

Protecting the disability continuum

Why Short Term Disability coverage is essential in a Paid Family & Medical Leave world

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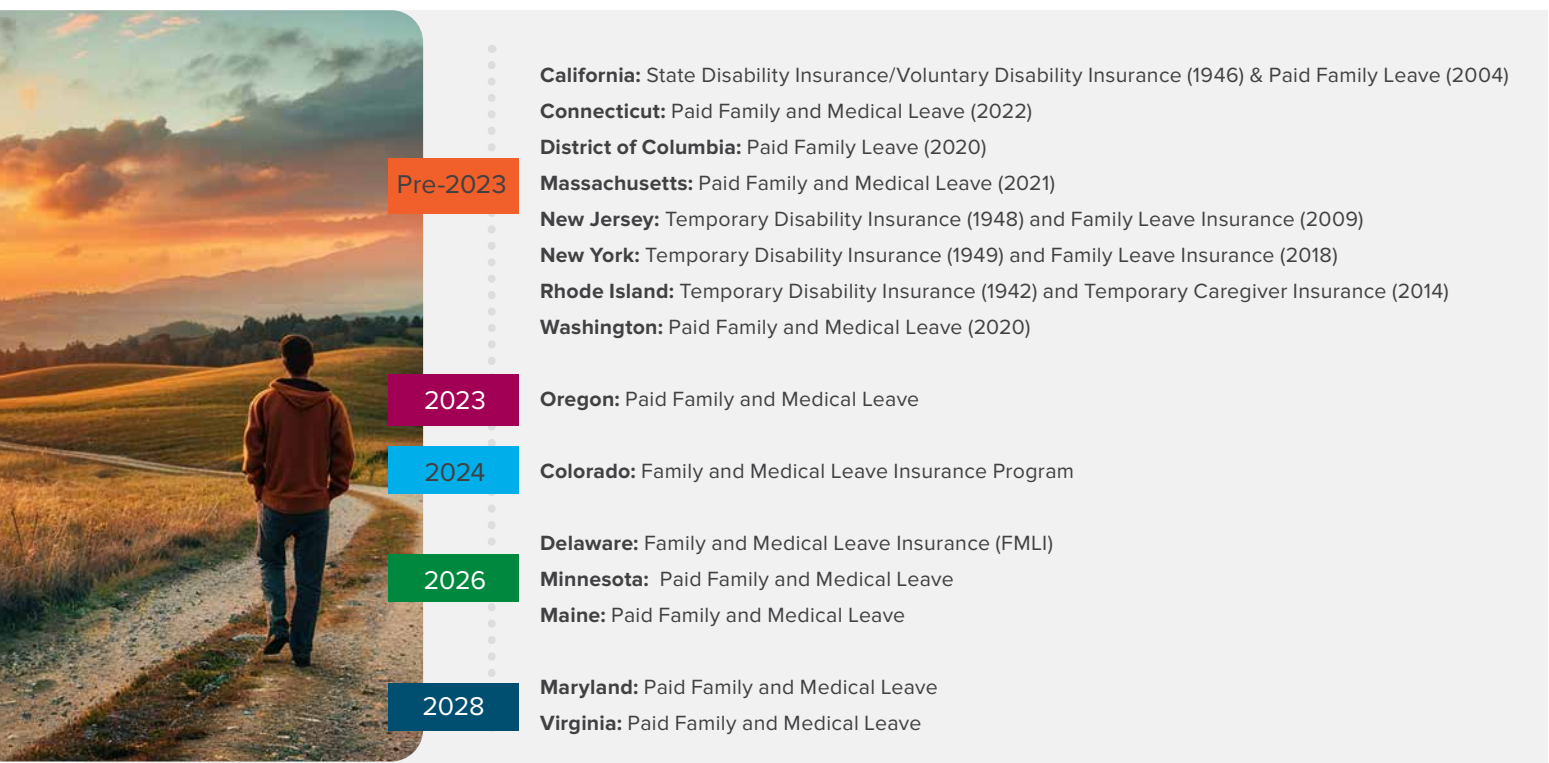
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Executive summary

Paid Family and Medical Leave (PFML) in the United States has evolved into a rapidly expanding, state driven framework reflecting a nationwide shift toward income-replacement leave for caregiving, medical recovery and family needs. As of 2026, PFML programs are either effective or will be shortly across 15 states and territories: California, Colorado, Connecticut, Delaware, Maine,

Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, Virginia and Washington, as well as the District of Columbia. Momentum continues to build as additional states, including Hawaii, Indiana and Iowa, advance proposals or prepare for legislative action, signaling that PFML will remain a defining feature of the modern employment landscape.



For employers, this expansion has created a more complex, multijurisdictional compliance environment alongside rising employee expectations for comprehensive paid leave. As a result, organizations must understand not only statutory PFML requirements, but also the limitations inherent in state programs and the interruptions they leave behind.

While PFML provides an important income replacement foundation, it does not eliminate the need for employer sponsored Short Term Disability (STD) Insurance or Administrative Services Only (ASO) coverage. In fact, the growth of PFML has amplified STD coverage’s strategic value for both employers and employees. PFML programs cap weekly benefits, with caps varying significantly by state, often resulting in higher wage earners being

particularly impacted. STD coverage can help by providing an opportunity for higher income replacement during medical absences, helping to support financial stability, improving employee experience and strengthening retention potential of critical talent.

Voya research highlights the importance of the employee experience with 62% of employees reporting they trust their employer more following a positive leave experience, and 90% say they would recommend their employer’s leave benefits to others.¹

¹Voya Financial Consumer Insights & Research survey conducted April 2-28, 2026, with Morning Consult among 923 employees who have taken leave in the past two years, 157 employees who only considered taking leave, and 178 employers who offer leave/absence management.

PFML programs also vary in duration and in how leave weeks are allocated by leave type. Employees who exhaust PFML earlier in the year, for example, through a bonding leave, may still face income risk during a later, unrelated injury or illness. STD benefits can remain available in these situations and can continue income replacement when medical needs extend beyond PFML duration limits. This flexibility helps support employees to not delay or forgo medically necessary care due to financial concerns and provides a continuous and reliable resource.

In addition, STD benefits play a critical role in protecting employees' long term income security by serving as the bridge to Long Term Disability (LTD) insurance. STD insurance policies are designed to dovetail with LTD insurance policies, maintaining employees in an active disability status during extended absences and preserving eligibility for LTD if a condition persists beyond the STD benefit period. In this case, the duration of STD benefits is often the length of the waiting, or elimination, period, at which point LTD benefits are considered payable. This transition helps prevent coverage interruption, protects access to long term income replacement and reduces administrative complexity for employers.

As PFML programs continue to expand nationwide, employers face growing pressure to deliver leave strategies that are compliant, competitive and consistent across jurisdictions. While PFML establishes a strong statutory baseline, it leaves meaningful interruptions in income replacement and duration. STD coverage remains a critical component of a holistic leave strategy, supporting employees through their health needs while enabling organizations to maintain workforce stability, manage risk and remain competitive in an evolving regulatory environment.



The new PFML landscape: 2026 and beyond

Acceleration of PFML programs

The pace of PFML expansion accelerates significantly in 2026, with several major programs transitioning from contribution phases to live benefit delivery, starting employee utilization and employer exposure.

- **Delaware:** The Delaware PFML program began paying benefits on January 1, 2026, following employer and employee contributions that started in 2025. The program established the state plan as the primary payor, limits employer ability to require PTO exhaustion and introduces more flexible private plan options.
- **Minnesota:** Minnesota launched its state-run PFML program effective January 1, 2025 with benefits effective January 1, 2026, providing up to 20 total weeks of combined family and medical leave in a benefit year. Coverage applies broadly across employers, including those below traditional FMLA thresholds, signaling a shift toward near-universal paid leave access in certain jurisdictions.
- **Maine:** Starting May 1, 2026, Maine's PFML program transitioned from funding to paying benefits. While contributions began in 2025, 2026 represents the first-year employers will experience real-time claims administration, job restoration obligations and concurrent leave management at scale.
- **Virginia:** On April 22, 2026, Governor Abigail Spanberger signed the Paid Family and Medical Leave Act (HB1207/SB2) into law officially making Virginia the first Southern state to mandate comprehensive PFML. This law will allow employees to take up to twelve weeks of paid time off to welcome a child, care for a seriously ill loved one or recover from their own serious health condition beginning in 2028.



What distinguishes 2026 is not the number of laws on the books, but the operational reality: employees now actively filing claims, wage replacement flowing from the state and employers navigating overlap with internal benefits, job protection laws and federal mandates all at once in three additional states.



Challenges with regulatory variations

As PFML programs expand, state-by-state variability has become one of the most significant compliance challenges for multi-state employers.

While PFML programs share common themes, such as partial wage replacement, qualifying family and medical events and job protection, their rules diverge in critical ways, including:

- Eligibility thresholds (hours worked, wages earned, employer size)
- Maximum duration and stacking rules (12 vs 20+ weeks)
- Job protection timing (immediate vs. tenure based)
- Private plan allowances and approval cycles
- Interaction with employer-provided paid time off (PTO) and disability plans

Federal coordination requirements

As state PFML programs expand, coordination with the federal Family and Medical Leave Act (FMLA) has become a central compliance issue for employers.

While the interaction between FMLA and other leave benefits has long been governed by federal law, the rapid growth of state PFML programs exposed situations in regulatory clarity that persisted for years.

Under longstanding FMLA regulations, employers have been able to designate leave as FMLA when an absence qualifies and run FMLA concurrently with other applicable leave entitlements, rather than allowing leave to stack sequentially. This principle applies regardless of whether an employee is receiving pay from another source during the absence. However, because FMLA regulations only provide unpaid job protection and were drafted decades before the emergence of state PFML programs, they did not explicitly address state-paid wage replacement benefits. As a result, employers developed inconsistent practices, some allowing PFML to run before or after FMLA, others delaying designation and many applying differing PTO requirements often without clarity or regulatory direction.

In January 2025, the U.S. Department of Labor issued Opinion Letter FMLA2025 01 A, which resolved this ambiguity by formally clarifying how existing FMLA rules apply in the context of state PFML programs. The DOL confirmed that state PFML benefits must be treated in the same manner as paid disability or workers' compensation benefits under FMLA.²

For example

An employer has a multi-state workforce and has the following details to consider:

- Minnesota PFML allows up to 20 weeks of combined leave in a benefit year;
- Maine PFML caps benefits at 12 weeks; and
- Delaware PFML designates its program as the primary payor with explicit restrictions on PTO substitution.

This variability makes “one-size-fits-all” leave policies increasingly difficult to administer. Employers must now design framework-based leave strategies, standardized at the core, but adaptable at the state level, to remain compliant without overwhelming HR, payroll and managers.

The opportunities PFML leaves behind: Why STD coverage still matters

Partial income replacement and state benefit caps

While state PFML programs provide a critical baseline of income replacement, they are not designed to fully protect employees' income during medical absences. PFML benefits are capped at state defined weekly maximums and often replace only a portion of an employee's earnings. For higher income

²Looman, J. (2025, January 14). U.S. Department of Labor. Retrieved from Opinion Letter FMLA2025-01-A: https://www.dol.gov/sites/dolgov/files/WHd/opinion-letters/FMLA/2025_1_14_1_FMLA.pdf



employees, these caps can result in a meaningful reduction in take home pay during periods of medical recovery. Even for lower wage employees, fluctuating benefit formulas and waiting periods can introduce financial instability at precisely the moment when employees are most vulnerable.

The impact of these situations extend beyond those who file claims. Voya research found that among employees who considered taking leave but ultimately did not, 81% cited financial strain as a primary barrier. Another 39%

never progressed beyond the consideration stage, and 25% reported lacking confidence in understanding what their options actually were.¹

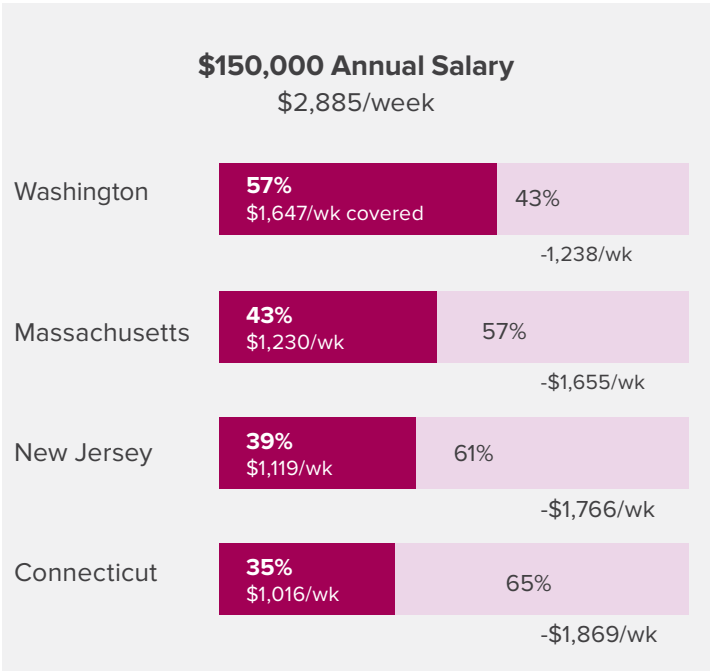
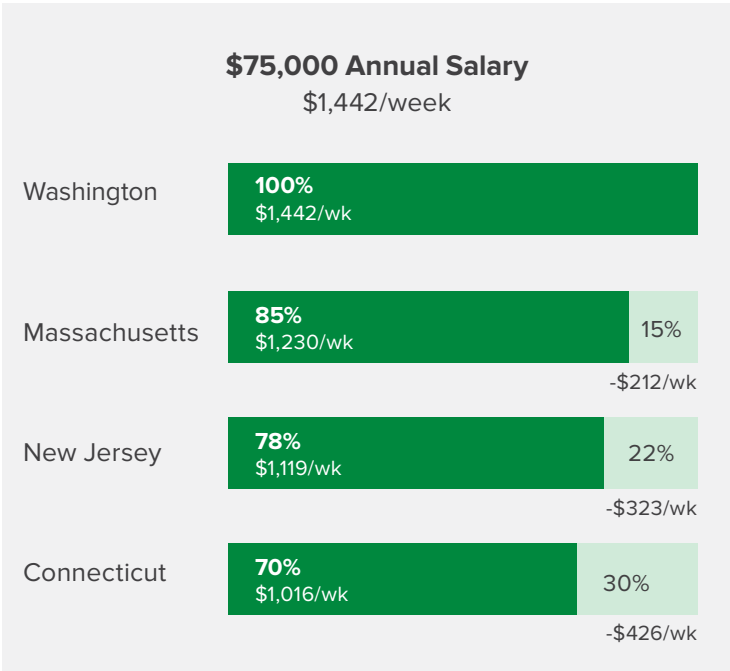
These figures reveal that income uncertainty and coverage confusion are quietly preventing employees from utilizing their eligible benefits. Strengthening income replacement through STD coverage is not just a financial decision, but one that directly affects whether employees can access benefits they need.



Name: Darius
Industry: Retail
Title: Store Manager
Age: 52
Leave reason: Hernia surgery and recovery



Name: Isabel
Industry: Consulting
Title: VP of Sales
Age: 32
Leave reason: Pregnancy & birth



Employer sponsored STD coverage plays a critical role in addressing these shortcomings. STD coverage is intended to provide more predictable and, in many cases, higher income replacement than PFML benefits for employees who are unable to work due to a non-work related illness or injury. When coordinated effectively, STD benefits can complement PFML income replacement, offering employees coverage intended to help them maintain financial stability, avoid debt and focus on recovery rather than income disruption.

Provided as an example only. The amounts shown above are rounded to the nearest dollar and for illustrative purposes only. Actual results may vary.

¹Voya Financial Consumer Insights & Research survey conducted April 2-28, 2026, with Morning Consult among 923 employees who have taken leave in the past two years, 157 employees who only considered taking leave, and 178 employers who offer leave/absence management.



Duration limitations and exhaustion risk

PFML programs also differ significantly in duration and structure. Some states allow separate family and medical leave banks, while others impose combined caps that limit total available paid leave in a benefit year. Employees who use PFML earlier in the year for bonding or caregiving may exhaust their available state benefits before a later medical event occurs.

In these situations, STD benefits can remain available to support wage replacement when PFML benefits are no longer accessible. STD benefits can extend income protection beyond statutory limits, meaning employees are not left without pay during medically necessary absences. This continuity reduces the likelihood that employees delay treatment, resume work prematurely or experience financial hardship due to interruptions in statutory coverage.

Financial stability as a driver of employee experience

Income volatility during medical leave directly impacts employee experience, engagement and retention. Employees who experience unexpected pay reductions during a health event are more likely to report financial stress, distraction and dissatisfaction with employer benefits. Voya research affirms how deeply that stress is felt: 53% of employees describe experiencing significant stress throughout the leave process, a signal that the emotional weight of an unsupported leave extends well beyond the medical event itself. STD benefits help stabilize income during these critical periods, reinforcing our commitment to employee well-being and laying the groundwork for meaningfully better outcomes¹

Those outcomes carry lasting value. When leave goes well, it builds real trust: 62% of employees report trusting their employer more following a positive leave experience, and 90% say they would recommend their employer's leave benefits to others. When it goes poorly, the cost is just as real — 9% of employees lose trust following a difficult experience. Leave is not simply a compliance obligation;

it is one of the most defining moments in the employer-employee relationship, and the quality of income support during that moment matters profoundly.¹

Income protection during partial recovery

Every employee's recovery and return-to-work is different. Partially disabled employees may be able to work but in a different capacity or intensity than before their disabling event. While return-to-work solutions may include a reduced schedule or modified duties, employees coming back to work part-time are not eligible under some PFML programs to receive residual benefits. The result is a real-world income shortage: an employee can be well enough to come back and contribute at work, but is unable to return to their original capacity. This impacts their ability to earn their full paycheck causing income disruption during a vulnerable recovery period.

STD coverage can help address these situations by providing residual benefits to help replace income while the employee transitions back to full productivity. This may further help prevent employees from experiencing financial pressures to resume work too soon and can enable them to participate in gradual return-to-work strategies.

Preventing financial stressors for employees also benefits employers in measurable, operational ways. Gradual return-to-work plans help avoid recovery setbacks and promote sustainable re-entry through the employee's increased likelihood of care plan adherence. Beyond health outcomes, a well-supported leave reduces the broader organizational burden that leave events create. 92% of employers report measurable workload or productivity disruption during an employee's leave, and in 63% of cases, managers spend four or more hours managing a single leave event based according to Voya research.¹

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Income continuity while state PFML benefits are pending

Even when an employee qualifies for state PFML, benefit timing can create financial strain. State-administered PFML programs may take weeks to process applications depending on volume and documentation, leaving employees without predictable income replacement at the start of a leave. For example, Washington state's PFML program has a posted processing timeframe of 3 to 4 weeks.

STD benefits can help stabilize income while waiting for state PFML benefits to begin. Integrating STD coverage and leave administration can provide operational efficiencies with earlier claim decisions and income replacement while state PFML determinations are pending. For example, Voya Leave Management's claim determination is made by the third business day of receiving a completed claim, which helps demonstrate how STD coverage and leave can minimize the disruption employees could experience between starting a leave and receiving state benefits.



When employees consider themselves to be financially secure and are clearly guided through the leave process, those burdens decrease, freeing up managers to focus on their teams, and allowing organizations to plan and forecast workforce needs with greater confidence and stability.

Recovery support and rehabilitation services

Paid leave programs are designed to provide income replacement, but they are not typically designed to actively support an employee's recovery journey. STD coverage can play a different role by pairing income protection with structured recovery and return-to-work support. Some STD programs include vocational support services, clinical resource support and worksite modifications that help employees recover safely and return to the workforce in a sustainable way.

This matters because the best outcome is not just getting benefits approved, it is helping employees regain function and return to work at the appropriate time. Disability case management can involve working with treatment providers, identifying accommodations and connecting employees with rehabilitation resources that support a realistic back to work plan. These services can reduce the risk of setbacks and help employees feel supported during a medically disruptive life event, especially when recovery is not linear.

Broader disability provisions and support features

State PFML establishes an important statutory baseline, but it is not a substitute for the broader protections and support that can be built into employer-sponsored disability programs. STD programs can include non-insurance services and provisions that are purpose-built for disability events, not just leave entitlement.

For example, our STD insurance includes options for vocational support services, worksite modifications, clinical resource support and training and education programs. These features help address barriers to recovery and return-to-work, which is especially important for employees whose medical event creates functional limitations that

extend beyond a simple leave period. We also collaborate with Goldfinch Health to help employees who will be out of work for a pre-planned surgery recover faster with optimal and informed care management support.³

STD programs can also serve as an entry point into more comprehensive disability support when a condition becomes more serious or longer lasting. Disability programs may include Social Security Disability Income advocacy and other referral-based resources that help employees navigate next-step options when recovery timelines change. This is one of the reasons why STD coverage remains central to the disability continuum with its ability to address more than just wages. It connects income protection, recovery support and longer-term disability planning into a cohesive strategy that PFML programs are not designed to deliver on their own.

Advantages of running STD programs concurrently with PFML

Reducing administrative fragmentation

As PFML programs mature, the question for employers is no longer whether STD programs are still relevant, but how STD programs should be coordinated with state benefits. Running STD programs concurrently with PFML, rather than sequentially, has become a best practice approach for managing compliance, cost and employee experience. The employee data behind this guidance shows 19% of employees navigating a leave needed to follow up multiple times just to receive answers about their status, and 18% described confusion about what to do next¹

At the root of these challenges, 70% of leave delays are tied to missing documentation and 54% to employee misunderstanding, friction points that fall disproportionately on HR teams to untangle. A quarter of employees characterize the process as HR-dependent, and 11% describe it as paperwork-heavy.¹

Concurrent administration addresses this directly by aligning medical certifications, claim determinations and return-to-work planning under a single disability framework, eliminating duplicative documentation requests, inconsistent eligibility decisions, and the parallel claims processes that create workload and introduce compliance risk.¹

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³Actual recovery time may vary. Goldfinch Health is not affiliated with the Voya® family of companies. This is not insurance. Available with fully-insured Short-Term Disability Insurance plans or at an additional expense for self-insured plans.



Sequential vs. concurrent administration

Why concurrent management of PFML, FMLA & STD is the best practice

Sequential approach

Fragmented, serial processing

1

PFML application

Employee files with state program, submits medical documentation

!

Wait for PFML determination

Potential service delays before next step

2

FMLA paperwork

Separate FMLA request, duplicate medical documentation required

!

Wait for FMLA approval

Additional processing time

3

STD claim filing

Third application process, more medical forms, separate carrier contact

!

Multiple review cycles

Inconsistent decisions possible

4

Return to work

Multiple closeout process, separate communications

Challenges

Duplicative documentation: Employee submits same medical documents multiple times

Delays: Sequential processing creates interruptions between decisions

Multiple contacts: Employee juggles state, HR, and carrier separately

Inconsistent decisions: Different reviewers may reach conflicting conclusions

Higher admin burden: More workload expected for HR and increased risk exposure

Concurrent approach

Unified, coordinated processing

1

Single initial claim filing

One application triggers all programs simultaneously: PFML + FMLA + STD

2

Unified medical certification

Single medical documentation serves all programs - no duplication

3

Coordinated review

All programs assessed together under one disability framework

4

Synchronized approvals

Consistent eligibility decisions across all programs

5

Single point of contact

Employee communicates with one dedicated team throughout

6

Unified return to work

Coordinated transition planning and closeout

Benefits

Single medical certification: One form satisfies all program requirements

Faster processing: Parallel review eliminates waiting between programs

Single point of contact: Employee has one dedicated resource

Consistent decisions: Unified framework prevents conflicting determinations

Reduced admin burden: Less HR workload and lower compliance risk

Best practice guidance



Running STD programs concurrently with PFML — rather than sequentially — has become a best practice approach for managing compliance, cost and employee experience. Concurrent administration reduces operational fragmentation by aligning medical certifications, claim determinations and return-to-work planning under a single unified disability framework.

Managing waiting periods and intermittent leave

Concurrency also helps address timeframes created by waiting periods, intermittent leave usage and varying PFML eligibility thresholds. STD programs can provide coverage during periods when PFML benefits are delayed, reduced or intermittently unavailable, smoothing income replacement and improving predictability for employees navigating complex leave patterns.

Compliance, overpayment and risk mitigation

We find that concurrent STD programs and PFML administration clarifies primary and secondary payor responsibilities and reduces the risk of wage overpayments. Clear coordination supports

alignment with FMLA designation requirements and helps employers demonstrate consistent, defensible leave practices across jurisdictions.

Creating a seamless employee experience

For employees, concurrency creates a more intuitive and supportive experience. A single intake, coordinated medical review and clear communication about how benefits interact supports reduced confusion and frustration at a time when employees are already managing health concerns. This simplicity is increasingly important as employees juggle federal FMLA, state PFML and employer-sponsored benefits simultaneously.



Protecting the disability continuum: STD coverage as the bridge to LTD coverage

Maintaining disability status and benefit continuity

Beyond immediate income replacement, STD coverage plays a vital role in protecting employees' long term income security. STD plans are intentionally designed to align with LTD coverage, maintaining employees in an active disability status throughout an extended medical absence.

When a STD program runs as intended, it preserves eligibility for LTD benefits if an employee's condition persists beyond the STD maximum benefit period. This continuity ensures employees move seamlessly through the disability lifecycle without unintended coverage interruptions.

Preventing loss of LTD eligibility

Without a STD program in place, or when a STD program is not properly coordinated, employees may fall out of an eligible class for LTD coverage during prolonged absences. In some cases, this can result in delayed or denied LTD benefits, increasing financial risk for employees and exposure for employers.

STD programs ensure continuity through the LTD elimination period, protecting access to long term income replacement while supporting appropriate clinical oversight and return-to-work planning.

Protecting long term income replacement

Why STD coverage matters for LTD eligibility

With STD coverage: Protected pathway

Continuous coverage maintains LTD eligibility

Week 1

Medical leave begins

Employee unable to work

Week 1-12/28

PFML coverage

State benefit period,
subject to any
statutorily applicable
waiting periods

Week 15/29+

STD bridge

Maintains active status

If condition persists

LTD begins

Long-term protection

Protected outcome



Employee remains in active disability status throughout entire absence. STD coverage seamlessly transitions to LTD coverage if condition extends beyond short term period. **No coverage impacts. No eligibility concerns. Ongoing income protection.**

Without STD coverage: Coverage coordination risk

Potential loss of LTD eligibility

Week 1

Medical leave begins

Employee unable to work

Week 1-12/20

PFML coverage

State benefit period,
subject to any
statutorily applicable
waiting periods

Week 15/21+

Coverage interruption

No active status

If condition persists

LTD risk

Eligibility uncertain

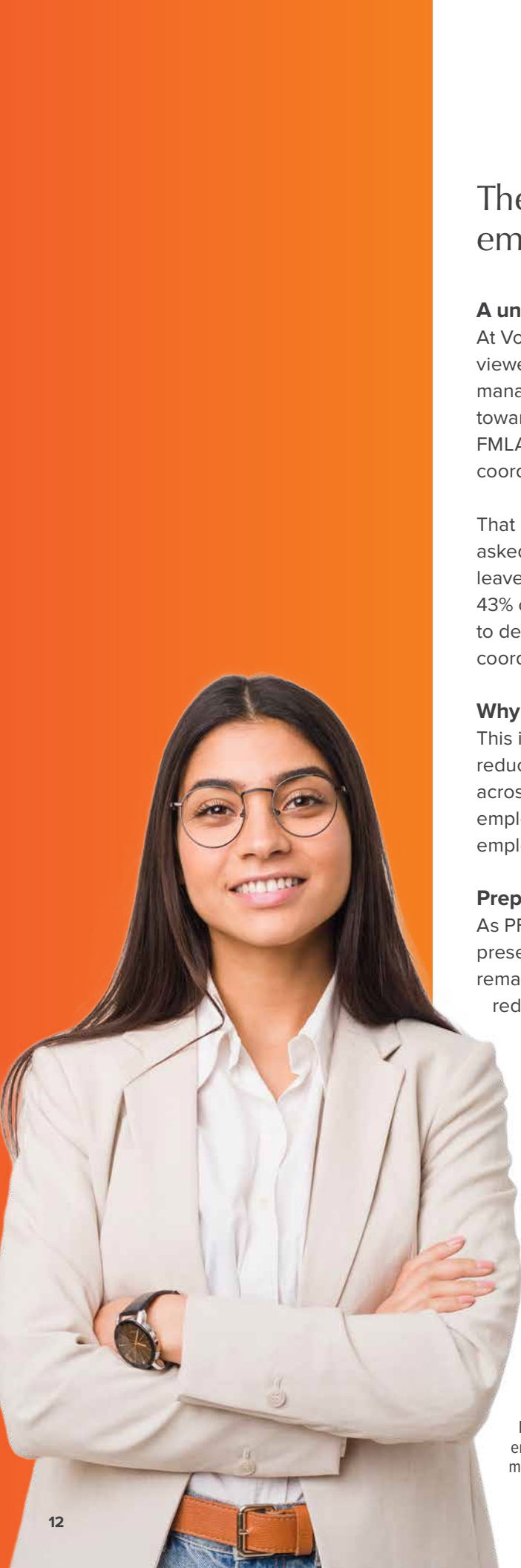
At-risk outcome



Employee may fall out of eligible class during the period between PFML and LTD benefits. **Without STD coverage maintaining active disability status, LTD benefits could be delayed or denied.** This can create financial risk for employees and potential liability exposure for employers.

The disability continuum in a PFML world

While statutory PFML programs focus on short term, income replacement, they are not designed to support employees through extended or permanently disabling conditions. STD programs remain the critical bridge that connects PFML, employer leave and LTD coverage into a cohesive disability continuum.



The Voya perspective: An integrated, employee centered approach

A unified leave and disability strategy

At Voya Employee Benefits, PFML, FMLA and STD coverage are viewed as interconnected components of a comprehensive leave management strategy. Voya Leave Management continues to evolve toward a fully integrated, event-based claims model that brings PFML, FMLA, employer leave and disability insurance together under a single coordinated framework.

That evolution is grounded in employer and employee research. When asked what would most improve employee confidence in navigating the leave process, 53% of employers identified clear step-by-step guidance, 43% cited simplified documentation and 42% called for better access to dedicated support.¹ These are precisely the outcomes that a unified, coordinated leave framework is built to deliver.

Why we advocate for concurrent STD programs and PFML

This integrated approach helps employers navigate regulatory complexity, reduce administrative burden and deliver a more consistent experience across jurisdictions. By aligning STD programs with PFML and FMLA, employers are better equipped to manage risk while supporting employees through every stage of medical recovery.

Preparing for the future of paid leave

As PFML programs continue to expand nationwide, organizations that preserve and modernize their STD offerings will be well positioned to remain compliant, competitive and resilient. STD programs are not redundant in a PFML world, they are essential.

Conclusion

PFML has permanently reshaped the leave landscape, but it has not replaced the need for employer-sponsored disability protection. Instead, it has elevated the importance of thoughtful coordination. STD coverage remains a foundational pillar of a modern leave strategy—bridging income loss, protecting long term benefits and ensuring employees are supported not just by statute, but by design.

¹Voya Financial Consumer Insights & Research survey conducted April 2-28, 2026, with Morning Consult among 923 employees who have taken leave in the past two years, 157 employees who only considered taking leave, and 178 employers who offer leave/absence management.



Need help evaluating the efficacy of your leave and disability program?
Contact your Voya representative for more information.

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