DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

NOV 10 2003

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

Thomas A. Scully
Administrator
Centers for Medicare & Medicaid Services

FROM: Dara Corrigan
Acting Principal Deputy Inspector General

SUBJECT: Review of the Ability of Noncustodial Parents to Contribute Toward the Medical Costs of Title IV-D Children in New York That Were Paid Under the Medicaid Program (A-02-02-02003)

We are alerting you to the issuance within 5 business days of our final report entitled "Review of the Ability of Noncustodial Parents to Contribute Toward the Medical Costs of Title IV-D Children in New York That Were Paid Under the Medicaid Program." A copy is attached.

Congress enacted the Child Support Performance and Incentive Act of 1998 (Public Law 105-200, effective October 1, 2001) to encourage the States to enforce medical support orders and provide health care coverage to uninsured children. Under the provisions of the law, Congress directed the establishment of the Medical Child Support Working Group by the Secretaries of Health and Human Services and Labor. The Secretaries appointed the members from the child support community. In June 2000, the Working Group issued a report to both Secretaries identifying impediments to effective enforcement of medical support orders and recommending solutions. Since medical support orders are not enforceable when employers do not provide health insurance or the cost is unreasonable, some Title IV-D children are enrolled in Medicaid. In cases where Title IV-D children are enrolled in Medicaid, the Working Group recommended that States authorize decisionmakers, such as judges, to require noncustodial parents (NCPs) to contribute toward the costs of Medicaid benefits for their children.

The objective of our audit was to identify the number of children in New York who received child support (Title IV-D children) and also received Medicaid benefits because their NCPs did not provide court-ordered medical support. We also determined the potential savings that could have accrued to the Medicaid program if the NCPs had been required to contribute toward the Medicaid costs of these children. Our audit covered the period January 1 through December 31, 2001.

We conducted similar audits in seven other States on which we have issued or will soon issue final reports. We conducted these audits as a result of a June 1998 Office of Inspector General report, which identified significant potential savings in Connecticut if NCPs were required to contribute toward the Medicaid costs of their children.

We reviewed a statistical sample of 300 children from a population of 229,543 children in New York who were covered by Title IV-D of the Social Security Act between January 1 and December 31, 2001. We estimated that 71,158 children received Medicaid benefits because their NCPs did not provide court-ordered medical support because either it was not available through their employers or it was too costly. Of the 71,158 children, an estimated 41,318 had NCPs who could potentially contribute an aggregate of $32,880,842 toward total Medicaid costs of $56,113,294 (Federal and State combined). The potential savings were calculated by subtracting from the NCP's monthly net income the child support ordered and a self-support reserve and dividing the result by the NCP's number of children. If sufficient income remained, we considered it potentially available to cover part or all of the Medicaid expenses.

New York passed legislation, effective October 2, 2002, requiring parents to enroll their children in the Medicaid program or the State's Child Health Plus program if private insurance is not available. NCPs who possess sufficient means will now be required to contribute toward the premium costs of the State program that provides health insurance to their children.

In New York, Medicaid services are paid either through negotiated capitation rates (premiums) or in accordance with established fee-for-service schedules. Our estimated potential Medicaid savings of $32.9 million consists of $13.1 million in premium cost savings and $19.8 million in fee-for-service cost savings. Since the new legislation does not provide for recovery of fee-for-service costs, New York cannot currently collect the potential $19.8 million in fee-for-service cost savings identified by our review.

We recommended that New York continue working with the local social services districts to implement the new legislation and consider whether to proceed with the steps necessary to broaden the State's authority to recover fee-for-service costs.

New York officials stated that they would give our report due consideration. They also believed that the new legislation would primarily impact future Medicaid costs through the cost avoidance that would result from NCPs obtaining private health insurance. The State noted that since the legislation did not provide for the recovery of total Medicaid costs, any cost savings would be less than our total estimate.

If you have any questions or comments about this report, please do not hesitate to contact me or have your staff call Donald L. Dille, Assistant Inspector General for Grants and Internal Activities, at (202) 619-1175 or e-mail him at ddille@oig.hhs.gov. To facilitate identification, please refer to report number A-02-02-02003 in all correspondence.

Attachment

Office Of Inspector General

Office Of Audit Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Region II
Jacob K. Javits Federal Building
26 Federal Plaza
New York, NY 10278

NOV 14 2003

Report Number: A-02-02-02003

Mr. Brian J. Wing
Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street, Sixteenth Floor
Albany, New York 12243

Dear Mr. Wing:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General (OIG), report entitled "Review of the Ability of Noncustodial Parents to Contribute Toward the Medical Costs of Title IV-D Children in New York That Were Paid Under the Medicaid Program." A copy of this report will be forwarded to the action official noted below for her review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination,

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent 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-02-02-02003 in all correspondence relating to this report.

Sincerely yours,

Timothy J. Horgan
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:

Ms. Jean Augustine
Director
Office of Audit Resolution and Cost Policy
Department of Health and Human Services
Room 522E, Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF THE ABILITY OF NONCUSTODIAL PARENTS TO CONTRIBUTE TOWARD THE MEDICAL COSTS OF TITLE IV-D CHILDREN IN NEW YORK THAT WERE PAID UNDER THE MEDICAID PROGRAM

November 2003
A-02-02-02003

EXECUTIVE SUMMARY

OBJECTIVE

The objective of our audit was to identify the number of children in New York who received child support (Title IV-D children) and also received Medicaid benefits because their noncustodial parent (NCP) did not provide court-ordered medical support. In addition, we determined the potential savings that could have accrued to the Medicaid program if the NCPs had been required to contribute toward the Medicaid costs of their children. Our audit covered the period January 1 through December 31, 2001.

SUMMARY OF FINDINGS

We estimated that 71,158 children received Medicaid benefits during the period January 1 through December 31, 2001 because their NCPs did not provide court-ordered medical support. Of these 71,158 children, we estimated that 41,318 had NCPs who could afford to potentially contribute $32,880,842 toward total Medicaid costs of $56,113,294 (Federal and State combined) paid on behalf of their children.

During our audit period, New York law generally provided that courts only consider the availability of health insurance when establishing an order of child support. However, there was no requirement for NCPs to contribute toward the Medicaid costs paid on behalf of their children when no health insurance was available. As a result, the Medicaid program covered the cost of these children's health care.

New York passed legislation, effective October 2, 2002, to ensure that health insurance benefits are obtained for all Title IV-D children. This new legislation instructs courts to require parents to provide health insurance to their children. While the focus of the legislation is to obtain medical coverage for children through private health insurance, it also requires parents to enroll their children in the Medicaid program or the State's Child Health Plus program if private insurance is not available. In addition, NCPs that possess sufficient means will now be required to contribute toward the premium costs of the State program that provides health insurance to their children. At the time of our fieldwork, New York was in the process of implementing the legislation.

In New York, Medicaid services are paid either through negotiated capitation rates (premiums) or in accordance with established fee-for-service (FFS) schedules. Our estimated potential Medicaid savings of $32.9 million consists of $13.1 million in premium cost savings and $19.8 million in fee-for-service cost savings. Since the new legislation does not provide for recovery of fee-for-service costs, New York cannot currently collect the potential $19.8 million in fee-for-service cost savings identified by our review.

RECOMMENDATIONS

We recommend that New York continue working with the local social services districts to implement the new legislation and consider whether to proceed with the steps necessary to broaden the State's authority to recover fee-for-service costs.

AUDITEE COMMENTS

New York officials stated they will give our report due consideration. They appreciated our acknowledgement of the new legislation's potential to improve Title IV-D medical support. In addition, they believe the legislation will primarily impact future Medicaid costs through the cost avoidance that results from obligated parents obtaining private health insurance.

The State noted that the legislation did not provide for the recovery of total Medicaid costs, but rather for the repayment of Medicaid premiums by the NCPs. State officials believe that any cost savings resulting from the implementation of the new legislation would be less than what we estimated since the cost savings we identified were based upon total Medicaid costs, not just premium costs. However, they could not determine the exact impact of the new legislation because sufficient data is not yet available. New York State's comments are included in their entirety as Appendix C.

OIG RESPONSE

The State points out that the new legislation limits recovery of costs to Medicaid premiums and where appropriate, we have made revisions to our report to recognize this limitation.

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INTRODUCTION

BACKGROUND

Child Support Enforcement Program

The Child Support Enforcement program was enacted in 1975 under Title IV-D of the Social Security Act. The purpose of the program is to establish and enforce support and medical obligations owed by NCPs to their children. Within the Federal Government, the Administration for Children and Families, Office of Child Support Enforcement, is responsible for administering the program.

In New York State, the Division of Child Support Enforcement (DCSE) is located within the Office of Temporary and Disability Assistance (formerly the Department of Social Services), and is the single State agency designated to supervise the administration of the State's child support enforcement program. Program activities are carried out by 58 local social services districts (which consist of New York City and the remaining 57 counties) through their child support enforcement and support collection units. The responsibilities of these units include, but are not limited to, intake, establishment of paternity, and the establishment and enforcement of child and medical support orders.

At the time a child support order is established or modified, DCSE is required to seek medical support when the NCP has access to health insurance through an employer at a reasonable cost. The amount of the child support an NCP is obligated to pay is based on State guidelines.

Medicaid Program

The Medicaid program was established in 1965 under Title XIX of the Social Security Act to pay for medical expenses for certain vulnerable and needy individuals and families with low income and resources. Medicaid is the payor of last resort, whose costs are shared between the Federal and State Governments. Within the Federal Government, the Medicaid program is administered by the Centers for Medicare & Medicaid Services (CMS).

In New York State, the Department of Health, Office of Medicaid Management (OMM) oversees the Medicaid program. The OMM pays for Medicaid services through arranged contracts with various managed care organizations or in accordance with established fee-for-service schedules. Services provided to Medicaid recipients through managed care organizations are paid by OMM through negotiated capitation rates (premiums). These premiums, which are based on the age and sex of the recipient, as well as the plan's service area, are paid by OMM on a monthly basis. Medical procedures not covered by managed care organizations are paid to medical providers by OMM based on fee-for-service schedules.

Related Reports

On June 18, 1998, we issued a report (Number A-01-97-02506) showing that NCPs could contribute approximately $11.4 million (Federal and State combined) toward their children's Medicaid costs in Connecticut. The report recommended that Connecticut require NCPs to pay all or part of the Medicaid costs for their dependent children.

Congress enacted the Child Support Performance and Incentive Act of 1998 (CSPIA), Public Law 105-200 (effective October 1, 2001), to encourage the States to enforce medical support orders and provide health care coverage to uninsured children. Under the provisions of CSPIA, Congress directed the establishment of the Medical Child Support Working Group by the Secretaries of Health and Human Services and Labor. The Secretaries appointed the members from the child support community. In June 2000, the Working Group issued a report to both Secretaries identifying impediments to effective enforcement of medical support orders and recommending solutions to these impediments. Specifically, the Working Group recommended that States give authority to decisionmakers, such as judges, to require NCPs to contribute toward the costs of Medicaid benefits for their children.

After consideration of the report issued by the Working Group and the results of work performed in Connecticut, we initiated reviews in New York, as well as Connecticut (a follow-up), Indiana, Michigan, New Jersey, North Carolina, Texas, and Virginia to determine the potential savings to the Medicaid program that would have resulted if NCPs were required to contribute to the cost of health care provided by Medicaid on behalf of their children.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of our audit was to identify the number of children in New York who received child support and also received Medicaid benefits because their NCP did not provide court-ordered medical support. In addition, we determined the potential savings that would have accrued to the Medicaid program if the NCPs had been required to contribute toward the Medicaid costs of these children.

Scope

For the period January 1 through December 31, 2001, we reviewed a sample of 300 children from a population of 229,543 Medicaid eligible Title IV-D children whose NCPs made at least one child support payment.

The sample items were statistically selected using a simple random sample design. Details on our sampling results and projections are presented in Appendix A. We did not review the overall internal control structure of DCSE, OMM, or the Child Support

Enforcement units at each of the local districts. However, we did review pertinent controls over the establishment and enforcement of child and medical support orders.

Methodology

To accomplish our objective, we:

- ✓ Reviewed Federal and State laws, regulations, policies, and procedures pertaining to the Child Support Enforcement program and Medicaid program.

- ✓ Reviewed DCSE guidelines for calculating child support payments.

- ✓ Created a universe of 229,543 Title IV-D children, who were Medicaid eligible during the period January 1 to December 31, 2001, from a file extracted from DCSE's Child Support Management System (CSMS).

- ✓ Tested the accuracy and completeness of the CSMS extract.

- ✓ Used simple random sampling techniques to select 300 children from the universe of 229,543 Title IV-D children.

- ✓ Determined for the 300 sample items if during calendar year (CY) 2001 the NCPs:

    - had a current child support obligation;
    - made three or more child support payments; and
    - met their current child support obligation.

- ✓ Reviewed State and county records for those sample items that met the above criteria to determine if the NCP was able to provide court-ordered medical support.

- ✓ Used the following methodology to determine the amount of medical support the NCP could have potentially contributed toward their child's Medicaid costs for those sample items where the NCP was unable to provide the court-ordered medical support.[1] We reduced the NCP's net monthly income by: (1) the amount of monthly child support the NCP was ordered to pay; and (2) the minimum self-support reserve the NCP was entitled to and/or the net income limitation imposed under the Consumer Credit Protection Act.[2] We then divided the amount available for medical support by the number of children the NCP had in our

[1] NCPs are sometimes unable to provide court-ordered medical support because it is not available through their employer or because the cost is prohibitive. However, the NCP may have sufficient means to contribute toward the cost of Medicaid benefits provided to their child.

[2] Income withholding for child and medical support may not exceed the maximum amount allowed under the Consumer Credit Protection Act.

population to determine the amount available, if any, for medical support for our sample child.

- ✓ Computed the potential savings to the Medicaid program by comparing the amount of medical support the NCP could pay to the monthly Medicaid costs the State paid on behalf of the NCP's child. The cost of these services represented months where the NCP had a current child support obligation and did not provide court-ordered medical support. The potential savings to the Medicaid program was the lower of: (1) the amount of medical support the NCP could pay or (2) the monthly Medicaid costs the State paid on behalf of the NCP's child.

- ✓ Used attribute and variable appraisal programs[3] to estimate the number of children that received Medicaid benefits because their NCPs were unable to provide court-ordered medical support and the amount that the NCPs could have potentially contributed toward these Medicaid benefits.

Our review was performed in accordance with generally accepted government auditing standards. Our fieldwork was performed during the period July 29, 2002 to January 31, 2003.

FINDINGS AND RECOMMENDATIONS

We estimated that 71,158 children received Medicaid benefits during the period January 1 through December 31, 2001 because their NCPs did not provide court-ordered medical support. Of these 71,158 children, we estimated that 41,318 had NCPs who could have potentially contributed $32,880,842 toward total Medicaid costs of $56,113,294 (Federal and State combined).

[3] An attribute is a characteristic that an item either has or does not have. In attribute sampling, the selected sample items are evaluated in terms of whether they have the attribute of interest. An attribute appraisal program is a computer program which estimates the proportion of the population or the number of items in the population that have the attribute.

In variable sampling, the selected sampling units are evaluated with respect to a characteristic having values that can be expressed numerically or quantitatively, e.g. the dollar amount of error in a voucher. A variable appraisal program is a computer program which computes a statistic from the sample values to estimate the population parameter, e.g. an estimate of the total dollar amount of error in the population.

Federal Laws and Regulations

Over the past decade, Congress passed several Federal laws and CMS published regulations to provide health insurance for uninsured children. Specifically,

- The Omnibus Budget Reconciliation Act of 1993 permits Title IV-D agencies to establish medical support orders for children when the NCP has access to medical coverage.

- The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 directs the Title IV-D agency to notify an employer of a NCP's medical child support obligation and directly enroll his or her children if a health plan is available.

- CSPIA, Public Law 105-200, encourages States to enforce medical support orders and provide health coverage to uninsured children.

- Title 45 of the Code of Federal Regulations, §303.31(b)(1), requires medical support orders to be established when the NCP has access to health insurance through an employer at a reasonable cost.

While the essence of the above laws and regulations is to provide private medical coverage to uninsured children, medical support orders are not enforceable when employers do not provide health insurance or the cost is unreasonable. Consequently, some Title IV-D children are enrolled in Medicaid.

New York State Laws

Section 413(1)(a) of the New York State Family Court Act states that the parents of a child under the age of 21 are required to pay a fair and reasonable amount in child support, if they possess sufficient means to do so or are able to earn such means. In addition, Section 416(a) requires that medical support orders be established when health insurance benefits are available to NCPs through an employer at a reasonable cost.

Initial Analysis of Sample Items

We analyzed our 300 sample children to identify those children whose NCP during CY 2001:

- had a current child support obligation;
- made a minimum of 3 child support payments; and
- was ordered to provide medical support but was unable to because it was either not available or too costly.

Based upon this initial analysis, a total of 177 sample children were eliminated. In addition, 16 sample children did not have any Medicaid costs in CY 2001, and as such, no further review was necessary.

Of the remaining 107 sample children, we determined that 93 children received Medicaid benefits during CY 2001 because their NCP was unable to provide court-ordered medical support since it was not available or it was too costly. While the other 14 sample children also received Medicaid benefits during CY 2001, we were unable to determine whether the NCP provided court-ordered medical support. We requested that DCSE provide us with documentation that showed whether the NCP had access to affordable health insurance. However, as of the date of this report, DCSE has not received the requested information from the 14 NCPs' employers.

Detailed Analysis of 93 Sample Cases

As stated above, we found that 93 sample children received Medicaid benefits during CY 2001 because their NCP was unable to provide court-ordered medical support. For these 93 children, we performed various calculations to identify the number of NCPs that could potentially afford to contribute toward the Medicaid costs paid on behalf of their children.

Our review found that for 39 of the 93 sample children, there was no potential savings to the Medicaid program because the child's NCP could not afford to pay for any of their Medicaid costs. For the remaining 54 sample children, we found that the NCP could contribute to all or part of the Medicaid costs paid on behalf of their children. Specifically, we determined that the NCPs of these 54 sample children could potentially contribute $42,973 toward total Medicaid costs of $73,337 (Federal and State combined).

Projecting these results, we estimated that 41,318 children had NCPs who could afford to potentially contribute $32,880,842, or 58.6 percent of the $56,113,294 total Medicaid costs (Federal and State combined) paid on behalf of their children. The estimates represent the midpoint of the 90 percent confidence interval. (See Appendices A and B for detailed sampling results and projections.)

During our audit period, New York law generally provided that courts only consider the availability of health insurance when establishing an order of child support. There was no legal requirement for NCPs to contribute toward the Medicaid costs paid on behalf of their children when health insurance was not available or it was too costly. As a result, the Medicaid program covered the cost of their children's health care.

Subsequent to our audit period, New York passed legislation, effective October 2, 2002, to ensure that health insurance benefits are obtained for all Title IV-D children. This new legislation instructs courts to require parents to provide health insurance to their children. While the focus of this legislation is to obtain medical coverage for children through private health insurance, it also requires parents to enroll their children in the Medicaid program or the State's Child Health Plus program if private insurance is not available at a reasonable cost. In addition, NCPs that possess sufficient means will be required to

contribute toward the premium costs of the State program that provides health insurance to their children. At the time of our fieldwork, New York was in the process of implementing the legislation statewide.

As stated above, New York pays for Medicaid services either through negotiated capitation rates or in accordance with established fee-for-service schedules. Our estimated potential Medicaid savings of $32.9 million consists of $13.1 million in premium cost savings and $19.8 million in fee-for-service cost savings. Since the new legislation does not provide for recovery of fee-for-service costs, New York cannot currently collect the potential $19.8 million in fee-for-service cost savings identified by our review.

Finally, our review noted that New York has been successful in recovering Medicaid costs related to the birth of a child whose mother received public assistance. These recoupment efforts are targeted at fathers who earn enough income to repay the birthing costs. Specifically, we found that during CY 2001, New York recouped $8,190,017 in Medicaid birth-related costs from the fathers of these children. Given this, we believe New York has the ability to collect from NCPs the Medicaid costs of their dependent children.

RECOMMENDATIONS

We recommend that New York continue working with the local social services districts to implement the new legislation and consider whether to proceed with the steps necessary to broaden the State's authority to recover fee-for-service costs.

AUDITEE COMMENTS

In comments dated April 18, 2003 (See Appendix C), New York officials stated that they will give our report due consideration. They appreciated our acknowledgement of the new legislation's potential to improve Title IV-D medical support. In addition, they believe the legislation will primarily impact future Medicaid costs through the cost avoidance that results from obligated parents obtaining private health insurance.

The State noted that the legislation did not provide for the recovery of total Medicaid costs, but rather for the repayment of Medicaid premiums by the NCPs. State officials believe that any cost savings resulting from the implementation of the new legislation would be less than what we estimated since the cost savings we identified were based upon total Medicaid costs, not just premium costs. However, they could not determine the exact impact of the new legislation because sufficient data is not yet available.

OIG RESPONSE

The State points out that the new legislation limits recovery of costs to Medicaid premiums and where appropriate, we have made revisions to our report to recognize this limitation.

APPENDIXES

STATISTICAL SAMPLING INFORMATION

Sampling Results

Federal and State Combined

Population (Children)	Sample Size (Children)	Medicaid Costs (For 300 Children)	Sample Items With Characteristics of Interest (Children)	Medicaid Costs (For 93 Children)	Sample Items With Potential Savings (Children)	Medicaid Costs (For 54 Children)	Potential Medicaid Savings (For 54 Children)
229,543	300	$578,042	93	$127,750	54	$73,337	$42,973

Projections

Federal and State Combined

(Precision At The 90 Percent Confidence Level)

	Sample Items With Characteristics of Interest (Children)	Sample Items With Potential Savings (Children)	Sample Items With Potential Savings (Medicaid Costs)	Sample Items With Potential Savings (Medicaid Savings)
Upper Limit	81,909	50,601	$72,966,235	$44,599,626
Point Estimate (Midpoint)	71,158	41,318	$56,113,294	$32,880,842
Lower Limit	61,056	33,135	$39,260,352	$21,162,057
Precision	N/A	N/A	30.03%	35.64%

ANALYSIS OF PROJECTIONS BY MEDICAID COST TYPE

As explained in Appendix A, we estimated that 41,318 children had NCPs that could afford to potentially contribute $32,880,842 toward Medicaid costs, totaling $56,113,294 (Federal and State combined), paid on behalf of their children. All estimates were made at the midpoint of the 90 percent confidence interval. The following tables are an itemization of our estimates based on whether children's NCPs could pay all or part of the Medicaid premiums and/or fee-for-service costs and are provided to assist New York in implementing their new legislation.

Table 1
Children Whose NCPs Could Potentially Contribute Toward Medicaid Costs

	Medicaid Cost Type	Sample Value	Projection At Midpoint
Number of Children	Premium Only	6	4,591
	Fee-For-Service Only	19	14,538
	Both Premium and Fee-For-Service	29	22,189
	Total Children	**54**	
Medicaid Costs	Premium Only	$5,617	$4,297,649
	Both - Premium Portion	$23,520	$17,996,087
	Total Premium Costs	***$29,137***	***$22,293,736***
	Fee-For-Service Only	$33,141	$25,357,347
	Both - FFS Portion	$11,059	$8,462,210
	Total Fee-For-Service Costs	***$44,200***	***$33,819,557***
	Total Costs	**$73,337**	
Medicaid Savings	Premium Only	$3,573	$2,734,247
	Both - Premium Portion	$13,573	$10,385,021
	Total Premium Savings	***$17,146***	***$13,119,268***
	Fee-For-Service Only	$18,092	$13,843,315
	Both - Fee-For-Service Portion	$7,735	$5,918,258
	Total Fee-For-Service Savings	***$25,827***	***$19,761,573***
	Total Savings	**$42,973**	

[4] Difference between the totals shown here and the totals shown in Appendix A are due to rounding.

Table 2
Children Whose NCPs Could Potentially Contribute Toward *All* Of Medicaid Costs

	Medicaid Cost Type	Sample Value	Projection At Midpoint
Number of Children	Premium Only	2	1,530
	Fee-For-Service Only	9	6,886
	Both Premium and Fee-For-Service	9	6,886
	Total	**20**	**15,302**[5]
Medicaid Costs	Premium Only	$1,479	$1,131,792
	Fee-For-Service Only	$13,798	$10,557,555
	Both - Premium Portion	$7,624	$5,833,254
	Both - Fee-For-Service Portion	$5,793	$4,432,429
	Total	**$28,694**	**$21,955,030**
Medicaid Savings	Premium Only	$1,479	$1,131,792
	Fee-For-Service Only	$13,798	$10,557,555
	Both - Premium Portion	$7,624	$5,833,254
	Both - Fee-For-Service Portion	$5,793	$4,432,429
	Total	**$28,694**	**$21,955,030**[5]

Table 3
Children Whose NCPs Could Potentially Contribute Toward *Part* Of Medicaid Costs

	Medicaid Cost Type	Sample Value	Projection At Midpoint
Number of Children	Premium Only	4	3,061
	Fee-For-Service Only	10	7,651
	Both Premium and Fee-For-Service	20	15,303
	Total	**34**	**26,015**[5]
Medicaid Costs	Premium Only	$4,138	$3,165,857
	Fee-For-Service Only	$19,342	$14,799,793
	Both - Premium Portion	$15,896	$12,162,833
	Both - Fee-For-Service Portion	$5,267	$4,029,780
	Total	**$44,643**	**$34,158,263**
Medicaid Savings	Premium Only	$2,094	$1,602,455
	Fee-For-Service Only	$4,294	$3,285,761
	Both - Premium Portion	$5,949	$4,551,768
	Both - Fee-For-Service Portion	$1,942	$1,485,828
	Total	**$14,279**	**$10,925,812**[5]

[5] Difference between the totals of Tables 2 and 3 and the totals shown in Table 1 are due to rounding.

George E. Pataki
Governor

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Brian J. Wing
Commissioner

April 18, 2003

Re: Report Number A-02-02-02003

Dear Mr. Horgan:

This is in response to your March 28, 2003 letter transmitting the draft report entitled "Review of the Ability of Non-Custodial Parents to Contribute Towards the Medicaid Costs of Title IV-D Children in New York." My comments are limited to the child support aspects of this report. The New York State Department of Health's Office of Medicaid Management is concurrently reviewing the report with respect to the Medicaid program.

Comment

The report's focus was on those non-custodial parents (NCPs) in the Title IV-D program who the report suggests were unable to provide "court ordered medical support" while their children were in receipt of Medicaid. The report projected a savings to Medicaid if such NCPs were to pay the costs of Medicaid for such children in addition to child support.

The report recognizes recent amendments in New York law and the OIG's sole recommendation is that the State use the results of this report in the implementation of the legislation with local districts (cite for legislation: NYS Family Court Act, Section 416). We will give the report due consideration.

I appreciate the acknowledgment by the OIG of the potential of this new legislation to improve IV-D medical support. We believe the legislation will primarily impact Medicaid costs, through the cost avoidance that results from obligated parents (i.e., custodial or non-custodial) obtaining private health insurance; thereby, either avoiding Medicaid costs or making Medicaid the payor of last resort. To a lesser extent, upon a determination by the court that health insurance is

unavailable to either parent, the legislation requires the custodial parent to apply for Medicaid and/or the State's Children Health Insurance Program and requires that cash payments may be required to be made by the NCP based on pro-ration of the costs of Medicaid premiums or such other amount as the court may direct. It is important to note that the statute does not authorize satisfaction of the total costs of Medicaid but rather the costs of premiums. Thus, any cost savings that would result would be necessarily less than what the OIG estimated in the report. Those cost savings were based on total Medicaid costs, not premium costs. Given the October 2, 2002 enactment of the changes, sufficient data is not yet available to conduct an analysis of the prevalence of such cash orders in cases involving children in receipt of Medicaid.

Thank you for the opportunity to comment.

Sincerely,

Brian J. Wing

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[redacted]

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