

compliance ALERT

Maryland Enacts Paid Family Leave Law

May 6, 2022

Action Required:

- Review the requirements of the new law.
- Determine whether current paid leave benefits for Maryland employees will meet or exceed requirements and potentially qualify for private plan exemption.

On April 9, 2022, the Maryland General Assembly enacted the state's first paid family and medical leave law, the [Time to Care Act of 2022](#) (the "Act") which establishes the Maryland Family and Medical Leave Insurance Fund (the "Fund"). The fund will be subsidized by both employer and employee payroll tax contributions beginning on October 1, 2023. Benefits will begin to be paid out beginning on January 1, 2025.

The Act is applicable to both full-time and part-time employees and will apply to both private and public sector employers with some exceptions and exemptions. Employers must contribute to the Fund if they employ at least 15 employees in the state of Maryland.

Employees working in Maryland will be provided up to 12 weeks (or up to 24 weeks in certain situations) of paid leave following the birth of a child, to care for a close relative or family member, to deal with the needs of family in connection with a military deployment or to care for their own serious health needs.

The Act also requires employers to ensure that employees have job protection and are restored to an "equivalent position of employment" after the leave period.

What Should Employers and Plan Sponsors Do Next?

Benefits are not being paid out to employees until 2025, and regulations are not being issued until 2023. However, employers and plan sponsors should begin preparing now by determining whether current paid leave benefits for Maryland employees will meet or exceed the Act's requirements and potentially qualify for the Act's private plan exemption. ■

↓ Full Explanation Follows ↓

Maryland Enacts Paid Family Leave Law

On April 9, 2022, the Maryland General Assembly enacted the state's first paid family and medical leave law, the [Time to Care Act of 2022](#) (the "Act") which establishes the Maryland Family and Medical Leave Insurance Fund (the "Fund"). This Fund is administered by the Maryland Secretary of Labor, who will be required to adopt regulations for the Fund by June 1, 2023. The Fund will be subsidized by both employer and employee payroll tax contributions beginning on October 1, 2023, and benefits will begin to be paid out beginning on January 1, 2025.

Key Components of the Act:

- Employees working in Maryland will be provided up to 12 weeks (or up to 24 weeks in certain situations) of paid leave following the birth of a child, to care for a close relative or family member, to deal with the needs of family in connection with a military deployment or to care for their own serious health needs.
- Employees can qualify for up to 24 weeks of paid leave if they take parental leave and need additional time to tend to their own serious health condition that prohibits them from performing the functions of their job (or they can take the leave for their own serious health condition first and then take the parental leave).
- The leave may be taken continuously or on an intermittent basis. However, if taken intermittently, it cannot be taken in less than four-hour increments at a time.
- The law will apply to both private and public sector employers, with some exceptions and exemptions.¹ Employers must contribute to the Fund if they employ at least 15 employees in the state of Maryland.
- The Act is applicable to both full-time and part-time employees, as long as they have worked at least 680 hours (at a single or multiple employers in Maryland) within a 12-month period.
- Beginning on January 1, 2025, employees taking leave under the Act will be paid a partial wage replacement based on a range of \$50 to \$1,000 per week. The benefits paid out will vary based on income with lower-paid workers receiving the highest portion of their income, up to 90%. The Maryland Secretary of Labor will be required to adjust the maximum weekly benefit amount each year. The next adjustment will be announced on September 1, 2025 and will be effective as of January 1, 2026.
- The Act also requires employers to ensure that employees have job protection after the leave period. Specifically, the Act requires employees to be restored to an "equivalent position of employment" upon returning from leave.

What are the Reasons for Taking Paid Family Leave under the Act?

Beginning on January 1, 2025, paid leave benefits will be available to an employee taking leave from employment for the following reasons:

- To care for a child during the first year after the child's birth, or after the placement of the child through foster care, kinship care, or adoption
- To care for a family member with a serious health condition
- Because of the employee's own serious health condition
- To care for a service member who is the employee's next of kin
- Because the employee has a qualifying exigency arising out of the deployment of a service member who is the employee's family member

¹Excluded from the definition of "employer" are any individual who is the sole owner of a sole proprietorship, limited liability company, C corporation, or S corporation where the individual is the only employee employed by such entity.

Is there a “Private Plan” Option Available under the Act?

Yes. While additional details will likely be released in regulations, it is clear that the Act allows employers to use a private plan to meet the Act’s requirements and to become exempt from the Act’s contributions requirements. Specifically, in order to be exempt, the private plan must be offered to all employees and must meet or exceed the level of benefits and rights/protections provided by the Act. Additionally, a process will be put into place for employers to file a private plan with the Maryland Department of Labor for approval. Once filed, the employer (along with its covered employees) will be exempt from making contributions to the state’s Fund.

What Should Employers and Plan Sponsors Do Next?

With benefits not being paid out to employees until 2025, and regulations not being issued until 2023, it may seem like there is still a lot of time before the Act becomes a reality. However, employers and plan sponsors should begin preparing now by determining whether current paid leave benefits for Maryland employees will meet or exceed the Act’s requirements and potentially qualify for the Act’s private plan exemption. Corporate Synergies can assist with this process and will continue to keep your organization updated on these developments. ■

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