



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAY 15 2003

TO: Wade F. Horn, Ph.D.
Assistant Secretary for
Children and Families

Thomas Scully
Administrator
Centers for Medicare and Medicaid Services

FROM: Dennis J. Duquette *Duquette*
Acting Principal Deputy Inspector General

SUBJECT: Review of the Ability of Non-Custodial Parents to Contribute Towards
Their Children's Medicaid Costs in Connecticut (A-01-02-02502)

As part of the Office of Inspector General's self-initiated audit work, we are alerting you to the issuance within 5 business days of our final audit report entitled, "Review of the Ability of Non-Custodial Parents to Contribute Towards Their Children's Medicaid Costs in Connecticut." The objectives of our review were to determine the number of children whose Non-Custodial Parents (NCP) have the ability to contribute towards the Medicaid costs Connecticut pays on behalf of their children and the amount the NCP can contribute. This review is part of a nationwide effort being performed in eight selected states. A copy of the report is attached.

Over the past decade, Congress passed several federal laws concerning uninsured children and providing them with health insurance through federal programs. While the essence of these laws is to provide private medical coverage to uninsured children on a national basis, employer-based (private) coverage has only increased by 3.5 percent from 1997 to 2001. This increase is relatively small when compared to the 12 percent increase in the number of children who received Medicaid benefits for the same time period.

We identified an estimated 12,503 children whose NCPs could contribute towards part or all of the Medicaid costs paid by the state from April 2001 through March 2002, the period we examined. We focused on NCPs whose employers did not provide medical insurance because employer-based insurance was not available or too costly. As a result, we estimate that \$9.3 million could have been collected from these NCPs, covering most of the \$13.8 million (67 percent) in Medicaid costs incurred by the state and Federal Government for these children.

On the federal level, Congress passed the Child Support Performance and Incentives Act of 1998 (CSPIA), Public Law 105-200 (effective October 1, 2001) to encourage the states to enforce medical support orders and provide health coverage to uninsured children. Under the provisions of CSPIA, the Medical Child Support Working Group was formed to develop recommendations for effective enforcement of medical support by state IV-D agencies and to report these recommendations to the Secretary of the Department of Health and Human Services. Because these recommendations are not currently regulations, the states are not obligated to implement them. Based on our analysis, we recommended that the state:

1. Continue outreach efforts with custodial parents, NCPs, and magistrates and determine the extent NCPs can contribute toward the Medicaid costs.
2. Modify existing medical support orders written under prior laws to require NCPs to contribute towards the Medicaid costs for their children if health insurance is not otherwise available at reasonable cost.
3. Modify existing child support state laws to provide for magistrates standard guidelines for determining child and medical support orders, and adopt a standard method for determining the amount an NCP can pay as reimbursement of Medicaid costs.

The state concurred with our recommendations for the three barriers identified above. The state's IV-D agency has been proactive in passing state laws authorizing family magistrates to order NCPs to pay for part or all of the Medicaid premiums when health insurance is not available through an employer or available insurance is too costly. Further, Connecticut has offered suggestions for program improvements at the federal level, which will be addressed in the roll-up report to the Administration for Children and Families and the Centers for Medicare and Medicaid Services.

If you have any questions or comments on any aspect of this report, please do not hesitate to call me or Donald L. Dille, Assistant Inspector General for Grants and Internal Activities Division at (202) 619-1175. To facilitate identification, please refer to report number A-01-02-02502 in all correspondence relating to this report.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

MAY 21 2003

Office of Audit Services
Region 1
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2684

Report Number: A-01-02-02502

Ms. Patricia A. Wilson-Coker
Commissioner
Connecticut Department of Social Services
25 Sigourney Street
Hartford, CT 06106

Dear Ms. Wilson-Coker:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Audit Services' (OAS) report entitled "Review of the Ability of Non-Custodial Parents to Contribute Towards Their Children's Medicaid Costs in Connecticut." Should you have any questions or comments concerning the matters commented on in this report, please direct them to the HHS official named below.

In accordance with the principles of the Freedom of Information Act, (5 U.S.C. 552, as amended by Public Law 104-231), OIG, OAS reports are made available to members of the public to the extent the information contained therein is not subject to exemptions in the Act, which the Department chooses to exercise (See 45 CFR Part 5).

To facilitate identification, please refer to Report Number A-01-02-02502 in all correspondence relating to this report.

Sincerely yours,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures – as stated

Direct Reply to HHS Action Official:

Mr. Hugh F. Galligan
Regional Administrator
U.S. Department of Health and Human Services
John F. Kennedy Federal Building, Room 2000
Boston, Massachusetts 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF THE ABILITY OF NON-
CUSTODIAL PARENTS TO
CONTRIBUTE TOWARDS THEIR
CHILDREN'S MEDICAID COSTS IN
CONNECTICUT**



JANET REHNQUIST
Inspector General

MAY 2003
A-01-02-02502

EXECUTIVE SUMMARY

OBJECTIVES

Our objectives were to determine the number of children whose non-custodial parents (NCPs) have the ability to contribute towards the Medicaid costs Connecticut pays on behalf of their children and the amount they can contribute. We focused on NCPs whose employers do not provide medical insurance or employer-based insurance is too costly.

FINDING

We identified an estimated 12,503 children whose NCPs could contribute towards part or all of the Medicaid costs paid by the state from April 2001 through March 2002. As a result, we estimate that \$9.3 million could have been collected from these NCPs, covering most of the \$13.8 million (67 percent) in Medicaid costs incurred by the state and Federal Government.

According to state IV-D records, NCPs did not always provide health insurance through his/her employer because health coverage was not offered or too costly. However, our analysis of earnings and court records identified that some of these NCPs could contribute towards part or all of their child(ren)'s Medicaid costs. The cost of Medicaid in Connecticut is based on Managed Care Organization (MCO) premiums ranging between \$95 and \$259 per month, that vary by age, gender and location of the child. For example, the Medicaid premiums range between \$95 and \$123 per month for children ages 1 through 14, and \$118 to \$259 for children ages 15 through 18 during the period of our review.

Although the State of Connecticut realized a 2.5 percent¹ increase in the number of children whose NCPs provided health coverage from 1997 to 2001, it should continue to work towards fully implementing related procedures and overcome the below barriers to maximize the full potential of Connecticut's law. The law requires NCPs to pay the state for the cost of providing Medicaid benefits to his or her child(ren) when private insurance is not provided by the NCP's employer or is too costly. The barriers we identified include:

1. Budget shortfalls cutting into resources for outreach efforts.
2. Court orders for medical support written under prior laws only required NCPs to provide health coverage when it is available through their employer.
3. State child support guidelines do not specify the amount NCPs can contribute toward Medicaid costs.

¹ The increase represents the estimated percentage change in sample items for 1997 (prior audit) and 2000 (current audit). Specifically, 51 of 200 NCPs provided coverage in 2000 and 46 of 200 NCPs in 1997. The increase of 6 NCPs represents a 2.5% increase in the rate of coverage.

RECOMMENDATIONS

We suggest that Connecticut:

1. Continue outreach efforts with custodial parents, NCPs, and magistrates and determine the extent NCPs can contribute toward the Medicaid costs.
2. Modify existing medical support orders written under prior laws to require NCPs to enroll their children in Medicaid if health insurance is not otherwise available at reasonable cost.
3. Modify existing child support state laws to provide for magistrates standard guidelines for determining child and medical support orders, and adopt a standard method for determining the amount an NCP can pay as reimbursement of Medicaid costs.

STATE AGENCY COMMENTS

The state concurred with the above recommendations (See Appendix C).

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BACKGROUND

The Child Support Enforcement program was enacted in 1975 under Title IV-D of the Social Security Act. The purpose of this program was to establish and enforce child support and medical orders. In Connecticut, the Bureau of Child Support Enforcement is the IV-D agency that administers the child support enforcement program within the Department of Social Services. State IV-D agency responsibilities include intake, establishment of paternity, and enforcing child and medical support orders.

Over the past decade, Congress passed several federal laws concerning uninsured children and providing them with health insurance through federal programs. While the essence of these laws is to provide private medical coverage to uninsured children on a national basis, employer-based (private) coverage has only increased by 3.5 percent from 1997 to 2001. This increase is relatively small when compared to the 12 percent increase in the number of children who received Medicaid benefits for the same time period.

Because medical support orders are not always enforceable, especially when employers do not provide health insurance or the cost is unreasonable for non-custodial parents (NCPs), some IV-D children are enrolled in Medicaid. Both the state and Federal Government share the costs incurred under the Medicaid Fee-For Service program or regular payments to Managed Care Organizations (MCOs).

In Connecticut, the Medical Care Administration, Managed Care Division, Department of Social Services, oversees the Medicaid program. The state has arranged contracts with various MCOs to provide services to Medicaid recipients at negotiated capitation rates (premiums). The premiums are based on recipient age and county location, and are paid monthly to the MCOs.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of our review were to determine the number of children whose NCPs have the ability to contribute towards the Medicaid costs Connecticut pays on behalf of their children and the amount the NCP can contribute. We focused on NCPs whose employers did not provide medical insurance because employer-based insurance was not available or too costly.

Scope

We selected a random sample of 200 children from a population of 33,791 children:

- who received IV-D services,
- whose NCPs had been court ordered to provide health coverage, and
- whose NCPs made child support payments during the period April 2001 through March 31, 2002.

Cases were randomly selected using a simple sampling design. Details on our sampling methodology and attribute and variable projections are presented in Appendices A and B.

We used applicable child support and Medicaid laws, regulations, and guidelines to determine whether NCPs could contribute towards related Medicaid costs.

We did not review the overall internal control structure of the child support agency. Our internal control review was limited to obtaining an understanding of the process used to enforce medical support orders. Further, we tested the reliability of computer files used to determine the population for our sample by tracing pertinent data to source documents.

Methodology

For each sample item, we:

- Reviewed state IV-D computer files to determine the medical enforcement status for each child and the amount paid in child support, which reflects all children in the family.
- Verified the accuracy of medical support information to computer files independently maintained by other state agencies. However, we relied on state IV-D records to determine if health insurance was available to the NCP and if the cost of private insurance was reasonable.
- Obtained NCP gross income from the Department of Labor (DOL) and court records and used federal and state withholding information to calculate net income.
- Determined how much the NCP could pay towards the Medicaid costs incurred by the state on behalf of his or her child(ren). Accordingly, we adjusted NCP net income as follows:
 - reduced by total child support for the family,
 - reduced by self-reserve for the NCP,
 - factored in other debt (if any), and
 - divided by the number of children.

We performed our fieldwork at the state IV-D agency between July and December 2002. We issued our draft report on February 23, 2003, and received comments from the state in a letter dated March 31, 2003. Our review was conducted in accordance with generally accepted government auditing standards.

FINDINGS IN DETAIL

We identified an estimated 12,503 children whose NCPs could contribute towards part or all of the Medicaid costs paid by the state from April 2001 through March 2002. As a result, we estimate that \$9.3 million could have been collected from these NCPs, covering most of the \$13.8 million (67 percent) in Medicaid costs incurred by the state and Federal Government.

According to state IV-D records, NCPs did not always provide health insurance through his/her employer because health coverage was not offered or too costly. However, our analysis of earnings and court records identified that some of these NCPs could contribute towards part or all of their

child(ren)'s Medicaid costs. The cost of Medicaid in Connecticut is based on MCO premiums that vary by age, gender and location of the child. The Medicaid premiums in Connecticut range between \$95 and \$123 per month for children ages 1 through 14, and \$118 to \$259 for children ages 15 through 18 during the period of our review.

Although the State of Connecticut realized a 2.5 percent¹ increase in the number of children whose NCPs provided health coverage from 1997 to 2001, it should continue to work towards fully implementing related procedures and overcome the below barriers to maximize the full potential of Connecticut's law. The law requires NCPs to pay the state for the cost of providing Medicaid benefits to his or her children when private insurance is not provided by the NCP's employer or is too costly. The barriers we identified include:

1. Budget shortfalls cutting into resources for outreach efforts.
2. Court orders for medical support written under prior laws only required NCPs to provide health coverage when it is available through their employer.
3. State child support guidelines do not specify the amount NCPs can contribute toward Medicaid costs.

CRITERIA

Three specific categories we used as the basis of our review include:

(1) Federal Laws Regarding the Enforcement of Medical Support

⇒ Title 45 CFR 303.31(b)(1), regarding the securing and enforcing of medical support obligations, states that for AFDC (Aid to Families with Dependent Children) and Medicaid cases,

“...the IV-D agency shall, unless the custodial parent and child(ren) have satisfactory health insurance other than Medicaid, petition the court or administrative authority to include health insurance that is available to the noncustodial parent at reasonable cost in new or modified court or administrative orders for support.”

⇒ Title 45 CFR 303.31(a)(1), also states

“...health insurance is considered reasonable in cost if it is employment-related or other group health insurance, regardless of service delivery.”

¹ The increase represents the estimated percentage change in sample items for 1997 (prior audit) and 2000 (current audit). Specifically, 51 of 200 NCPs provided coverage in 2000 and 46 of 200 NCPs in 1997. The increase of 6 NCPs represents a 2.5% increase in the rate of coverage.

(2) State Law Requiring NCP Contributions Towards Medicaid

Recognizing that NCPs have an obligation to provide health coverage for their children, Connecticut enacted legislation requiring NCPs to contribute towards their children’s Medicaid costs when health insurance at reasonable cost is unavailable. Effective July 1,1999, Connecticut State law, Public Act 99-279,

- ⇒ directs the court or family support magistrate to “...include in each support order in a IV-D case a provision for health care coverage of the child...” and
- ⇒ requires that if such insurance is unavailable at reasonable cost, the provision for health care coverage may include an order for the non-custodial parent to pay such amount as is specified by the court to the state or the custodial party to offset the cost of any insurance payable under the Health Care for Uninsured Kids and Youth (HUSKY) Plan, Part A (Medicaid). This would include premiums paid to MCOs under the Medicaid program.

(3) Connecticut’s Enforcement Process

The state’s IV-D program is operated on a judicial basis meaning support must be ordered and modified through the courts. The process of establishing medical support enforcement begins when the state IV-D agency obtains a medical support order from the court. The medical support order is usually obtained at the same time that the state obtains the child support order. Although a medical support order may exist for each child, not all medical orders can be enforced even though the NCP is actively employed and is current on his or her child support payments. These situations occur when health insurance cannot be obtained by the NCP because it is not always available from the employer or the cost is unreasonable.

CONDITION

Analysis of the 200 Cases Reviewed

We reviewed a random sample of 200 state IV-D children to determine how many NCPs could contribute towards their child(ren)’s Medicaid costs. Our sample was selected from 33,791 children whose NCPs have been court ordered to provide health coverage, if available by an employer.

As shown in Figure 1, 74 NCPs could pay part or all of their child(ren)’s Medicaid costs, 51 provided coverage, and 49 NCPs could not afford to contribute towards their child’s health coverage. The remaining 26 consisted of 12 cases that were not Medicaid eligible and 14 included cases where the family became intact, the case was closed, the CP moved out of state, or enforcement of medical support was pending.

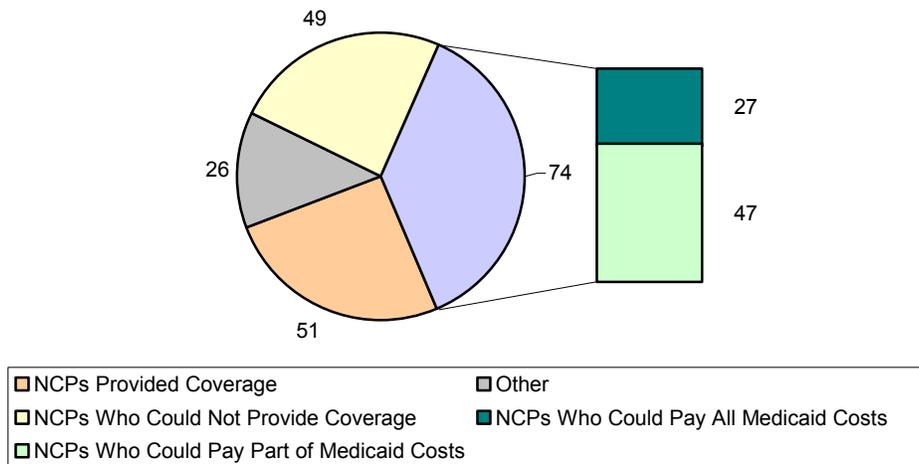


Figure 1, Analysis of 200 Cases Reviewed

Seventy-Four NCPs Could Pay All or Part of Their Child(ren)’s Medicaid Costs

(1) **Twenty-seven NCPs** could pay all of their child’s Medicaid costs. To determine how much the NCPs could contribute towards the cost of enrolling their IV-D children in the HUSKY Plan, we used Connecticut’s IV-D guidelines and formulas for determining child and medical support, including the following information:

- NCP net pay.
- Monthly child support payments.
- Minimum NCP income for self-support.
- Divided by the number of children.

Income Categories	Frequency	Avg Monthly Gross Income	Avg Annual Gross Income
Less than \$1,000	0	\$ -	\$ -
\$1,000 to \$1,999	9	\$ 1,637.53	\$ 19,650.31
\$2,000 to \$2,999	14	\$ 2,412.25	\$ 28,946.97
\$3,000 to \$3,999	3	\$ 3,274.31	\$ 39,291.76
\$4,000 to \$4,999	0	\$ -	\$ -
\$5,000 +	1	\$ 5,160.75	\$ 61,929.00
Total	27		
Average			\$28,219

As illustrated in the above table, the average annual income for the 27 NCPs was over \$28,000 with salaries ranging between \$19,650 and \$61,929. We believe that NCPs who earn income at this level have the capability to afford the Medicaid costs in addition to child support payments.

- (2) **Forty-seven NCPs** could pay part of their child’s Medicaid costs. As shown below, their average annual income was over \$23,000 with salaries ranging between \$17,310 and \$70,042. Again, this group of NCPs could well afford to pay part of the Medicaid costs.

Income Categories	Frequency	Avg Monthly Gross Income	Annualized By OIG
Less than \$1000	0	\$ -	\$ -
\$1,000 to \$1,999	29	\$ 1,442.57	\$ 17,310.78
\$2,000 to \$2,999	13	\$ 2,215.56	\$ 26,586.74
\$3,000 to \$3,999	4	\$ 3,468.00	\$ 41,615.94
\$4,000 to \$4,999	0	\$ -	\$ -
\$5,000 +	1	\$ 5,836.84	\$ 70,042.08
Total	47		
Average			\$23,066.94

Fifty-One NCPs Contributed Towards the Health Coverage of Their Child(ren)

Fifty NCPs provided coverage for their children and one NCP was ordered by the court to pay the Medicaid costs for his/her child because health coverage was not available. We compared our current and prior results in the below table to identify any noteworthy trends. We found that the number of children with coverage increased by nearly 9 percent², even though the economy in 2001 was weaker than in 1997. Also, we identified one case in our sample where the NCP was court ordered to contribute towards the Medicaid costs the state was paying on behalf of his/her child.

	1997	2001
<i>Children With Coverage</i>	46	50*
<i>NCPs Paying Medicaid Costs</i>	0	1
Total Contributing NCPs	46	51

*42 NCPs reported income in Connecticut

In response to our 1997 review, Connecticut adopted a law requiring NCPs to contribute towards Medicaid costs when health insurance is not available or too costly and their children are eligible for benefits. We identified one of 200 children where the NCP was contributing towards the Medicaid costs as an indication that the state is implementing this law.

EFFECT

We found that the 74 NCPs could contribute \$55,166 towards their child(ren)’s Medicaid costs. Projecting our results, we estimate that \$9.3 million could have been collected from the 12,503 NCPs and cover most of the \$13.8 million (67 percent) in Medicaid costs incurred by the state and Federal Government from April 2001 through March 2002.

² Increase in the number of children found to be supported from prior audit to current audit.

Feasibility of NCP Contributions

As described above, 27 of the 74 NCPs could pay all of the Medicaid costs incurred by the state on behalf of their child(ren). To test the feasibility of our assertion, we compared NCP income for the 42 in-state NCPs who provided coverage to the 27 in-state NCPs we determined could pay all of the Medicaid costs for their children. As shown in the table below, the range of income for both groups is fairly similar. In fact, the lower range of \$12,000 for NCPs who provided coverage is less than the low side of \$16,000 for NCPs we determined could pay the entire Medicaid costs. Therefore, we believe it is feasible that the 27 NCPs we identified could fully afford the Medicaid costs.

Base	Number of NCPs	Annual Income	
		Low	High
NCPs who Do Not Have Coverage, but Could Pay Medicaid Costs	27	\$16,000	\$62,000
NCPs who Provided Coverage	42	\$12,000	\$66,000

CAUSE

Barriers Preventing Connecticut from Reaching the Full Potential of Its Law

On the federal level, Congress passed the Child Support Performance and Incentives Act of 1998 (CSPIA), Public Law 105-200 (effective October 1, 2001) to encourage the states to enforce medical support orders and provide health coverage to uninsured children. Under the provisions of CSPIA, the Medical Child Support Working Group was formed to develop recommendations for effective enforcement of medical support by state IV-D agencies and to report these recommendations to the Health and Human Services (HHS) Secretary. Because these recommendations are not currently regulations, the states are not obligated to implement them. Below, we compared the barriers we identified for enrolling IV-D children into Medicaid in Connecticut with recommendations reported by the CSPIA working group.

- ⇒ ***Budget shortfalls cutting into resources for outreach efforts.*** Connecticut officials believe that once NCPs realize they are responsible for their children’s health care costs, they will become more diligent in obtaining adequate health care for their children through alternative means.
- ⇒ ***Court orders for medical support written under prior laws only required NCPs to provide health insurance when it is available through their employer.*** Under related Connecticut laws, the state IV-D agency can require NCPs to contribute towards Medicaid costs when medical insurance is not available. To bring every medical support order in compliance with the current laws, the state IV-D agency would have to modify the court orders established before legislation was passed.
- ⇒ ***State child support guidelines do not specify the amount NCPs can contribute toward Medicaid costs.*** Under Connecticut law, family support magistrates can use their discretion in assessing the amount of an NCP’s contribution towards reimbursement of Medicaid premiums.

However, Connecticut officials indicated that magistrates generally have not imposed an amount to reimburse Medicaid costs because of lack of definitive guidelines for determining the amount of the contribution. Further complicating matters is that unlike NCPs who provide and pay for private medical coverage, the amount of which may be considered when modifying a child support order, the amount which may be ordered to reimburse Medicaid is not subject to similar consideration. Therefore, magistrates will only order financial child support and the state and Federal Government miss the opportunity to obtain part or all of the Medicaid costs.

The CSPIA working group has suggested a limit of 5 percent of gross income when determining NCP contributions for health care coverage. This appears reasonable considering the vast knowledge of working group members, including individuals from HHS, DOL, state child support and Medicaid directors, employers, group health plans, and related advocacy groups.

RECOMMENDATIONS

Even though the state has made some progress in paying towards the health insurance of IV-D children, it should continue to work towards fully implementing related procedures and overcome the above barriers to maximize the full potential of Connecticut's law.

Accordingly, we suggest that Connecticut:

1. Continue outreach efforts with custodial parents, NCPs, and magistrates and determine the extent NCPs can contribute toward the Medicaid costs.
2. Modify existing medical support orders written under prior laws to require NCPs to contribute towards the Medicaid costs for their children if health insurance is not otherwise available at reasonable cost.
3. Modify existing child support state laws to provide for magistrates standard guidelines for determining child and medical support orders, and adopt a standard method for determining the amount an NCP can pay as reimbursement of Medicaid costs.

STATE AGENCY COMMENTS

The state concurred with our recommendations for the three barriers identified in our report (See Appendix C). The state also commented that this report demonstrates how the state and Federal Government agencies can work together to address complex issues and develop recommendations we can all support. As stated above, Connecticut's IV-D agency has been proactive in passing state laws authorizing family magistrates to order NCPs to pay for part or all of the Medicaid premiums when health insurance is not available through an employer or available insurance is too costly. Further, Connecticut has offered suggestions for program improvements at the federal level, which will be addressed in a roll-up report to ACF and CMS.

APPENDICES

SAMPLING METHODOLOGY (ATTRIBUTE PROJECTIONS)

We used a simple random sample of 200 cases out of 33,791 Medicaid eligible children (whose NCPs are paying child support and were ordered to provide medical support) to project the occurrence of certain types of errors. The results of these projections at the 90 percent confidence level are presented below. The projections were made using an unrestricted attribute appraisal program.

We identified:

- 74 cases where the NCP could afford to pay all or part of their child's Medicaid premiums;
- 51 cases where the NCP provided health coverage or paid Medicaid premiums;
- 49 cases where the NCP could not afford to pay any portion of their child's Medicaid premium; and
- 26 cases where the NCPs' children were not Medicaid eligible, the state was in the process of enforcing medical support orders or other circumstances existed precluding the children from being included in the projections.

ESTIMATE OF THE NUMBER OF TITLE IV-D CASES THAT COULD FULLY OR PARTIALLY AFFORD MEDICAID PREMIUMS
--

	Number of Cases in Sample	Estimate of Number of Cases	90 Percent Confidence Level	
			Lower Limit ¹	Upper Limit ¹
NCPs Who Could Fully or Partially Afford Medicaid Premiums	74	12,503	10,584	14,519
NCPs Who Could Fully Afford Medicaid Premiums	27	4,562	3,282	6,123
NCPs Who Could Partially Afford Medicaid Premiums	47	7,941	6,302	9,781

The table above shows the results of projecting the 74 cases of NCPs who could either fully or partially afford Connecticut's Medicaid premiums. It also provides the projections for each subgroup. Specifically, we estimated 12,503 cases with NCPs that could pay all or part of the Medicaid premium between April 1, 2001 and March 31, 2002.

We are 90 percent confident that the number of IV-D children who received Medicaid coverage because private health insurance was unavailable or unaffordable to NCPs who could afford all or part of Connecticut's premiums fell between 10,584 and 14,519.

¹ Confidence limits for each sub estimate reflect the precision of that estimate only. Accordingly, the lower and upper confidence limits for each sub estimate will not add up to the limits in the overall estimate.

**SAMPLING METHODOLOGY
(VARIABLE PROJECTIONS)**

A simple random sample of 200 Medicaid eligible children (whose NCPs are paying child support and were ordered to provide medical support) was used for this review. The value of the sample was \$150,647.

POPULATION

We used the Connecticut extract file containing Medicaid eligible children of paying NCPs with court orders to provide medical support. The state’s tape extract includes a total population of 33,791 children.

RESULTS OF SAMPLE:

The results of our review are as follows:

ESTIMATE OF MEDICAID SAVINGS FOR TITLE IV-D CASES THAT COULD FULLY OR PARTIALLY AFFORD MEDICAID PREMIUMS

	Number of Cases in Sample	Estimate of Savings	90 Percent Confidence Level	
			Lower Limit ¹	Upper Limit ¹
NCPs Who Could Fully or Partially Afford Medicaid Premiums	74	\$9,320,551	\$7,539,815	\$11,101,287
NCPs Who Could Fully Afford Medicaid Premiums	27	\$4,629,961	\$3,073,608	\$6,186,315
NCPs Who Could Partially Afford Medicaid Premiums	47	\$4,690,590	\$3,532,439	\$5,848,740

The table above summarizes our statistical projections for the total amount Connecticut could save in Medicaid costs. It also provides the projections for each subgroup. Specifically, we estimated that Connecticut could save as much as \$9.3 million in Medicaid costs for the 12,503 IV-D children with NCPs who could fully or partially afford Medicaid premiums. We are 90 percent confident that the Medicaid savings for children of NCPs where private insurance was unavailable or unaffordable fell between \$7.5 and \$11.1 million.

¹ Confidence limits for each sub estimate reflect the precision of that estimate only. Accordingly, the lower and upper confidence limits for each sub estimate will not add up to the limits in the overall estimate.

ESTIMATE OF MEDICAID PREMIUMS FOR TITLE IV-D CASES RECEIVING MEDICAID BENEFITS WHOSE NCPs COULD FULLY OR PARTIALLY AFFORD MEDICAID PREMIUMS
--

	Number of Cases in Sample	Estimate of Premiums	90 Percent Confidence Level	
			Lower Limit	Upper Limit
Medicaid Premiums for Cases Where NCPs Could Fully or Partially Afford Medicaid Premiums	74	\$13,836,610	\$11,522,462	\$16,150,758

The table above summarizes our statistical projections for the total amount of Medicaid premiums for those cases where the NCP could contribute fully or partially toward the Medicaid premium. Specifically, we estimated that Medicaid premiums are as much as \$13.8 million for the 12, 503 IV-D children with NCPs who could fully or partially afford Medicaid premiums. We are 90 percent confident that the Medicaid premiums for children of NCPs where private insurance was unavailable or unaffordable fell between \$11.5 and \$16.2 million.



STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

APPENDIX C

Page 1 of 2

Patricia A. Wilson-Coker, JD, MSW
COMMISSIONER

TELEPHONE
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March 31, 2003

Ms. Lori Pilcher, Audit Manager
Department of Health and Human Services
Office of Audit Services
John F. Kennedy Federal Building
Boston, MA 02203

RE: CIN: A-01-01-02500

Dear Ms. Pilcher:

We recognize that to many families access to high quality medical care can be as important as the receipt of financial child support. We encourage all noncustodial parents (NCP) to be fully involved in the lives of their children. This involvement includes emotional and financial support, and when possible, the provision of quality health care coverage.

While all child support orders must contain a provision for medical support, not all NCPs can comply with such an order, due to private health insurance not being available through the employer, or the cost of the insurance being prohibitive. Your report highlights the concerns Connecticut has in enforcing medical support orders and offers recommendations on ways for the State to establish a monetary medical support order. The advantage of such an approach is two-fold (1) it allows the State to recover funds when, due to the inability of a noncustodial parent to provide health insurance, the family must rely on publicly-funded medical benefit programs, such as Medicaid or S-CHIP and (2) it establishes a monetary medical order that can travel with the family as it eventually moves from reliance on publicly-funded programs, to a situation in which the family can secure private medical coverage.

Before responding to each specific recommendation we must mention the potential positive impact of the implementation of the National Medical Support Notice (NMSN). As you are aware, upon receipt of an NMSN an employer is required to automatically enroll the NCP's children in the company's health plan. Connecticut implemented the NMSN in October 2002, and based on our experience to date, we expect the NMSN will continue to increase the number of children who have access to privately funded health care. Since its inception in October 2002 we have already experienced an approximate 2.5% increase in the number of children where health insurance is provided as ordered.

1. *Continue outreach efforts with custodial parents, NCPs and magistrates including an emphasis on the new laws and to what extent NCPs can contribute towards the Medicaid costs.*

Connecticut concurs with this recommendation. Continued outreach and education is required to ensure that all agencies and individuals involved with the Child Support Program understand the importance of medical support, and the options available under Connecticut statutes for providing medical coverage.

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2. *Modify existing medical support orders written under prior laws to require NCPs to contribute towards the Medicaid costs for their children if health insurance is not otherwise available at reasonable cost.*

Connecticut concurs with this recommendation. When child support cases are before the court for a modification, the modification must consider the NCP's ability to provide monetary medical coverage if the NCP cannot provide employer or group based health benefits. We also need to ensure that the orders are sufficiently inclusive to allow monetary medical coverage if health insurance is not available. While an order for "health insurance" is specific to insurance, an order for "health coverage" would cover both reimbursement of state funded programs as well as employer sponsored health benefits if the NCP obtains employment in which such plans are offered.

3. *Modify existing child support laws to provide for magistrates standard guidelines for determining child and medical support orders, and adopt a standard method for determining the amount an NCP can pay as reimbursement of Medicaid costs.*

Connecticut concurs that the federal definition for reasonable cost must be modified. We support the recommendations that have been made to HHS-OCSE by the national Child Support Organizations:

"States should have the authority to develop an income-based standard as a definition of reasonable cost, or adopt the 5% (of gross income) definition of reasonable cost, as recommended by the National Medical Support Working Group."

This approach has worked well with regards to child support guidelines, i.e., while every state is required to have child support guidelines, it is left to each state to develop and adopt their own version. A similar approach for medical support would be equally successful, especially since determining a noncustodial parent's ability to provide medical support is closely linked to determining financial child support. To move forward on this issue requires the HHS-OCSE to make the necessary regulatory changes.

This report is an example of how state and federal agencies can work together to address complex issues and develop recommendations we can all support. We compliment George Nedder and his auditing team for their spirit of cooperation when working with staff of the Child Support Program, both this agency's Bureau of Child Support Enforcement and Support Enforcement Services of the Judicial Branch. Their openness to discussion and our concerns greatly added to the value of the report.

Sincerely,


Patricia A. Wilson-Coker
Commissioner

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ACKNOWLEDGEMENTS

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