

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2804-01
Bill No.: Perfected SB 740
Subject: Creates the Uniform Child Custody Jurisdiction and Enforcement Act.
Type: Original
Date: March 14, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(In excess of \$169,671)	(In excess of \$129,908)	(In excess of \$135,974)
Total Estimated Net Effect on <u>All</u> State Funds	(In excess of \$169,671)	(In excess of \$129,908)	(In excess of \$135,974)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

CHILD CUSTODY JURISDICTION PROVISIONS

Officials from the **Department of Social Services - Research & Evaluation Division (DOS)** state there is no change to the procedures in Chapter 211, RSMo, which deal with juvenile court, the Division of Family Services, and the Division of Youth Services custody. As a result, DOS officials state they do not believe the proposed legislation will fiscally impact their organization.

Officials from the **Office of State Courts Administrator (CTS)** stated the proposed legislation would revise the Uniform Child Custody Jurisdiction Act, replacing current law with new language. The CTS officials state that because of problems with interpretation of this bill, and the ramifications of possible adoption by Missouri only, and the subsequent differences between Missouri law and that of other states, they are unable to provide a cost estimate at this time. The CTS officials added that the language of the statute would open these cases up to consideration of visitation issues. This could result in a significant workload increase for the courts and a significant fiscal impact. The CTS officials state they have no way of estimating the impact at this time.

Officials from the **Office of Prosecution Services (OPS)** and the **State Public Defender (SPD)** assumed the proposed legislation will not fiscally impact their organizations.

Oversight assumes that the duties for the court system will increase should this proposal be enacted. The fiscal impact cannot be exactly determined based on the information supplied by the CTS. However, Oversight assumes the unknown cost of this proposal is expected to be in excess of \$100,000 annually. This unknown effect is chargeable to the General Revenue Fund.

NATIONAL MEDICAL SUPPORT NOTICE PROVISIONS

Officials from the **Department of Social Services - Division of Medical Services (DOS - DMS)** stated that the proposal would aid DMS in collecting recoveries from insurance companies which provide benefits to Medicaid eligibles (third-party liability - TPL - recoveries).

Children are an automatic bypass for TPL recoveries. DMS pays Medicaid providers for medical services for Medicaid eligible children and then attempts to recover payments from health benefits plans when DMS discovers that the eligible has commercial health insurance coverage. This process is called "pay and chase".

The **Division of Child Support Enforcement (DCSE)** estimates that 4,488 children per year have health insurance coverage as part of their child support. DMS's experience has been that ASSUMPTION (continued)

33% of these cases are covered by commercial health insurance. The average annual TPL collection from child support health insurance recoveries is \$357.95. DMS officials estimate potential additional recoveries as:

$$4,488 \times 33\% = 1,481 \text{ cases} \times \$357.95 \text{ per case} = \$530,124$$

DCSE officials stated that DCSE personnel would have to send a National Medical Support Notice (NMSN) with each income withholding notice to an employer or union within two business days after a new hire is entered into the State Directory of New Hires when: 1) the non-custodial parent (NCP) has been ordered to provide medical insurance but is not doing so, or 2) an income withholding notice is deemed inappropriate but it is appropriate to send an NMSN.

Officials stated that the Division issued 98,087 income withholding notices and that 66% of NCPs has been ordered to provide medical insurance. The Division would, therefore, mail 64,737 NMSNs annually. The Division already sends withholding notices via certified mail. Each NMSN would add 2 ounces to the mailings.

Additional postage would be $64,737 \times \$0.46 = \$29,779$.

DCSE officials anticipate the proposal would increase inquiries from custodial parents, non-custodial parents, employers and unions, increase hearings and require additional time to enter insurance data into the Missouri Automated Child Support System (MACSS).

Officials anticipate that 72% of NCPs would be offered health insurance coverage through their employers, therefore 46,611 NMSNs ($64,737 \times .72$) could affect Child Support Enforcement (CSE) Technicians. Officials also note that the Division also sends out about 21,183 (actual in FY 2001) Orders to Enroll dependents in health benefit plans.

$46,611 - 21,183 = 25,428$ additional notices.

Each notice take about one-half hour to complete.

$25,428 \times .5 \text{ hours} = 12,714 \text{ hours} / 2080 \text{ hours per year} = 6 \text{ FTE}$.

CSE Technicians would have additional duties of contacting custodial parents, reviewing health benefit options and choosing a health care plan in some cases. This process takes an average of 1.5 hours per case. DCSE officials estimate (using Kaiser Foundation research) that of the 46,611 NMSNs where the NCP would be offered health insurance by the employer, 17% are not enrolled in employer-offered plans and 65% are offered more than one insurance plan option.

ASSUMPTION (continued)

$46,611 \text{ NMSNs} \times .17 = 7,924 \text{ notices} \times .65 = 5,151 \text{ notices requiring review}$

$5,151 \times 1.5 \text{ hours} = 7,727 \text{ hours} / 2080 \text{ hours per year} = 4 \text{ FTE.}$

DCSE workload measures are one supervisor per five CSEs and one clerical support person per three professional staff, thus officials would request 10 Child Support Enforcement Technicians, two Child Support Enforcement Supervisors, two Clerk Typists II and a Clerk Typist III to carry out duties related to this proposal.

DCSE officials estimate that changes to the MACSS would require 250 hours through a third party contractor. The contractor cost would be \$105 per hour. Total cost would be \$26,250.

DCSE officials also estimated an impact on DMS Medicaid programs. Officials determined that (based on FY 2001 activity) DCSE would issue 43,554 additional medical notices annually due to this proposal.

$(98,087 \text{ NMSNs} \times .66 \text{ cases where NCP has been ordered to provide health insurance} - (\text{minus}) 21,183 \text{ medical notices already sent out each year} = 43,554 \text{ additional notices})$

DCSE officials determined that 47% of IV-D cases are on Medicaid, therefore 20,470 medical notices will go to IV-D Medicaid cases. DCSE surveys show that the employer or union enrolls the child in their health insurance plan 21% of the time, after receiving a medical notice. DCSE officials assume that the implementation of NMSN would make the assurance of insurance available to the NCP (non-custodial parent) unknown. Therefore, for fiscal note purposes, DCSE officials assume that IV-D children would be enrolled in employer or union health care plans 15% of the time, after receiving medical notices. The number of IV-D Medicaid cases where children would be enrolled in the NCP's health plan is estimated at 3,070 $(20,470 \times .15)$ annually.

Officials estimate that with NMSN (National Medical Support Notice) requirements, they would send notices to TPL (third party liability) in 86% of IV-D Medicaid cases. There are an average of 1.7 children per IV-D case; therefore 4,488 IV-D children would be covered for at least one month annually due to NMSN requirements.

$(3,070 \times .86 = 2,640 \times 1.7 \text{ children per case} = 4,488 \text{ children.})$

would not govern adoption proceedings, proceedings pertaining to the authorization of emergency medical care for a child, or proceedings governed by the Indian Child Welfare Act. Courts would treat a foreign country as a state of the United States for purposes of applying the Uniform Child Custody Jurisdiction and Enforcement Act, except where the child custody law of the foreign country violates fundamental human rights principles. The proposal would make other various changes in the child custody statutes.

This proposal would require the Department of Social Services' Division of Child Support Enforcement to use federal guidelines when notifying employers of their obligation to enroll an obligor's (usually a non-custodial parent's) child in their health benefits plan. The plans would provide custodial parents and the Division of Child Support Enforcement with a description of coverage or coverages available.

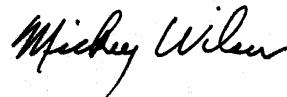
The proposal specifies actions and time frames for actions required of custodial and non-custodial parents, employers and health plans in response to Department of Social Services notices.

The proposal contains a severability clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Social Services



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Acting Director
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