Maryland FAMLI

Phase 1: The Decision & Seeding Period

Presented by:

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October 27, 2026

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Presentation Overview

1. FAMLI Introduction
2. Upcoming Deadlines & Action Items
3. State Plan Participation
4. Private Plan Option
5. Moderated Q&A

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What is Maryland FAMLI?

- Statewide paid family and medical leave program that provides paid, job-protected leave to eligible employees
  - Seeding of the program begins January 1, 2027
  - Benefits under the program begin January 1, 2028

- Employers – Employers with 1 or more employees working in Maryland are covered

- Employees –
  - Are covered by FAMLI if their work is "localized" in Maryland
    - For most employees, look to where they are subject to/covered by unemployment insurance.
    - More state guidance on Localization - https://paidleave.maryland.gov/files/famli-policy-guidance-on-localization.pdf
  - Employees will be eligible for FAMLI leave they have worked at least 680 hours in a position localized in Maryland in the four calendar quarters reported before they file a claim or their leave begins

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Absences Covered by MD FAMLI

- Bonding with a new child
- An employee's or family member's serious health condition
- Military caregiving and qualifying deployment needs

Between now and when leave becomes available on January 1, 2028, employers should be reviewing how these benefits will integrate with their other leave and benefit programs.

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The seeding period calendar

- By November 15, 2026: Deadline for DOI for the private-plan path
- December 2026: Notice to employees in advance of first withholdings
- January 1, 2027: Withholdings begin
- April 15, 2027: First report due
- July 1, 2027: Employee notices due
- October 1, 2027: Private plan applications due

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Employer Registration

- At least one Maryland employee: register
- Use Login.gov to create a FAMLI account
- An Authorized Officer then completes initial registration using the employer's EIN and contact details
- A third-party agent may not complete registration

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2027 Contribution Rates

15 or more employees

- 0.90% total contribution
- 0.45% employer share
- Up to 0.45% from employee pay

Fewer than 15 employees

- No required employer share
- 0.45% total remittance

- Employer size will be determined quarterly, and all employees of the entity will be counted, including both Maryland and out-of-state employees.
- Employers may cover the employee's portion; however, the IRS has indicated that these employer pick-up contributions are treated as taxable wages for the employee and are subject to applicable federal taxes.

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Employee Notice Deadlines

- One pay period before the first withholding
- For January deductions, plan for December notice
- July 2027: general FAMLI notice rollout
- Thereafter: upon hire, annually, and when the employer knows the employee is taking leave for a qualifying reason

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Quarterly reports and remittances

- First quarter: Payment and report due April 30, 2027
- Then: End of the month after each quarter
- All employers file wage and hour reports
- State Plan employers remit contributions electronically
- Reports will be used to calculate quarterly contribution amounts, determine payroll size, and determine employee eligibility

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Two private-plan options

Commercially insured

- Available to any employer
- Insurer handles and pays claims
- FAMLI approval remains required

Self-insured

- Generally 50 or more employees
- Employer funds and administers claims
- Limited exception for smaller employers

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Private Plans: DOI Now, plan application in 2027

- DOI deadline: November 15, 2026
- Authorized Officer files after registration
- Insurance consultation and signed acknowledgment
- Private-plan application will become available in the summer of 2027 and will be due October 1, 2027

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Accepted DOI: Escrow During 2027

- Reserve contributions otherwise owed to the State
- Include employer and employee amounts, as applicable
- Withhold currently, never retroactively
- Continue quarterly wage and hour reports

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Escrow after the approval or denial

Private plan approved

- Commercial plan: refund employee contributions
- Self-insured: may seed the separate plan fund
- Unlocated former employee: funds go to the State

Private plan not approved

- Escrow generally goes to the State Plan
- DOI acceptance alone earns no refund
- Reconcile amounts with FAMLI before release

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State Plan vs. Private Plan

The legal floor is the same; the operational experience may differ.

STATE PLAN

PRO: Simple, standardized, lower lift

- Automatic enrollment after registration
- State administers claims and benefits
- Known public contribution structure
- Best default when integration adds little value

CON: Less control & customization

- Employer subject to state rate and service
- No FMLA, employer leave, disability coordination

PRIVATE PLAN

PRO: Integrated, customizable, vendor-dependent

- Must be approved and meet or exceed State protections
- Commercial carrier can process and pay claims
- Potential integration with disability and leave administration
- Value depends on price, service, and implementation

CON: Private Plans Require Commitment

- Employers filing a DOI commit to four calendar quarters on the private plan or face penalties

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When I would recommend each option

Start with the State Plan, then move private only for a demonstrated business case.

1 Favor the State Plan

- Fewer than 15 employees
- Limited HR or benefits staff
- No existing leave administrator
- Private quote is not materially better
- Employer prioritizes simplicity

2 Evaluate a commercial plan

- Large Maryland employee population
- Current carrier handles disability or leave
- Multi-state leave administration
- Better service or systems integration
- Documented total-cost advantage

3 Consider self-insurance

- Generally 50+ employees
- Stable, predictable leave experience
- Existing claims infrastructure
- Financial capacity and risk tolerance
- Strong compliance controls

Decision rule: Choose private only if integration, employee experience, or total cost is materially better.

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Compliance Priorities Now

CALENDAR:

- DOI due Nov. 15, 2026, for employers seeking the 2027 seeding-period exemption;
- Private-plan applications due Oct. 1, 2027

TO DO:

- Register
- Make state / private plan decision
- Determine whether the employer will fully pay or deduct from employee pay
- Prepare employee communication plan, including Dec 2027 pay deduction notice
- Procure approved DOI escrow if applying for private plan
- Prepare for first quarterly filing

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QUESTIONS?

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Resources

- For employers | Maryland FAMLI
- FAMLI FAQs general questions
- FAMLI FAQs contribution questions
- FAMLI FAQs private plans
- Maryland Code, Labor and Employment Article, § 8.3-701
- Subtitle 42 FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM | Library of Maryland Regulations

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Thank you

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Jessie Summers works with companies, organizations, and individuals in Maryland, the District of Columbia, and Virginia on a wide range of employment, business, and litigation matters.

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Employment attorney Julie Reddig provides advice and counsel that helps employers build and maintain productive workplaces. She helps them navigate the many federal, state, and local laws that protect employees in the workplace.

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