



# Actuarial Report Update

## November 10, 2021

Presented By:



# Presentation Overview

- ▶ Executive Summary
- ▶ Updates since the 2020 Forecast
- ▶ Claims Analysis Comparison
- ▶ Solvency Forecast: Anticipated Utilization
- ▶ Solvency Forecast: High Utilization
- ▶ Benefit Adjustment Analysis

# Executive Summary

- ▶ Cumulative revenues exceed spending in all scenarios
- ▶ Stable, growing balance by year five under anticipated scenario
- ▶ Fund is solvent for five years under high utilization scenario
- ▶ High utilization may prompt benefit adjustment in out years, but...
- ▶ *...there is time to wait and see* before considering any such action:
  - Wait:** Evaluate actual program experience over first two years; and
  - See:** Trends in program and economy, and external developments (*i.e.*, potential federal program)

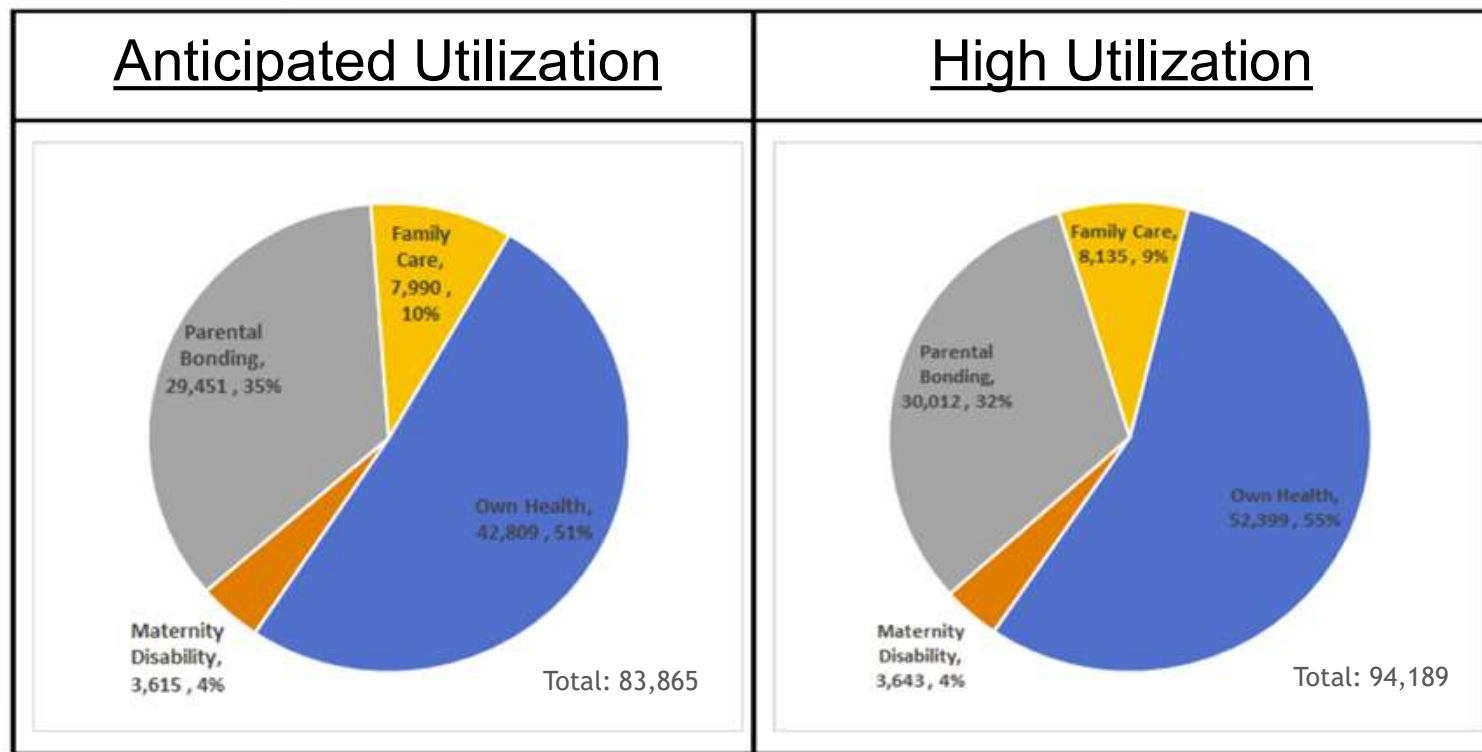
# Updates Since the 2020 Forecast

- ▶ Impact of minimum wage increases on contributions and benefits payments
- ▶ Analysis of pandemic effects: unprecedented unemployment rates on Trust Fund contributions
- ▶ Detailed scenario analyses:
  - ▶ Anticipated Utilization (Washington)
  - ▶ High Utilization (California & Rhode Island)
- ▶ Sub scenarios for benefit adjustment:
  - ▶ Current Law: 95/60 to max 60x minimum wage
  - ▶ Incremental Step: 90/55 to max 55x min. wage
  - ▶ Full Step = 85/50 to max 50x min. wage

Updates with Lesser Impact	Updates with Greater Impact
Administrative Costs (+)	DOL's Unemployment (+)
Private Insurance (-)	OPM's Growth & Inflation (+)
State and Local Gov't Update (-)	New Experience Data (-)
Federal Worker Update (-)	Minimum Wage Increase (-)

(+) Indicates a net increase to fund balance  
 (-) Indicates a net decrease to fund balance

# Claims Analysis Comparison



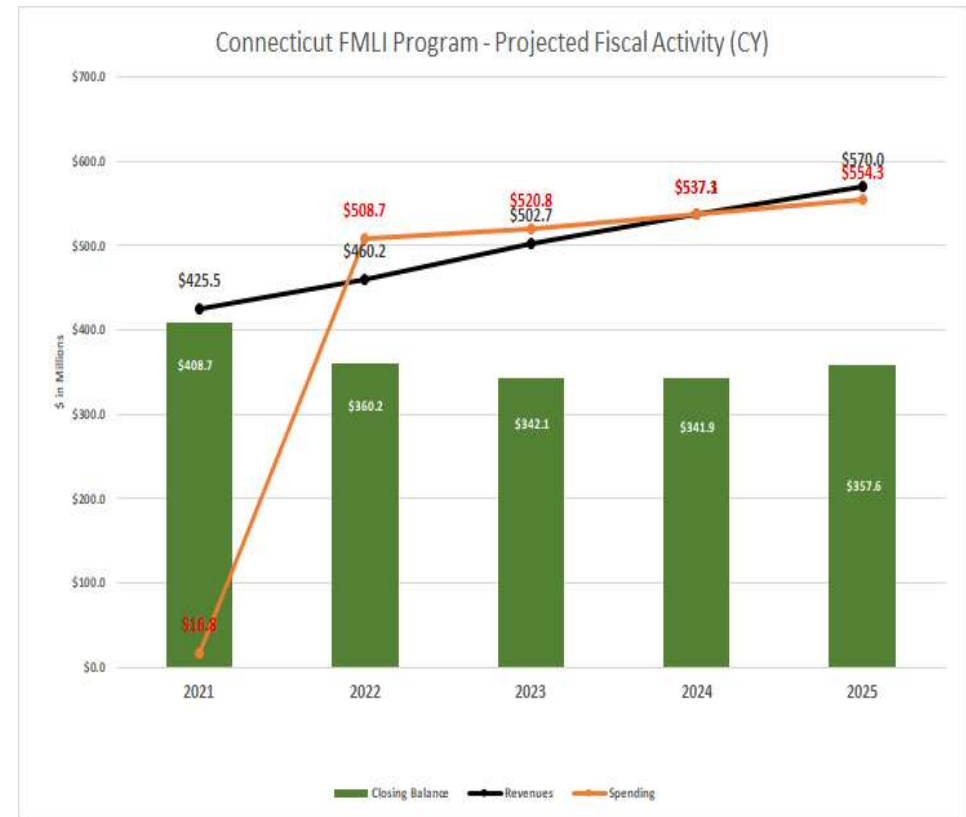
Claims Increase  
10,324 or 12.3%

Own Health Increase  
9,590 or 22.4%

# Solvency Forecast: Anticipated Utilization

## Connecticut FMLI Program - Projected Fiscal Activity CY 2021 - CY 2025

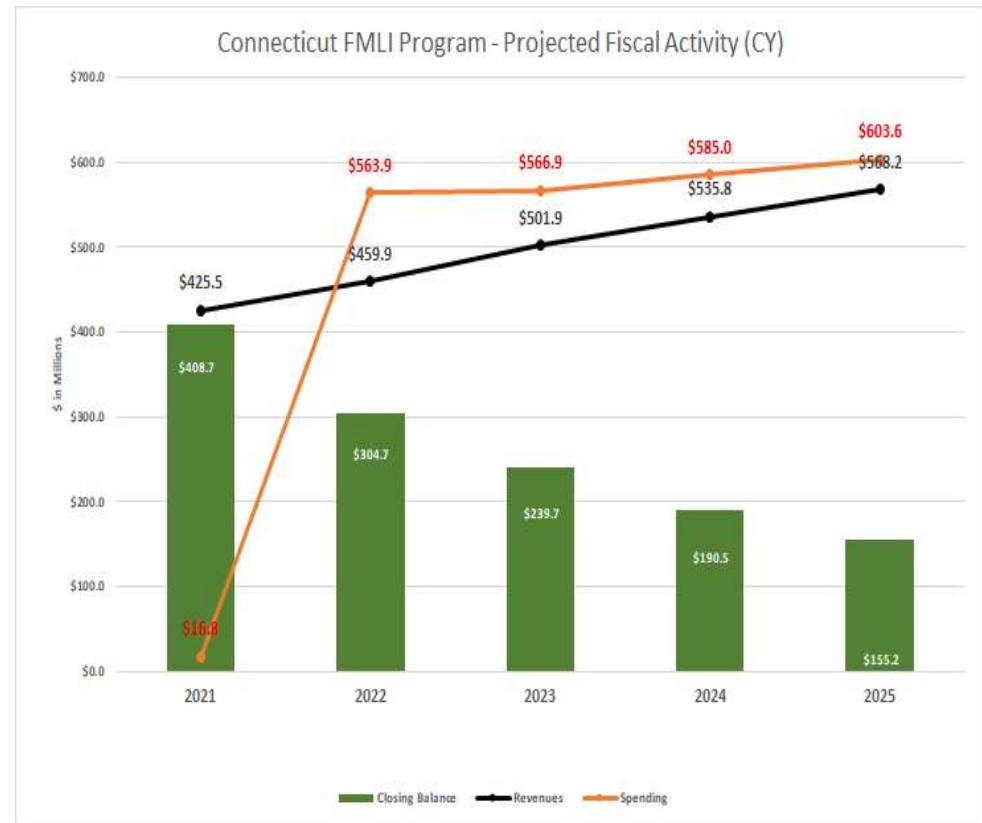
	(\$ in millions)				
	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
<b>Opening Balance</b>	\$0.0	\$408.7	\$360.2	\$342.1	\$341.9
<b>Revenues</b>					
Payroll Contributions	\$438.9	\$472.9	\$517.3	\$553.0	\$587.0
Non-Compliance	-\$15.4	-\$16.6	-\$18.1	-\$19.4	-\$20.5
Interest	\$2.0	\$3.8	\$3.5	\$3.4	\$3.5
<b>Subtotal Revenues</b>	<b>\$425.5</b>	<b>\$460.2</b>	<b>\$502.7</b>	<b>\$537.1</b>	<b>\$570.0</b>
<b>Spending</b>					
FMLI Benefits	\$0.0	\$462.5	\$476.7	\$492.9	\$509.7
Administration (direct CT PFL authority costs)	\$13.3	\$15.5	\$15.8	\$16.1	\$16.4
Benefit and Claims administrator costs	\$2.1	\$25.0	\$25.0	\$25.0	\$25.0
Debt Service & Start-up	\$1.4	\$5.7	\$3.3	\$3.2	\$3.1
Cost Repayment					
<b>Subtotal Spending</b>	<b>\$16.8</b>	<b>\$508.7</b>	<b>\$520.8</b>	<b>\$537.3</b>	<b>\$554.3</b>
<i>Revenue - Spending Subtotal</i>	<i>\$408.7</i>	<i>-\$48.5</i>	<i>-\$18.2</i>	<i>-\$0.2</i>	<i>\$15.7</i>
<b>Closing Balance</b>	<b>\$408.7</b>	<b>\$360.2</b>	<b>\$342.1</b>	<b>\$341.9</b>	<b>\$357.6</b>



# Solvency Forecast: High Utilization

**Connecticut FMLI Program - Projected Fiscal Activity**  
 CY 2021 - CY 2025  
 (\$ in millions)

	<u>CY 2021</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>CY 2025</u>
<b>Opening Balance</b>	\$0.0	\$408.7	\$304.7	\$239.7	\$190.5
<b>Revenues</b>					
Payroll Contributions	\$438.9	\$472.9	\$517.3	\$553.0	\$587.0
Non-Compliance	-\$15.4	-\$16.6	-\$18.1	-\$19.4	-\$20.5
Interest	\$2.0	\$3.5	\$2.7	\$2.1	\$1.7
<b>Subtotal Revenues</b>	<b>\$425.5</b>	<b>\$459.9</b>	<b>\$501.9</b>	<b>\$535.8</b>	<b>\$568.2</b>
<b>Spending</b>					
FMLI Benefits	\$0.0	\$517.7	\$522.9	\$540.6	\$559.0
Administration (direct CT PFL authority costs)	\$13.3	\$15.5	\$15.8	\$16.1	\$16.4
Benefit and Claims administrator costs	\$2.1	\$25.0	\$25.0	\$25.0	\$25.0
Debt Service & Start-up Cost Repayment	\$1.4	\$5.7	\$3.3	\$3.2	\$3.1
<b>Subtotal Spending</b>	<b>\$16.8</b>	<b>\$563.95</b>	<b>\$566.9</b>	<b>\$585.0</b>	<b>\$603.6</b>
<i>Revenue - Spending Subtotal</i>	<i>\$408.7</i>	<i>-\$104.6</i>	<i>-\$65.1</i>	<i>-\$49.2</i>	<i>-\$35.4</i>
<b>Closing Balance</b>	<b>\$408.7</b>	<b>\$304.1</b>	<b>\$239.7</b>	<b>\$190.5</b>	<b>\$155.2</b>

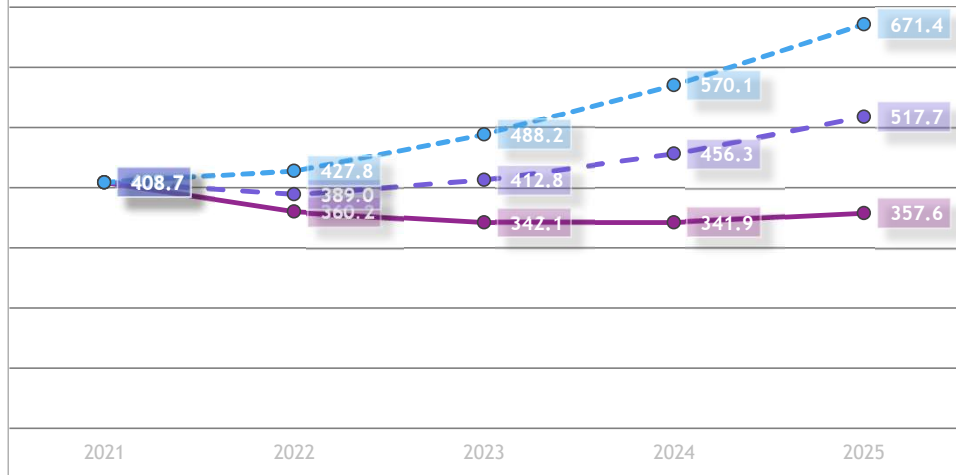


# Benefit Adjustment Analysis

- Full Step = 85/50 to maximum 50x minimum wage
- Incremental Step = 90/55 to maximum 55x minimum wage
- Current Statutory Rate = 95/60 to maximum 60x minimum wage

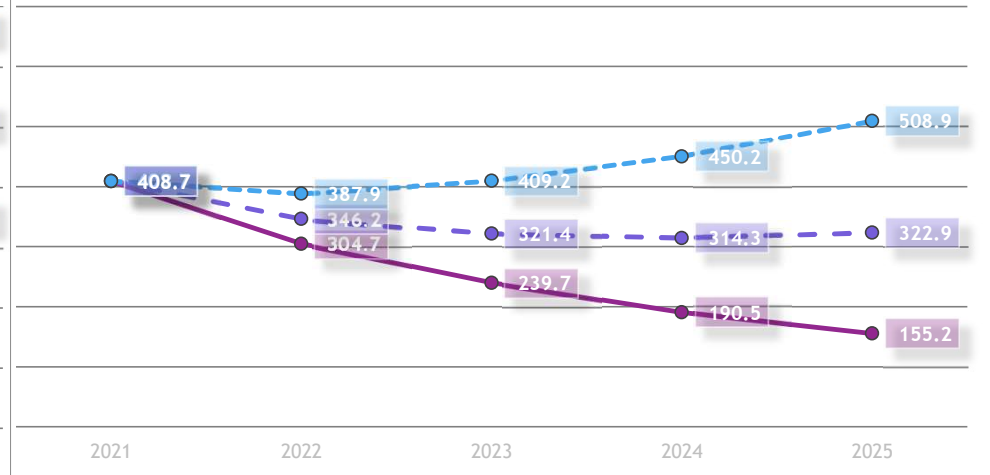
## ANTICIPATED UTILIZATION

(CLOSING BALANCE IN MILLIONS)



## HIGH UTILIZATION

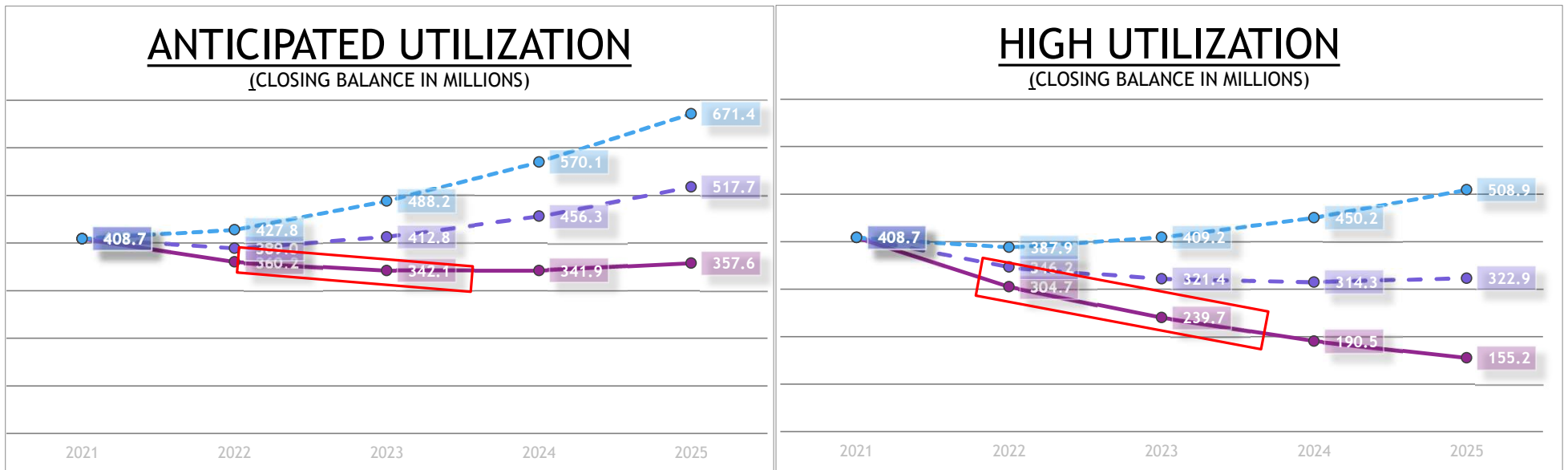
(CLOSING BALANCE IN MILLIONS)





# Benefit Adjustment Analysis

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# Key Takeaways

- ▶ Cumulative revenues exceed spending in all scenarios
- ▶ Stable, growing balance by year five under anticipated scenario
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