

NORTH RISK PARTNERS[®]
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**UNPACKING MN
 PAID FAMILY &
 MEDICAL LEAVE**

MAY 2025

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PRESENTER

Jordan Cardenas
 HR Attorney
 WAGNER, FALCONER & JUDD, LTD.

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AGENDA

- Requirements of employers, employees, and State of MN
- Covered employers and employees
- Wage payments to employees
- Qualifying PFML uses
- Premiums
- Pay and benefits to employees
- Private plans
- Questions

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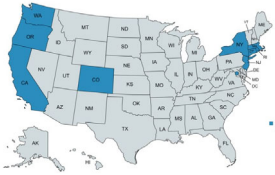
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STATE OF THE STATES

There are 10 mandated state paid leave programs actively paying benefits as of 2025

- California (2004)
- New Jersey (2009)
- Rhode Island (2014)
- New York (2018)
- Washington (2020)
- Washington D.C. (2020)
- Massachusetts (2021)
- Connecticut (2022)
- Oregon (2023)
- Colorado (2024)

*San Francisco has their own city-wide policy



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2026: LOOKING AHEAD

 Delaware State contributions: 1/1/2025 Benefits: 1/1/2026	 Maine State contributions: 1/1/2025 Benefits: 5/1/2026	 Minnesota State contributions: 1/1/2026 Benefits: 1/1/2026	 Maryland State contributions: 7/1/2025 Benefits: 7/1/2026
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WHAT IS MN PFML?

- In 2023, Minnesota passed a bill to create a **state-mandated paid family and medical leave program to be a partial income replacement for employees.**
- The program ensures that **eligible workers have access to paid leave** during certain life events.
- MN PFML is funded by **premiums** made up of contributions from employees and employers. **Employers are responsible for paying premiums to the State of MN.**
- The State of MN sends payment benefits directly to employees on PFML.**

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EFFECTIVE DATE

While the effective date of the law was July 1, 2023...

Employee deductions and benefits start January 1, 2026.





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EMPLOYER REQUIREMENTS

Employer's obligations under PFML are to:

- **Submit Quarterly Wage Reports** (October 31, 2024)
- **Pay Premium Payments** (April 30, 2026)
- **Give Notice to Employees** (Workplace Posters and Individual Notifications due Dec. 1, 2025)






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QUARTERLY WAGE REPORTS

- Employers must submit wage report on a quarterly basis.
- Employers submit their wage reports in the same online reporting system as MN UI.
- If all employees are covered by MN UI, employers do not need to take additional steps because the same account for quarterly wage reports will be used for both UI and PFML.
 - Employers will have a *Joint UI/Paid Leave* account.



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QUARTERLY WAGE REPORTS DUE DATES

- 1st quarter (January 1 - March 31) → **April 30**
- 2nd quarter (April 1 - June 30) → **July 31**
- 3rd quarter (July 1 - September 30) → **October 31**
- 4th quarter (October 1 - December 31) → **January 31**

❖ **Reports must be received on or before the due dates.**





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EMPLOYEE REQUIREMENTS

- Apply online for benefits.
- Provide certification documentation to support 7-day qualifying event.
- Report any additional weekly wages (vacation, ESST, PTO, disability, etc.).
- *For intermittent leave:* healthcare provider must provide reasonable expectation for duration & frequency of treatment.

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STATE OF MN REQUIREMENTS

- Determine that the employee is eligible for leave.
- Notify the employer and employee of employee's eligibility.
- Notify employer and employee when employee's benefits begin.
- Notify employer and employee of employee's weekly benefit amount.
- Notify employer & employee of the maximum duration of the employee's benefits.




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COVERED EMPLOYERS

All private and public employers are covered

❖ Exception: Federal government



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COVERED EMPLOYEES

- **Covered:**
 - Full-time
 - Part-time
 - Temporary
 - Seasonal, unless in hospitality industry
- **Not Covered:**
 - Seasonal employees in hospitality industry
 - Independent contractors
 - Self-employed individuals
 - Tribal nations
 - Federal government employees




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COVERED EMPLOYEES

Includes full-time, part-time, temporary, and most seasonal employees.

- **To be eligible:**
 1. Earned at least 5.3% of statewide average annual wage in the past year (**\$3,700 in 2024**); **AND**
 - 2(a). Worked at **least 50% of time in MN** in a calendar year (regardless of where employer has offices); **OR**
 - 2(b). If employee does not work at least 50% of their time in MN or in any other state and employee performs some work in MN and **lives** in MN for at least **50%** of the calendar year.

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COVERED EMPLOYEE EXAMPLE (1)

Q: An employer does not have a physical office in MN and only has one employee in MN who works remotely for at least 50% of their time in MN. Is the employee eligible?

A: Yes, works at least 50% of their time in MN.

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COVERED EMPLOYEE EXAMPLE (2)

Q: Employee lives on the Wisconsin-Minnesota border. Employee works 75% of time in WI, works 25% in MN, and lives full-time in **Wisconsin**. Is the employee eligible?

A: No, works more than 50% of time in a state other than MN.




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COVERED EMPLOYEE EXAMPLE (3)

Q: Employee lives on the Wisconsin-Minnesota border. Employee works 75% of time in WI, works 25% in MN, and lives full-time in **Minnesota**. Is the employee eligible?

A: No, works more than 50% of time in a state other than MN.

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COVERED EMPLOYEE EXAMPLE (4)

Q: Employee lives on the Wisconsin-Minnesota border. Employee works 40% of time in WI, works 40% in MN, works 20% in IA, and lives full-time in **Minnesota**. Is the employee eligible?

A: Yes, does not work in any state more than 50% of time and lives full-time in MN.




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SEASONAL EMPLOYEES

A **seasonal employee** is an individual who is employed for no more than 150 days during any consecutive 52-week period in **hospitality** by an employer whose average receipts during any six months of the preceding calendar year were not more than 33 percent of its average receipts of the other six months of such year.

Hospitality means: boarding establishment, food and beverage establishment, food cart, hotel or motel, limited food establishment, lodging establishment, mobile food unit, resort, restaurant, seasonal permanent food stand, school concession stand, seasonal temporary food stand, or special event food stand.

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REPORTING SEASONAL EMPLOYEES

- Employers must file a report to DEED if they intend to classify certain employees as seasonal employees.
- Employer must file report to DEED within 5 business days from the date the employee loses his or her seasonal employee classification.
 - Ex: Works longer than 150 days.
 - Ex: No longer works in hospitality.



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WAGE PAYMENTS TO EMPLOYEES

- Employees can receive up to **90%** of their usual wage, up to a maximum amount of \$1,372 per week (based on 2024 numbers).
- Lower-wage workers get more support. The less employees earn, the more their paycheck is covered while on leave.

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WAGE PAYMENTS TO EMPLOYEES

Subject to the maximum weekly benefit amount (\$1,372), the weekly benefit is calculated as follows:

- **90%** of the portion of average weekly wage less than or equal to 50% of the SAWW
- +
 - **66%** of the portion of average weekly wage exceeding 50% of the SAWW but not 100%
 - +
 - **55%** of wages that exceed 100% of the SAWW

= Weekly PFML Benefit

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WAGE PAYMENTS TO EMPLOYEES

PFML benefit payments to employees are considered taxable income under both Minnesota and federal law.

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QUALIFYING PFML USES

- 12 Weeks** **Medical Leave** for employee's own serious health condition.
- 12 Weeks** **Family Leave**
 - Bonding time during the first 12 months following birth or after adoption or foster care placement.
 - Care for a family member with serious health condition.
 - Active duty - family member on active duty or ordered to active duty.
 - Safety leave because employee or family member was a victim of domestic abuse, sexual assault, or stalking.
- 20 Weeks** **Combined** family and medical leave in a **benefit year**.

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QUALIFYING PFML USES

- 12 Weeks** **Medical leave and family leave.**
- 20 Weeks** **Combined** family and medical leave in a benefit year.

Single qualifying event must be at least **7 days** (retroactive) and be certified by a health care provider or designated professional.

Exception: Bonding time with newborn child or newly placed adopted or foster child.

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FAMILY MEMBER DEFINITION


- **Spouse or domestic partner**
- Child (biological, adopted, foster, step, child of domestic partner, or child that employee stood in loco parentis, legal guardian, or de facto custodian)
- **Parent or legal guardian**
- Sibling
- **Grandchild**
- Grandparent or spouse's grandparent
- **Son-in-law or daughter-in-law**
- Individual who has a relationship with the employee that creates an expectation and reliance of care without compensation and the two do not have to live together

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SERIOUS HEALTH CONDITION DEFINED

A serious health condition means a physical or mental illness, injury, impairment, condition, or substance use disorder that involves:



Inpatient care in a hospital, hospice, or residential medical care facility and includes any period of incapacity.



Continuing treatment or supervision by a health care provider, which includes . . .

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WHAT IS CONTINUING TREATMENT?

- A period of **incapacity of seven or more days**, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:
 - Treatment two or more times, within 30 days of the first day of incapacity**, unless extenuating circumstances beyond the individual's control prevent a follow-up visit from occurring as planned, by a health care provider; or
 - Treatment by a health care provider on at least one occasion that results in a regimen of continuing treatment** under the supervision of the health care provider;
- In a period of incapacity due to **pregnancy**;
- A period of incapacity or treatment for a **chronic health condition** that:
 - requires periodic visits, defined as at least twice a year**, for treatment by a health care provider or under orders of, or on referral by, a health care provider;
 - continuous over an **extended period**, including recurring episodes of a single underlying condition; and
 - may cause **episodic rather than continuing periods of incapacity**.

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WHAT IS CONTINUING TREATMENT?

- A period of incapacity which is **permanent or long term due to a condition for which treatment may not be effective**. The applicant or family member must be under the continuing supervisions of, but need not be receiving active treatment by, a healthcare provider; or
- A period of absence to receive **multiple treatments, including any period of recovery from the treatments**, by a healthcare provider, or by a provider of healthcare services under orders of, or on referral by, a healthcare provider, for:
 - Restorative surgery** after an accident or other injury; or
 - A condition that would likely result in a **period of incapacity of more than seven full calendar days in the absence of medical intervention** or treatment.

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WHAT IS CONTINUING TREATMENT?

Treatment by a health care provider means an **in-person visit or telemedicine visit** with a health care provider, or by a provider of health care services under orders of, or on referral by, a health care provider.

Treatment includes but is not limited to **examinations to determine if a serious health condition exists** and evaluations of the condition.

Absences attributable to incapacity due to medical related care related to pregnancy, or for a chronic health condition, qualify for leave even if the applicant or the family member does not receive treatment from a health care provider during the absence, and even if the absence does not last more than seven consecutive, full calendar days.

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MORE COVERAGE DETAILS

Employees may take MN-PFML intermittently for any covered reason.





Employers may limit intermittent use to 480 hours in a 12-month period

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EMPLOYEE NOTICE REQUIREMENTS

- If need for leave is foreseeable, employee must give at least 30 days' advance notice.
- If need for leave is not foreseeable (e.g., lack of knowledge, change in circumstances, or medical emergency), then employee must give notice as soon as practicable.
- Employee can give notice verbally or via phone or text message.



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PREMIUM PAYMENTS

Contributions: Finance PFML through employee payroll deductions and employer contributions.

Premium Rate: 0.88% (in 2026). Split between employer & employee.

- o Employer pays 0.44% and employer pays 0.44%
- o 0.27% for family leave and 0.61% for medical leave.

Maximum Employer Contribution: 50% (50-50 split between employer & employee).

- o Employer can cover 50% to 100% of the 0.88% premium rate.
- o **Cannot put employee below minimum wage.**

Employee Contribution Cap: Premium rate applied on wages up to the Social Security cap of \$176,100

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PREMIUM PAYMENTS: SMALL EMPLOYERS

Premium Rate: 0.88% (in 2026). Split between employer & employee.

- o Reduces employer's minimum premium rate from 0.44% to **0.22%**.
- o Employee's maximum premium rate stays at 0.44%.

Definition of Small Employers:

1. Has 30 or fewer employees; and
2. The average wage of all employees is 150% or less than the statewide average, which is \$107,106 in 2025.

The Math to Determine Employer's Premium Rate of 0.22%

- o Pay a total premium rate (combining employer's and employee's premium) that is 75% of the annual premium rate in the applicable year (.88 x .75 = .66).
- o Small employer's premium rate is 25% of the annual premium rate (.88 x .25 = .22).
- o Therefore, the small employer's premium rate is 0.22% and employee's premium rate is 0.44% (.22 + .44 = .66).

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OTHER REQUIREMENTS

Earnings statement must be updated to show amounts deducted and paid to employees for using MN-PFML.

Job protection begins after 90 calendar days of employment.

Employer must maintain insurance coverage.



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OBTAINING BENEFITS

Benefits are paid by a state fund, not directly by the employer.

Payment is administered by, and employees apply for benefits to, the Family and Medical Benefits Division of DEED.



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PAY & BENEFITS

Employees receive a maximum weekly benefit amount set by the statute.

Benefits are to paid weekly and are prorated when:

- The employee works some hours;
- The employee uses paid vacation time, ESST, PTO, or other paid time off That is not considered a supplemental benefit payment; or
- Leave is taken intermittently.

Employee may use paid vacation time, ESST, PTO, or disability insurance instead if employee is eligible.



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SUPPLEMENTAL BENEFITS

Supplement benefits are payments an employer designates to make up the difference between partial and full wage replacement.

- Supplemental benefits can be paid vacation time, ESST, PTO, or disability insurance.
- Decision to offer supplemental benefits belongs to the employer.
- Disability plans (e.g., short-term disability) are supplemental benefits by default.

PFML benefit payment plus supplemental benefit cannot exceed the employee's usual weekly salary.



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ENFORCING THE LAW

The statute creates a private right of action, allowing an employee to sue in federal or state court to enforce their rights-remedies include damages, interest, liquidated damages for bad faith actions, injunctive or equitable relief, and **attorney's fees and costs.**

Employers may be fined not **less than \$1,000** and not **more than \$10,000** for each violation-paid to the employee.





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WHAT ARE THE REQUIREMENTS FOR OFFERING A PRIVATE PLAN UNDER THE MN-PFML?







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PRIVATE PLANS

Employers can **opt out** of the state-run program by offering coverage under an **approved private plan**

 <p>Requirements</p> <ul style="list-style-type: none"> • Must provide equal or better benefits than the state plan. • Cannot cost employees more than they would pay under the state. • Cover all employees working for the employer. • Must be for at least one year. 	 <p>Additional Information</p> <ul style="list-style-type: none"> • Can cover family leave or medical leave or both. • Offer coverage for former employees for up to 26 weeks post termination, or until the employee receives new employment. • Not required to pay premiums to State but still need to submit quarterly wage reports. 	 <p>Plan Options</p> <ul style="list-style-type: none"> • Can be fully insured or self-insured. • Fully insured must be through an authorized insurance carrier. • Self-insured requires a surety bond. • Applications open in July. • Market of pre-approved plans.
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POSSIBLE PRIVATE PLAN ADVANTAGES

- Benefits are coordinated between PFML and Short-term Disability plans.
- Faster claim adjudication.
- One-stop shop for administration.
- Customizations available.
- Dedicated resources to assist with compliance, claims, and account questions.
- Online claim reporting for status updates.

State Administration

- MN PFML claims must be filed separately with the State.
- Claim decisions and payment times vary from state to state.
- One size fits all model.
- Single service center supports the entire state, so employers are unlikely to have designated client managers or support team.

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IMPORTANT DATES

October 31, 2024: First wage report was due.

July 2025: Private equivalent plan application open for employers.

December 1, 2025: Must notify employees of PFML rights (workplace poster and written notice).

January 1, 2026: Payroll deductions begin, and employees may start going using PFML.

April 30, 2026: First quarterly premium payments due.



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QUESTIONS?

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