Medical Support 2.0

Where We've Been, and Where We're Going – Part 1

Jim Fleming
Presented on:
10/17/2018

Mandates for Medical Support: a Decade of Change

- 42 USC 666(a)(19)(A): all child support orders enforced under Title IV-D "shall include a provision for medical support"
- 42 USC 652(f): secretary shall issue regulations to require state IV-D programs to "enforce medical support included as part of a child support order whenever health care coverage is available to the noncustodial parent at a reasonable cost. … [M]edical support may include … coverage under a health insurance plan and payment for medical expenses incurred on behalf of a child."

Mandates for Medical Support: a Decade of Change

- Note the language difference in Title IV-D between "coverage" and "insurance"
- AT-08-08 (July 24, 2008) – announcing new rule on medical support
  - Pre 2016: if child is covered by public coverage, keep looking for private insurance at reasonable cost
  - In meantime, petition to include cash medical support unless embedded in state child support guidelines
- AT-10-02 – due to enactment of ACA, states will not be penalized if not in compliance with rules announced in AT-08-08 (but see AT-18-06 rescinding AT-10-02)

Mandates for Medical Support: a Decade of Change

- IM-14-01 – there is no requirement for state Medicaid agency to refer all Medicaid cases, but once a case is opened based on a referral, it can only be closed as permitted in IV-D closure regulations
- AT-16-06 (December 20, 2016) – announcing Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs (modernization rule)
  - Medical support includes public coverage
  - Post-2016: if child is covered by public coverage, not required to keep looking for private insurance at reasonable cost (a/k/a public coverage is good enough)

Medical Support 2.0

Re-Positioning Medical Support in the Changing Landscape of Health Insurance

Bob Williams

Presented on:
10/17/2018

Introduction: Repositioning Medical Support in the Changing Landscape of Health Insurance

- Traditional medical support has been geared toward NCP-provided coverage through employers/unions
- But dwindling employer-sponsored insurance (ESI) means few NCPs can acquire affordable, accessible insurance – perhaps only 10%
- OCSE "Final Rule" allows public coverage as medical support
- Extended CHIP authorization and ACA provide expanded insurance options for children – and parents

Introduction (continued):

- Changing Landscape Offers Opportunities to Reposition Medical Support
  - Improve health care coverage for kids – and their parents
  - Increase program efficiency
  - Reduce employer burden

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

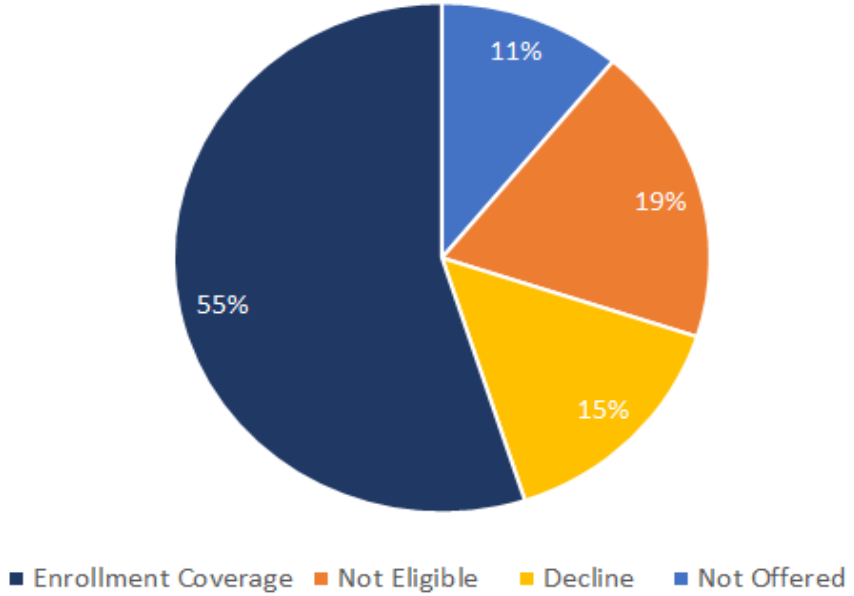
Dwindling Opportunities for Accessible/ Affordable Employer Sponsored Insurance (1)

ESI Availability Good Except For Small Employers…

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

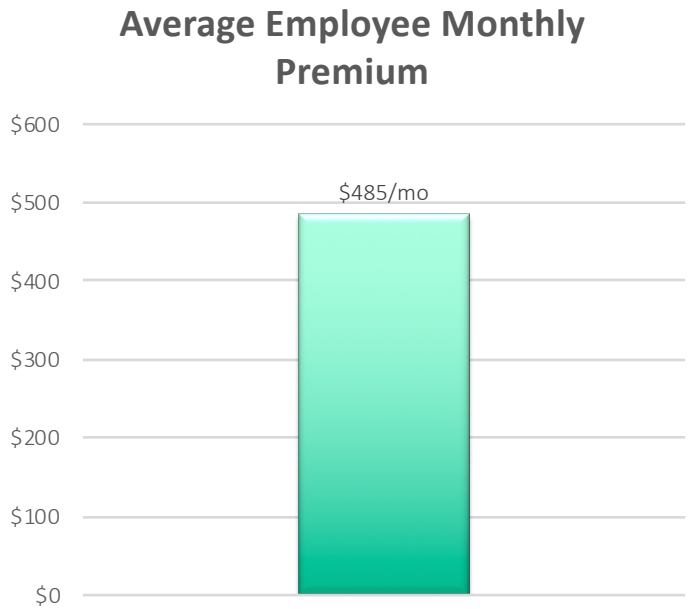
Dwindling Opportunities for Accessible/ Affordable Employer Sponsored Insurance (2)

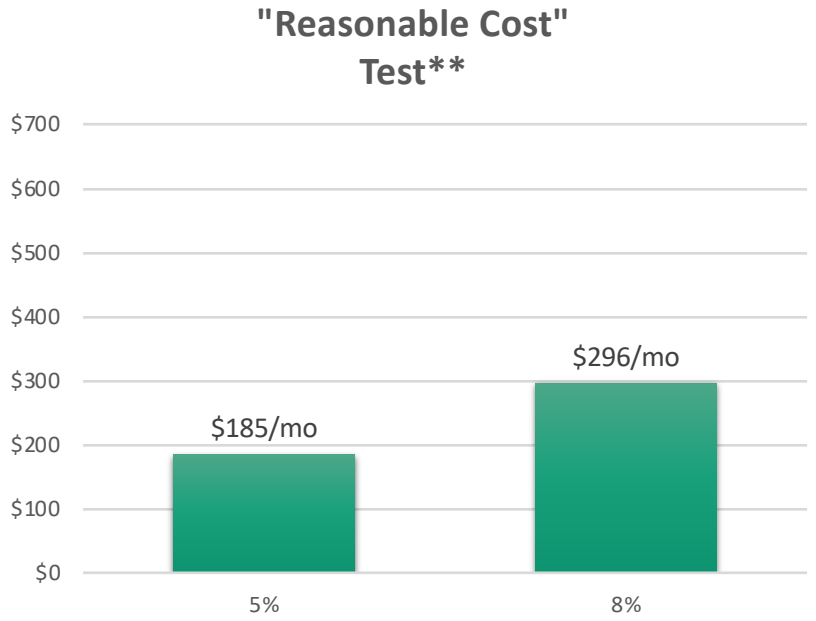
… but only 55% of workers enroll



GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Dwindling Opportunities for Accessible/ Affordable Employer Sponsored Insurance (3)

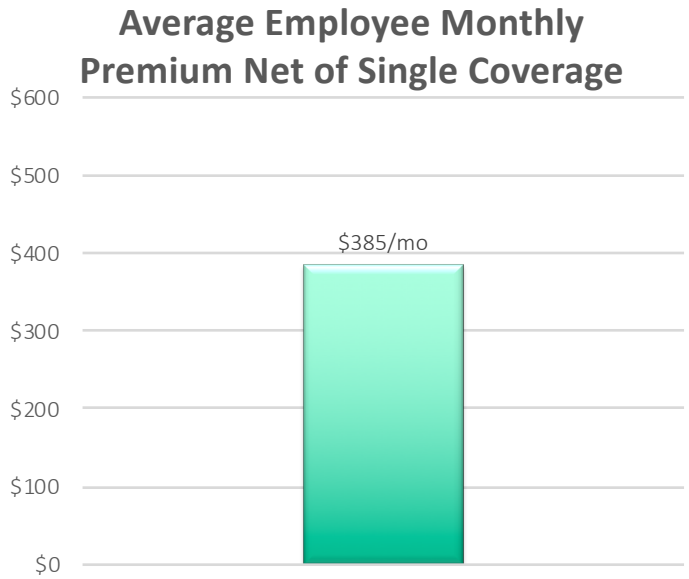


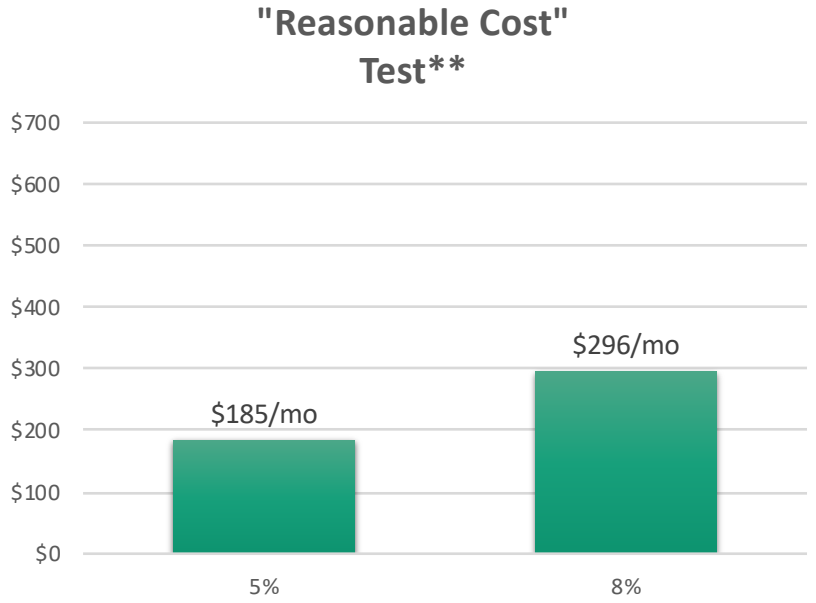


**Median Earnings= $3,701/mo

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Dwindling Opportunities for Accessible/ Affordable Employer Sponsored Insurance (4)





**Median Earnings= $3,701/mo

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

State Affordability Tests Vary

- OCSE website documents affordability tests for 33 states (including D.C.)
  - 23 define affordability as 5% of income
  - 1 state at 8%
  - 3 states at 10 percent
  - 6 states use other measures
- Remaining 18 states?

Bottom Line: Few NCPs Can Access Affordable Family Health Insurance

- No definitive data available
- Our estimate: approximately 10–15% of NCPs can access family health coverage at state-defined reasonable cost

Final Rule: Public Coverage Qualifies as Medical Support

45 CFR §303.31 Securing and enforcing medical support obligations

(2) Health care coverage includes fee for service, health maintenance organization, preferred provider organization, and other types of private health insurance and public health care coverage under which medical services could be provided to the dependent child(ren). (emphasis added)

CHIP Program Re-Authorized for 10 Years

- Provides coverage to children and (in some states) pregnant women
- Covers families above Medicaid eligibility level, below 250-400 percent of poverty (approximately)
- Nominal premiums
- Generally broad coverage

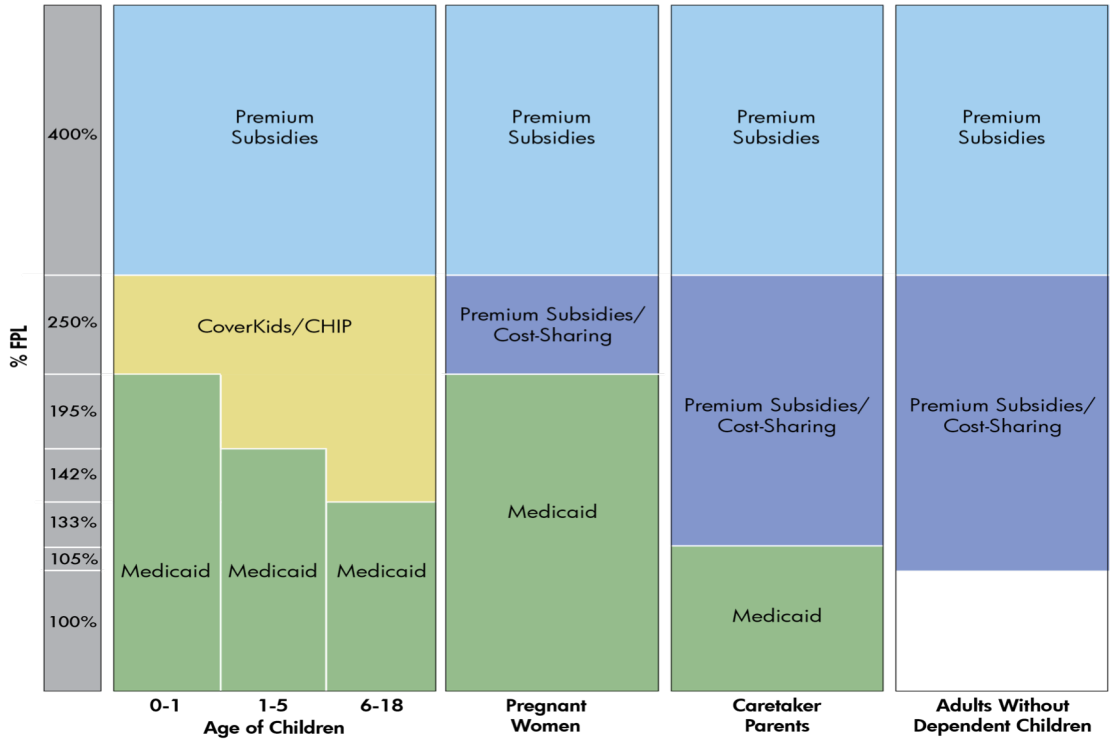
Affordable Care Act Still Law of the Land

- Significantly broadens coverage for children and parents
- Provides premium subsidies up to 400% of federal poverty level (FPL)
- At state option, provides expanded Medicaid for parent up to 138% FPL
- Removal of individual mandate (as of 2019) removes significant source of conflict with medical support
- Otherwise still in place as "law of the land"

Public Coverage Now Available for 90+ Percent of IV-D Children

- Urban Institute study estimated more than 90% of IV-D children under 400% FPL, upper limit of ACA
- Medicaid covers children to 138% FPL
- CHIP covers children 250-400% FPL (approximately)
- ACA covers children (and parents) to 400% FPL, above CHIP

Health Care Coverage by FPL Example (Tennessee)



Gaps Can Occur in ACA Coverage

- Gaps created due to affordability test for employer coverage
  - Employer coverage deemed affordable if single coverage less than 9.5% of income
  - Family coverage can be much higher than 9.5%, yet coverage deemed affordable
- Household not eligible for ACA premium subsidies if employer insurance deemed "affordable"

Expanded Eligibility Benefits Custodial Parents

- CHIP covers pregnant custodial parents (in some states)
- Medicaid covers custodial parents up to 138% in expansion states
- ACA provides premium subsidies up to 400% FPL (subject to affordable employer coverage test)
- Referring CP to coverage consistent with 2Generation approach adopted by many states

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Expanded Eligibility Can Help NCP Too

Single Adult Minimum Wage(40 hours/week)

(Note: not eligible for Medicaid; assistance comes from APTC and cost-sharing)

Example:$15,080/year ($7.25/hour full-time)
$1,257 per month (131% FPL)

APTC eligibility: Premium $302/year ($25/month)

CSR eligibility: covers estimated 94 percent of health care costs

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Re-positioning Medical Support

- Current medical support approach reflexively pursues NCP
- Availability through NCP has declined dramatically
  - Fewer employers provide health insurance
  - Cost renders insurance unaffordable
- Most medical support orders indeterminate on their face

Accessibility Also Limited By Employment Instability

- Median income withholding duration: 5 months (OCSE unpublished data)
- Frequent job churn limits insurance availability (waiting periods)
- Short job tenure sharply limits accessibility – time required for employer response and sign-up
- Job churn causes gaps even if insurance provided

Most Medical Support Orders Are Indeterminate on Their Face

- Require that coverage be provided "if available at reasonable cost"
- Contrast with cash orders that specify sum-certain and payment through SDU
- Enforcement requires separate determination of availability/affordability at given time

NMSNs Sent for All Medical Support Orders

- Effectiveness limited by availability, affordability
- Effectiveness limited by short job tenure
- Creates significant employer burden for relatively low return

Current Health Insurance Landscape Requires New Medical Support Strategy

- Medical support orders still required in every case; priority is providing best coverage for child
- Best case: pursue medical support from private sources, usually from NCP
- Otherwise consider shift to CP
- Order CP to provide coverage from private sources, if accessible and affordable, or public sources if not
- Typically medical support will then come from Medicaid or CHIP, or less frequently from ACA

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Issuance of NMSNs Can Be Reduced

- NMSNs can be limited to determinate NCP medical support orders (approximately 10 percent of cases)
- Only required "if appropriate" [45 CFR 303.32(a)]
- Selective use would be major IV-D cost saving
- Would greatly reduce employer burden

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Shift Toward CP Coverage Affects Guidelines Calculations

- CP premium expense for employer premiums, CHIP, or ACA
- Shared out-of-pocket costs for co-pays, deductibles, coinsurance
- Increased cash support –will result from shift to CP for health care costs

NCP Medical Support Orders Should Be The Exception

- Should be ordered only if NCP coverage is accessible, affordable, and stable
- Coverage should be ordered as determinate order based on current availability from specific employer
- Should be modified if circumstances change

Custodial Parent Medical Support Orders Need No Further Enforcement

- Voluntary compliance will be high due to availability of public coverage
- No ready mechanism for IV-D agencies to determine non-compliance
- CP orders are largely self-enforcing: if CP fails to carry insurance, becomes liable for health care costs
- Foregoing enforcement frees up IV-D resources for other tasks

States Could Still Pursue Cash Medical Support Recovery

- For this purpose, defined as cash medical order for purposes of reimbursing Medicaid
- Could be assessed for large majority of NCPs not ordered to provide health insurance
- Cost-effectiveness should be assessed
- But several states recover sizeable amounts via cash medical support

New Medical Support Role Emphasizes Adequate Coverage

- IV-D agencies should emphasize adequate coverage through NCP if possible, otherwise CP
- Coverage should be private (preferably) or public through CP (most common) or NCP
- IV-D agencies should refer CPs or NCPs to available coverage when appropriate
- For NCPs: "Get Healthy, Get A Job, Pay Child Support"

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Conclusion: Seize the Opportunity to Re-Position Medical Support

Current medical support options offer exciting benefits

- Better coverage for children and parents
- Redeployment of medical support resources to core functions or other services
- Greater fairness for NCPs
- Reduced employer burden

States can seize the opportunity to streamline program and improve services

Medical Support 2.0

Re-Positioning Medical Support in the Changing Landscape of Health Insurance

Deb Tanner

Presented on:
10/17/2018

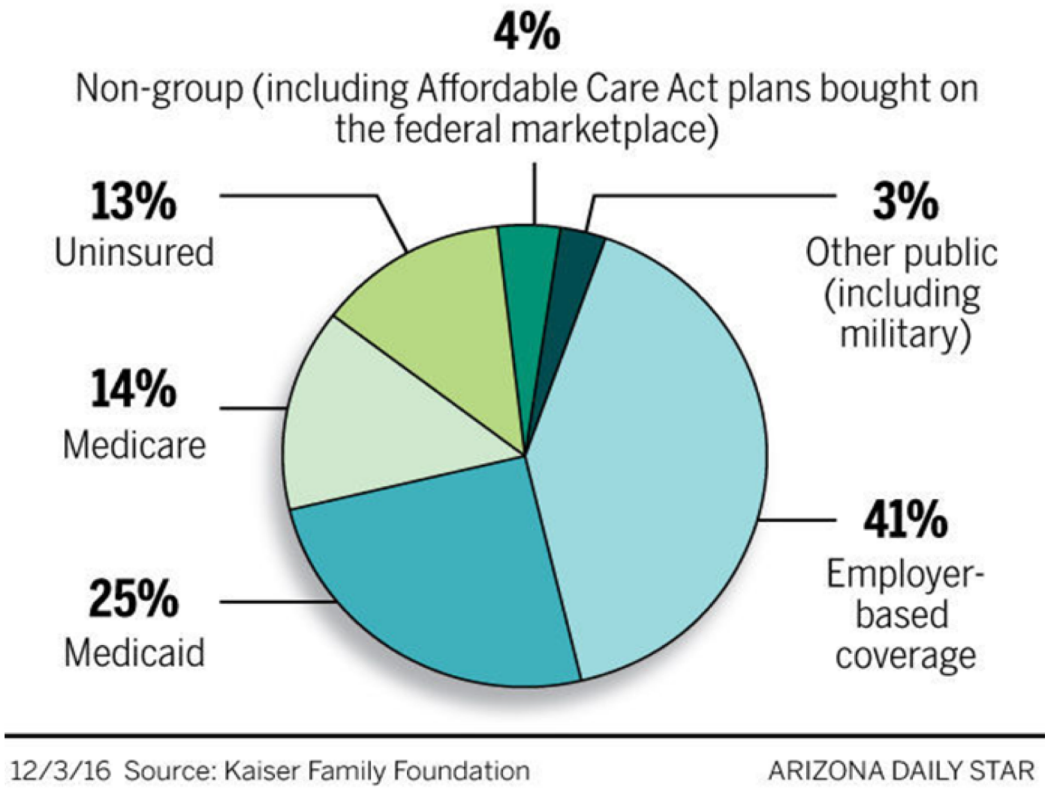
Medical Support

Arizona

State Highlights	
Children's Uninsured Rate	7.3%
Parents' Uninsured Rate	13%
Percent of Children Covered by Medicaid/CHIP	37%

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

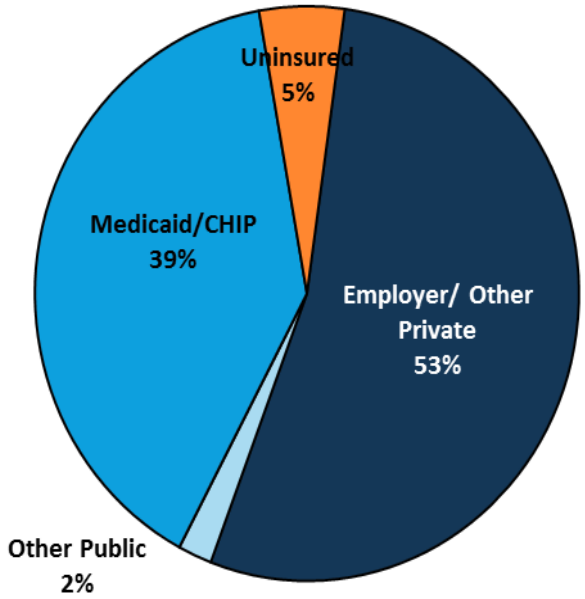
Where Arizonans got their health coverage in 2015



GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Figure 2

Health Insurance Coverage of Children, 2015



Total: 78.2 Million Children

NOTE: Values may not add to 100% due to rounding. Other Public includes those covered under the military or Veterans Administration as well as nonelderly Medicare enrollees.
SOURCE: Kaiser Family Foundation analysis of the 2016 Annual Social and Economic Supplement (ASEC) Supplement to the CPS.

Medical Insurance Options in Arizona

- Employer-sponsored coverage
- Individual marketplace coverage
- Medicaid/Arizona Health Care Cost Containment System (AHCCCS)
- Kids Care- Arizona's Children's Health Insurance Program (CHIP)
- Tri-Care – military health care
- Veteran's health care

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

COVERING CHILDREN WHO NEED IT MOST

In Arizona, AHCCCS and KidsCare cover:

45%	of infants, toddlers and preschoolers
57%	of children with disabilities or special needs like diabetes and asthma
78%	of children who live at or near poverty
100%	of children in foster care

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Arizona and the Affordable Care Act

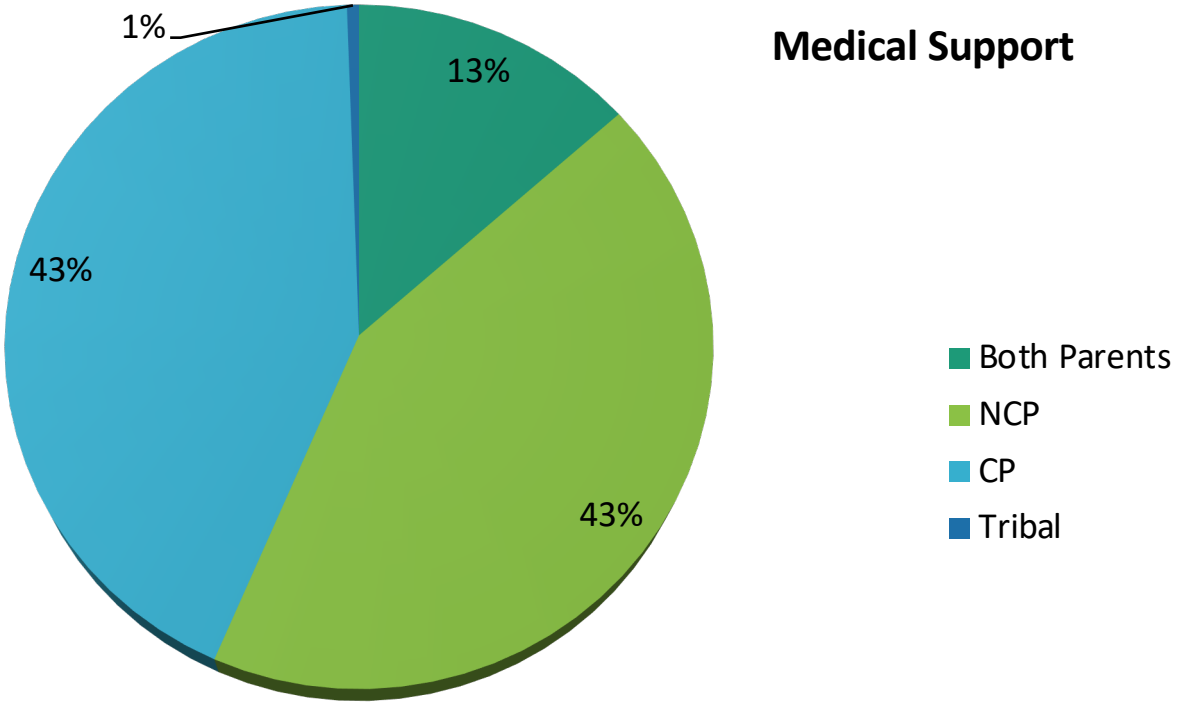
- **Federally facilitated marketplace (HealthCare.gov)**
- **One insurer in each county**
- **ACA exchange enrollment dropped by 15% in 2018**

(by Louise Norris)

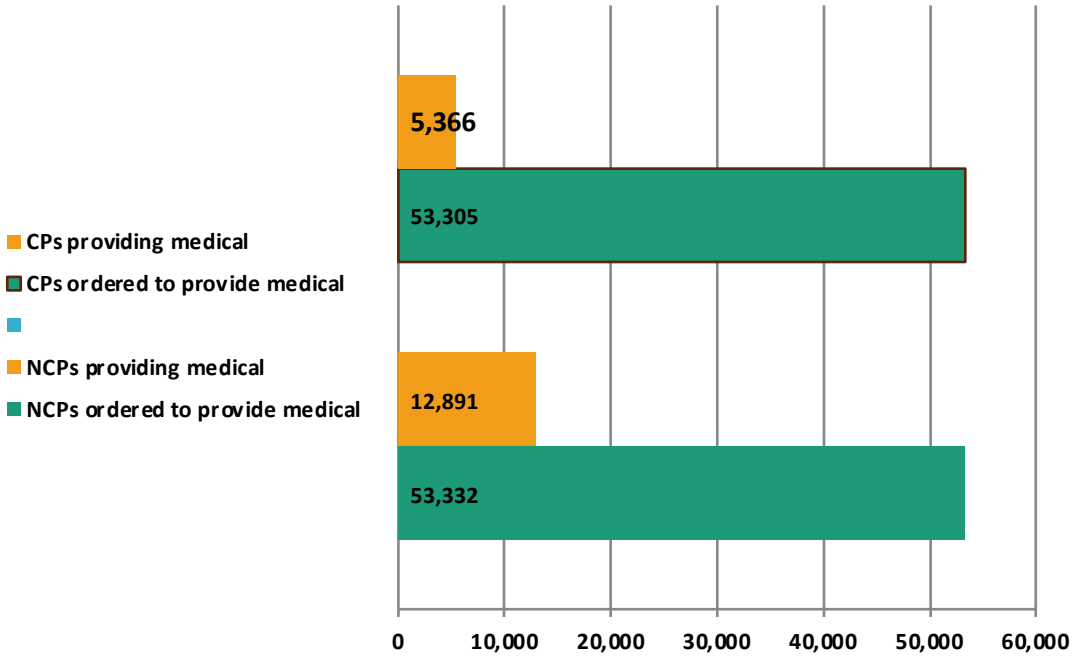
GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Medical Support for IV-D Caseload

Total number of cases with medical support orders - 124,083



Employer Sponsored Medical Insurance

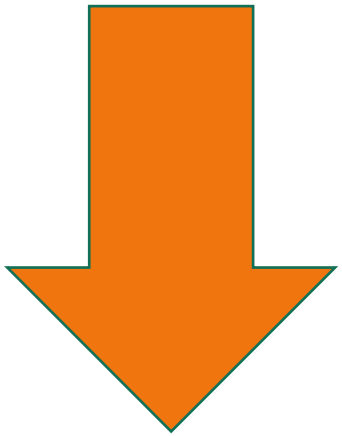


GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Arizona Child Support Guidelines & Medical Support

- **One parent ordered to provide medical support when accessible and reasonable**
- **Custodial parent is the preferred parent to provide medical support**
- **Reasonable = 5% of gross income**

National Medical Support Notices Sent



- **2016 - 25,551 notices**
- **2017- 22,015 notices**

- **13.84 % decrease in notices sent**

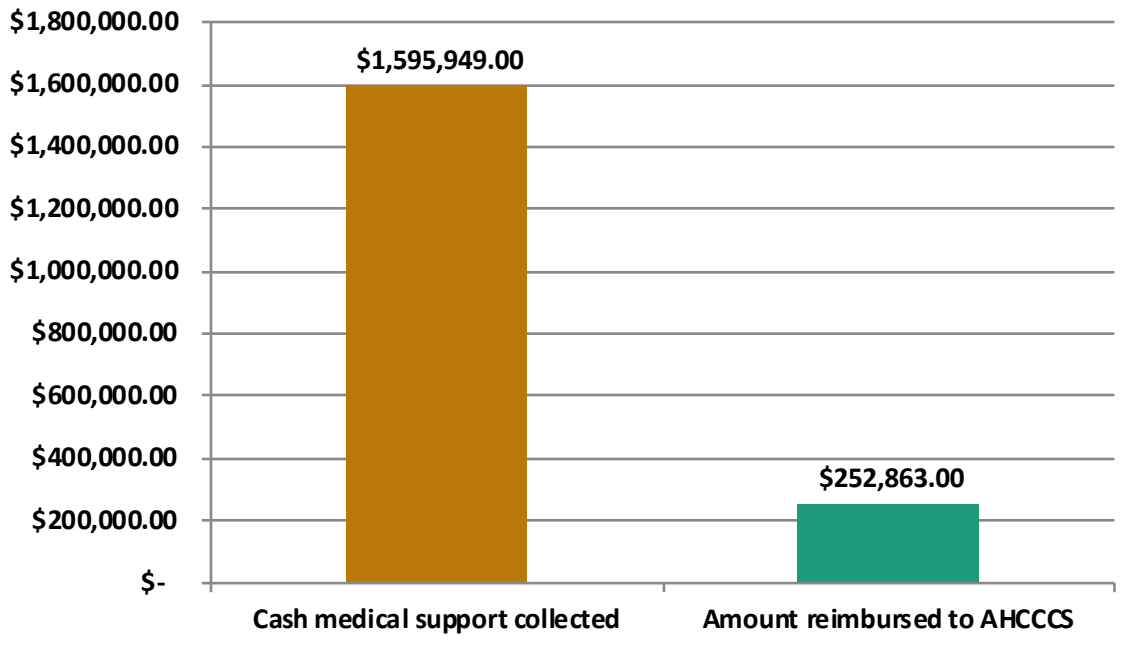
GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Cash Medical Orders

- **Only ordered in IV-D child support cases**
- **Only Obligor is ordered to pay a cash medical order**
- **Unreimbursed medical expenses in excess of cash medical support are split according to % of parents' incomes**
- **If child is receiving AHCCCS, cash medical support is assigned to the state**

Cash Medical Support Collected

10,770 NCPs ordered to pay cash medical support greater than zero



GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Cash Medical Issues

- Effective 90 days after child support order entered
- Stop by operation of law once proof of insurance received by DCSS
- Cash medical orders start again when insurance lapses
- Cash medical paid is credited against unreimbursed medical expenses

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

GREAT PLAINS
GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Questions?

Thank you for your time!

Medical Support 2.0

Where We've Been, and Where We're Going – Part 2

Jim Fleming

Presented on:
10/17/2018

After 10 Years, Procrastination Is No Longer An Option

- Every order must provide for medical support, of some kind
- In the face of a changing health care landscape, how does a state define a "win" for medical support?
  - Child has coverage
  - Costs to taxpayer are reduced – which costs?
    - CHIP and Medicaid costs
    - IV-D costs related to medical support establishment and enforcement
- Review state Medicaid referral criteria
- Caseload stratification is the key, but how?

Current Health Insurance Landscape Requires New Medical Support Strategy

- Medical support orders still required in every case; priority is providing best coverage for child
- Best case: pursue medical support from private sources, usually from NCP
- Otherwise consider shift to CP
- Order CP to provide coverage from private sources, if accessible and affordable, or public sources if not
- Typically medical support will then come from Medicaid or CHIP, or less frequently from ACA

Per Bob Williams (a/k/a "really smart guy")

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Moving Forward – Insurance/Coverage

- Look at AT-08-08, including the preamble, to find the areas of state flexibility: "How the State meets the requirement to provide for medical support in every order depends on State law and child support guidelines …."
  - Vision or dental insurance alone can be enough
  - After 2016, add public coverage to the list of options
- Reasonable cost for noncustodial parent should be defined realistically, to avoid seeking coverage that is not sustainable
- Are adequate/comprehensive and accessible still relevant considerations?

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Moving Forward – Insurance/Coverage

- If public coverage is not good enough from a State perspective, what is the desired outcome?
- How do you resolve the issue of dueling coverages:
  - NCP has private coverage, CP has public coverage
  - NCP has private coverage, CP has private coverage
- Is CP eligible for tax credits or subsidies?
- Contingency orders for coverage whenever available in future at reasonable cost, or use the modification process?

GREAT PLAINS GREATER PURPOSE
WICSEC | Omaha, NE
October 14-18, 2018

Moving Forward – Cash Medical

- Medical support can be imbedded in state child support guidelines rather than stand-alone amounts
  - Credit in guidelines for cost of insuring the child
- Dollar-specific in the order, or simply allocation of future uncovered medical costs?
  - How do you figure out those costs? Empty the shoebox?
  - How do you apportion those costs among the CP and NCP?
    - Proportionate, for income share guideline model states?

Concluding Suggestions

- Remember, cost effectiveness is one of the five performance measures. Running out of other work?
- Look for the easy win – if NCP has insurance available at reasonable cost and is NOT a job-hopper, go get it
- If not, and child has public coverage, establish or modify the support order to confirm that fact, and then walk away
- Cash medical – don't bother; costs of collection will almost always exceed the amount collected