Governors Sununu and Scott's Proposed Twin State Voluntary Leave Plan FAQs

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Q: Generally, how will this plan work?

A: Family Medical Leave Insurance (FMLI) plans rely on the economies of scale of a large risk pool in order to remain solvent. For example, over 90% of New Hampshire and Vermont businesses have fewer than 50 employees, and thus do not have the employer base to attract carriers to offer FMLI plans in our market. To promote the development of FMLI plans, New Hampshire and Vermont will create a paid leave plan for our combined 18,500 state employees through the Twin State Voluntary Leave Plan. By leveraging the economies of scale of the state employment base, insurance carriers will be able to write a competitively priced plan which currently does not exist in the New Hampshire and Vermont markets.

Preliminary conversations with a number of insurance carriers suggest that there is wide interest in bidding on a joint New Hampshire-Vermont RFP to offer this incentive.
New Hampshire and Vermont will, through an RFP process, select an insurance carrier to manage the incentives and claims under the plan. This carrier will then develop a "State Rate" or the per employee cost that each state will pay to provide an FMLI plan as an incentive to state employees. The carrier who is awarded the RFP would be required to offer FMLI plans to all employers in each state using the following rates:

1. Employers that have 100% employee participation and have more than 20 number of employees would receive the State Rate;

2. Employers that have 100% employee participation and have less than 20 number of employees would receive a small employer rate - slightly higher than state rate;

3. Employers that have less than 100% employee participation would receive a voluntary participation rate determined by their individual situation.

Individuals who work for employers who do not choose to offer FMLI coverage in any form will have the opportunity to join a plan set up as an adjunct to the state government employee plans. In order to keep the coverage affordable, the plan rates for this group would be limited in the amount by which it could exceed the State Rate, effectively subsidizing the rates for this group. In this way, all employees in each state would have access to a competitively priced FMLI product. It is anticipated that there will be a development period as more and more businesses chose to offer FMLI. Over time more insurance carriers will likely offer FMLI plans in the New Hampshire and Vermont markets, and some employers will likely take out individual plans that provide an incentive greater than each state's plan. As the market develops, each state's plan will serve as a base plan, for which all other plans base their minimum incentives from.

Q: What will be the role of state employees?

A: State employees will serve as the employment base for the program. Each state will cover the full costs of providing an FMLI plan to state employees, and employees will not have to incur any additional cost for the product.

Q: How will it be paid for and will it be solvent?

A: The insurance carrier who wins the joint RFP assumes the actuarial risk for the plan provided. There is no longer a solvency concern from a state program standpoint and the New Hampshire and Vermont Departments of Insurance will regulate the carrier to ensure compliance with applicable laws and solvency/reserve criteria like they do for all carriers.

Q: What coverage will be offered?

A: The following incentives would be offered.

1. Qualified leave shall match events covered by the Federal Family and Medical Leave Act's (FMLA) definitions of caregiving and bonding, with additional qualified leave allowed for active duty military bonding;
2. While on FMLI leave an employee shall receive 60% of their weekly wage; and
3. Six-week maximum duration of paid leave, with no minimum duration required.

Q: How can an employee join the program?

A: Employees can be covered in one of two ways. Either their employer can provide it as an additional incentive at no cost to the employee, or they can choose to provide it as an elective incentive with an open enrollment period. This would function similarly to healthcare when employees choose to leave or join a program on a yearly basis or when they change firms.

Q: Why this approach and not the approach taken in New Hampshire's HB628 (2017-2018)?

A: HB 628 sought to establish a state-administered FMLI plan in New Hampshire. After extensive work, the New Hampshire Departments of Employment Security and Insurance independently concluded that the state does not possess the actuarial expertise to determine what rates would be required under an optional FMLI plan. The Departments also independently concluded that absent outside expertise they had no way of ensuring that the program proposed by HB 628 would be solvent.

By using both a public-private partnership to leverage the state's economies of scale and the expertise of private insurance carriers, we can address the critical concern around the financial solvency of an optional FMLI program.

HB 628 would have required 43 new state employees in New Hampshire to set up and operate the program. This proposal would require two new state employees at the New Hampshire Department of Administrative Services to oversee the insurance plans, similar to what is done with health and dental benefits.

Q: Why this approach and not the approach taken in Vermont's H.196 (2017 – 2018)?

A: H.196 sought to establish a mandated state-administered program in Vermont. While the goals of the legislation were admirable, it simply is not responsible to impose a new $16.3 million payroll tax on Vermonters – further exacerbating the crisis of affordability - without even contemplating a voluntary option.

As subject-matter experts from the Vermont Department of Labor and Vermont Department of Taxes testified, to implement this policy well, would require adequate funding to support the design of a new insurance system, similar to building a variation of Vermont Health Connect for paid leave. Despite the guidance of the Departments that would be responsible for implementation and administration of the program, the Legislature funded it at the bare-minimum, creating a program that would have likely run a large deficit in the future requiring additional tax dollars. Simply, the $16.3 million in new taxes H.196 raised, would not be enough to start and operate the program.

As mentioned above, by using both a public-private partnership to leverage the state's economies of scale and the expertise of private insurance carriers, we are able to address the critical concern around the financial solvency of an voluntary FMLI program.

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