



JUN 17 2003

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

Thomas Scully
Administrator
Centers for Medicare and Medicaid Services

FROM: Dennis J. Duquette 
Deputy Inspector General
for Audit Services

SUBJECT: Review to Increase the Number of Non-Custodial Parents Providing Medical Support to Their Children and Reduce Medicaid Costs in Texas (A-06-02-00053)

As part of the Office of Inspector General's self-initiated audit work, we are alerting you to the issuance within 5 business days of our final audit report entitled, "Review to Increase the Number of Non-Custodial Parents Providing Medical Support to Their Children and Reduce Medicaid Costs in Texas." The objective of the review was to identify the number of children who received Medicaid benefits from Texas, during the period June 1, 2001 through May 31, 2002, because their non-custodial parent (NCP) could not provide court ordered medical support because it was not available or too costly. In addition, we estimated the savings to the Medicaid program that would have resulted if the NCPs were required to make monthly contributions towards the Medicaid costs of these children. This review is part of a nationwide effort being performed in eight states. A copy of the report is attached.

We estimate 86,011 children received Medicaid benefits during the period June 1, 2001 through May 31, 2002 because their NCP could not provide court ordered medical support. Of these 86,011 children, we estimate that 60,271 had NCPs who could afford to contribute \$16.6 million towards Medicaid costs totaling \$36.9 million incurred by the state and Federal Government on behalf of their children.

In 2001, the Texas Legislature strengthened its already extensive provisions for health care coverage by requiring the court to order the custodial parent to apply for benefits under either the Medicaid program or the state child health plan if neither parent has access to private health insurance at a reasonable cost. In addition, the court must order that the NCP contribute cash medical support payments for the actual cost of their child's participation in such program. Court orders written under prior Texas law did not require NCPs to contribute towards Medicaid costs when private health insurance was not available.

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We recommended that Texas ensure medical support orders written under prior laws, for children receiving Medicaid benefits, are revised as they come up for modification to require NCPs to contribute towards Medicaid costs paid on behalf of their children.

In its response to our draft report, state IV-D officials agreed with our recommendation and have begun working on a plan that goes beyond implementing the recommendation, but suggested that our estimate of savings might be optimistic, given the state's current economic conditions. In addition, the state IV-D officials felt there was an inconsistency between our recommendation and the proposed federal medical support incentive measure, as the OIG recommendation encourages cash medical support in Medicaid cases when the proposed federal incentive measure does not include cash medical support.

If you have any questions or comments on any aspect of this report, please do not hesitate to call me or Donald L. Dille, Assistant Inspector General for Grants and Internal Activities, at (202) 619-1175, or e-mail at ddille@oig.hhs.gov. To facilitate identification, please refer to report number A-06-02-00053 in all correspondence relating to this report.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 6B6
Dallas, TX 75242

JUN 20 2003

Report Number A-06-02-00053

The Honorable Gregg Abbott
Attorney General
State of Texas
Austin, Texas 78711-2548

Dear Mr. Attorney General:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Audit Services' (OAS) final report entitled "Review to Increase the Number of Non-Custodial Parents Providing Medical Support to Their Children and Reduce Medicaid Costs." A copy of this report will be forwarded to the action official noted below for his/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, OAS 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-06-02-00053 in all correspondence relating to this report.

Sincerely yours,

Gordon L. Sato
Regional Inspector General
for Audit Services

Enclosure – as stated

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Direct Reply to HHS Action Official:

Mr. Leon R. McCowan
Regional Hub Director
Administration for Children and Families
U. S. Department of Health and Human Services
1301 Young Street, Suite 914
Dallas, Texas 75202

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW TO INCREASE THE NUMBER
OF NON-CUSTODIAL PARENTS
PROVIDING MEDICAL SUPPORT TO
THEIR CHILDREN AND REDUCE
MEDICAID COSTS IN TEXAS**



**JUNE 2003
A-06-02-00053**



JUN 20 2003

Report Number A-06-02-00053

The Honorable Gregg Abbott
Attorney General
State of Texas
Austin, Texas 78711-2548

Dear Mr. Attorney General:

This report provides you with the results of our review to increase the number of non-custodial parents (NCP) providing medical support to their children and reduce Medicaid costs. The objective of the review was to identify the number of children who received Medicaid benefits from Texas, during the period June 1, 2001 through May 31, 2002, because their NCP could not provide court ordered medical support because it was not available or too costly. In addition, we estimated the savings to the Medicaid program that would have resulted if the NCPs were required to make monthly contributions towards the Medicaid costs of these children.

We estimate 86,011 children received Medicaid benefits during the period June 1, 2001 through May 31, 2002 because their NCP could not provide court ordered medical support. Of these 86,011 children, we estimate that 60,271 had NCPs who could afford to contribute \$16.6 million towards Medicaid costs totaling \$36.9 million incurred by the State and Federal Government on behalf of their children.

Texas has made progress towards ensuring health insurance is provided for IV-D children and should continue its work towards reaching the full potential of Texas' law. In 2001, the Texas Legislature strengthened its already extensive provisions for health care coverage by requiring the court to order the custodial parent to apply for benefits under either the Medicaid program or the state child health plan if neither parent has access to private health insurance at a reasonable cost. In addition, the court must order that the NCP contribute cash medical support payments for the actual cost of their child's participation in such program. Court orders written under prior Texas law did not require NCPs to contribute towards Medicaid costs when private health insurance was not available. Accordingly, we recommend that Texas modify existing medical support orders written under prior laws, for children receiving Medicaid benefits, to require NCPs to contribute towards Medicaid costs paid on behalf of their children.

In its response to our draft report, state IV-D officials agreed with our recommendation and have begun working on a plan that goes beyond implementing the recommendation, but suggested that our estimate of savings might be optimistic, given the state's current economic conditions. In addition, the state IV-D officials felt there was an inconsistency between our recommendation and the proposed federal medical support incentive measure, as the OIG recommendation encourages cash medical support in Medicaid cases when the proposed federal incentive measure does not include cash medical support.

We commend the IV-D agency for its decision to expand on our recommendation by analyzing Medicaid medical support obligations to identify cases that should be reviewed for modification. Regarding the IV-D agency's concern that there is an inconsistency between our recommendation and the proposed federal medical support incentive measure, OIG does not feel there is an inconsistency. See Appendix D for a complete copy of the IV-D agency's response.

INTRODUCTION

BACKGROUND

The child support enforcement program was enacted in 1975 under Title IV-D of the Social Security Act. The purpose of this program was to establish and enforce child support and medical support orders. In Texas, the Child Support Division within the Office of the Attorney General is the IV-D agency that administers the child support enforcement program. State IV-D agency responsibilities include establishing paternity and establishing, modifying, and enforcing child and medical support orders.

Over the past decade, Congress passed several federal laws aimed at providing uninsured children with health insurance. While the essence of these laws is to provide private medical coverage to uninsured children on a national basis, private (employer based) coverage has only increased by 3.5 percent from 1997 to 2001. This increase is relatively small when compared to the 12 percent increase in the number of children who received Medicaid benefits for the same time period.

Because medical support orders are not always enforceable, especially when employers do not provide health insurance or the cost is unreasonable for NCPs, some IV-D children are enrolled in Medicaid. The cost of Medicaid is shared by the State and Federal Government. In Texas, the Health and Human Services Commission (HHSC) is responsible for the statewide oversight of the Texas Medicaid program.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objective

The objective of our review was to identify the number of children who received Medicaid benefits from Texas, during the period June 1, 2001 through May 31, 2002, because their NCP could not provide court ordered medical support because it was not available or too costly. In addition, we estimated the savings to the Medicaid program that would have resulted if the NCPs were required to make monthly contributions towards the Medicaid costs of these children.

Scope

We selected a random sample of 200 children from a population of 125,564 children who received IV-D services, had an order for health insurance, and whose NCPs made at least 3 child support payments during the period June 1, 2001 through May 31, 2002. Sample cases were randomly selected using a simple random sample design. Details on our sampling methodology, including attribute and variable projections, are presented in Appendices A and B.

Methodology

To accomplish our audit objective, we:

- Met with an official at the Texas IV-D agency to obtain an understanding of the Child Support Enforcement System and the various computer screens necessary to access the data we needed to complete our audit.
- Determined Medicaid eligibility for the children in our sample to ensure we focused our review on only those months in which the child was Medicaid eligible.
- Determined the medical enforcement status for each sample item, to ensure the NCP was court ordered to provide insurance.
- Reviewed the NCP's employment history, and when necessary contacted the NCP's employer, to determine whether or not the NCP provided health insurance for each month during our audit period.
- Determined the amount of child support the NCP was ordered to pay and whether or not the NCP met his/her monthly obligation.
- Determined whether the child's Medicaid benefits were paid through a fee for service arrangement or a managed care plan and determined the cost of Medicaid for each month the child was Medicaid eligible, in which the NCP did not provide insurance.
- Obtained the NCP's gross income from the Texas Workforce Commission and calculated the NCP's net income to be used in determining the amount the NCP could contribute towards his/her child's Medicaid costs. In determining the amount the NCP could contribute, we took 10 percent of the NCP's net income and divided it by the number of children the NCP had.
- Relied on state IV-D records to determine if health insurance was available to the NCP and if the cost of insurance was reasonable. However, we verified the accuracy of medical support information to computer files independently maintained by other agencies as needed.

For each sample item in which the child was Medicaid eligible, we determined the Medicaid cost incurred on behalf of the child for the months in which the NCP was unable to provide health insurance. Potential cost saving to the Medicaid program was only calculated if the NCP was making his/her child support payments and the adjusted net income was high enough to pay for all or part of the Medicaid costs incurred by the state on behalf of the NCP's child.

Our review was conducted in accordance with generally accepted government auditing standards. However, we did not review the overall internal control structure of the Texas IV-D agency. Instead, our internal control review was limited to obtaining an understanding of the process used to

enforce medical support orders. Further, we tested the reliability of computer files used to determine the population for our sample by tracing pertinent data to source documents.

We performed our fieldwork at the Texas IV-D agency and our Austin field office between July 2002 and February 2003.

FINDINGS AND RECOMMENDATIONS

We estimate 86,011 children received Medicaid benefits during the period June 1, 2001 through May 31, 2002 because their NCP could not provide court ordered medical support. Of these 86,011 children, we estimate that 60,271 had NCPs who could afford to contribute \$16.6 million towards Medicaid costs totaling \$36.9 million incurred by the State and Federal Government on behalf of their children.

Federal Laws Regarding the Enforcement of Medical Support

Title 45 of the Code of Federal Regulations (CFR) 303.31(b)(1), regarding the securing and enforcing of medical support obligations, states that:

“...the IV-D agency shall: Unless the custodial parent and child(ren) have satisfactory health insurance other than Medicaid, petition the court or administrative authority to include health insurance that is available to the noncustodial parent at reasonable cost in new or modified court or administrative orders for support.”

Title 45 CFR 303.31(a)(1), states “...Health insurance is considered reasonable in cost if it is employment related or other group health insurance, regardless of service delivery mechanism.”

State Law Regarding the Enforcement of Medical Support and Requiring NCP Contributions Towards Medicaid

Texas law provides that in every suit affecting the parent-child relationship, the court must render an order for medical support in addition to child support. Health care coverage is considered an integral part of the child support obligation.

In 2001, the Texas legislature examined the issue of uninsured children in the state. As a result, amendments were made to the Texas Family Code to strengthen already extensive provisions for health care coverage. Under the new law, the Texas courts must determine that health insurance has already been secured or that necessary steps have been taken to secure health care coverage before a final order is entered in every case. In addition, under the new law:

- Language was added to help the courts in deciding among the options available for health insurance coverage. The new law provides that insurance available through the obligor's employer must be at a reasonable cost for that option to be the first priority. Reasonable cost was determined to not exceed 10 percent of the obligor's net income.
- If the court determines that neither parent has access to private health insurance at a reasonable cost, the court must order the custodial parent to apply for benefits under Medicaid or the state child health plan. In addition the court must order the NCP to

contribute cash medical support payments towards the actual cost of the child's participation in such program. Cash medical support payments collected on Medicaid active cases are assigned to HHSC and results in direct savings to the Texas Medicaid program.

Texas' Enforcement Process

The Texas IV-D program is operated on a judicial basis meaning support must be ordered and modified through the courts. The Texas IV-D agency petitions the court to include a provision for health insurance in every order being established or enforced by the agency, unless the court determined that health insurance is available to the NCP at a reasonable cost. Even though a medical support order may exist for each child, not all medical support orders can be enforced even though the NCP is actively employed and is current on his or her child support payments. These situations occur when health insurance cannot be obtained by the NCP either because it is not available from the NCP's employer or the cost of the health insurance is unreasonable.

Analysis of the 200 Cases Reviewed

We reviewed a random sample of 200 state IV-D children to identify how many received Medicaid benefits because their NCP could not provide court ordered medical support. In addition, we estimated the savings to the Medicaid program if the NCPs were required to make monthly contributions towards their child's Medicaid costs.

Based on our analysis, 137 children received Medicaid benefits because their NCP could not provide court ordered medical support because it was not available or too costly. Of the 137 children, 96 had NCPs who could afford to pay all or part of their child's Medicaid costs and 41 had NCPs who could not afford to contribute towards their child's Medicaid costs. Of the remaining 63 children, 30 had NCPs who provided health coverage, 14 were not Medicaid eligible, 9 had no Medicaid costs, and for 10, the court did not order the NCP to provide health insurance.

Ninety-six Children Had NCPs Who Could Pay All or Part of Their Child's Medicaid Costs

For 96 children, we found that the NCPs could contribute towards all or part of the Medicaid costs incurred by the State and Federal Government on behalf of their children. Specifically, we determined that these NCPs could contribute \$26,491 towards the Medicaid cost of \$58,823 incurred on behalf of their children. Projecting our results, we estimate that 60,271 children had NCPs who could afford to contribute \$16.6 million or 45 percent of the \$36.9 million in estimated Medicaid costs incurred by the State and Federal Government on behalf of their children.

Time and Resources Preventing Texas from Reaching the Full Potential of Its Law

Court orders written under prior Texas law did not require NCPs to contribute towards Medicaid costs when medical insurance was not available. To bring every medical support order in line with the current law, the Texas IV-D agency would have to modify court orders established before the new legislation was enacted. Doing so will take great effort, much time, and according to an official at the Texas IV-D agency, a redistribution of resources. Our audit results show that given time the Texas IV-D agency could collect significant amounts from NCPs, which would result in direct savings for the Medicaid program.

As additional support for our audit results and the feasibility of requiring the NCPs to contribute towards the cost of Medicaid, we reviewed a random sample of 100 IV-D children whose NCPs had been court ordered to make medical support payments to verify that medical support payments were collected. Our sample was selected from 29,650 children whose NCPs had made at least one medical support payment during the period June 1, 2001 through May 31, 2002. For each child, we determined Medicaid eligibility and for the months the child was eligible, determined the amount of medical support ordered and whether or not the NCP met his/her obligation. (See Appendix C for details on our sampling methodology.)

Based on our sample, we determined that the State IV-D agency collected an estimated \$2.4 million in cash medical support from NCPs whose children were eligible for Medicaid. Collection information provided by the state, showed cash medical support collections for Medicaid active cases have increased an average of 78 percent for state fiscal years 1999 to 2002. These results further support the finding in this report that even in cases in which NCPs are not able to provide private health insurance for their child, NCPs could still be able to contribute towards the cost of their child's Medicaid benefits. In addition, with the laws currently in place in Texas, over time the Texas Medicaid program will obtain significant savings.

RECOMMENDATION

Texas has made great progress towards ensuring health insurance is provided for IV-D children and should continue its work towards reaching the full potential of Texas' law. Accordingly, we recommend that Texas ensure medical support orders written under prior laws, for children receiving Medicaid benefits, are revised as they come up for modification to require NCPs to contribute towards Medicaid costs paid on behalf of their children.

Auditee's Comments

State IV-D officials agreed with our recommendation, but suggested that our estimate of savings might be optimistic, given the state's current economic conditions. These officials also explained that the state has begun work on a plan to implement our recommendation by (1) analyzing Medicaid medical support obligations to identify cases that should be reviewed for modification; and (2) reviewing agency establishment and modification policy to determine if any clarifications are needed. However depending on the resources needed and potential budget reductions, the state may not be able to proceed with its modification project.

In addition, the state IV-D officials noted an inconsistency between our recommendation and the proposed federal medical support incentive measure, as the OIG recommendation encourages cash medical support in Medicaid cases when the proposed federal incentive measure does not include cash medical support.

OIG's Response

We commend the IV-D agency for its decision to expand on our recommendation by analyzing Medicaid medical support obligations to identify cases that should be reviewed for modification. We understand that the expanded modification project is dependent on the state budget for the child support program. Regarding the IV-D agency's concern that there is an inconsistency between our

Page 7 - The Honorable Gregg Abbott

recommendation and the proposed federal medical support incentive measure, OIG does not feel there is an inconsistency. The proposed federal medical support incentive measure pertains to IV-D cases with insurance in place. Our recommendation deals with IV-D cases in which insurance was not available or not affordable. See Appendix D for a complete copy of the IV-D agency's response.

Sincerely,

A handwritten signature in black ink that reads "Gordon L. Sato". The signature is written in a cursive style with a large initial "G" and a long, sweeping underline.

Gordon L. Sato
Regional Inspector General
for Audit Services

APPENDICES

SAMPLING METHODOLOGY FOR ATTRIBUTE APPRAISALS

We used a simple random sample of 200 children from a population of 125,564 children who received IV-D services, had an order for health insurance, and whose non-custodial parents (NCP) were making child support payments during the period June 1, 2001 through May 31, 2002, to project the occurrence of certain attributes as shown in the schedules below. The results of these projections are at the 90 percent confidence level. The projections were made using an unrestricted attribute appraisal program.

We identified:

- 137 children receiving Medicaid benefits because their NCP could not provide court ordered medical support;
 - 96 children whose NCPs could afford to pay all or part of their child's Medicaid costs;
 - 41 children whose NCPs could not afford to contribute towards their child's Medicaid costs; and

- 63 children who were not included in the projection because either their NCP provided health coverage, the children were not Medicaid eligible, the children had no Medicaid costs, or the court did not order their NCP to provide health coverage.

ESTIMATE OF THE NUMBER OF TITLE IV-D CHILDREN WHO RECEIVED MEDICAID BENEFITS BECAUSE THEIR NCP COULD NOT PROVIDE COURT ORDERED MEDICAL SUPPORT

	Number of Cases in Sample	Estimate Number of Cases	90 Percent Confidence Level	
			Lower Limit	Upper Limit
Children Receiving Medicaid Benefits Because Their NCP Could Not Provide Court Ordered Medical Support	137	86,011	78,691	92,811

The table above shows the results of projecting the 137 children receiving Medicaid benefits because their NCP could not provide court ordered medical support. Specifically, we estimate that 86,011 children received Medicaid benefits during the period June 1, 2001 through May 31, 2002 because their NCP could not provide court ordered medical support. We are 90 percent confident that the number of IV-D children who received Medicaid benefits because private health insurance was unavailable or unaffordable to their NCPs was between 78,691 and 92,811.

ESTIMATE OF THE NUMBER OF CHILDREN WHOSE NCP COULD AFFORD TO PAY ALL OR PART OF THEIR CHILD’S MEDICAID COSTS

	Number of Cases in Sample	Estimate Number of Cases	90 Percent Confidence Level	
			Lower Limit	Upper Limit
Children Whose NCPs Could Afford to Pay All or Part of Their Child’s Medicaid Costs	96	60,271	52,732	67,866

The table above shows the results of projecting the 96 children whose NCPs could afford to pay all or part of their child’s Medicaid costs. Specifically, we estimate that 60,271 children had NCPs who could afford to contribute towards the cost of their child’s Medicaid benefits during the period June 1, 2001 through May 31, 2002. We are 90 percent confident that the number of children whose NCPs could contribute was between 52,732 and 67,866.

SAMPLING METHODOLOGY FOR VARIABLE APPRAISALS

To project the dollar value associated with the sample items discussed in Appendix A, we used a simple random sample of 200 children from a population of 125,564 Medicaid eligible IV-D children whose non-custodial parents (NCP) were ordered to provide medical support and were making child support payments during the period June 1, 2001 through May 31, 2002. The results of these projections at the 90 percent confidence level are presented below. The projections were made using an unrestricted variable appraisal program.

For the 96 children in our sample whose NCPs could afford to contribute toward the cost of their child’s Medicaid benefits:

- The State and Federal Government incurred Medicaid costs totaling \$58,823, and
- The NCPs could afford to contribute \$26,491 towards their child’s Medicaid costs.

ESTIMATE OF MEDICAID COSTS INCURRED BY THE STATE AND FEDERAL GOVERNMENT FOR THOSE CHILDREN WHOSE NCPs COULD AFFORD TO CONTRIBUTE TOWARDS THEIR CHILD’S MEDICAID COSTS
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	Number of Cases in Sample	Value of Cases in Sample	Estimate of Medicaid Costs	90 Percent Confidence Level	
				Lower Limit	Upper Limit
Medicaid Cost Incurred on Children Whose NCPs Could Afford to Contribute	96	\$58,823	\$36,930,413	\$29,925,374	\$43,935,452

The table above shows the results of projecting the \$58,823 in Medicaid costs incurred by the State and Federal Government on behalf of the 96 children whose NCPs could afford to contribute towards their child’s Medicaid costs, to all children in our population who met the same criteria. Specifically, we estimate that the State and Federal Government incurred Medicaid costs totaling \$36,930,413 during the period June 1, 2001 through May 31, 2002 on behalf of children whose NCPs could afford to contribute towards their child’s Medicaid costs. We are 90 percent confident that the Medicaid costs incurred by the State and Federal Government were between \$29,925,374 and \$43,935,452.

ESTIMATE OF MEDICAID SAVINGS FOR THOSE CHILDREN WHOSE NCPs COULD CONTRIBUTE TOWARDS THEIR CHILD'S MEDICAID COSTS

	Number of Cases in Sample	Value of Cases in Sample	Estimate of Medicaid Savings	90 Percent Confidence Level	
				Lower Limit	Upper Limit
Medicaid Savings for Those Children Whose NCPs Could Afford to Contribute	96	\$26,491	\$16,631,699	\$13,318,038	\$19,945,359

The table above shows the results of projecting the \$26,491 that the 96 children's NCPs could afford to contribute towards their child's Medicaid costs to all children in our population who met the same criteria. Specifically, we estimate that the NCPs could afford to contribute \$16,631,699 towards the cost of their child's Medicaid benefits during the period June 1, 2001 through May 31, 2002. We are 90 percent confident that the amount the NCPs could contribute was between \$13,318,038 and \$19,945,359.

SAMPLING METHODOLOGY FOR VARIABLE APPRAISAL

We used a simple random sample of 100 children from a population of 29,650 IV-D children whose non-custodial parents (NCP) had been court ordered to make medical support payments, and who had made at least one medical support payment, during the period June 1, 2001 through May 31, 2002, to project the amount of medical support collected. For the sample of 100 children, we determined Medicaid eligibility and for the months the child was eligible, determined the amount of medical support collected. We used zero dollar values for children who were not Medicaid eligible and for Medicaid eligible children whose NCPs did not make medical support payments during the month(s) their child was Medicaid eligible.

The results of our review showed that \$8,033 in cash medical support was collected from NCPs of the children in our sample who were Medicaid eligible. The resulting projections at the 90 percent confidence level are presented below. The projections were made using an unrestricted variable appraisal program.

ESTIMATE OF CASH MEDICAL SUPPORT COLLECTIONS FROM NCPs WHOSE CHILDREN WERE ELIGIBLE FOR MEDICAID					
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	Number of Cases in Sample	Value of Cases in Sample	Estimate of Cash Medical Support Collections	90 Percent Confidence Level	
				Lower Limit	Upper Limit
Cash Medical Support Collections	58	\$8,033	\$2,381,909	\$1,717,659	\$3,046,160

The table above shows the results of projecting the \$8,033 in cash medical support collected from NCPs whose children were eligible for Medicaid to all children in our population who met the same criteria. Specifically, we estimate that \$2,381,909 in cash medical support was collected from NCPs whose children were eligible for Medicaid during the period June 1, 2001 through May 31, 2002. We are 90 percent confident that the cash medical support collections were between \$1,717,659 and \$3,046,160.



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT
CHILD SUPPORT DIVISION

April 24, 2003

Mr. Gordon L. Sato
Regional Inspector General for Audit Services
Office of Inspector General
Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242
Attn: Mark Ables

RE: Report Number A-06-02-00053

Dear Mr. Sato:

Attorney General Greg Abbott has asked me to respond to your draft report entitled, "Review to Increase the Number of Non-Custodial Parents Providing Medicaid Support to Their Children and Reduce Medicaid Costs." We appreciate that the report recognizes our agency's efforts to ensure that health insurance is made available for the children of Texas. We offer these suggestions for the report.

Estimates of savings may be optimistic, given the state's current economic condition. Figures used to calculate the non-custodial parent's ability to contribute towards Medicaid costs were based on an economic climate between one and one-half and two years ago. The target population for contributions to offset Medicaid costs may suffer in an economic downturn, and that may yield reduced savings. Also, changes in both the Medicaid and CHIP programs are now pending in our Legislature, and these may affect your savings estimate.

The Office of the Attorney General agrees with the report's recommendation that modification of orders to require cash medical support in active Medicaid cases would be beneficial when private insurance is unavailable at a reasonable cost. We have begun work on a plan to implement this recommendation. We are analyzing Medicaid medical support obligations to identify cases that should be reviewed for modification, and we are reviewing agency establishment and modification policy to determine if any clarifications are needed.

However, any commitment of resources to this project must be considered with the current state budget crisis in mind. If our state budget reduces funding for the child support program, we may not be able to proceed with this modification project. Once agency appropriations for the next biennium have been set, we will determine the level of resources available to modify medical support orders as you recommend.

Gordon L. Sato
April 24, 2003
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Further, please note an inconsistency between the OIG's recommendation and the proposed federal medical support incentive measure. While the OIG report encourages establishment of cash medical support in Medicaid cases, the proposed federal incentive measure does not include cash medical support. This discrepancy may discourage the development of cash medical support policies. As your report indicates, we have found cash medical support to be an important part of reducing Medicaid costs.

Thank you for the opportunity to provide a written response to your draft audit report. If you need additional information, please contact me at 512-460-6122, or via email at CYNTHIA.BRYANI@CS.OAG.STATE.TX.US.

Sincerely,



Cynthia Bryant
Deputy Attorney General for Child Support

CB:jl