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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 01/29/09  
**LAST UPDATED** 03/14/09    **HB** \_\_\_\_\_

**SPONSOR** Martinez, R.

**SHORT TITLE** Child Support Arrears and Medical Coverage    **SB** 57/aSJC/aHJC

**ANALYST** Hanika-Ortiz/Haug

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
\$0.0	\$38.2	\$109.0	Recurring	Other state funds
\$0.0	\$95.1	\$271.5	Recurring	Federal Medicaid Match

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Administrative Office of the Courts (AOC)

Human Services Department (HSD)

#### Synopsis of HJC Amendment

The House Judiciary Committee Amendment clarifies that the court shall require the medical support obligor to be liable to the custodial parent or the department for the uncovered medical and dental expenses of a minor child.

#### Synopsis of SJC Amendment

The Senate Judiciary Committee Amendment provides an editorial clarification by adding the word “request” on page 2, line 19 of the bill.

### SUMMARY

#### Synopsis of Original Bill

Senate Bill 57 amends the Public Assistance Act, Section 27-2-28 NMSA 1978, to limit the state’s claim for child support arrears to the time periods in which a household receives cash

assistance. SB 57 also amends the Mandatory Medical Support Act, Section 40-4C-3/4 NMSA 1978, to allow for cash medical support when health insurance is not available.

Section 1: limits the amount of child support arrears assigned to the state so that more money can be collected and paid to the family. This will limit the assignment to only the months the family is receiving public assistance.

Section 2: requires parents responsible for the support of minor children to provide health and dental insurance or provide cash support for care when such coverage is not available.

### **FISCAL IMPLICATIONS**

HSD reports that the Child Support Enforcement Division (CSED) projects a revenue reduction of \$106.1 thousand for FY 10 for child support collections due to the new provision in the bill. No state appropriation is necessary to replace this lost revenue because the department built the \$106.1 thousand into the base budget request.

HSD reports CSED projects collection of \$38.2 thousand in FY 10 for cash medical support that would be transmitted from CSED to Medicaid for recovery. The mandatory provision is expected to increase this collection to \$109.0 thousand in FY11. The Medical Assistance Division may match this revenue at the federal rate of 71.35% to yield \$95.1 thousand in FY10, and \$271.5 thousand in FY11 in federal matching funds.

The federal OCSE will be developing financial incentive measures based on new requirements for medical support establishment and enforcement. Immediate implementation of the updated medical support provisions will provide the state's CSED the opportunity to participate in the financial incentives.

### **SIGNIFICANT ISSUES**

The assignment of support rights limitation to periods for which the family is on assistance will result in more child support going directly to families on assistance instead of reimbursing for public assistance expenditures.

New federal regulations require cash medical support be ordered when private health insurance is not provided for minor children.

### **PERFORMANCE IMPLICATIONS**

AOC reports that SB 57 conforms state law with changes in federal child support law and regulation regarding the limitation of assigned support and cash medical support

### **ADMINISTRATIVE IMPLICATIONS**

The CSED automated system is being programmed to account for changes in the limitation of assignment in the payment distribution and reporting modules. This is being done with existing staff and resources.

CSED caseworkers and attorneys will need to receive training on including cash medical provisions in orders.

**OTHER SUBSTANTIVE ISSUES**

AOC reports that the requirement of health insurance coverage in child support orders adds an element to be contested, enforced and modified, possibly increasing case length and reopening of cases. However, it is essential that New Mexico comply with federal mandates providing a uniform nationwide mechanism for the enforcement of medical support orders.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

DFA notes that New Mexico is required by federal law to make the changes in the limitation of assignment and to provide for cash medical support. Failure to do so would place the Title IV-D program out of compliance with its state plan, subjecting the state to federal sanctions on the TANF block grant.

AHO/mt:mc