DMEC 2026 ANNUAL CONFERENCE

PFML in Motion: Key Trends Shaping Tomorrow's Leave Landscape

Jennifer Pepin, Counsel

Sarah Coli, Counsel



SHELTERPOINT
A Protective Company

What we will cover today:

- National Statutory PFML trends emerging from statutes and regulations.
- Why those trends matter operationally for employers.
- Practical preparation strategies for HR, payroll, and legal teams.



SESSION OBJECTIVES

The Development of Statutory PFML: Key Drivers Behind Continuous Change

Programs still maturing

- State PFML laws are relatively new and continuously refined through legislation and guidance.

Labor market pressures

- High turnover, an aging population, and competition for talent are driving program expansion.

Policy and equity priorities

- Focus on expanding access to underserved workers, including part-time, gig, and lower-wage employees.

State-by-state momentum

- In the absence of a federal program, states are innovating, and often competing, to stay attractive places to live and work.

Changing workforce structure

- Growth in non-traditional work is pushing states toward more flexible, portable benefit models.

Increased worker mobility

- Programs are evolving to follow employees across jobs, with expanded job protections and lower eligibility thresholds.



Trend #1: Broader Definitions of Family

Shift toward inclusion: State Paid Family & Medical Leave programs are moving beyond the narrow FMLA definition (spouse, parent, child) to reflect how families look, which results in **broader coverage**.

Two main state approaches:

Expanded family lists: Some states (e.g., Maryland) explicitly cover extended and "fictive kin" relationships.	Designated person model: Family-like relationship (Connecticut & Colorado)

Why it matters:

Reflects modern caregiving realities across diverse communities	Supports caregivers and reduces barriers to taking leave	Expands protections without significantly increasing program costs

Employer Impact: Family Definition Expansion

What Employers Are Experiencing:

More complexity: Navigating a patchwork of state PFML laws and eligibility rules.

Consistency challenges: Deciding between a single national standard or state-by-state policies.

Workforce strain: More frequent and longer leaves impacting staffing and productivity.

Documentation gray areas: Verifying "chosen family" relationships requires careful, consistent handling.

How Employers Are Responding

- Expanding company policies.
- Updating auditing documentation requirements.
- Leverage HR technology to streamline tracking and compliance.
- Offer flexibility (remote work, phased returns) to maintain continuity.
- Consider outsourcing to third-party administrators for multi-state compliance.



Trend #2: Expanding Access with Lower Eligibility Requirements

Lower Barriers to Entry

- States are moving away from strict FMLA requirements (e.g., hours worked, tenure) to expand access.

Portable Benefits

- Social insurance models allow employees to qualify across employers (Supports gig, seasonal, and nontraditional workers).

Broader Definition of Family

- Coverage increasingly includes extended and "chosen" family members.

Progressive Wage Replacement

- Lower-wage workers may receive a higher percentage of income (sometimes up to 100%).

Expanded Qualifying Events

- Leave now covers more than bonding (includes family care needs, prenatal care, and safe leave).

Federal Coordination

- Employees generally cannot be required to use PTO before accessing state PFML benefits.



Employer Impact: Expanded Access & Eligibility

More employees qualify and use leave	• Lower thresholds and fewer restrictions increase overall participation.
Broader access drives utilization	• Portable benefits (across employers). • Higher wage replacement makes leave financially feasible. • Expanded family definitions and qualifying events.
Similar But Different" Impact	• Different policy changes lead to the same outcome: more frequent and sometimes longer leaves.
Operational Implications	• Greater need for coverage and workforce planning. • Increased administrative tracking. • Heightened compliance complexity.
Key Takeaway:	• Expanded access means broader usage with ripple effects across staffing, operations, and compliance.



Trend #3: Intermittent Leave Flexibility

What's Changing

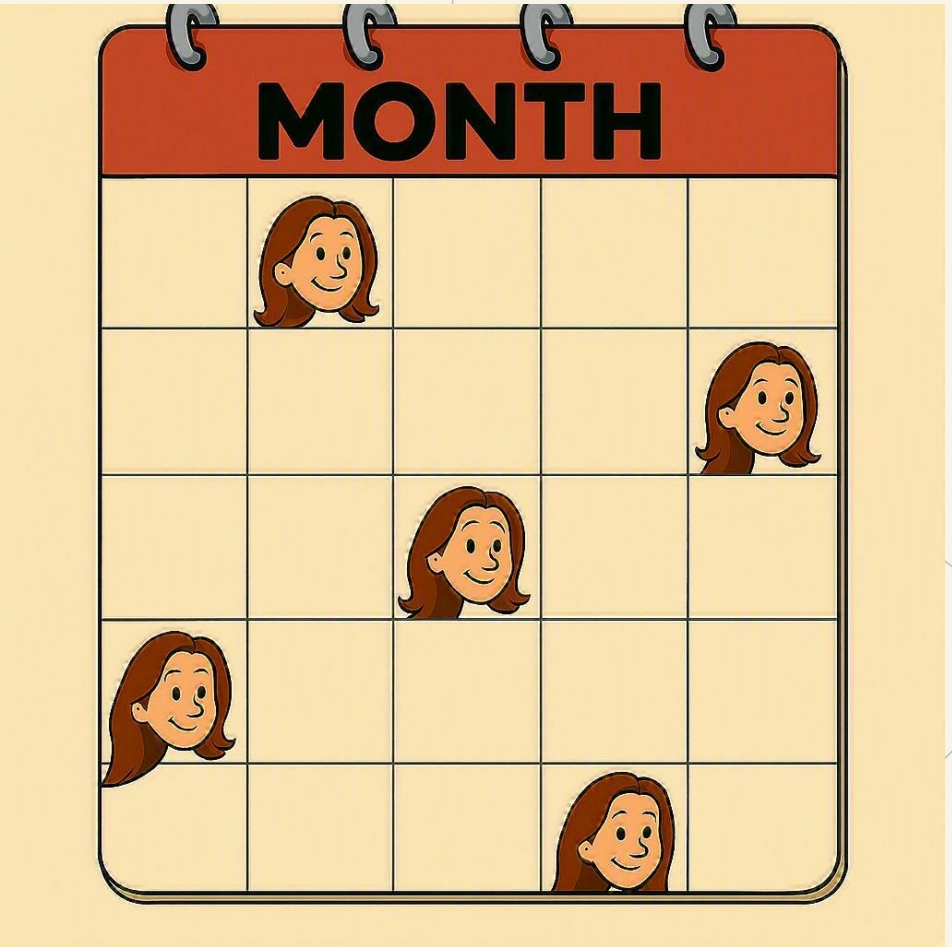
- PFML programs are shifting away from large, predictable leave blocks to prioritize employee flexibility over employer predictability.

What It Looks Like In Practice

- Leave can be taken in smaller increments (hours/days vs. weeks).
- This supports ongoing medical treatments, chronic conditions, caregiving needs, and periodic time away from work.

Why This Trend Is Growing

- Hybrid & remote work, variable schedules, and part-time & compressed workweeks.



Employer Impact: Intermittent Leave

Increased Administrative Complexity

- Tracking intermittent absences
- Managing schedules & coverage
- Ensuring accurate payroll and leave calculations

Why it's difficult

- Leave is taken in small, unpredictable increments
- Requires coordination across HR, payroll, and managers
- Complexity increases with hybrid and variable work schedules.

Operational impact

- Supervisor challenges:
  - Difficult to plan work and allocate resources.
  - Limited visibility into when leave will be used.
- Staffing & scheduling disruption:
  - Unpredictable coverage needs.
  - Increased reliance on overtime, work redistribution, or temporary staff.
- Equity & morale concerns:
  - Coworkers may perceive uneven workloads.
  - Privacy limits transparency around leave use.



KEY TAKEAWAY

➡️ Intermittent leave supports employee flexibility but creates significant operational strain.
➡️ Success requires strong tracking systems, manager training, and proactive workforce planning.

Trend #4: Higher Wage Replacement

What's Changing

Shift from flat, modest benefits → progressive, tiered wage replacement.	Lower-wage workers receive higher % of income (often 80–100%).	Higher earners receive lower % above set thresholds.

Why This Trend Is Growing

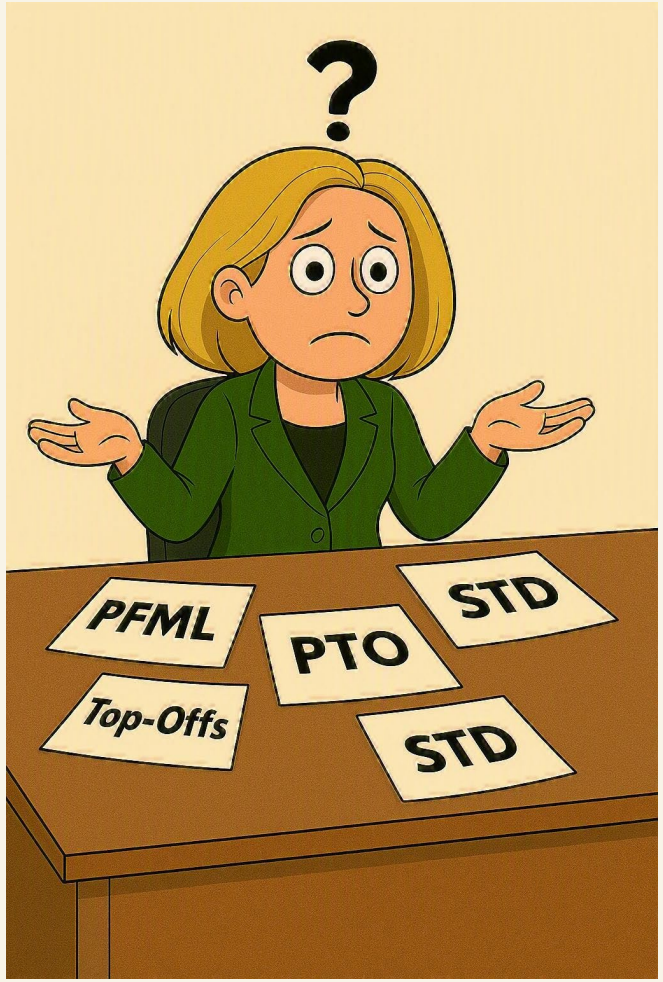
Affordability gap: Low benefits = employees can't afford to take leave.	Focus on equity and access across income levels.	Programs increasingly tied to state wages & cost-of-living adjustments.

How States Are Implementing It

Massachusetts: Progressive formula based on wage thresholds	**California:** Expanded to ~70–90% wage replacement	**Colorado & Oregon:** Tiered models with strong support for lower earners (up to ~90–100%)



Employer Impact: Pay Coordination



KEY TAKEAWAY

- ☑ Clear communication matters more than exact math.
- ☑ Set expectations early and often.

Trend #5: Alignment with FMLA & Disability

What States Are Trying to Do

- Mirror federal leave concepts.
- More generous job protection.
- Align definitions.
- Align certification concepts.
- Increase efforts to reduce employee confusion.
- Examples: Massachusetts, Connecticut, Colorado, New York
  → Designed to align with federal frameworks while offering broader coverage.



Employer Impact: Intake & Administration

Core challenge

- A single leave request may trigger multiple programs simultaneously
- Separate processes create risk of errors, inconsistent documentation, and employee confusion.

Operational risks without integration

- Siloed teams (HR, payroll, leave, disability).
- Missed eligibility or incorrect designation.
- Conflicting employee communications.
- Increased compliance exposure.

Best practice: One Intake, Multiple Determinations

- Use a single, unified intake process.
- Gather information once → evaluate across all laws.
- Identify applicable leaves early to:
- Coordinate notices & certifications
- Align benefits and timelines
- Reduce compliance risk



Trend #6: Reporting & Compliance Burden

Multi-state challenges

- Managing different rules, payroll setups, and reporting timelines across jurisdictions

Increasing data & compliance demands

- Greater reliance on employer wage data for eligibility and benefits
- Strict, time-sensitive contribution reporting requirements
- Ongoing payroll audits and reconciliation across systems

Core employer responsibilities

- State registration and account setup
- Payroll withholding and remittance
- Wage and leave reporting
- Employee notices and compliance communications



KEY TAKEAWAY

Employer reporting is now a continuous, data-driven function requiring coordination across HR, payroll, and compliance.

Employer Impact: PFML Reporting Complexity

Higher Administrative Burden

- Reporting has evolved into a complex, high-stakes compliance function.

Multi-State Complexity

- Different rules, timelines, and contribution requirements increase time, systems, and risk.

Greater Data Responsibility

- Employers must ensure accurate wage data—errors can affect employee benefits and create compliance exposure.

Cross-System and Tax Coordination

- Manage multiple state portals for wages, contributions, and claims.
- Track employee vs. employer contributions.



Employer Impact: PFML Reporting Complexity Risks

Where Risk Lives

- Payroll configuration
- Data feeds to states or carriers
- Year-end corrections and reconciliation

Increased Scrutiny

- Stricter deadlines, audits, and ongoing reconciliation requirements

Operational Reality

- HR and payroll must work closely together to manage compliance

Key Takeaway

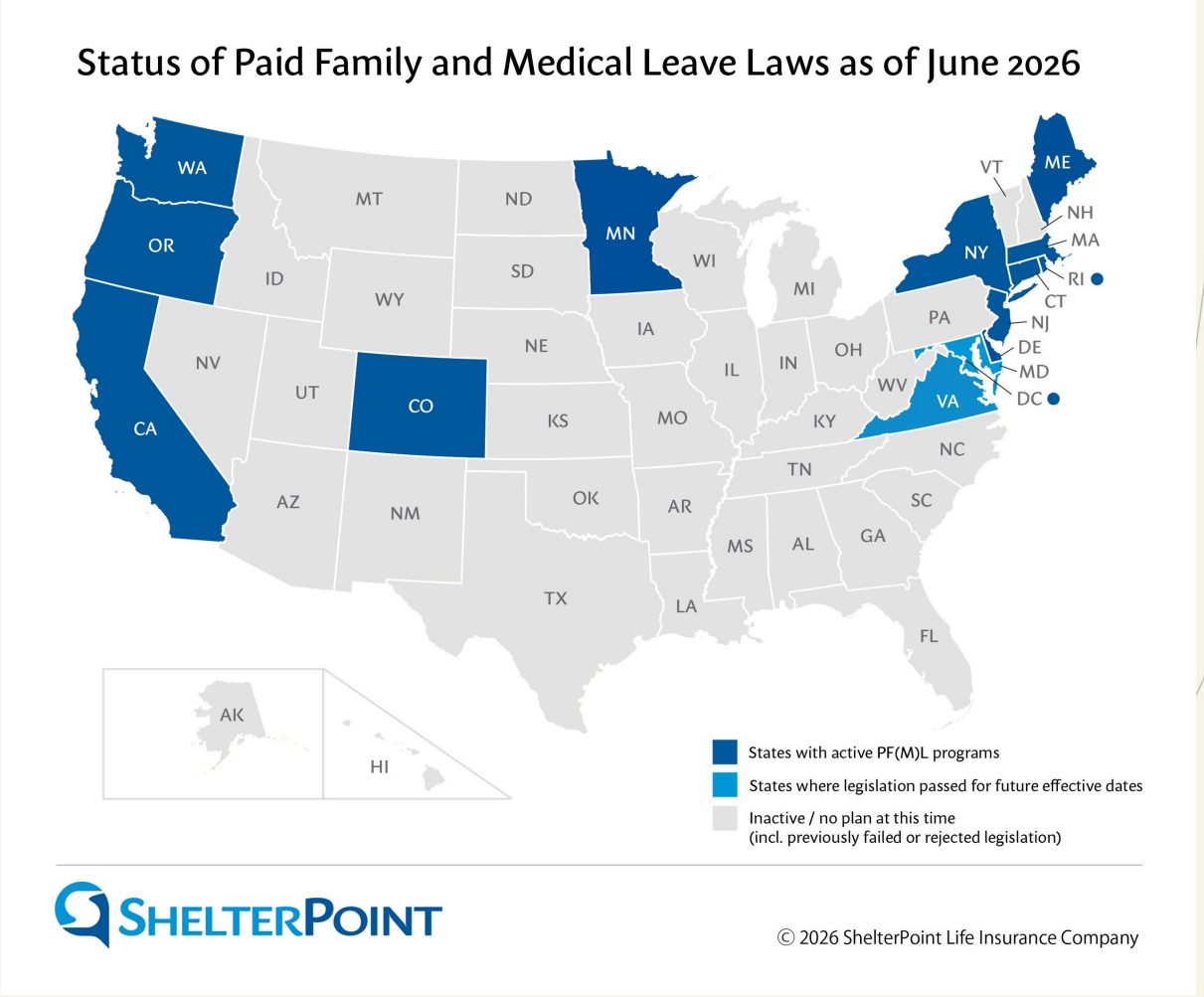
- PFML reporting is now more resource-intensive, interconnected, and risk-sensitive for employers



Trend #7: From Patchwork to Consistency

What's Changing

- Patchwork of state laws
  - Each state has different rules for eligibility, benefits, and administration
- Growing push for coordination
  - Legislative efforts to better align state programs
  - Increased collaboration and data-sharing across states
- Momentum toward broader standards
- Continued discussion around national frameworks or minimum standards



Employer Impact: Navigating Multi-State PFML

Increased complexity	Managing different state rules, benefits, and reporting requirements
Inconsistent employee experience	Variations in leave eligibility, duration, and pay across states
Higher compliance risk	Greater potential for errors, penalties, and coordination issues
Operational Strain	Added burden on HR and payroll to manage multi-state programs

- **Best Practices**
  - Standardize where possible.
  - Align benefits to create a more consistent employee experience.
  - Use private plans or single administrators.
  - Streamline tracking, claims, and compliance.
  - Adopt a "core + state overlay" approach.
  - Build one central process, then layer in state-specific requirements.
  - Coordinate benefits carefully.
  - Align PFML with STD, PTO, and internal leave policies.



Trend #8: Mobility is Changing the Game

In-state portability

- Employees can change jobs within a state without losing eligibility.

Remote work complexity

- Eligibility is tied to work location, not employer headquarters.

Inconsistent job protection

- Varies by state; some programs provide wage replacement only.

Direction of Travel

- Benefits increasingly follow the worker.
- Programs adapting to mobile, non-traditional workforces
- Ongoing gaps in interstate coordination and consistency.



KEY TAKEAWAY

PFML is evolving to support a more mobile workforce—but portability remains within states, not across them.



Employer Impact: Mobility Drives Complexity

Best Practices

Track employee work location closely for accurate eligibility and reporting

Align HR and payroll functions to ensure consistent administration

Standardize benefits where possible to reduce variation and confusion

Plan for workforce mobility with flexible, scalable processes

Key Takeaway:

As PFML becomes more portable, employers must be more coordinated, flexible, and proactive to manage complexity and remain competitive.

Impact on Employers

- More competitive hiring landscape
- Shift in retention dynamics
- Greater administrative complexity
- Increased operational challenges
- Higher compliance risk



Trend #9: Private Plan & Carrier Integration

What's Changing

- Shift toward private PFML plans integrated with employer benefits.
- States providing more detailed standards for benefit equivalency, employee rights, reporting & claims administration.

Why Employers Are Adopting Private Plans

- Streamlined administration across PFML, FMLA, and disability.
- Greater consistency for multi-state workforces.
- Improved employee experience through integrated leave management.



Trend #9: Private Plan & Carrier Integration (part 2)

Key Developments

- Stronger carrier capabilities.
- Structured approval frameworks.
- Closer alignment requirements.

Increased State Oversight

- Greater scrutiny of private plan design, claims practices, and ongoing compliance.
- Ensures private plans provide benefits at least equal to state programs.

Employer Impact: Carrier Partnerships

What can employers do?

- Leverage carrier tools
  - Leave-management platforms, tracking systems, dashboards
  - Improved visibility into claims and workforce trends
- Engage in training & education
  - Stay current on changing state requirements
  - Avoid common compliance pitfalls
- Utilize reporting & analytics
  - Monitor leave utilization and costs
  - Identify trends and workforce impacts
  - Support data-driven decision making



KEY TAKEAWAY

- Treat carriers as strategic partners—not transactional vendors.
- Maintain regular communication and collaboration.
- Engage proactively—not just during complex claims.



Trend #10: Expanded Covered Reasons



Expanded Family Definitions.



Specialized Leave Categories.



Safe Leave Protections.



Bereavement Leave.



Broader Medical Eligibility.

Category	What to Review / Update	Why It Matters
Timing & Governance	Review matrices at least annually and after major legislative changes	Ensures tools stay aligned with evolving PFML laws
Leave Categories	Add new leave types (e.g., safe leave, NICU leave, bereavement)	Prevents omission of newly covered entitlements
Eligibility Rules	Update family definitions, tenure, and coverage requirements	Ensures accurate qualification determinations
Benefit Coordination	Confirm coordination across PFML, FMLA, STD, and PTO	Avoids overpayments, gaps, or conflicting guidance
Job Protection	Review and confirm reinstatement rights and job protection rules	Reduces risk of legal exposure and compliance errors
Cross-Team Alignment	Align updates across HR, payroll, and leave administrators	Ensures consistent messaging and execution
Manager Usability	Simplify matrix into clear, quick-reference formats	Helps managers provide accurate, timely guidance
Scenario Testing	Test matrix against real-world and edge-case scenarios	Identifies gaps in multi-law or complex situations



Employer Action Steps

Conduct annual PFML readiness reviews.



Flexible templates and scripts.

Standardize intake with state-specific overlays.



Strengthen HR-payroll coordination.

Ongoing manager education, especially on intermittent leave.

Monitor legislative developments early and regularly.

The Takeaway Before You Clock Out…

- PFML expansion is the rule, not the exception.
- Trends give early warning signals.
- Flexibility beats precision.
- Preparation reduces disruption.

Remember

"You don't need to predict every PFML law. You need systems that can adapt when they arrive."



Questions?

