



# 131st MAINE LEGISLATURE

LD 1152

LR 754(02)

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

### Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor and Housing

Fiscal Note Required: Yes

### Fiscal Note

State Mandate - Funded

Future biennium cost increase - All Funds

#### State Mandates

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

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

#### Fiscal Detail and Notes

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

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