

# Child Support & Healthcare Reform Bill Analysis



## Provision

## New Law

## Impact on Child Support Enforcement

### Section 1501

#### Individual Mandate

Requires individuals to maintain minimum essential coverage.

Parents who claim a child as a dependent for IRS must prove coverage for child or face tax penalty.

- ▶ Increase in new medical support orders
- ▶ Increased need for order review and modification
- ▶ Ordered parents more likely to comply with medical support orders
- ▶ Possible shift to custodial parent ordered to provide

### Section 1501

#### Individual Mandate — IRS enforcement

- ▶ Potential Conflict - In most situations the custodial parent claims the Child Support child as the dependent even though the non-custodial parent is ordered to provide coverage.
- ▶ Different compliance requirements for IRS versus medical support orders
- ▶ IRS compliance is a gap of 3 months or less in a tax year
- ▶ IRS enforcement prohibits criminal penalties, allows only liens or levies
- ▶ Potential order of withholding conflict with Federal IRS tax refund regulations
- ▶ Possible impact to court procedures and established practices
- ▶ Scenario where a parent chooses to pay a penalty for the uninsured child in lieu of ensuring coverage not addressed

### Section 1501

#### Definition of “unaffordable coverage”

For the purposes of exemption from the individual mandate, coverage is unaffordable if for any month the individual’s required contribution (determined on an annual basis) exceeds 8% of the individual’s household income for the taxable year.

- ▶ Potential conflict with definition of unaffordable coverage as defined by most state Child Support agencies.
- ▶ Conflicting definitions may result in increased administrative workload and require legislative and system changes

**Provision****New Law****Impact on Child Support Enforcement****Section 1502**  
**Reporting of Health Insurance Coverage**

Requires every person that provides coverage to an individual to report certain information about the coverage to the IRS.

- ▶ Child Support agencies need access to insurance data reported to the IRS in order to properly process medical support orders
- ▶ IRS data is point-in-time and not always up to date
- ▶ Insurance data reported to the IRS may not be accurate

**Section 2001**  
**Medicaid Coverage**

Expands Medicaid to individuals up to 133% FPL and creates a new eligibility category.

- ▶ More Child Support children will become eligible for Medicaid
- ▶ Child Support agencies should collaborate with Medicaid for outreach and enrollment
- ▶ Courts may be reluctant to establish or enforce medical support orders for Medicaid dependents

**Section 2101**  
**Extension of CHIP**

CHIP program extended until 12/31/2019.

- ▶ More Child Support children will be eligible for CHIP
- ▶ Child Support agencies should collaborate with CHIP for outreach and enrollment
- ▶ Courts may be reluctant to establish or enforce medical support orders for CHIP dependents

**Section 1331**  
**State Basic Health Plans**

States will be permitted to establish a federally funded non-Medicaid state plan for people with incomes above Medicaid eligibility but below 200% FPL.

- ▶ Increase in new medical support orders
- ▶ Ordered parent more likely to comply with medical support order

**Section 1311**  
**Health Insurance Exchanges**

Requires each state to establish an Exchange to facilitate the purchase of qualified health plans and administers tax credit to qualified individuals. Requires coordination between exchanges, Medicaid, and CHIP.

- ▶ Exchanges should be coordinated with state Child Support agencies in order to properly assess and enforce medical support orders
- ▶ Exchange benefits should be coordinated to prevent ordered parents with outstanding medical support orders from obtaining subsidized insurance coverage unless the Child Support child is included under the plan or covered by other insurance
- ▶ Child Support agencies may also be able to support Exchanges in building a database of employer health plan information

**Provision****New Law****Impact on Child Support Enforcement****Section 1311****Small Business Health Options Program Exchanges**

Provides for the establishment of a Small Business Health Options Program (SHOP Exchange) designed to assist qualified employers in the state who are small employers in facilitating the enrollment of their employees in qualified health plans offered in the small group market in the state.

- ▶ More small employers may seek group insurance for their employees resulting in increased ordered parent compliance and number of new medical support orders

**Section 1401****Health Insurance Tax Credits**

Tax credits are provided to assist individuals with the cost of health insurance for those at or above 100% FPL to 400% FPL.

- ▶ Coverage should be coordinated to prevent ordered parents who have not enrolled child from obtaining subsidized insurance coverage unless the Child Support child is included under the plan
- ▶ Ordered parent more likely to comply with medical support order
- ▶ Increase in new medical support orders

**Section 1301****Qualified Health Benefit Plans**

Requires qualified health benefit plans for purchase through Health Insurance Exchanges, except grandfathered plans, to offer at least an essential health benefits package.

- ▶ Minimal impact - current Office of Child Support Enforcement definition of “appropriate” coverage for the purposes of medical support enforcement is comparable

**Section 1302****Child Only Plans**

If an insurer offers a qualified health plan, it must offer a child-only plan at the same level of coverage.

- ▶ Ordered parent more likely to comply with medical support order.
- ▶ Increase in new medical support orders

**Section 1201****Prohibits Pre-existing Exclusions for Children**

Prohibits insurance plans from denying coverage to children with pre-existing conditions.

- ▶ Ordered parent more likely to comply with medical support order
- ▶ Increase in new medical support orders

**Section 1513****Employer Requirements**

Large employers that do not offer coverage and have at least one full-time employee receiving the premium assistance tax credit will be required to pay an assessment for each full-time employee.

- ▶ More employers may seek group insurance for their employees resulting in more ordered parents having access to employer sponsored insurance, increasing compliance and number of medical support orders

## Section 1511

### Automatic Enrollment for Employees of Large Employers

Large employers who offer coverage will be required to enroll new employees in one of the plans offered unless an employee has opted out of coverage.

- ▶ Increased enrollment of ordered parents in employer-sponsored plans
- ▶ Increase in new medical support orders
- ▶ May change National Medical Support Notice requirements and/or process

## Section 1201

### Limits Waiting Periods to 90 Days

Group health plans may not impose any waiting periods exceeding 90 days before individuals may enroll in the plan.

- ▶ Minimal impact, most waiting periods currently under 90 days



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