

FAMILY LEAVE INSURANCE WORKLOAD IN 2020

SUMMARY REPORT

New Jersey Department of Labor and
Workforce Development
Office of Research and Information
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HIGHLIGHTS

FAMILY LEAVE INSURANCE WORKLOAD IN 2020

- New claims received and initial dispositions both increased in 2020, following the recent upward trend.
- About 75 percent of FLI claims were filed to bond with a newborn, newly adopted child or newly placed foster child, with the remainder of claims to care for a seriously ill family member.
- FLI gross benefit payments totaled \$181.1 million, with an average weekly benefit amount for all claims of \$659. Benefits rose by over 51 percent compared with 2019, due to an expansion of family leave benefits during the second half of 2020, which increased the number of potential weeks of benefits from six to 12 and increased the maximum weekly benefit rate from \$667 to \$881.
- Claims processing times decreased significantly in 2020, exceeding the disability insurance goals for processing initial dispositions. The 14-day and the 28-day time lapse performance measures were 70.9 and 89.5 percent, respectively.
- About 75 percent of total family leave claims were by females. New data by type of claim for educational level and race/ethnicity showed that the highest number of claims in 2020 were for individuals with associate or bachelor's degrees, followed by high school graduates. Over half of all claimants were Caucasian, with Hispanic/Latino and African American individuals comprising approximately 17 and 14 percent of claimants, respectively.

FAMILY LEAVE INSURANCE PROGRAM

The enactment of P.L. 2008, chapter 17 on May 2, 2008 created the New Jersey Family Leave Insurance Program. This report provides a summary of workload activity for the State Plan for Family Leave Insurance (FLI) during calendar year 2020, with some comparative information from calendar years 2016 through 2019. The data are derived from New Jersey's Disability Automated Benefits System (DABS), which was developed in 1989.

The report tables for 2020 have been redesigned to incorporate some of the new data elements required by the enactment of P.L. 2019, chapter 37 on February 19, 2019. Table 1 provides data on claims received, initial dispositions and benefits paid for family leave claims. Tables 2 and 3 contain information on the time it takes to process claims and reasons for denial, respectively. Claim statistics by type of claim including sex, education and race/ethnicity can be found in Table 4. A list of definitions for key workload items is included on page 6 of this report.

Background

With the enactment of P.L. 2008, chapter 17, on May 2, 2008, New Jersey extended the temporary disability benefits program to provide family leave insurance benefits, a monetary benefit (not a leave entitlement), for covered individuals bonding with newborn or newly adopted children or caring for seriously ill family members.

Beginning July 1, 2009, claimants became eligible for up to six weeks of family leave benefits per 12-month period. From July 1, 2009 through June 30, 2020, workers could receive weekly family leave benefits equal to two-thirds of their average weekly wage, up to a maximum weekly benefit amount of \$667 for the first half of 2020. Leave could be taken either for six consecutive weeks, for intermittent weeks or for up to 42 intermittent days per 12-month period.

With the enactment of P.L. 2019, chapter 37 on February 19, 2019, New Jersey expanded the family leave program in a number of ways. In the beginning of the program, a family member was defined as the claimant's child, spouse, domestic partner, civil union partner or parent.

For claims after February 19, 2019, the definition of a child was expanded to now include the claimant's biological or adopted child, foster child, stepchild, legal ward, the child of the claimant's domestic or civil union partner or the child of a gestational carrier, with a written agreement in place. Family leave was also expanded to cover the handling of affairs related to a domestic or sexual violence situation. Claimants could provide care for themselves, a victim or a family member of a victim.

The definition of family member was expanded for claims after February 19, 2019 to also include parent-in-law, sibling, grandparent, grandchild, domestic partner and any

other individual related by blood to the employee or any other individual who has a close association with the employee which is the equivalent of a family relationship.

Effective July 1, 2020, claimants became eligible for family leave benefits equal to 85 percent of their average weekly wage, up to a maximum weekly benefit rate of \$881. The maximum FLI benefit period was increased from six to 12 consecutive weeks and the maximum intermittent FLI leave from 42 days to 56 intermittent days per 12-month period.

The family leave program is funded entirely through worker contributions, which were equal to 0.16 percent of taxable wages in 2020, up from 0.08 percent of taxable wages in calendar year 2019. Effective January 1, 2020, worker contributions were based on a taxable wage base equal to 107 times the Statewide average weekly wage (SAWW), compared with a taxable wage base equal to 53 percent of the SAWW in prior years. The worker contribution rate is adjusted annually to a rate sufficient to maintain an account balance needed to pay benefits.

All New Jersey employers covered by the Unemployment Compensation Law are also subject to the Family Leave Insurance provisions of the Temporary Disability Benefits Law, including certain government entities that are not automatically covered by temporary disability insurance. A subject employer is automatically covered under the State Plan for family leave insurance unless it has covered its workers under an approved FLI private plan. Estimated State Plan covered employment for family leave insurance averaged 4,019,800 workers in 2019 and 3,693,100 in 2020. Private plan covered employment averaged 14,642 workers in 2019 and 10,787 in 2020.

Claims and Benefits

During calendar year 2020, new claims received and initial dispositions both increased, continuing the upward trend of recent years (see Table 1). The number of web claims received increased for the fifth consecutive year, surpassing the number of paper claims received for the first time, while the number of paper claims received annually continued to decline.

Eligible dispositions comprised about 83 percent of total dispositions in 2020, compared with 82 percent in 2019 and 83 percent in 2016.

Gross benefit payments rose to \$181.1 million in 2020, an increase of 51.4 percent from 2019 when benefits totaled \$119.6 million. Similarly, the average weekly benefit amount also saw a significant increase in 2020, rising from \$556 in 2019 to \$659.

The increase in benefit payments in 2020 was largely due to the benefit expansion for leave periods beginning on or after July 1, 2020, including a higher maximum weekly benefit rate which went into effect during the second half of 2020 and an increase in the number of weeks of potential benefits from six to 12. Legislative changes in the formula used to calculate the maximum weekly benefit rate caused it to rise from \$667 during the first six months of 2020 to \$881 during the second half of the year.

Time Lapse Data

The percentage of initial dispositions made within two weeks of receipt of the claim increased significantly to 70.9 percent in 2020 from 29.9 percent in 2019, exceeding the service goal for processing initial determinations within two weeks of 65 percent (see Table 2). The decrease in processing time occurred in conjunction with an annual increase in the number of cases from 46,958 in 2019 to 52,982 in 2020 (+12.8%).

The percentage of initial dispositions that occurred within four weeks was 89.5 percent, an increase from the level attained in 2019 of 76.7 percent and up from 70.5 percent in 2016. The service goal for processing initial determinations within four weeks is 85 percent.

Reasons for Denial

The primary reasons for denial of a family leave claim at the time of initial determination are shown in Table 3. Lack of medical evidence was the frequently cited reason for denial in 2020, comprising 16.5 percent of all reasons for denial.

“Other” reasons were cited in 79.5 percent of denials in 2020, compared with 83.7 percent in 2019. “Other” reasons include late filing, employment by an uncovered political subdivision, disability that is the result of committing a crime, disability with duration of less than seven days and state government employment when the individual has accrued sick time available.

Claimant Characteristics

Claimant characteristics data by type of claim are available for the first time due to a new reporting methodology. Table 4 includes data on the number claims by sex, education level and race/ethnicity for total family leave claims, total bonding claims, claims for bonding with a newborn, claims for bonding with an adopted child, total family care claims, claims for care of a sick child, claims for care of an ill spouse and claims for care of other sick family members.

There were 50,678 total family leave claims in 2020, of which 15,727 claims, or 31 percent, were intermittent claims. Approximately 75 percent of total claims were for bonding (38,039) with the remaining 25 percent for care of ill family members (12,639).

Females comprised 74.6 of total family leave claims, while males totaled 25.4 percent of all claims. For claimants taking leave to bond with a newborn or newly adopted child, females comprised 75.1 percent of eligible claimants, while males comprised 24.9 percent. The majority of FLI claimants taking leave to care for a seriously ill family member were female (73.3%). Males comprised 26.7 percent of family care claimants, compared with 24.9 percent of bonding claimants.

Individuals with an associate or bachelor’s degree accounted for 35.3 percent of all family leave claims, followed by high school graduates (32.1%) and claimants with graduate degrees (20.7%). Individuals taking leave to care for sick family members were more likely to be high school graduates (46.2%), followed by those with associate or

bachelor's degrees (29.8%). The percentages of bonding claimants by educational level were similar to those for all family leave claimants.

The largest group of family leave claimants by race/ethnicity were Caucasian (50.9%), followed by Latino/Hispanic (16.8%), African American (13.5%) and Asian (8.5%).

Of the \$181.1 million paid for total family leave claims, \$159.0 million were for bonding claims (87.8%) while \$22.2 million were paid to family care claimants (12.2%). The average weekly benefit amount for all claims in 2020 was \$659 with bonding claims averaging \$667 per week and family care claims averaging \$604 per week. Average days paid per claim were higher for bonding claims (47 days) compared with family care claims (38 days). Claims for all types of family leave averaged 45 days.

Definitions of Terms

Completed Cases – Includes those claims formally closed during the year, as well as those with no payment activity for 90 days.

Maximum Weekly Benefit Amount – For family leave and temporary disability claims from January 1 through June 30, 2020, the maximum weekly benefit amount of \$667 was set at 53 percent of the statewide average weekly wage in the second preceding calendar year. For claims from July 1 through December 31, 2020, the maximum weekly benefit amount of \$881 was calculated as 70 percent of the statewide average weekly wage in the second preceding calendar year.

State Plan Covered Employees – Employee coverage is the average of covered jobs in the last month of each of the four quarters in the year and includes all workers covered by the State Plan as well as the State Plan portion of combination plans.

State Plan Covered Employers – Employer coverage is the annual average and excludes firms with a combination of State and private plans.

Table 1
FAMILY LEAVE INSURANCE ANNUAL REPORT
Calendar Years 2016 - 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total New Claims Received	50,648	51,168	51,304	56,225	61,614
Paper Claims Received (FL1s and FL2s)	48,627	43,142	35,926	35,617	29,286
Web Claims Received (WF1 and WF2)	2,021	8,026	15,378	20,608	32,328
Total Initial Dispositions	35,634	38,410	40,408	46,973	50,678
Eligible	29,731	31,226	31,176	38,407	41,834
Ineligible	5,903	7,184	9,232	8,566	8,844
Gross Benefit Payments (millions)	\$87.9	\$93.8	\$99.2	\$119.6	\$181.1
Average Weekly Benefit Amount	\$524	\$538	\$544	\$556	\$659
Maximum Weekly Benefit Amount	\$615	\$633	\$637	\$650	\$667/\$881
Number of Claimants with both TDI & FLI Claims in Same Year	14,410	14,559	15,743	16,944	12,725
* Maximum weekly benefit rate for January 1 - June 30, 2020 calculated as 53% of Statewide Average Weekly Wage.					
* Maximum weekly benefit rate for July 1 - December 31, 2020 calculated as 70% of Statewide Average Weekly Wage.					

Table 2
FAMILY LEAVE INSURANCE ANNUAL REPORT
TIME LAPSE CLAIM DISTRIBUTION
Eligible and Ineligible Decisions
Calendar Years 2016 - 2020

Number of Days	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Cumulative Percent</u>
7 or less	8,106	22.8	7,898	20.6	7,836	19.4	9,959	21.2	22,069	41.7
8 - 14	4,719	36.0	4,721	32.9	4,042	29.4	4,071	29.9	15,498	70.9
15 - 21	8,312	59.4	3,738	42.6	6,683	46.0	10,307	51.8	6,685	83.5
22 - 28	3,954	70.5	3,064	50.6	8,602	67.3	11,687	76.7	3,184	89.5
29 - 35	3,526	80.4	4,387	62.0	4,422	78.2	6,003	89.5	3,705	96.5
36 - 43	2,306	86.8	5,938	77.5	2,994	85.6	2,189	94.2	856	98.1
44 - 49	1,520	91.1	2,310	83.5	2,268	91.2	1,506	97.4	510	99.1
50 - 56	1,135	94.3	1,405	87.2	1,269	94.4	580	98.6	214	99.5
57 or more	2,033	100.0	4,922	100.0	2,269	100.0	629	100.0	261	100.0
TOTAL CASES	35,611		38,383		40,385		46,958		52,982	

Table 3
FAMILY LEAVE INSURANCE ANNUAL REPORT
REASONS FOR DENIAL
Calendar Years 2016 - 2020

<u>Reason for Denial</u>	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
4 (f) Family Leave During Unemployment	746	5.2	711	4.1	708	3.2	799	3.4	1,085	3.1
Insufficient Weeks or Wages	84	0.6	113	0.6	122	0.6	110	0.5	303	0.9
Medical evidence Not Submitted	968	6.8	1,174	6.7	1,934	8.8	2,889	12.3	5,822	16.5
Workers' Compensation Coverage	7	0.0	2	0.0	4	0.0	12	0.1	15	0.0
Private Plan Coverage	13	0.1	15	0.1	9	0.0	13	0.1	21	0.1
Receipt of Continuation Pay from Employer	11	0.1	5	0.0	11	0.1	10	0.0	13	0.0
Other Reasons	12,416	87.2	15,477	88.5	19,167	87.3	19,700	83.7	28,121	79.5
TOTAL CASES	14,245	100.0	17,497	100.0	21,955	100.0	23,533	100.0	35,380	100.0

*Other reasons include late filing, state government employment when the individual has accrued sick time available, employment by an uncovered political subdivision, disability resulting from commission of a crime and disability with duration of less than 7 days.

Table 4
FAMILY LEAVE INSURANCE ANNUAL REPORT
CLAIM STATISTICS BY TYPE OF CLAIM
Calendar Year 2020

	Bonding	Bonding	Total		Care of a	Care of a	Care of	Total		Total All	
	Newborn	Adopted Child	Bonding Claims	Percent	Sick Child	Sick Spouse	Other Sick Family Members	Family Care Claims		Family Leave Claims	
	Number	Number	Number	Percent	Number	Number	Number	Number	Percent		
Number of Claims	37,877	162	38,039	100.0	5,333	2,808	4,498	12,639	100.0	50,678	100.0
Number of Intermittent Claims	11,809	72	11,881	31.2	1,037	1,140	1,669	3,846	30.4	15,727	31.0
Sex											
Male	9,444	36	9,480	24.9	1,004	1,221	1,150	3,375	26.7	12,855	25.4
Female	28,433	126	28,559	75.1	4,329	1,587	3,348	9,264	73.3	37,823	74.6
Education											
Did Not Graduate High School	455	4	459	1.2	243	157	159	559	4.4	1,018	2.0
High School Graduate/GED	10,368	51	10,419	27.4	2,719	1,248	1,868	5,835	46.2	16,254	32.1
Associate/Bachelor Degree	14,075	55	14,130	37.1	1,519	760	1,492	3,771	29.8	17,901	35.3
Graduate Degree	9,198	42	9,240	24.3	484	282	491	1,257	9.9	10,497	20.7
Undefined	3,781	10	3,791	10.0	368	361	488	1,217	9.6	5,008	9.9
Race/Ethnicity											
Caucasian	20,127	93	20,220	53.2	2,168	1,319	2,084	5,571	44.1	25,791	50.9
African American	4,636	36	4,672	12.3	1,039	356	777	2,172	17.2	6,844	13.5
Latino/Hispanic	5,894	19	5,913	15.5	1,412	432	749	2,593	20.5	8,506	16.8
Asian	3,177	5	3,182	8.4	354	342	420	1,116	8.8	4,298	8.5
Native Hawaiian/Pacific Islander	125	0	125	0.3	15	9	13	37	0.3	162	0.3
American Indian/Alaskan Native	165	0	165	0.4	16	8	16	40	0.3	205	0.4
Undefined	3,753	9	3,762	9.9	329	342	439	1,110	8.8	4,872	9.6
Total Gross Benefits Paid (millions)	\$158.4	\$0.6	\$159.0		\$5.9	\$6.5	\$9.7	\$22.2		\$181.1	
Average Days Paid Per Claim	47	43	47		37	36	39	38		45	
Average Weekly Benefit Amount	\$667	\$665	\$667		\$594	\$604	\$612	\$604		\$659	