

Maryland's Impending FAML I Program: What Employers Need to Know Now

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Takeaways

- Maryland's paid family and medical leave insurance law applies to all employers with employees in Maryland: payroll deductions will start July 1, 2025, and benefits will be available beginning July 1, 2026.
- The Maryland Department of Labor published proposed regulations to implement the state's paid family and medical leave insurance program.
- The proposed regulations include important information about employer responsibilities, employee eligibility and benefits, the claims process, equivalent private insurance plans, coordination with other benefits, and other compliance requirements.

Related links

- [Proposed Regulations](#)
- [New Paid Family Leave Laws Sprout in Maryland, District of Columbia, Virginia Region](#)

Article

Maryland's Department of Labor (MDOL) has released [proposed regulations](#) to implement the state's [paid family and medical leave insurance \(FAML I\) law](#). The FAML I law will provide benefits to workers in the state who take leave from employment for certain eligible medical and family care reasons starting July 1, 2026. The law applies to all employers with employees in Maryland. Although not yet final, the proposed regulations provide important insights into how the MDOL is likely to interpret and enforce the law.

Important dates:

- July 1, 2025: Employers will start payroll deductions.
- Oct. 1, 2025: Employers will remit the first payment to the state.
- July 1, 2026: Benefits will be available.

FAML I Overview

The FAML I program provides benefits to replace a portion of a covered individual's income and job-protected leave:

- 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 themselves if they have a serious health condition
- To care for a family member's serious health condition

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Related Services

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- To make arrangements for a family member's military deployment

Employers with at least one employee in the state are covered and must provide leave. With limited exceptions, only employers with at least 15 employees must contribute to the program.

The maximum amount of leave a covered individual may take is 12 weeks per year (the year begins the day the employee applies for benefits). However, a covered individual may receive an additional 12 weeks of leave for their own serious health condition during the same year even if they have used leave to care for a child following the child's birth or placement.

Employees who take leave are entitled to continued employee health benefits during leave and to reinstatement to an equivalent position, unless (1) the employee is terminated for cause or (2) reinstatement would cause substantial and grievous economic injury to the employer's operations and certain advance notice is provided.

Proposed Regulations Overview

The proposed regulations provide detailed guidelines on various aspects of the law. The proposed regulations include general provisions, employer responsibilities, employee eligibility and benefits, the claims process, equivalent private insurance plans (EPIPs), coordination with other benefits, and compliance requirements.

General Provisions

- **Definitions:** Key terms such as "Continuing treatment," "domestic partner," "Incapacity," and "FAMLI benefits" are defined to clarify eligibility and responsibilities.
- **Division establishment:** The FAMLI Division within the Department of Labor will administer the program.
- **Forms and templates:** The FAMLI Division may mandate use of approved templates and forms, including for employer notice to employee, claim application, certification of qualifying event, proof of relationship, good cause exemption, and intermittent leave use.

Employer Responsibilities

- **Registration:** Employers must create and maintain an online account with the FAMLI Division for reporting and remitting contributions.
- **Contributions:** Employers are responsible for 100 percent of contributions but can withhold up to 50 percent from employees' wages. Small employers (fewer than 15 employees) have reduced contribution obligations.
- **Notice requirements:** Employers must notify employees about FAMLI leave and benefits at hire, annually, and when an employee's leave may qualify for FAMLI.

Employee Eligibility and Benefits

- **Eligibility:** The proposed regulations define a "covered employee" as one who has worked at least 680 hours performing *qualified employment* in the state over the four most recently completed calendar quarters, introducing the concept of qualified employment with specific conditions for localization within the state and criteria for interstate and incidental employment.

- **Benefit calculation:** Benefits are based on the employee's average weekly wage. Specific formulas are provided for continuous and intermittent leave.

Claims Process

- **Application:** Employees must submit a complete claim application with the required documentation within 60 days of taking leave.
- **Employer response:** Employers have five business days to respond to a claim application.
- **Benefits payment:** Payments are made biweekly. The first payment will be made within five business days after approval.

Equivalent Private Insurance Plans (EIPs)

- **Requirements:** EIPs must meet or exceed the benefits and requirements under the state plan, including on employee eligibility, use of state-provided forms and notices, reasons for leave, benefits amounts, and claims processing procedures.
- **Application process:** Employers can apply for EIP approval. Employers must participate in the state plan until their EIP is approved. Approval exempts them from state plan contributions.
- **Oversight:** The Division may review EIPs to ensure compliance.
- **Appeal to the state:** Employees may appeal the denial of benefits to the state, which may pay the benefits that are due and not paid by the employer.

Benefits Coordination

- **Family and Medical Leave Act (FMLA):** FAML leave will run concurrently with FMLA leave. If an employee takes leave under the FMLA for a reason that would also qualify for FAML leave but does not apply for FAML benefits, the amount of FAML leave available to the employee may be reduced by the amount of FMLA leave taken. This ensures the total leave taken under FAML and FMLA does not exceed the maximum allowable leave period.
- **Employer-provided leave:** There are two main types of employer-provided leave:
 - **Alternative FAML Purpose Leave (AFPL)** – Leave designed to fulfill the purposes of the FAML law. It is not accrued or repayable to the employee upon separation. Rather, employers can require AFPL be used concurrently with FAML leave to supplement the employee's wages (on top of FAML benefits) up to 100 percent of their average weekly wage. The full amount of time taken under AFPL and FAML can be deducted from the APFL bank.
 - **General purpose leave** – Vacation, sick leave, or paid time off. This leave cannot be substituted for FAML leave unless there is a mutual, written agreement between the employee and employer. If general purpose leave is used to supplement FAML benefits, it can bring the employee's total wage replacement up to 100 percent of their average weekly wage. The employer then can convert the dollar amount of the supplement into the corresponding number of leave hours and deduct those hours from the employee's balance of accrued sick, vacation, or other paid leave balance from which it was used.

Jackson Lewis attorneys are monitoring the development of Maryland's FAML program and will provide updates. In the meantime, if you have questions about complying with Maryland's FAML program, please contact a Jackson Lewis attorney.

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