Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

STATE CHILD SUPPORT ENFORCEMENT CRITERIA FOR TARGETING MEDICAL SUPPORT

Richard P. Kusserow
INSPECTOR GENERAL

OEI-07-90-00120

EXECUTIVE SUMMARY

PURPOSE

The objectives of this study were to determine what criteria have been developed by State Child Support Enforcement agencies to target cases with a high potential for medical support and to identify the most effective criteria and practices.

BACKGROUND

Federal regulations amending the Child Support Enforcement program went into effect on March 10, 1989. These regulations expanded Child Support Enforcement mandates to require all State Child Support Enforcement agencies to develop written criteria to identify existing cases with a high potential for obtaining medical support.

Two previous inspections found that the Medicaid program would save more than $32 million annually if employer provided health insurance had been used to pay for the medical care of dependent children.

METHODOLOGY

This inspection is based on the analysis of information and targeting criteria collected from the 50 States, the District of Columbia, Guam, Puerto Rico and the Virgin Islands.

We asked each State Child Support Enforcement agency to provide us with a copy of any targeting criteria they had developed as of June 1, 1990, and for the name and telephone number of a person within their agency whom we could contact to gather information. Following receipt and initial analysis of the targeting criteria information, we conducted telephone interviews with the contact persons identified by each State Child Support Enforcement agency.

In addition, we used regression analysis to analyze information collected during the most recent of our first two studies. We conducted this analysis to determine which criteria would be most important in identifying cases with potential Medicaid savings.

FINDINGS

Only 46 percent of the States had criteria in place as of June 1, 1990.

"Absent parent employed" is the criteria most likely to produce available health insurance.

Only 48 percent of the States can modify existing court orders for the sole purpose of including medical support.

The development and application of targeting criteria varies from State-to-State.

RECOMMENDATIONS

The Administration for Children and Families (ACF) should enforce current regulations regarding the targeting of medical support and place additional emphasis on its importance.

Among the recommended actions are that the ACF

- o enforce current regulations requiring States to develop criteria to target cases with a high potential for medical support,
- o include the review of targeting criteria in the medical support portion of their Program Results Audit Guide,
- o provide technical support to States which have not yet developed targeting criteria, and
- o provide State Child Support Enforcement agencies with a list of the criteria we found most significant in the detection of absent parent health insurance and potential medical savings.

The ACF should require States, as a condition of participation, to have legislation which would allow them to modify court orders for the sole purpose of including medical support.

The ACF should include consideration of medical support when restructuring incentive payments.

AGENCY COMMENTS

Both the ACF and the HCFA generally concur with the recommendations presented in this report. Their verbatim comments can be found in Appendices E and F.

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INTRODUCTION

PURPOSE

The objectives of this study were to determine what criteria have been developed by State Child Support Enforcement agencies to target cases with a high potential for medical support and to identify the most effective criteria and practices.

BACKGROUND

Federal regulations amending the Child Support Enforcement program were published September 16, 1988. These regulations amended 45 CFR 306.51(b) by adding a new paragraph at 306.51(b)(3) which expanded Child Support Enforcement mandates to require all State Child Support Enforcement agencies to develop written criteria to identify existing cases with a high potential for obtaining medical support. Federal regulations issued March 10, 1989 informed the public that the provisions of section 306.51(b)(3) were in effect.

These regulations require the States to develop criteria based on (1) evidence that health insurance may be available to the absent parent at a reasonable cost; and (2) facts, as defined by State law, regulations, procedures or other directives which are sufficient to warrant modification of the existing support order to include health insurance coverage for a dependent child(ren). It further requires State Child Support Enforcement agencies to petition the court or administrative authority to modify support orders for targeted cases identified to include medical support in the form of health insurance coverage, even if no other modification is anticipated. In addition, Federal regulations issued May 15, 1991 require each State to establish guidelines which "provide for coverage of the child(ren)'s health care needs."
In two previous inspections conducted by the Office of Inspector General, we found that the Medicaid program would save more than $32 million annually if employer provided health insurance had been used to pay for the medical care of dependent children.

The first inspection report, entitled "Child Support Enforcement/Absent Parent Medical Liability," OAI-07-86-00045, was issued in September 1987. That inspection reviewed a sample of Child Support Enforcement cases in which a new or amended court order was established during a 3-month sample period, and the absent parent had made at least one child support payment. In our review, we found that 60 percent of the absent parents in the sampled cases had dependent health insurance available through their employers, and that nationally, the Medicaid program would have saved $33,894,507 annually if such employer-provided health insurance had paid the dependents' medical expenses.

The second inspection report, entitled "Coordination of Third-Party Liability Information Between Child Support Enforcement and Medicaid," OAI-07-88-00860, was issued in December 1989. That inspection reviewed another sample of Child Support Enforcement cases which met the criteria set forth in the 1987 study. In this inspection, we determined that health insurance coverage was available to the dependent children through the absent parents' employers in 48 percent of the cases (compared to 60 percent 2 years before). We projected national Medicaid savings of $32,112,270 annually if State Child Support Enforcement agencies adequately detect and pursue available dependent health insurance and absent parents had their dependents enrolled. We also found that State Child Support Enforcement agencies did not routinely collect health insurance information and that the Office of Child Support Enforcement (OCSE) Program Results Audit Guide inadequately addressed medical support.

METHODOLOGY

This inspection is based on a regression analysis of data collected in the 1989 inspection, plus the analysis of information and targeting criteria collected from the 50 States, the District of Columbia, Guam, Puerto Rico and the Virgin Islands. For ease in understanding, we will refer to each of these entities as States throughout this report.

We used two separate methods of data collection to obtain information about States' targeting criteria. We asked each State Child Support Enforcement agency to provide us with a copy of any targeting criteria they had developed, as of June 1, 1990, to target child support cases with a high potential for medical support. We also asked them to provide us with the name and telephone number of a person within the Child Support Enforcement agency whom we could contact to gather information regarding development and implementation of the criteria.

Following receipt and initial analysis of the targeting criteria information, we conducted telephone interviews with the contact persons identified by each State Child Support Enforcement agency. During these interviews we solicited information regarding who developed the criteria, the basis for criteria selection, when the criteria were developed, and what guidance and/or time frames the Administration for Children and Families (ACF), formerly the Family Support Administration, Office of Child Support Enforcement (OCSE) provided regarding the development of targeting criteria. We also asked: (1) whether or not child support cases in their State are reviewed for the sole purpose of identifying medical support; (2) if they modify court orders for the sole purpose of including medical support; (3) for information regarding the effectiveness and success rate attached to their criteria; and (4) for effective practices regarding the identification and development of medical support which could be shared with other State Child Support Enforcement agencies.

In addition, we conducted an analysis of information collected during the 1989 inspection to determine what criteria would be most important in identifying cases with potential Medicaid savings. The 1989 inspection data consisted of information collected during our review of a random sample of 214 child support cases in eight States.

We used regression analysis to determine the criteria most indicative of cases with savings. Specifically, logistic regression analysis was used since the values for savings were transformed from a dollar amount to a yes/no variable.[1] This analysis considered all independent variables simultaneously to produce the predictive model.

[1]Ron N. Forthofer and Robert G. Lehnen, "Public Program Analysis - A New Categorical Data Approach," Lifetime Learning Publications, Belmont, California, 1981.

FINDINGS

Only 46 percent of the States had criteria in place as of June 1, 1990.

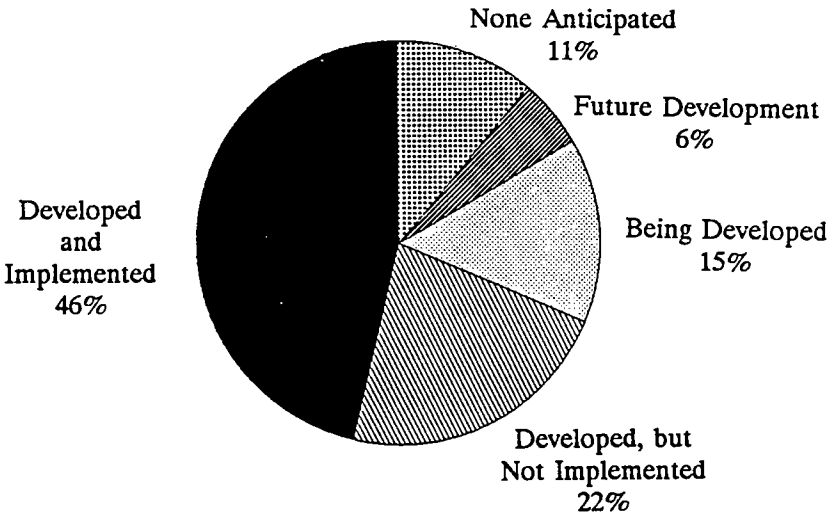
As of June 1, 1990, more than 20 months after publication of the final regulations, and over 14 months after their effective date, only 25 (46 percent) of the 54 States (entities) had implemented criteria to target cases with high potential for medical support. Twelve States had developed criteria, but not yet implemented them. The remaining 17 States had not developed criteria as of June 1, 1990.

Of the 29 States which had not implemented criteria:

- o 12 had developed targeting criteria, but not yet implemented them;
- o 8 were currently developing targeting criteria;
- o 3 anticipated developing targeting criteria sometime in the future; and
- o 6 anticipated no development of targeting criteria.

The following chart depicts the status of targeting criteria development in all 54 States (entities).

Status of Targeting Criteria Development
(June 1, 1990)



A "Development Report Card" depicting the status of targeting criteria development by State is shown in Appendix A.

"Absent parent employed" is the criterion most likely to produce available health insurance.

Of all the information variables in the 1989 sampled case files (see Appendix B), we identified knowledge of "absent parent employment" as the criterion most significantly related to the probability of obtaining Medicaid savings. We determined that cases in which the absent parent is employed are three times as likely to generate savings as cases where the absent parent is unemployed or employment is unknown. As shown in Appendix C, "absent parent employed" was also the criteria most often selected by the States.

As shown in the following chart, when all criteria/variables available from the case files were considered, six were identified by the regression analysis as statistically significant in terms of their effect on savings.

Criteria Most Likely to Identify Cases with Medicaid Savings

Criteria/Variable	*Percent of Cases with Savings*	*Percent of Total Savings*
Absent Parent Employed	84	94
Wage Withholding	69	58
AFDC Application Complete	24	23
Absent Parent Age		
18-24 years	13	10
31-40 years	16	45
Original Court Order	47	73

Although these six variables were identified as significant, only one variable, absent parent employed, appeared in the model. This is due to the fact that once absent parent employed was identified, the other variables did not add to the prediction

model of a case with savings. The full results of the regression model are presented in Appendix B.

Only 48 percent of the States can modify existing court orders for the sole purpose of including medical support.

Less than half (26) of the 54 States can modify court orders for the sole purpose of including medical support. Further, only eighteen (72 percent) of the 25 States with targeting criteria in effect and only 8 (67 percent) of the 12 States with criteria developed and awaiting implementation, can modify court orders for the sole purpose of including medical support. That means that in 11 (30 percent) of the 37 States with criteria already developed, even if medical support is found, the case cannot be modified to include it unless some other modification is also taking place. This renders the criteria useless in cases where no other modifications are required.

The development and application of targeting criteria varies from State-to-State.

Most States selected absent parent employed and wage assignments, the same top two criteria identified in our regression analysis, as the criteria most likely to target cases with a high potential for medical support. Absent parent employment was selected as a criterion to target cases for medical support by 22 (59 percent) of the 37 States with criteria in effect, making it the most popular criteria. Eighteen (49 percent) selected wage assignments as one of their criteria, making it the second most popular criterion. In total, States reported using 21 different criteria (see Appendix C). The number of different criteria selected for use varied from 1 to 5 per State.

State Child Support Enforcement staff developed the criteria in 29 (78 percent) of the 37 States. The particular staff named as having been instrumental in the development were program administrators, directors, deputy directors, case workers, case managers, operations staff, policy and procedures staff, planning and program development staff. The eight other State Child Support Enforcement agencies also enlisted the assistance of other State and county employees in developing their criteria. Four of the eight enlisted the assistance of State, district and Child Support Enforcement attorneys. Two worked in conjunction with the State Medicaid/medical care agency, one received assistance from OCSE, and another worked with State employment division staff to develop their criteria.

Previous experiences and/or Federal regulations were the basis for criteria selection in 34 (92 percent) of the 37 States. The States also identified recommendations from other State Child Support Enforcement agencies, what their State laws would permit, OCSE assistance, and their own research as determining factors in the selection of targeting criteria.

Only 10 (40 percent) of the 25 States that have implemented criteria review child support cases for the sole purpose of detecting medical support. The other 15 States (60 percent) review for medical support only in conjunction with other reviews. In these 15 States, the persons interviewed made the following comments:

> "We have not been required to review cases for the sole purpose of medical support."
>
> "It would be silly to look at a case just for medical support."
>
> "Child support modification is the big thing."

A majority (16 of 25) of the States that have implemented targeting criteria use automated systems to identify cases which meet their criteria. Eight States (32 percent) use a manual review system. The other State uses a combination of both manual and automated review.

Child Support Enforcement caseworkers are responsible for processing targeted cases in 17 (68 percent) of the 25 States with targeting criteria in effect. Processing is handled by a specialized person or team in four States and the legal division in three. One State uses a processing method in which their automated system automatically generates letters to absent parents and employers in cases which meet their criteria.

Only three States were able to tell us how many cases they have flagged which meet their established criteria. One State, which uses a manual system of review to identify cases, estimates they have identified less than 20 cases in the 4 months since they began using their criteria. The other two States use an automated method of case identification. One of those States estimates they have flagged between 5,000 and 6,000 cases in the 9 months since their criteria became effective. Their automated system conducts a monthly match of cases which meet the established criteria, as well as conducting its own simulated calculations to identify cases where changes have occurred in the absent parent's financial status. The other State is involved in a pilot project in which they review cases on a county-by-county basis. They reported the identification of 16 absent parents with available dependent health insurance in the 6 months since they began using their criteria. None of these States had calculated the Medicaid savings for cases targeted by their criteria.

Even though they had no statistics regarding the success of targeting criteria, one State provided us with information regarding a survey they completed in five of their offices. Based on this survey, they estimate that in Aid to Families with Dependent Children (AFDC) cases, approximately 35.8 percent of the absent parents have medical insurance available through their employers but do not have their

dependents enrolled. By applying that percentage to the total number of cases in their State, they projected an annual Medicaid savings of $2,827,703.

RECOMMENDATIONS

The ACF should enforce current regulations regarding the targeting of medical support and place additional emphasis on its importance.

To accomplish this, we suggest that ACF

- o enforce current regulations requiring States to develop criteria to target cases with a high potential for medical support,
- o include the review of targeting criteria in the medical support portion of their Program Results Audit Guide,
- o provide technical support to States which have not yet developed targeting criteria, and
- o provide State Child Support Enforcement agencies with a list of the criteria we found most significant in the detection of absent parent health insurance and potential medical savings.

The ACF should require States, as a condition of participation, to have legislation which would allow them to modify court orders for the sole purpose of including medical support.

The ACF developed a Notice of Proposed Rulemaking (NPRM) which would add the ability to modify for medical support to the conditions for participation in the child support enforcement program. This NPRM, published August 15, 1990, proposes that a States's procedures be required to treat the availability of reasonably priced health insurance as adequate grounds to petition for modification of a child support order. The ACF should finalize these regulations expeditiously.

This requirement will address the problem we found in some States, where modification of orders is extremely difficult to initiate because the basis for access to the courts for modification is very narrowly defined. We also believe, as stated in the NPRM, because of the value of providing medical support for children, the "States' procedures must define the availability of health insurance coverage as sufficient to warrant seeking modification of the order."

The ACF should include consideration of medical support when restructuring incentive payments.

States receive incentive payments designed to encourage them to develop programs emphasizing collections on behalf of all children and improving program effectiveness. These incentive payments range from 6 to 10 percent of all child support collections, based upon each States' individual collection/cost ratio. Directing some of these Federal incentive payments toward medical support would reward States performing well in the area of medical support.

AGENCY COMMENTS

The ACF generally concurs with the recommendations presented in this report, and has taken several actions to address our concerns. They have developed a legislative proposal to change incentive payments to "encourage States to increase the amount of services being provided to families and...take into account performance areas deserving positive recognition." They indicated that "this proposal, in combination with the proposed regulation on treating the availability of reasonably priced health insurance coverage as grounds for petitioning for modification of the support order, demonstrates (they) are considering medical support in the restructuring of incentive payments." The ACF's verbatim comments can be found in Appendix E.

In general, the HCFA also concurs with the recommendations presented in this report. They are particularly interested in the recommendation which encourages the ACF to consider medical support when restructuring incentive payments. They stated that "the ACF's current incentive structure acts as a disincentive to medical support enforcement." They "strongly support efforts to change the method of calculating incentive payments for ACF to include medical support."

In response to the HCFA's specific comments, we have revised the report to clarify that regulations require all State Child Support Enforcement agencies to develop written criteria to identify "existing" cases with a high potential for medical support. The HCFA also indicated that it was unclear from this report whether or not the $32 million annual savings reported in two prior reports would be saved if States developed and applied written criteria for targeting cases with a high potential for medical support. We want to clarify that the $32 million annual savings results from adequate detection and pursuit of available group health insurance. The development and application of targeting criteria would assist States in the realization of such savings. The HCFA's verbatim comments can be found in Appendix F.

Targeting Criteria Development Report Card

State	Developed/ effective by 06/01/90	Developed But Not Implemented	Under Development	Future Development Anticipated	No Development Anticipated
Alaska	X				
Alabama					X
Arkansas	X				
Arizona	X				
California	X				
Colorado	X				
Connecticut	X				
Dist. Columbia	X				
Delaware			X		
Florida	X				
Georgia		X			
Guam					X
Hawaii			X		
Iowa			X		
Indiana			X		
Illinois	X				
Indiana					X
Kansas					X
Kentucky		X			
Louisiana	X				
Massachusetts			X		
Marvland		X			
Maine			X		
Michigan				X	
Minnesota		X			
Missouri	X				
Mississippi	X				
Montana		X			
North Carolina		X			
North Dakota			X		
Nebraska	X				
New Hampshire				X	
New Jersey	X				
New Mexico		X			
Nevada	X				
New York	X				
Ohio		X			
Oklahoma		X			
Oregon	X				
Pennsylvania		X			
Puerto Rico					X
Rhode Island	X				
South Carolina	X				
South Dakota		X			
Tennessee	X				
Texas	X				
Utah		X			
Virginia	X				
Virgin Islands				X	
Vermont					X
Washington	X				
Wisconsin	X				
West Virginia	X				
Wyoming			X		
Total	25 (46%)	12 (22%)	8 (15%)	3 (6%)	6 (11%)

Summary of Regression Analysis

(1989 Inspection Variables)

VARIABLES	UNADJ. ODDS RATIO	MODEL ADJUSTED ODDS RATIO	FALSE +	% OF CASES WITH SAVINGS	SAVINGS FOUND	% OF TOTAL SAVINGS
ABSENT PARENT AGE						
UNKNOWN				0.28	$ 5,397	
18-24	1.66	0.28	0.81	0.13	$ 4,626	9.65%
25-30	1.03	0.41	0.75	0.33	$ 8,171	17.05%
*31-40	1.95 *	0.21 *	0.83	0.16	$21,638	45.15%
41 & UP	0.79	0.41	0.70	0.1	$ 8,093	16.89%
ABSENT PARENT EMPLOYED						
NOT EMPLOYED			0.87	0.16	$ 2,681	
*EMPLOYED	3.26 *	3.26 *	0.68	0.84	$45,244	94.41%
AFDC APPLICATION						
INCOMPLETE			0.75	0.76	$36,954	
COMPLETE	1.09	5.11 *	0.72	0.24	$10,971	22.89%
NOT IN FILE			0.72	0.73	$36,696	
IN FILE	0.73	0.27	0.78	0.27	$11,229	23.43%
TYPE OF CASE						
PATERNITY			0.74	0.49	$19,822	
DIVORCE	1.03	1.41	0.75	0.51	$28,023	58.47%
MONTHLY SALARY						
<$1,000			0.76	0.64	$35,797	
>$1000	1.41	1.24	0.70	0.36	$12,178	25.41%
NUMBER OF CHILDREN						
ONE CHILD			0.75	0.71	$38,748	
2,3 OR 4 CHILDREN	.96	1.05	0.74	0.29	$ 9,177	19.15%
TYPE OF PAYMENT						
VOLUNTARY			0.82	0.31	$10,803	
*WAGE ASSIGNMENT	1.98 *	1.97 *	0.69	0.69	$27,588	57.56%
MONTHLY SUPPORT AMOUNT ORDERED						
<$100			0.76	0.58	$35,243	
*>$100	1.52 *	0.62	0.78	0.42	$12,682	26.46%
TYPE OF ORDER						
AMENDED OR PATERNITY				0.44	$11,940	
DIVORCE	.73	0.68	0.74	0.09	$ 937	1.96%
ORIGINAL	1.37	1.94 *	0.77	0.47	$35,048	73.13%

* Variables considered significant in the detection of available health insurance based on probability of .1 or less.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Appendix E

Date: June 24, 1991

To: Richard P. Kusserow
Inspector General

From: Jo Anne B. Barnhart
Assistant Secretary
for Children and Families

Subject: Comments on Office of Inspector General Draft Report, "State Child Support Enforcement Criteria for Targeting Medical Support," OEI-07-90-00120

Thank you for forwarding your draft report for our review. We agree that importance must be attached by the States to the effective and efficient implementation of criteria for targeting cases for medical support modification. Several actions have already been taken to address concerns in this particular area. Since your report does not portray these endeavors, we will discuss them within the context of your specific recommendations.

Our specific comments concerning the report's recommendations follow:

IG Recommendation

The ACF should enforce current regulations regarding the targeting of medical support and place additional emphasis on its importance.

OCSE Comment

We are taking the first three specific recommended actions:

- We are enforcing current regulations requiring States to develop criteria to target cases with a high potential for medical support. The regulation became effective in the middle of FY 1989. In order to assure equitable treatment of all States, the requirement for States to develop the criteria is being audited for substantial compliance effective with audit periods beginning on or after October 1, 1989. These audits are currently being conducted.

- The review of targeting criteria is, of course, now included in the medical support portion of the Program Results Audit Guide.

- As we have stated in previous memoranda, we are involved in a concerted effort, with the Health Care Financing Administration (HCFA) to improve overall medical support performance. As part of this effort, OCSE and HCFA regional staff are conducting joint reviews of the full gamut of the States' medical support programs and providing reports of problems and recommendations to resolve them. To date, twenty-eight States have been reviewed in this manner. A review protocol has been developed for national use in the reviews. This protocol prominently features the case targeting requirement as one of the purposes of the review and ensures that the issue is adequately addressed.

We will gladly provide the State agencies with a list of the criteria which you found most significant in the detection of absent parent health insurance and potential medical savings.

IG Recommendation

The ACF should require States, as a condition of participation, to have legislation which would allow them to modify court orders for the sole purpose of including medical support.

OCSE Comment

Final rules published May 15, 1991, state that, "...as a condition for approval of (a) State plan, ...guidelines...for setting and modifying child support awards...must...provide for the child(ren's) health care needs, through health insurance coverage or other means." In addition, OCSE published a proposed regulation which states that the "...availability of reasonably priced health insurance coverage..." must be treated "...as adequate grounds for petitioning for modification of the (support) order." The final regulation is under development.

IG Recommendation

The ACF should include consideration of medical support when restructuring incentive payments.

OCSE Comment

We have developed a legislative proposal to change incentive payments to "...encourage states to increase the amount of services being provided to families and...take into account

performance areas deserving positive recognition." The proposal provides that payment of a bonus "...for each obligation established or modified..." This proposal, in combination with the proposed regulation on treating the availability of reasonably priced health insurance coverage as grounds for petitioning for modification of the support order, demonstrates that we are considering medical support in the restructuring of incentive payments.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care
Financing Administration

Memorandum

Date JUL 19 1991

From Gail R. Wilensky, Ph.D.
Administrator

Appendix F

Subject OIG Draft Report: "State Child Support Enforcement Criteria for Targeting Medical Support" (OEI-07-90-00120)

To Inspector General
Office of the Secretary

Thank you for the opportunity to review the subject draft report. Although the report does not contain any direct recommendations for our Agency, we have provided comments.

In general, we are supportive of all the recommendations identified in the report. We are particularly interested in the third recommendation which encourages the Administration for Children and Families (ACF) to consider medical support when restructuring incentive payments. The ACF's current incentive structure acts as a disincentive to medical support enforcement. We strongly support efforts to change the method of calculating incentive payments for ACF to include medical support.

Although we are hopeful that the incentive structure could be revised, the recommendation may not be strong enough to bring about the desired result. The recommendation states that ACF should consider medical support when restructuring incentive payments. Restructuring incentive payments would require the enactment of Federal legislation to provide ACF with the authority to revise its incentive structure. Therefore, we suggest that OIG make its recommendation along these lines.

We are working with ACF to improve interaction between our respective programs. In June 1990, a joint work group was established to identify policy, operational, and systems issues. Various activities are under way to resolve some of the concerns identified by the work group.

Attached are additional comments. Thank you for the opportunity to comment on this report.

Attachment

Comments of the Health Care Financing Administration
on the Draft OIG Report,
"State Child Support Enforcement Criteria
for Targeting Medical Support"
(OEI-07-90-00120)

Specific Comments

- State Child Support Enforcement agencies are required to develop written criteria to identify cases with a high potential for obtaining medical support. This report implies that the written criteria applies to new cases as well as to all existing court orders. This is not the intent of the regulations. As set forth in 45 CFR 303.31(b)(1) and (2), unless the custodial parent and the child(ren) have satisfactory health insurance other than Medicaid, State Child Support Enforcement agencies are to petition the court for medical support in new court orders or modified orders. Therefore, it is not appropriate for the State Child Support Enforcement agency to apply its own written criteria to new cases or cases which require modification of existing orders for reasons other than medical support.

  States should apply the criteria to cases with existing medical support orders where no other modification to medical support orders is anticipated. The regulations at 45 CFR 303.31(b)(3) require that written criteria be used to identify cases with a high potential for obtaining medical support in situations not covered under 45 CFR 303.31(b)(1) and (2).

- This report refers to two previous reports issued by OIG which indicate that over $32 million annually could be saved if employer provided health insurance had been used to pay for the medical care of dependent children.

  It is unclear from this report if OIG is implying that $32 million could be saved if States develop and apply written criteria for targeting cases with a high potential for medical support. Based on our review of the two previous reports, we understand that the $32 million applied to savings which could be realized if States enforced medical support in all cases included under 45 CFR 303.31(b)(1), (2), and (3). If this is the case, the amount of savings to be realized by applying written criteria would be less than $32 million.

  We, therefore, recommend that the report be revised to clarify that regulations require written criteria be used to identify cases with a high potential for medical support where a court order exists and there is no other modification anticipated. We also recommend that the $32 million estimate be clarified.