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FISCAL IMPACT REPORT

SPONSOR: Altamirano DATE TYPED: 02/19/03 HB _____

SHORT TITLE: Health Care Coverage in Child Support Cases SB 668

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: HB 614 with only minor differences that does not change the intent or potential result.

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

Senate Bill 668 seeks to amend the Mandatory Medical Support Act (§40.4C NMSA 1978) to bring New Mexico into compliance with the federally mandated requirements for enforcing medical support of children and the use of the National Medical Support Notice required by the Child Support Performance and Incentives Act (CSPIA) now codified as 42 USC Sec. 666(a)(19) and implemented by 45 CFR 303.32.

SB 668 would require the use of a federal form, the National Medical Support Notice (NMSN), to enforce medical support orders where the non-custodial parent is to provide dependent medical coverage through an employment related health insurance plan.

The NMSN will be used to transfer notice to the employer of provision of health care coverage for children, and to act as a notice to employers to withhold mandatory employee contributions for health care coverage for children. SB668 requires employers to use the NMSN to transfer notice to the group health plan that children are to be covered, and requires employers to notify

the department of termination of effected employees. The group health plans are to use the NMSN to notify the Human Services Department (HSD) and custodial parent of health care coverage for children.

This modification to the house version is acceptable to HSD.

Significant Issues

42 USC Sec. 666(a)(19) requires State child support agencies, under Title IV-D of the Social Security Act, to have a law in place to enforce health care coverage provisions in a child support order through use of the National Medical Support Notice. "Such State laws must be effective no later than the close of the first day of the first calendar quarter that begins after the close of the first regular session of the State legislature that begins after October 1, 2001."

The enactment of SB 668 is needed to comply with federal mandates providing a uniform nationwide mechanism for the enforcement of medical support orders to insure that all children who should be covered in accordance with a medical support order are in fact covered by the available group insurance plan of the parent.

FISCAL IMPLICATIONS

The National Medical Support Notice is a Federal mandate. If the state does not adopt the mandate, HSD would be subject to financial penalties for being out of compliance with its Title IV-D State Plan (up to 5% of the TANF grant) and loss of Federal participation (66% of administrative costs) for the Child Support Enforcement Program.

HSD estimates incurring a one-time programming cost of \$150,000 plus the initial mailing/printing costs of \$41,760 and annual mailing/printing costs of \$32,412 for the multiple-page notice. The federal government, on a ratio of 66% federal money to 34% state money, matches the Title IV-D program costs required to comply with the SB 668 provisions.

It is likely that implementation of SB 668 would have an effect of reducing the number of children on Medicaid; however, no data is yet available to verify this from states that have already implemented the NMSN.

ADMINISTRATIVE IMPLICATIONS

Additional staff time and computer programming will be incurred in enforcing the new requirements.

MW/prr