To facilitate automatic-enrollment programs with regard to disability income coverage and to establish a National Clearinghouse for Income Protection Information to raise awareness of income security issues; to help workers and families to protect themselves against loss of income due to illness or injury; and to educate employers regarding best practices for preserving productivity in the face of work limiting illness or injury to their employees.

IN THE SENATE OF THE UNITED STATES

February __, 2014

[____], from the Committee on Health, Education, Labor and Pensions, introduced the following bill.

A BILL

To facilitate automatic-enrollment programs with regard to disability income coverage and to establish a National Clearinghouse for Income Protection Information to raise awareness of income security issues; to help workers and families to protect themselves against loss of income due to illness or injury; and to educate employers regarding best practices for preserving productivity in the face of work limiting illness or injury to their employees.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS

Congress finds the following:

(1) Half of all households are financially fragile, in that they would have difficulty raising $2,000 within a month if needed.

(2) More than three-quarters of workers think that missing work for at least three months because of injury or illness would create a financial hardship, and half believe it would cause great hardship.

(3) Two-thirds of private sector American workers are not covered by employer-sponsored disability income insurance against loss of income due to illness or injury.

(4) Just over one in four of today’s 20-year olds will become disabled before reaching age 67.

(5) More than half of workers indicate that they know not very much or nothing at all about disability income insurance.

(6) Increasing awareness of income security issues and of steps that workers and employers can take to protect income is a crucial step in creating a stronger safety net for American workers and families.

(7) Analysis of the impact of the income replacement benefits paid by private insurers indicates that these benefits lift up to 575,000 families out of poverty each year and, by doing so, private disability income benefit payments save the
government up to $4.5 billion annually by reducing dependence on the Temporary Assistance for Needy Families (TANF) program and Special Nutrition Assistance Program (SNAP).

(8) Analysis of the impact of private disability income insurer comprehensive disability management and return-to-work programs estimates that private group disability income coverage will save the federal government $25 billion over the next decade by reducing demand for Social Security Disability Insurance and other public assistance programs.

(9) Given the current low level of enrollment in disability income insurance programs, alternative means of enrolling employees in such programs, such as an automatic enrollment program similar to those available for other employee benefits, should be facilitated, and such automatic enrollment programs should not be subject to state laws that would interfere with the purposes of such programs.

(10) No statement is made that impairs an employer’s ability to adopt automatic enrollment programs for any other type of employee benefit.

SECTION 2. AMENDMENTS TO THE FAIR LABOR STANDARDS ACT.

The Fair Labor Standards Act of 1938 (“FLSA”) is amended by inserting after section 18C (29 U.S.C. 218c) the following:

“Sec. 18D [29 U.S.C. 218d]. Automatic Enrollment for Employees into Disability Income Coverage. An employer to which this Act applies may provide for automatic enrollment programs by which its employees shall be automatically enrolled into disability income coverage. Any automatic enrollment program shall include adequate notice and the opportunity for an
employee to opt out of any coverage the individual or employee was automatically enrolled in. Nothing in this section shall be construed to supersede any State law which establishes, implements, or continues in effect any standard or requirement relating to employers in connection with payroll except to the extent that such standard or requirement restricts an employer from instituting an automatic enrollment program under this section.”.

SECTION 3. NATIONAL CLEARINGHOUSE FOR INCOME PROTECTION INFORMATION.

The Secretary of Labor shall establish a National Clearinghouse for Income Protection Information. The Clearinghouse may be established through a contract or interagency agreement, and will, through printed and online materials and any other methods deemed efficacious, (a) educate workers regarding the risk of work limiting illness and injury, and the financial risk to workers and families from loss due to illness or injury; (b) provide objective information to assist workers and their families with the decision making process for determining whether to purchase income protection insurance; (c) provide objective information to assist employers with the decision making process for determining whether to purchase or sponsor income protection insurance for employees and provide for additional objective resources on key aspects of coverage and income protection plan design; and (d) for other valid purposes related to the study and promotion of income protection; provided that the Clearinghouse shall not advocate in favor of any
specific income protection insurance provider or a specific type of income protection insurance policy. Nothing in this Section shall be construed to grant new or additional regulatory authority to the Secretary of Labor beyond that which is specifically necessary to narrowly enact the purposes of this Section.