

E2SSB 5659 limits Family Leave Insurance benefits to parents of newborn or newly adopted children.

Estimated Program Utilization

The table below shows the estimated accepted claim volumes for female parents and male parents, the total number of accepted claims, and the estimated total claim volume, including claims that are not allowable. The department's actuarial staff considered data from California's Paid Family Leave insurance program in developing the estimated claims volume. California began offering Paid Family Leave insurance benefits on July 1, 2004. The maximum weekly benefit is \$882 per week, with a minimum weekly benefit of \$50. In California, workers may receive up to six weeks of benefits that may be paid over a 12-month period. California's average weekly Paid Family Leave benefit is \$460.

ESTIMATED CLAIM VOLUMES				
YEAR	New Child Female Parent (Accepted)	New Child Male Parent (Accepted)	Total Estimated Accepted Claims	Total Estimated Claim Volumes
6TH Year - Maturity	26,900	4,800	31,700	36,000
5TH Year	24,900	4,400	29,300	33,300
4TH Year	23,100	4,100	27,200	30,900
3RD Year	21,400	3,800	25,200	28,600
2ND Year	19,800	3,500	23,300	26,500
1ST Year	18,300	3,300	21,600	24,500

The department estimates the average length of the Family Leave for claims filed by female parents will be 4.6 weeks. The duration for claims filed by male parents is projected at an average of 3.7 weeks. The estimates shown above represent the number of individuals who will file Family Leave Insurance claims and is not adjusted to reflect the filing of weekly claims.

ESTIMATED CLAIM BENEFIT COSTS			
(Assumes an 8% annual utilization increase, with full utilization of the program in the 6th year)			
	Utilization	Annual Benefits	Quarterly Benefits
6TH Year - Maturity	100%	\$28,900,000	\$7,225,000
5TH Year	92.593%	\$26,800,000	\$6,700,000
4TH Year	85.734%	\$24,900,000	\$6,225,000
3RD Year	79.383%	\$23,100,000	\$5,775,000
2ND Year	73.503%	\$21,400,000	\$5,350,000
1ST Year	68.058%	\$19,700,000	\$4,925,000

Information Technology:

The department would need to develop several automated technology applications to manage the Family Leave Insurance program. The table below lists the required new systems, a description of the functions, and the estimated number of programming hours:

System	Brief Description	Programming Hours
Claims Management System	Includes Benefit Payment, Claims Appeals/Protest Tracking, Claims Management/Adjudication, Claims Overpayment/Collection, COLA, and WAGE.	112,025
Integrated Document Management	Includes document scanning, indexing, specialty indexing, administration, claims review, and faxing	15,351
Federal Income Tax Withholding	Create a new system to withhold and report Federal Income Tax.	3,600
Data Warehouse System	Create a database within the existing agency data warehouse that can be used for agency trend analysis and reporting purposes.	4,680
Program Area System Application Server Deployment	Install and configure additional server hardware, software and applications, including custom interfaces with other agency systems.	12,480

Earlier fiscal notes included system development for premium collection. These systems would include accounts receivable, policy management, collections, rate notices, and system interfaces. Total costs of programming that included premium collection are \$18,171,700.

Total system development costs: \$11,501,600

Estimated Staffing:

Both permanent and project staff would be required for the Family Leave Insurance program. The estimated staffing requirements, including project FTEs and permanent FTEs, are shown below. Contractors will also be needed for the technology development. Some permanent FTEs would be hired prior to implementation of the Family Leave Insurance program to provide business area expertise for project staff in developing, testing, and implementing the new technology applications.

FTEs would be needed for Program Administration, Claims Adjudication and Benefit Payment, Claims Initiation and Imaging, Training and Appeals, Premium Collections, Fraud and Compliance, Information Services Technology, Customer Service Outreach, Mailroom, Budget, and Indirect Costs. The tables below show the number of FTEs and costs, by Fiscal Year.

Birth or Placement of Child Only, No Premium Collection

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
FTEs	26.6	30.2	57.8	61.4	59.2	60.4
FTE Biennial Average		28.4		59.6		59.8
Program Administration	11,183,981	10,162,920	6,977,258	6,920,555	6,467,263	6,557,637
Benefit costs (Approx)			19,700,000	21,400,000	23,100,000	24,800,000
Biennium Total		10,162,920		54,997,813		60,924,900

Earlier estimates that included premium collection were 81.9 FTEs in the out-years after program maturity.