

COMPLIANCE ALERT

Maryland Paid Family & Medical Leave (FAMLI) - Employer Update

March 19, 2026

Action Required:

- **Employers should prepare for employee contributions on January 1, 2027.**
- **Employers and plan sponsors should also update their leave and disability policies to reflect coordination requirements.**
- **Employers should develop employee communications to educate staff on upcoming benefit availability in 2028.**

Maryland's Family and Medical Leave Insurance (FAMLI) program—administered by the Maryland Department of Labor (MDOL)—provides eligible workers with paid, job-protected leave for major life events. Employee contributions (via payroll deduction) will begin January 1, 2027, with the first employer contributions required to be remitted to the state in April of 2027. Employees based in Maryland will be able to begin receiving FAMLI benefits beginning on January 3, 2028.

What Should Employers and Plan Sponsors Do Next?

Employers with one or more employee working in Maryland should prepare their payroll systems to begin employee contributions on January 1 2027. Employers and plans sponsors should also establish clear rules for how FAMLI leave interacts with existing PTO, leave and disability programs and develop employee communications to educate staff about benefit availability beginning January 3, 2028. Regular review of MDOL guidance on contribution rates, notices and procedural requirements is also recommended to ensure compliance. ■

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What Is Maryland FAMLI? When does it go into Effect?

Maryland's Family and Medical Leave Insurance (FAMLI) program—administered by the Maryland Department of Labor (MDOL)—provides eligible workers with paid, job-protected leave for major life events. Employee contributions (via payroll deduction) will begin January 1, 2027, with the first employer contributions required to be remitted to the state in April of 2027. Employees based in Maryland will be able to begin receiving FAMLI benefits beginning on January 3, 2028.

Who Must Participate?

All employers with at least one employee working in Maryland must register and participate in the FAMLI program. With limited exceptions, employers with 15 or more employees (counting all employees working inside and outside Maryland under the same EIN) must remit the full contribution rate. However, they may withhold up to 50% of that rate from employee paychecks. Employers with fewer than 15 employees are only responsible for remitting 50% of the total contribution rate, and they may withhold that entire 50% from employee wages.¹

Funding & Contributions:

FAMLI is funded through payroll contributions shared by employers and employees, remitted on a quarterly basis. The contribution rate will be set annually and may not exceed 1.2% of covered wages (up to the Social Security wage cap). Employers may withhold up to 50% of the required contribution from employee paychecks but can contribute the entire contribution on behalf of the employees.

Employee Leave Benefits:

Eligible employees may receive up to 12 weeks of paid leave per year for qualifying reasons, including bonding with a new child, caring for the employee's own serious health condition, caring for a family member with a serious health condition, or to take care of military-related family needs.

Employer Responsibilities:

Employers will be required to register with the Maryland FAMLI program, collect and remit payroll contributions as required, and provide required employee notices at the time of hire and annually. Additionally, when FAMLI leave overlaps with other employer leave and disability policies, employers will need to establish rules for the interaction between FAMLI leave and other existing leave and disability policies. The required notices will be made available by the state. Employers may also designate a third-party administrator (TPA) to assist with compliance and administration.

State Plan or Private Plan Option?

Employers are automatically enrolled in the State FAMLI Plan upon registration. However, employers may apply to meet the FAMLI requirements through an equivalent private plan alternative (called the "Equivalent Plan Insurance Program" or "EPIP") if they offer an equivalent or better benefit that meets state standards. If an employer applies for this private plan alternative, they will still be required to submit wage and hour reports and claims data every quarter. Employers who select this EPIP, or private plan alternative, will also be required to keep records of applications submitted and outcomes, benefits paid, reconsideration requests and outcomes, wage and hour reports and employee contributions received for at least 5 years.

The EPIPs are designated as either "commercial" or "self-insured" plan alternatives to State FAMLI Plans. Employers who want to offer an EPIP or private plan alternative can submit a Declaration of Intent (DOI) to the FAMLI Division in the Fall of 2026, and the FAMLI Division will begin accepting formal applications for private plans in 2027.

If the employer's DOI is accepted, the employer will collect contributions starting in January 2027 and must hold all contributions in an escrow account, rather than remitting the contributions to the state. Employers can either collect contributions from employees or self-fund the escrow account. What happens to the money in the employer's escrow account depends on the plan's status. If the employer is approved for a self-insured EPIP/private plan, they can use the escrowed contributions to fund a separate account used solely for FAMLI benefits. If the employer is approved for a commercial private plan, they must return any employee contributions to employees. If your EPIP application is denied, or if you choose the State Plan, you must remit the escrowed contributions to the State each quarter. If an employer elects to pursue an EPIP, they must remain in that plan for at least a year before applying to switch to a different plan.

Employers Selecting the EPIP (Private Plan Option):

Employers that intend to meet their Maryland PFML requirements through an EPIP rather than the State FAMLI Plan should pay close attention to the DOI process once it's finalized in the forthcoming regulations.

1. The MDOL will announce an updated contribution rate by May 1, 2026 for 2027, and will then announce contribution rates for subsequent calendar years every November thereafter.

When the DOI period opens in the Fall of 2026, employers planning to pursue an EPIP must formally notify the state of that intent. This is a required step and will play an important role in determining an employer's contribution and compliance obligations. The state will share more detailed instructions about the DOI process at a later date, but it is expected that, as a part of that process, employers will need to confirm that they consulted with a representative from a licensed insurance broker or insurance carrier, upload documentation demonstrating that such consultation occurred, indicate their intent to apply for an EPIP, and then file the DOI with the MD FAML Division.

More Information

Official employer resources, registration updates and guidance are available from the MDOL [here](#). For more information about private plan alternatives, and how to apply, see the MDOL FAQ guidance [here](#). ■

**If you have any additional questions,
please call your Corporate Synergies
Account Manager or 866.CSG.1719.**