customer Service Representatives	2.0	1.0	0.0
Intake Supervisor	Incl in Sup	Incl in Sup	0.0
Estimated Program Support Staff			
Audit/Quality Assurance and Fraud	2.0	2.0	0.0
Appeals	1.0	0.5	0.0
Client Training Specialist	1.0	1.0	0.0
Tax/Premium Contribution Collection	1.0	1.0	1.0
Private Plan Review	0.0	2.0	0.0
Estimated IT Staff			
System Integration Administrator	1.0	1.0	0.0
System Analyst and Coordinator (incl process and documentation)	1.0	1.0	1.0

Potential Staffing Plan for Administering a Paid Leave Program in Hawaii			
Data, Analytics and Reporting Specialist	0.5	0.5	0.5
System Team Support	0.5	0.5	0.0
Estimated Total Staff Count			
Estimated Total Staff Count	22.5	22.0	7.5
Staffing Costs			
Staffing Costs			
Director	$125,000	$125,000	$125,000
Office Manager	$100,000	$100,000	$100,000
Policy Developer	$100,000	$100,000	$100,000
Communications & Outreach Manager	$75,000	$75,000	$75,000
Administrative Support	$35,000	$35,000	$35,000
Senior Claim Specialists	$150,000	$100,000	$0
Claim Specialists	$80,000	$80,000	$0
Manager	$75,000	$75,000	$0
Supervisor	$55,000	$55,000	$0
Clinical/Vocational Rehabilitation	$37,500	$37,500	$0
Intake/Customer Service Representatives	$70,000	$35,000	$0
Audit/Quality Assurance/Fraud	$110,000	$110,000	$0
Appeals	$55,000	$26,974	$0
Client Training Specialist	$55,000	$55,000	$0
Tax/Premium Contribution Collection	$55,000	$55,000	$55,000
Private Plan Review	$0	$110,000	$0
System Integration Administrator	$75,000	$75,000	$0
System Analyst and Coordinator	$65,000	$65,000	$65,000
Data, Analytics and Reporting	$22,500	$22,500	$22,500
System Team Support	$17,500	$17,500	$0
Sub-Total Annual Staffing Costs	*$1,357,500*	*$1,354,474*	*$577,500*
Load for Benefits (60%)	*$814,500*	*$812,685*	*$346,500*
Load for Property & Equipment (5%)	*$67,875*	*$67,724*	*$28,875*
Total Annual Staffing Costs	*$2,239,875*	*$2,234,883*	*$952,875*
Software Costs			
Technology Lease/License Fees	$175,000	$175,000	$0
Implementation/Professional Service Fees	$175,000	$175,000	$0
Initial Development, Testing, Interface(s)	$130,000	$130,000	$0
Customization/Programming Fees	$50,000	$50,000	$0
Data Feed Fees	$30,000	$30,000	$0
Training Fees	$15,000	$15,000	$0
Sub-Total Software Costs	*$575,000*	*$575,000*	*$0*
Tools, Training and Marketing			
Annual Industry Memberships	$799	$799	$0
Initial Leave Administration Training	$2,995	$2,396	$0

Potential Staffing Plan for Administering a Paid Leave Program in Hawaii			
Annual Industry Conference Attendance	$5,000	$5,000	$0
Annual Marketing Strategy and Materials	$100,000	$100,000	$60,000
Sub-Total Tools and Training Costs	*$108,794*	*$108,195*	*$60,000*
External Support / Consulting Costs			
External Legal	$150,000	$150,000	$150,000
External Consultants & Actuaries	$500,000	$500,000	$500,000
External Consultants & Actuaries	$150,000	$150,000	$100,000
Sub-Total External Support Consulting Costs	*$800,000*	*$800,000*	*$750,000*
Total of Start Up Costs	**$1,100,000**	**$1,100,000**	**$660,000**
Total of Ongoing Costs	**$2,623,669**	**$2,618,078**	**$1,102,875**
Total Costs	**$3,723,669**	**$3,718,078**	**$1,762,875**

F. Legislation Reference Table

Exhibit 150

Statute	Chapter / Code	Section	Link
California Disability Insurance	California Unemployment Insurance Code, Division 1, Part 2, Disability Compensation	Cal. UIC §§260 – 3307	http://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?lawCode=UIC&division=1.&title=&part=2.&chapter=1.&article=&goUp=Y
California Paid Family Leave	California Unemployment Insurance Code, Division 1, Part 2, Chapter 7, Paid Family Leave	Cal. UIC §§3300 – 3307	http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=UIC&division=1.&title=&part=2.&chapter=7.&article=
District of Columbia Universal Paid Leave	Code of the District of Columbia, Title 32, Chapter 5, Subchapter IV, Universal Paid Leave	D.C. Code §§32-541.01 – 32-541.12	https://code.dccouncil.us/dc/council/code/titles/32/chapters/5/subchapters/IV/
Hawaii Temporary Disability Insurance Law	Hawaii Revised Statute, Chapter 392, Temporary Disability Insurance	Haw. Rev. Stat. §§392-1 – 392-101	http://www.capitol.hawaii.gov/hrscurrent/Vol07_Ch0346-0398/HRS0392/HRS_0392-.htm
Hawaii Prepaid Health Care	Hawaii Revised Statute, Chapter 393, Prepaid Health Care Act	Haw. Rev. Stat. §§393-1 – 393-51	http://www.capitol.hawaii.gov/hrscurrent/Vol07_Ch0346-0398/HRS0393/HRS_0393-.htm
Hawaii Family Leave Law	Hawaii Revised Statute, Chapter 398, Prepaid Health Care Act	Haw. Rev. Stat. §§398-1 – 398-29	http://www.capitol.hawaii.gov/hrscurrent/Vol07_Ch0346-0398/HRS0398/HRS_0398-.htm
Massachusetts Family and Medical Leave	Massachusetts General Laws, Part 1, Title XXII, Chapter 175 M,	Mass. Gen. Laws ch. 175M §§1 – 11	https://www.mass.gov/law-library/mass-general-laws-c175m

	Family and Medical Leave		
New Jersey Temporary Disability Benefits Law	New Jersey Code, Title 43, Section 43:21, Temporary Disability Benefits Law	N.J. Stat. Ann. §§43:21-25 – 43:21-65	https://myleavebenefits.nj.gov/labor/myleavebenefits/assets/pdfs/DILAW_July2014.pdf
New Jersey Family Leave Act	New Jersey Code, Title 34, Section 34:11B, Family Leave Act	N.J. Stat. Ann. §§34:11B-1 *et seq.*	https://law.justia.com/codes/new-jersey/2009/title-34/section-34-11b/
New Jersey Safe Act	New Jersey Chapter 82, New Jersey Safe and Financial Empowerment Act	N.J. P.L. 2013, c.82	https://www.njleg.state.nj.us/2012/Bills/PL13/82_.HTM
New York Disability Benefits Law and Paid Family Leave Benefits Law	Consolidated Laws of New York, Workers' Compensation, Article 9, Disability Benefits	N.Y. WKC §§200-242	https://www.nysenate.gov/legislation/laws/WKC/A9
Rhode Island Temporary Disability Insurance	Rhode Island, Title 28, Chapter 39 to 41, Temporary Disability Insurance	R.I. Gen. Laws §§28-39 – 28-41	http://webserver.rilin.state.ri.us/Statutes/TITLE28/28-39/INDEX.HTM
Rhode Island Temporary Caregiver Insurance	Rhode Island, Title 28, Chapter 41, Section 34, Temporary Caregiver Insurance	R.I. Gen. Laws §28-41-34	http://webserver.rilin.state.ri.us/Statutes/TITLE28/28-41/28-41-34.HTM
Washington Family and Medical Leave	Revised Code of Washington, Title 50A, Family and Medical Leave	Wash. Rev. Code §50A	https://app.leg.wa.gov/RCW/default.aspx?cite=50A

VII. Endnotes

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