

Law and Policy Group

GRIST



Roundup of selected state health developments, fourth-quarter 2024

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Feb. 20, 2025

In this article

[Paid sick and safe leave \(PSSL\)](#) | [Paid family and medical leave \(PFML\)](#) | [Insurance](#) | [Prescription drugs \(Rx\)](#) | [Telehealth](#) | [Other benefit-related issues](#) | [Related resources](#)

Approximately nine million Americans gained access to paid sick and safe leave (PSSL) benefits after the November 2024 elections, when Alaska, Missouri and Nebraska approved ballot initiatives. On the paid family and medical leave (PFML) front, Colorado and Maine issued regulatory updates, and California and Washington, DC, enacted minor changes to existing laws. Delaware passed two insurance coverage mandates. New York published final pharmacy benefit manager (PBM) regulations restricting prescription drug (Rx) programs. New Jersey and Washington, DC, enacted telehealth laws. Indiana narrowed the scope of a claims reporting law to fully insured plans, thereby exempting self-funded ERISA plans.

PSSL

Voters in three states approved PSSL mandates, effective later this year. California clarified changes to its PSSL law. Massachusetts added qualifying reasons. Michigan provided guidance on the significant revisions to its PSSL law taking effect in late February. New York clarified how its paid prenatal leave statute, now in effect, will work.

Alaska, Missouri and Nebraska

PSSL measures in [Alaska](#), [Missouri](#) and [Nebraska](#) passed with comfortable majorities. The Alaska and Missouri propositions also included a minimum wage hike to \$15 per hour. This table summarizes the major provisions:

Provision	Alaska	Missouri	Nebraska
Accrual rate	1 hour of paid sick leave for every 30 hours worked	1 hour of paid sick leave for every 30 hours worked	1 hour of paid sick leave for every 30 hours worked
Annual accrual cap	If ≥15 employees: 56 hours If <15 employees: 40 hours	None	If ≥20 employees: 56 hours If <20 employees: 40 hours
Annual usage cap	If ≥15 employees: 56 hours If <15 employees: 40 hours	If ≥15 employees: 56 hours If <15 employees: 40 hours	If ≥20 employees: 56 hours If <20 employees: 40 hours
Carryover and payout of unused leave	<ul style="list-style-type: none"> • Carryover required • Payout not required at separation 	<ul style="list-style-type: none"> • Carryover required up to 80 hours unless paid out at year-end and front-loaded at start of next year • Payout not required at separation 	<ul style="list-style-type: none"> • Carryover required unless paid out at year-end and front-loaded at start of next year • Payout not required at separation
Permitted uses other than employee/family member sickness*	Domestic violence, sexual assault or stalking of employee or family member	<ul style="list-style-type: none"> • Domestic violence, sexual assault or stalking of employee or family member • School and business closures related to a public health emergency, as well as isolation orders for employee or family member 	<ul style="list-style-type: none"> • School and business closures related to a public health emergency, as well as isolation orders for employee or family member • School or place of care meeting necessitated by child's health condition
Effective date	July 1, 2025	May 1, 2025	Oct. 1, 2025

*Sickness generally includes mental or physical illness, injury or health condition; medical diagnosis, care or treatment; and preventive care.

Several business groups — including the [Missouri Chamber of Commerce and Industry](#) — [sued](#) to invalidate Proposition A. Filed in the state supreme court, the petition alleges:

- Two violations of the state constitution because the title and subject matter addressed two separate issues

- A US constitutional equal protection violation because it exempts the state government and certain jobs (like golf caddies)
- Lack of detail in the summary statement relevant
- An insufficient fiscal note summary

The case is currently pending, per the [docket](#). For details on these three ballot initiatives, see [The votes are in: How benefits-related ballot initiatives fared](#) (Dec. 2, 2024). For information on state PSSSL laws generally, see [Roundup: State accrued paid leave mandates](#) (Feb. 11, 2025).

California

California's Department of Industrial Relations modified an [FAQ](#) on the state's [PSSSL statute](#), incorporating changes from a [law](#) enacted in September and now in effect. The 2024 law protects victims of violence (employees and family members) from discrimination and expands PSSSL permitted uses. The law applies more expansive requirements for employers with 25 or more employees; it is unclear if an employer's state or national headcount determines this threshold. Here are the highlights:

- **All employers.** PSSSL is available for obtaining or attempting to obtain any relief, like a restraining order or injunction, to help ensure the health, safety or welfare of the victim or their child.
- **Employers with 25 or more employees.** Nine additional PSSSL reasons apply, including seeking medical attention, obtaining services from a domestic violence shelter or similar entity, psychological counseling, safety planning, relocation to a new residence and finding a new school or child care for affected children.

Massachusetts

A new law ([2024 Ch. 186](#), HB 4999), now in effect, amended the state's PSSSL law to require leave to address an employee's or spouse's physical and mental health needs due to pregnancy loss or a failed assisted reproduction, adoption or surrogacy.

Michigan

Michigan's Department of Labor and Economic Opportunity issued an [FAQ](#) addressing changes to the state's PSSSL law — now known as the [Earned Sick Time Act](#) (ESTA). A [poster](#) is available. These changes resulted from a [July state supreme court ruling](#). Changes will take effect on Feb. 21, including application to employers with fewer than 50 employees nationally, which are exempt until that date. Here is a summary of the FAQ updates:

- **Covered employees.** Only W-2 employees are eligible.
- **Usage cap:** Employers with fewer than 10 employees have a lower annual paid leave usage cap (40 hours paid, 32 hours unpaid) than larger employers (72 hours paid). Calculations include part-time and temporary work, including at a staffing firm.

- **Accrual rate/front-loading.** Accrual of PSSL at a rate of one hour per 30 hours worked starts on Feb. 21 or the hire date, if later. ESTA has no accrual cap. Front-loading is permissible if an employer follows accrual, use, carryover and other ESTA rules.
- **Carryover.** It applies to all unused time at the end of the year.
- **Leave increments.** Leave must be allowed in the smallest increment used by the payroll system for tracking absence and the minimum leave increment cannot exceed one hour.
- **Employee notice.** Employers may require advance notice of not more than seven days for foreseeable PSSL. If unforeseeable, an employer may require notice as soon as practicable. An employer may not require a description of the underlying illness, domestic violence or sexual assault.

A two-page [brochure](#) is also available.

New York

The New York Department of Labor (NYDOL) issued an explanatory [FAQ](#) on the [paid prenatal leave law](#) enacted last April. The law, effective Jan. 1, amended the state's [PSSL statute](#) and requires employers to provide eligible employees with 20 hours of paid leave for prenatal reasons. Here are the highlights:

- **Other policies.** An employer's more generous sick leave or paid time off (PTO) policy will not satisfy the 20-hour leave mandate because the law requires a separate benefit from other leave policies and laws. Further, employers may not require employees to exhaust other PTO benefits before using paid prenatal leave.
- **Permitted uses.** Healthcare appointments during pregnancy or related to pregnancy, including fertility treatments (e.g., in vitro fertilization) and end-of-pregnancy care appointments, but not post-natal or postpartum appointments.
- **Documentation.** Employers cannot require verification of an employee's eligibility. Paystubs need not show leave allotments, but NYDOL noted a best practice is to provide the employee access to clear records.
- **Applicability.** The law applies to all private-sector employers in the state, regardless of size. This benefit is available to all New York employees, effective on the hire date, regardless of length of service or full-time status. Leave is available only for the person receiving prenatal healthcare.

For additional details, see [Roundup of selected state health developments, second-quarter 2024](#) (July 26, 2024).

PFML

California, Hawaii, New Jersey, New York, Oregon, Rhode Island and Washington announced their 2025 contribution rates and other thresholds. Colorado and Maine issued final regulations. Contributions in

Delaware and Maine started on Jan. 1. Oregon published additional regulations. Washington, DC, continued a recurring provision related to coordination of PFML and short-term disability (STD) benefits.

California

California issued regulations and announced its PFML rates.

California's Employment Development Department finalized [regulations](#), now in effect, related to a [2018 law](#) that added military qualifying exigencies as a permitted use of paid family leave (PFL) benefits. The regulations:

- Require completion of a military assist certification (Part E of the [Claim for PFL Benefits Form DE 2501F](#)) for qualifying exigencies
- Clarify that no more than one care provider may claim PFL benefits for a qualifying exigency in an eight-hour period and no more than three care providers in a 24-hour period
- No longer require claimants to verify Social Security Numbers

California has also [announced](#) its State Disability Insurance (SDI) and PFL rates for 2025:

SDI/PFL rates	2024	2025
Required employee contributions	1.1%	1.2%
Voluntary plan assessment rate (14% of employee contribution rate)	0.154%	0.168%
Maximum annual wage base	None	None
Maximum weekly benefit	\$1,620	\$1,681
Minimum weekly benefit	\$50	\$50

For details on PFML, see [2025 state paid family and medical leave contributions and benefits](#) (Jan. 29, 2025).

Colorado

Colorado's Division of Family and Medical Leave Insurance (FAMLI) revised several regulations, adding a comprehensive penalty scheme. Here is a summary of the rules, now in effect:

- [Benefits and notice requirement](#). Benefits aren't available if the claimant is not employed at the start of the leave. A new \$500 employer penalty applies per violation for failure to post or deliver the program notice.
- [Private plans](#). Coverage is not effective until 30 days after the private plan is approved by the FAMLI Division. A new \$250 penalty applies if the private plan's information is not provided to employee within seven days of request. Appeals procedures aren't required to meet state program standards

but must allow direct appeals to the FAML Division. A new penalty scheme applies for violations (including withdrawal of approval).

- **[Coordination of benefits](#)**. FAML Division may recover overpayment due to entitlement to workers' compensation benefits. New penalties apply: up to \$500 per employee per day for failure to maintain health benefits during leave and up to \$50 per employee per day for failure to comply with the coordination of benefits rules.
- **[Investigations](#)**. Unlawful retaliation or discrimination need only be a "motivating factor" to prove retaliatory personnel action. A "motivating factor" is just one of the factors that influenced the adverse action.
- **[Anti-retaliation, anti-interference](#)**. Employers may not require an employee to work during leave. Employment agencies have additional duties.
- **[Program integrity](#)**. The FAML Division can waive overpayment recovery if it would be "against equity and good conscience" and the FAML Division's decision can only be overturned if it abused its discretion.
- **[Clarifications](#)**. Unless otherwise stated, entities with different FEINs are considered to be different employers with separate rights and obligations.

Hawaii

Hawaii has [posted](#) Temporary Disability Insurance (TDI) rates for 2025:

TDI rates	2024	2025
Maximum weekly employee contributions (0.5% of maximum weekly wage base)	\$6.87	\$7.21
Maximum weekly wage base	\$1,374.78	\$1,441.72
Maximum weekly benefit	\$798	\$837

Hawaii currently has no PFL law.

Maine

Maine issued final [regulations](#) and provided other guidance under its PFML mandate. Here is a summary:

- Previous versions defined family members to include those with an "affinity relationship" as family members. "Significant personal bond" has replaced the term, matching the original law. The definition is subject to a nonexhaustive list of six factors.
- "Good cause" is a common standard throughout the rules; MDOL provided five examples.

- The rules clarified undue hardship determinations related to the duration and timing of leave.
- The 15-employee threshold for employer contributions is based on each FEIN.
- The start date for private plan applications is April 1. MDOL will not require contributions to the state as of the first day of the quarter in which private plan approval occurs, if MDOL receives the application at least 30 days before the end of the quarter. Otherwise, the contribution exemption is effective the first day of the next quarter, if approved.
- A private plan's failure to file annual reports may result in loss of the private plan substitution.
- All covered employers must register online for the PFML program.
- The regulations outline a process for requesting an advisory ruling.

An [FAQ update](#) addresses the private plan application process and clarifies contribution rules. A one-page document, [What Employers Need to Know: Program Contributions](#), confirms the 15-employee employer contribution threshold is based on employees working in Maine, setting out a four-step process (the employee is excluded only if all four answers are no):

- Is the work performed in Maine?
- Is some work performed in Maine and is the physical base of operations in Maine?
- Is some work performed in Maine and is the service directed and controlled from Maine?
- Is some work performed in Maine and does the employee live in Maine?

New Jersey

New Jersey has [posted](#) 2025 TDI and family leave insurance (FLI) rates:

TDI/FLI rates	2024	2025
Required employer contributions:		
• TDI	Balance of plan costs	Same
• FLI	None	None
Required employee contributions:		
• TDI	0.00%	0.23%
• FLI	0.09%	0.33%
Maximum annual wage base	\$161,400	\$165,400
Maximum weekly benefit	\$1,055	\$1,081

New York

New York's Department of Financial Services [posted](#) contribution rates for 2025 PFL benefits (DBL contribution rates are set by statute):

PFL/DBL rates	2024	2025
Required employee PFL/DBL contributions:		
• PFL	0.373%	0.388%
• DBL	0.5% up to \$0.60/week	Same
Required employer PFL/DBL contributions:		
• PFL	None	None
• DBL	None	None

Oregon

Oregon has [posted](#) 2025 rates:

Paid Leave Oregon (PLO) rates	2024	2025
Required employer contributions:		
• 25 or more employees nationally	0.4%	0.4%
• Fewer than 25 employees nationally	0.0%	0.0%
Required employee contributions	0.6%	0.6%
Maximum annual wage base	Social Security max	Social Security max
Maximum weekly benefit		
• From Jan. 1 through June 30	\$1,523.63	\$1,568.60
• From July 1 through Dec. 31	\$1,568.60	TBD thereafter

Oregon's [Batch 12 regulations](#), now in effect, focused on confidentiality, benefits and self-employment with the intent to align regulations with a PLO amendment ([2024 Ch. 20](#), SB 1515) enacted last March.

Rhode Island

Rhode Island has [posted](#) 2025 TDI rates:

TDI rates	2024	2025
Maximum annual wage base	\$87,000	\$89,200
Required employee contributions	1.2%	1.3%
Maximum annual contribution amount	\$1,044	\$1,159.60

TDI rates	2024	2025
Maximum weekly benefit		
• From Jan. 1 through June 30	\$1,043	\$1,070
• From July 1 through Dec. 31	\$1,070	TBD thereafter

Washington

Washington has [posted](#) 2025 PFML rates:

PFML rates	2023	2024
Total contribution rate (up to Social Security max)	0.74%	0.92%
Required employer contributions:		
• 50 or more Washington employees nationally (28.48%)	0.21142%	0.26202%
• Fewer than 25 employees nationally	0.0%	0.0%
Required employee contributions (71.52%)	0.52858%	0.65798%
Maximum weekly benefit	\$1,456	\$1,542

Washington, DC

Washington, DC, continued its extension of a provision under its [Universal Paid Leave \(UPL\) law](#) — the District’s PFML mandate — related to STD insurance. As background, a [permanent provision](#) in existing law prohibits STD insurance — issued in Washington, DC — from offsetting benefits based on an employee’s estimated or actual UPL benefits. (This permanent provision does not apply to self-insured STD or other temporary disability benefits). However, this permanent provision does not apply to STD policies issued outside of Washington, DC. As a result, the DC Council and mayor periodically enact temporary legislation applying the STD insurance offset prohibition to policies issued elsewhere. The latest law is [Act A25-0536](#) (B 870), which extends the extraterritorial prohibition to May 1.

Insurance

Delaware enacted insurance mandates focusing on doula and abortion-related services. Oregon issued regulations related to a 2023 gender-affirming treatment coverage mandate. Puerto Rico provided cybersecurity guidance for insurers.

An employer’s self-funded ERISA plan is generally beyond the scope of state insurance laws. However, it may be prudent to review plan design against new state mandates for recruiting, retention and other reasons, particularly in states where an employer has a high number of covered employees.

Delaware

Under [2024 Ch. 420](#) (HB 362), fully insured plans must cover doula services, including support and assistance during labor and childbirth, prenatal and postpartum support and education and support for a mother after pregnancy loss. Plans must cover at least six 90-minute visits (three each for prenatal and postpartum) and attendance during labor and birth. Plans may apply deductibles and other cost sharing and limit coverage to certified or registered doulas. The law will take effect for plan years starting in 2026.

As a result of [2024 Ch. 402](#) (HB 110), individual, group and blanket health insurance, HMOs and Medicaid must cover abortion-related services without cost sharing, up to a \$750 annual maximum per participant. A similar requirement applies to the state employee health plan without a \$750 cap. The law has an exclusion for religious employers and HSA-qualifying high-deductible health plans. The insurance and HMO portions of the law will take effect for plan years starting in 2026. The Medicaid and the state employee health plan provisions are now in effect.

It is not clear whether Delaware applies its insurance laws on an extraterritorial basis to fully insured plans issued in another state. The law does not affect self-funded ERISA plans.

Oregon

The Department of Consumer and Business Services (DCBS) issued a [permanent administrative order](#), now in effect, clarifying how fully insured plans must comply with a gender affirming treatment coverage mandate ([2023 Ch. 228](#), HB 2002) that took effect last year. Specifically, the rules define the term “accepted standards of care” to include the World Professional Association for Transgender Health standards, version 8 (known as WPATH-8). Adverse benefit determinations require review by someone with experience prescribing or delivering gender-affirming treatment, including WPATH-8 utilization and related training. Insurers may use utilization review to verify adherence to standards.

Oregon generally does not apply its insurance laws on an extraterritorial basis to fully insured plans issued in another state. The coverage mandate does not affect self-funded ERISA plans. See [Roundup of selected state health developments, third-quarter 2023](#) (Nov. 15, 2023) for more information.

Puerto Rico

The Oficina del Comisionado de Seguros (OCS) issued [Rule 108](#), establishing cybersecurity insurance standards, applying the general framework of the National Institute of Standards and Technology (NIST). NIST is also the basis for the current [HIPAA security standards](#). Specifically, the rule requires licensed insurers to develop, implement and maintain a cybersecurity program and investigate and notify OCS of cybersecurity events. Penalties are up to \$10,000 per violation. The law will take effect on or about March 10.

Rx

Arkansas issued a final rule on PBM reporting. New York issued comprehensive PBM regulations applicable to fully insured and self-funded ERISA plans. Oregon issued temporary PBM regulations.

Arkansas

The [Insurance Department](#) issued [Final Rule 128](#) and [Bulletin 18-2024](#), which require annual reporting of PBM data on pharmacy reimbursements for the prior calendar year. The first report is due no later than Feb. 17. Later reports are due by March 1 of each year. The final rule provides the overall requirement. The bulletin provides details on data requirements. Insurers are responsible for reporting on fully insured plans. The bulletin provides special instructions for self-funded health plans, including a partial exemption for plans with fewer than 5,000 Arkansas residents.

While Sec. III of the rule states that the *“requirements of this Rule shall not apply to federally regulated health benefit plans restricted from state regulation under federal law,”* a department representative confirmed that the requirements of the rule and bulletin do apply to self-funded ERISA plans, subject to the 5,000-life exemption described above. PBMs and third-party administrators may file the report on behalf of self-funded ERISA plans. While there is no specific penalty provision in the rule, the representative did not rule out the possibility of enforcement actions. This confirmation came shortly before the Feb. 17 deadline.

New York

New York’s Department of Financial Services issued [final regulations](#) imposing limitations on PBM activities occurring in the state on behalf of both fully insured and self-funded health plans. Here are the highlights:

- PBMs may not market or advertise to participants to steer them to affiliated pharmacies when unaffiliated pharmacies are available in the same network.
- PBMs may not charge participants more than the lesser of the cost-sharing amount, maximum allowable cost or the cash price for a drug.
- The rules prohibit mandatory mail-order programs and limitations on an individual’s choice of an in-network pharmacy, unless the PBM-health plan contract requires these programs.
- PBMs may reimburse in-network affiliates no more than nonaffiliated pharmacies; PBMs may still use multiple networks, including specialty and mail order.
- PBMs must maintain current and accurate directories for the drug formulary and in-network pharmacies on their website.
- PBMs may not impose pharmacy gag clauses.

- A PBM's immediate removal of a pharmacy from a network may occur only in limited circumstances. Otherwise, a PBM must provide 60 days' notice.
- Pharmacy recredentialing may occur no more than every three years.

The final rules use a broad definition of PBM found in the [Public Health statute](#), which sweeps in not only self-funded ERISA plans but also Medicare Advantage and Part D plans. The general effective date is July 1.

Oregon

DCBS issued a [temporary administrative order](#) that revises and clarifies the rules regarding PBMs' licensure, transparency and reporting requirements in alignment with [2024 HB 4149](#), which took effect on Jan. 1. The amendment to the rules also adds market conduct requirements, including a prohibition on mandatory mail-order programs and rules on use of maximum allowable cost lists. The rules — effective from Jan. 1 to June 29 — appear limited to PBMs working on behalf of fully insured plans. The amendments were made by a temporary administration order so they could be issued and effective before the effective date of the new law. Nearly identical final rules are expected to take effect before the temporary order expires.

Telehealth

New Jersey extended a telehealth reimbursement parity requirement which was due to expire at the end of 2024. Washington, DC, broadened the scope of permissible telehealth services by providers located beyond its jurisdiction. The US Virgin Islands joined an audiology and speech-language pathology compact.

New Jersey

As a result of [2024 Ch. 105](#) (AB 3853), the telehealth reimbursement parity expiration date was extended to July 1, 2026. Current law requires fully insured plans to reimburse telehealth services at the same rate as in-person services. New Jersey generally does not apply its insurance laws on an extraterritorial basis to fully insured plans issued in another state. The law does not affect self-funded ERISA plans.

US Virgin Islands

As a result of [2024 Act 8958](#) (B 35-0254), the US Virgin Islands joined an [audiology and speech-language pathology compact](#), joining a majority of states that have taken similar action. The intent of the law is "to facilitate interstate practice of audiology and speech language pathology with the goal of improving public access," including via telehealth.

Washington, DC

Washington, DC, passed a telehealth law ([2024 Act A25-0616](#), B25-0287), authorizing the state to join a [counseling compact](#), which enables out-of-state providers to practice in the state without obtaining a separate license. Telehealth services are permissible to facilitate increased access to professional counseling services. The law took effect on Dec. 17.

Other benefit-related issues

California announced a significant employee assistance program (EAP) vendor settlement. Indiana confirmed its claims reporting law does not apply to self-funded ERISA plans.

California

[California law](#) and [regulations](#) require EAP vendors to register with the Department of Managed Health Care (DMHC) or obtain an exemption limiting the number of covered sessions to three- in a six-month period. DMHC [announced](#) a [\\$1 million settlement agreement](#) with a vendor for operating without a license. The vendor, which covers some 370,000 California residents, obtained a license as part of the settlement agreement.

Indiana

The Indiana Department of Insurance finalized its [All Payer Claims Data Base \(APCD\) rules](#), which now exclude self-funded ERISA plans. Proposed rules for the [2023 APCD reporting law](#) had included these plans despite [US Supreme Court precedent](#) finding similar inclusion by Vermont's APCD law was preempted by ERISA. As background, the APCD collects and aggregates healthcare data to analyze healthcare needs and improve quality and affordability.

Related resources

Mercer Law & Policy resources

- [Roundup: State accrued paid leave mandates](#) (Feb. 11, 2025)
- [2025 state paid family and medical leave contributions and benefits](#) (Jan. 29, 2025)
- [The votes are in: How benefits-related ballot initiatives fared](#) (Dec. 2, 2024)
- [Roundup of selected state health developments, second-quarter 2024](#) (July 26, 2024)

- [Roundup of selected state health developments, third-quarter 2023](#) (Nov. 15, 2023)

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- [Employee benefits strategy & innovation](#)
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