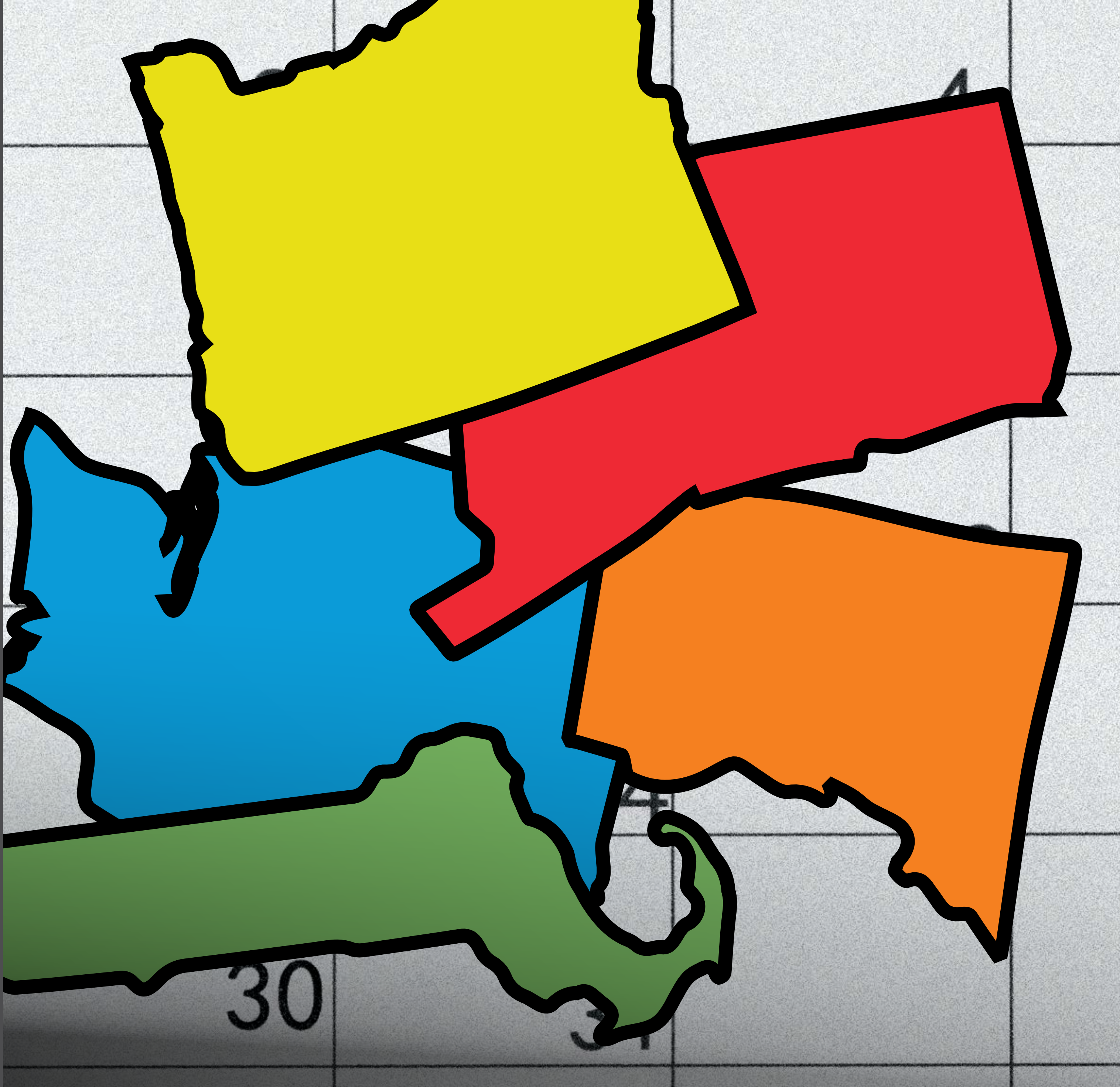


Edging up

Short takes on emerging industry issues — paid family and medical leave programs, a national drug update and a technology enhancement

Recent PFML updates

BY **BRYON BASS**
SVP, Workforce Absence, Sedgwick

Several states have added paid family and medical leave programs or announced changes in the past few months. Below is a summary of the updates in Connecticut, the District of Columbia, Massachusetts, Oregon and Washington.

CONNECTICUT PAID FAMILY AND MEDICAL LEAVE PROGRAM

Starting in 2022, Connecticut will offer paid family and medical leave benefits to workers. The state's new Paid Family and Medical Leave (CT PFML) program will be funded by an employee payroll tax, and it will allow employees to take between 12 and 14 weeks of paid time to treat a serious illness, care for a sick relative, care for a newborn child, serve as an organ or bone marrow donor or address issues related to family or domestic violence. The law also expands the covered individuals and reasons for coverage under the existing Connecticut Family and Medical Leave Act (CT FMLA) effective January 1, 2022.

As directed by the legislature, premium payments begin on January 1, 2021 and benefits can be taken starting January 1, 2022.

Rulemaking for the new law is expected to start soon. Sedgwick is currently monitoring the rulemaking process and will provide our feedback to the regulators, as directed. We will keep clients apprised of matters regarding the CT PFML program as they arise.

DISTRICT OF COLUMBIA PAID FAMILY LEAVE PROGRAM

As previously communicated, starting on July 1, 2020, the District of Columbia will offer paid family leave benefits to workers. The District of Columbia Paid Family Leave (DC PFL) program will be funded entirely by employers, and the program and benefits paid will be administered by the DC Department of Employment Services (DOES).

As directed by the legislature, employer taxes will be payable July 1, 2019 and benefits can be taken starting July 1, 2020.

Rulemaking for the new law was broken down into two chapters, separating the employer contributions and paid leave benefits. The rulemaking process regarding employer contributions is complete and information is now available on employer responsibilities on the DC PFL website.

The second chapter, regarding the administration of paid leave benefits, is currently in rulemaking. However, the paid leave benefits will be administered fully by DOES and employers do not have the option to opt out or set up a private plan. Therefore, Sedgwick intends to administer DC PFL as an offset to any benefit an employee may be concurrently eligible to receive under their employer's paid leave policies.

Sedgwick's disability and absence compliance group continues to review the proposed regulations and will provide additional details on how this will impact the administration of disability and absence management programs toward the end of 2019. For more information, see the DOES website.

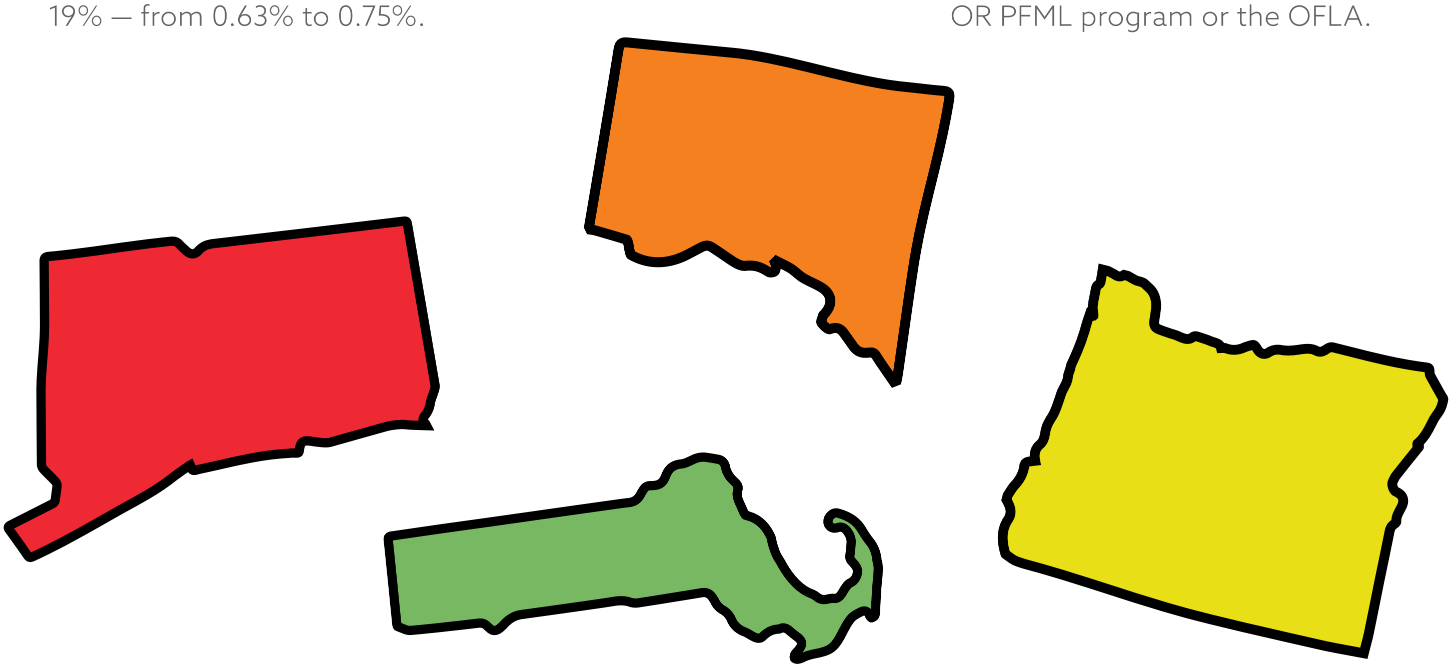
MASSACHUSETTS PAID FAMILY AND MEDICAL LEAVE PROGRAM — PAYROLL TAX DELAY

As announced on June 12, 2019, Massachusetts Governor Charlie Baker and legislators agreed to seek a three-month delay to the start of a payroll tax to fund the Paid Family and Medical Leave (PFML) program for all Massachusetts workers, and would look to "clarify" the program's details. The measure has passed and is now official. Important information about the delay:

- The collection of the 0.63% payroll tax from employers to begin July 1 has been postponed until October 1. Additionally, the Department of Family and Medical Leave (DFML) sent a notice to employers announcing that the tax rate had increased by 19% — from 0.63% to 0.75%.
- The timeline to provide the required employee notices has been extended to September 20, 2019. Check the DFML website for updated notices.
- The DFML has extended the timelines for exemption applications to December 20, 2019. As a reminder, employers that offer paid leave benefits that are at least as generous as those required under the PFML law may apply to the DFML for an exemption from making contributions.
- The PFML final regulations were posted on the DFML website on June 17, 2019.

OREGON PAID FAMILY AND MEDICAL LEAVE PROGRAM

Starting in 2023, Oregon will offer paid family and medical leave benefits to workers. The Oregon paid family and medical leave (OR PFML) program will be funded by an employee and employer payroll tax. It will allow employees to take 12 weeks of paid time to treat a serious illness, care for a sick relative, care for a newborn child or address issues related to family or domestic violence (safe leave). Two additional weeks are available for leave related to pregnancy, childbirth and related conditions. The law is in addition to the Oregon Family Leave Act (OFLA), which is an unpaid leave of absence law; the two laws run concurrently when applicable. There is a maximum entitlement of 16 weeks of any combination of leave under the OR PFML program or the OFLA.



As directed by the legislature, premium payments will begin January 1, 2022 and benefits can be taken starting January 1, 2023.

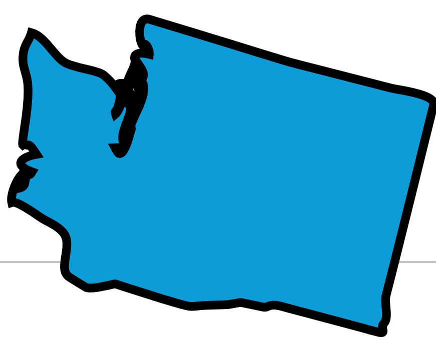
Rulemaking for the new law is expected to start soon. Regulations must be finalized and adopted by the Oregon Director of the Employment Department no later than September 1, 2021. Sedgwick is currently monitoring the rulemaking process and will provide our feedback to the regulators, as directed. We will keep clients apprised of matters regarding the OR PFML program as they arise.

WASHINGTON PAID FAMILY AND MEDICAL LEAVE — NEW REPORTING DEADLINE

The Washington Employment Security Department (ESD) has pushed back the first reporting deadline under the state's new Paid Family and Medical Leave (PFML) law to August 31, 2019. By that date, all Washington employers must file reports about their employees, including wages and associated hours worked during the first two quarters of 2019. In addition, Washington employers must remit all premiums due for those first two quarters. To file these reports and remit premiums, Washington employers will need PFML accounts with ESD. Detailed instructions on creating accounts, filing reports and remitting premiums are available on the ESD PFML web page. With the exception of these first two quarters, the law requires Washington employers to report information and remit premiums by the last day of the month after every completed quarter.

Washington's PFML law went into effect on January 1, 2019. This year, the state will collect premiums and information from Washington employers. Starting on January 1, 2020, eligible employees may apply to ESD for benefits under this law.

Clients with questions about the state programs described above should contact their Sedgwick client services representative.



RESOURCES

DISTRICT OF COLUMBIA

DC PFL website
https://dcpaidfamilyleave.dc.gov/employers/

DOES website
https://does.dc.gov/page/dc-paid-family-leave

MASSACHUSETTS

Notice to employers
https://www.mass.gov/info-details/informing-your-workforce-about-paid-family-and-medical-leave

DFML website
https://www.mass.gov/orgs/department-of-family-and-medical-leave

PFML final regulations
https://www.mass.gov/regulations/458-CMR-200-department-of-family-and-medical-leave

WASHINGTON

ESD PFML
https://www.paidleave.wa.gov/reporting?utm_medium=email&utm_source=govdelivery

New generic Lyrica will help lower MSAs

BY **MICHAEL R. MERLINO II, ESQ.**
SVP, Medicare Compliance, Sedgwick

As you may have heard, the U.S. Food and Drug Administration (FDA) recently approved the generic version of Lyrica (pregabalin). The price for 75 mg of Lyrica is about $9.36 per dose in RED BOOK, the drug information resource used by the Centers for Medicare & Medicaid Services (CMS). A common dosage is twice per day. Under the current CMS pricing model, which requires all prescription drugs to be priced for life, a patient with a 20-year life expectancy would need $136,656 allocated for Lyrica.

Since CMS requires the use of RED BOOK for all drug pricing, we could not realize any price decrease in Medicare Set-Asides (MSAs) until RED BOOK posted the inexpensive pregabalin prices. And now it has. According to RED BOOK, we can price most common dosages of pregabalin at $.57 to $.80 per dose. At the least expensive price (75 mg), we can allocate the same person with a lifetime supply (20 years) of pregabalin for only $8,322. This is a reduction of $128,334 from the Lyrica pricing.

With this new generic pricing, it appears that Lyrica will no longer be a drug that "prevents settlements."

Please keep in mind that the treating physician must prescribe the generic alternative and the claimant has to fill generic in order for CMS to approve it in an MSA allocation.

For more information on the FDA's approval, see its recent news release at https://www.fda.gov/news-events/press-announcements/fda-approves-first-generics-lyrica.

General liability claims added to mySedgwick

BY **LAUREN CUNNINGHAM**
SVP, Casualty Operations, Sedgwick

Sedgwick is pleased to announce that we are expanding mySedgwick, our self-service tool for consumers, to include access to general liability claims.

With mySedgwick, users can view claim and payment status, contact their examiner, upload claim documents and images, and more.

The features in mySedgwick are focused on the user experience and include:

- Quicker access to claims information
- A user-friendly graphical interface
- A dashboard with information on claim status and notifications
- A learning center with frequently asked questions that we developed to help explain the claims process

If you have questions about mySedgwick, please contact your client services director.