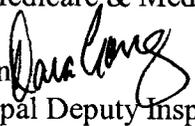




JAN - 9 2004

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

Dennis G. Smith
Acting 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 Virginia That Were Paid Under the Medicaid Program (A-03-02-00204)

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 Virginia 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 children who received child support (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 Virginia who received child support 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 June 1, 2001 through May 31, 2002.

We conducted similar audits in seven other States on which we have issued 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 200 children from a population of 54,208 children in Virginia who were covered by Title IV-D of the Social Security Act between June 1, 2001 and May 31, 2002. We estimated that NCPs of 15,449 children could potentially contribute about \$6.8 million toward total Medicaid costs of \$11.3 million (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.

We recommended that Virginia consider legislative or other steps that would allow it to pursue collecting the Medicaid costs for dependent children from NCPs who have medical support orders and the ability to pay.

The Virginia Title IV-D agency stated that it supports the objective of our report and believes that it could play a role in the reduction of Medicaid expenses. However, prior to seeking legislation, Virginia would have to update its automated systems capability and suggested that a Federal requirement is needed to pursue interstate cases (some of our sampled NCPs resided outside Virginia). Virginia officials also raised a few procedural questions and issues, such as massive review of child support files and revisions to medical support orders with mandates to collect Medicaid contributions, which we believe can be readily addressed.

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-03-02-00204 in all correspondence.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES
150 S. INDEPENDENCE MALL WEST
SUITE 316

PHILADELPHIA, PENNSYLVANIA 19106-3499

JAN 12 2004

Report Number A-03-02-00204

Maurice A. Jones, Commissioner
Virginia Department of Social Services
730 East Broad Street
Richmond, Virginia 23219-1849

Dear Mr. Jones:

Enclosed are two copies of the U.S. 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 Virginia That Were Paid Under the Medicaid Program." Should you have any questions or comments concerning the matters commented on in this report, please direct them to the HHS official named below.

Final determination as to actions taken on all matters reported will be made by the HHS Action Official. We request that you respond to this 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-03-02-00204 in all correspondence relating to this report.

Sincerely yours,

Stephen Virbitsky
Regional Inspector General
for Audit Services

Enclosures

Page 2 – Maurice A. Jones, Commissioner

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
VIRGINIA THAT WERE PAID UNDER
THE MEDICAID PROGRAM**



**JANUARY 2004
A-03-02-00204**

EXECUTIVE SUMMARY

OBJECTIVE

The objective of our audit was to identify the number of children in Virginia who received child support (Title IV-D children) and also received Medicaid benefits because their noncustodial parents (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 June 1, 2001 through May 31, 2002.

SUMMARY OF FINDINGS

Virginia has an opportunity to recover or reduce Medicaid expenses for Title IV-D children. We estimated that 30,085 children received Medicaid benefits during our audit period June 1, 2001 through May 31, 2002 because their NCPs did not provide court or administratively ordered healthcare coverage. This occurred because the NCPs' employers did not offer private health insurance or it was too costly. We estimated that Virginia could have potentially collected contributions totaling \$6.8 million to cover some or all Medicaid expenses for 15,449 children from their NCPs. 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

RECOMMENDATIONS

We recommend that Virginia consider legislative or other steps that would allow it to pursue collecting the Medicaid costs for dependent children from NCPs who have medical support orders and the ability to pay.

AUDITEE COMMENTS AND OIG RESPONSE

By letter dated May 23, 2003, the Virginia Title IV-D agency stated that it supports the objective of our report and believes that it could play a role in the reduction of Medicaid expenses. However, prior to pursuing legislation, the State said it would have to update its automated systems capability. Also, the State believes that a Federal requirement for such legislation is needed to pursue interstate cases (some of our NCPs resided out of State). The State also raised a few procedural questions and issues, such as the large effort it believes would be needed to review the child support files and revisions to medical support orders with mandates to collect Medicaid contributions. We believe these issues can be readily addressed. The State's comments are included in their entirety as Appendix B.

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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. States are required to seek medical support as part of child support orders when the NCP has access to health insurance through an employer at a reasonable cost. The amount of child support is based on State guidelines.

In Virginia, the Department of Social Services, Division of Child Support Enforcement administers the child support enforcement program. State Title IV-D responsibilities include intake, paternity establishment, and enforcing child and medical support orders.

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 limited 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 Virginia, the Department of Medical Assistance Services (VDMAS) oversees the Medicaid program. The VDMAS pays for Medicaid services through contracts with various managed care organizations (MCO) or established fee-for-service schedules. The managed care payments are based on negotiated monthly capitation rates (premiums) and vary by the age, sex and location of the recipient.

Related Reports

On June 18, 1998, we issued a report (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 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. 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 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 the work performed in Connecticut, we initiated reviews in Virginia, as well as Connecticut (a follow-up), Indiana, Michigan, New York, New Jersey, North Carolina, and Texas 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 Virginia who received child support 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.

Scope

Our review was conducted in accordance with generally accepted government auditing standards. We selected a sample of 200 children from a population of 54,208 Title IV-D children to identify:

- NCPs that had been court or administratively ordered to provide healthcare coverage; and
- NCPs who made three or more child support payments during the audit period from June 1, 2001 through May 31, 2002.

Children were statistically selected using a simple random sampling design. Details on our sampling methodology and projections are presented in Appendix A. We used applicable child support and Medicaid laws, regulations, and guidelines to determine whether NCPs could contribute toward Medicaid expenses.

We did not review the overall internal control structure of the State Title IV-D agency. Our review was limited to obtaining an understanding of the process used to enforce medical support orders and the interaction between the State Medicaid agency and the State Title IV-D agency regarding children on Medicaid. Further, we tested the reliability of computer files used to determine the population for our sample by tracing pertinent data to source documents.

Methodology

To accomplish our objective, we reviewed a statistical sample of 200 from a universe of 54,208 Title IV-D children to assess whether their NCPs could contribute toward their children's Medicaid expenses. For each sample item, we:

- Reviewed Title IV-D agency computer files to determine the medical enforcement status for each child and the amount paid in child support.
- Verified the child's Medicaid eligibility with information in State data files. We relied on the Title IV-D agency records to determine if healthcare insurance was available to the NCP and if the cost of insurance was reasonable.
- Obtained NCP income from the Virginia Employment Commission and/or National Database of New Hires records and used Federal and State withholding information to calculate net income.
- Totaled the amount the NCP could potentially pay toward monthly Medicaid expenses during the audit period. Accordingly, we reduced this amount to account for the NCP's required child support, and Virginia's self-support reserve of \$600 or the net income limitation imposed under the Consumer Credit Protection Act of 1968, as amended.¹ We divided the result by the number of Title IV-D children of the NCP.
- Compared the amount the NCP could potentially contribute to the Medicaid expenses for the child during the audit period. These expenses consisted of the monthly managed care premiums and/or the monthly average of actual medical (Medicaid) charges, which are also known as the fee-for-service charges. If the amount the NCP could potentially contribute equaled or exceeded the Medicaid expenses in a month, we considered that the NCP could pay those expenses for that month.

We performed our fieldwork at the State Title IV-D agency between June 2002 and February 2003.

¹ Income withholding for child and medical support may not exceed the maximum amount allowed under the Consumer Credit Protection Act of 1968, as amended.

FINDINGS AND RECOMMENDATIONS

Virginia has an opportunity to recapture or reduce Medicaid expenditures for Title IV-D children whose NCPs have the financial ability to provide medical support. We identified 57 children in our sample of 200 whose NCPs could have potentially contributed \$25,064 toward their children's Medicaid expenses during our audit period. Projecting our results, we estimated that \$6.8 million could have potentially been collected from the NCPs of 15,449 Title IV-D children toward total Medicaid costs of \$11.3 million (Federal and State combined).

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.

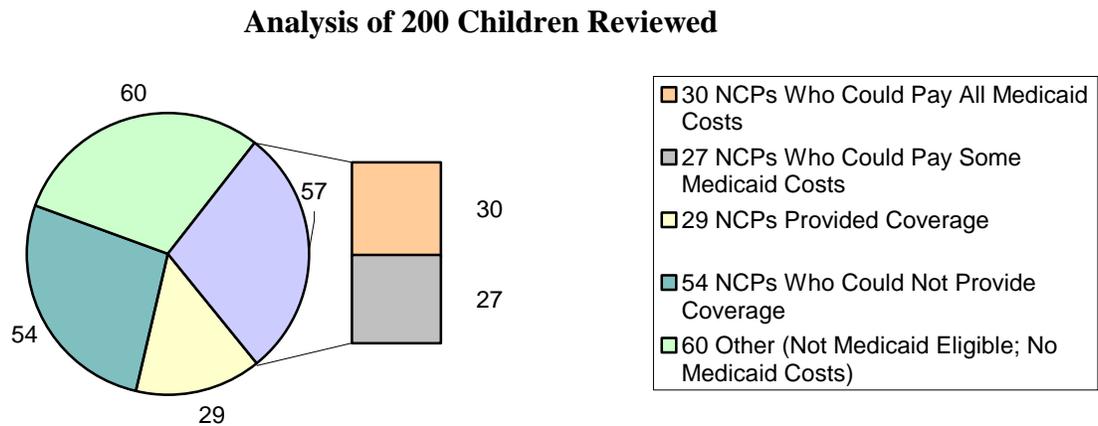
Virginia's Enforcement Process

In Virginia, child and medical support orders can be established and modified by either the courts or the State's Title IV-D agency. The medical support order is usually obtained at the same time that the State obtains the child support order.

Initial Analysis of Sample Items

We reviewed case files for a random sample of 200 Title IV-D children to determine how many of the NCPs could contribute toward their children’s Medicaid expenses. Our sample was selected from case files for 54,208 children whose NCPs had a medical support order.

As shown in the chart below, out of our sample of 200 children, 57 incurred Medicaid costs and had NCPs who met their child support obligation during our audit period. For these children, we calculated potential savings to the Medicaid program.



We excluded the remaining 143 children and their NCPs from further review because there were no potential Medicaid program savings to be calculated. Specifically:

- 29 children received health coverage;
- 54 children with NCPs that could not afford to contribute toward their child’s healthcare coverage; and
- 60 cases (referred to in the chart as “Other”) that consisted of:
 - 49 children that were not Medicaid eligible;
 - 4 cases which did not have a taxpayer savings because the NCP was not paying enough child support while the child was Medicaid eligible;
 - 4 fee-for-service cases where the child incurred no Medicaid expenses; and
 - 3 cases, which our review showed healthcare coverage orders listed in the Virginia Title IV-D agency files, were in error. No healthcare orders existed.

Detailed Analysis of the 57 Sample Cases

We determined that 57 children had NCPs who could potentially afford contributions totaling \$25,064 to cover their children’s Medicaid expenses. We estimated, based on a

statistical projection, that the Title IV-D agency could potentially collect \$6.8 million from the NCPs of these children for their Medicaid expenses.

For 30 of the children, NCPs could pay all of their children’s Medicaid expenses totaling \$13,588. Based on a statistical projection, we estimated that \$3.7 million could be collected for the children’s Medicaid expenses from their NCPs.

For 27 of the children, NCPs could pay some of their children’s Medicaid expenses totaling \$11,476. We determined that these children had NCPs that could pay between 2 percent and 92 percent of the total Medicaid expenses. Based on a statistical projection, \$3.1 million could potentially be collected for these children’s Medicaid expenses from their NCPs.

RECOMMENDATIONS

We recommend that Virginia consider legislative or other steps that would allow it to pursue collecting the Medicaid costs for dependent children from NCPs who have medical support orders and the ability to pay.

OTHER MATTERS

Required Review Will Eliminate Incorrect Payments

For 5 of the 57 sampled children with savings, the NCPs were required to make healthcare coverage support payments totaling \$2,438 to the custodial parents (CPs) to enroll their children in the CP’s group healthcare coverage. However, the CP did not enroll these children into a group coverage and instead placed these children on Medicaid. During our audit period, Medicaid expenses of \$3,048 were incurred for these children.

Requiring NCPs, without private health insurance, to contribute to their children’s Medicaid expenses would uncover CPs who did not obtain healthcare coverage. The Title IV-D agency would be required to review Medicaid enrollment and expenses to assess the amount the NCPs could potentially contribute.

Concern Over Support Reduction

Title IV-D officials expressed concerns about the extent of the child support payment reduction that would result from increased NCP healthcare coverage payments when the support is allocated between the CP and NCP. This takes place when support is allocated because the CP portion of the healthcare coverage payment is paid by the NCP and deducted from the NCP’s child support payment. Using Virginia child support guidelines, we determined that NCP support payments were reduced by a total of

\$1,284 on 10 sampled children with a savings during the audit period. Projected to the population of 54,208, this resulted in reductions in child support payments totaling \$347,996 for the children whose NCPs could potentially contribute \$6.8 million to Medicaid.

AUDITEE COMMENTS AND OIG RESPONSE

By letter dated May 23, 2003, the State Title IV-D agency stated that it supports the objective of our report and believes that it could play a role in the reduction of Medicaid expenses. However, prior to pursuing legislation, the State would have to update its automated systems capability to share information between the State Title IV-D agency and VDMAS. Also, the State believes that Federal legislation is needed to pursue interstate cases since some NCPs reside outside of Virginia.

The response also highlighted procedural questions and issues, such as the large effort it believes would be needed to review the child support files and revisions to medical support orders with mandates to collect Medicaid contributions. We believe these issues can be readily addressed. The State's comments are included in its entirety as Appendix B.

Issue - Reconciling the Requirement for Healthcare Coverage Orders with a Mandate to Collect Medicaid Contributions

The Title IV-D agency had difficulty reconciling a requirement to order healthcare coverage with a mandate to order reimbursement of specific Medicaid expenses. It questioned whether the healthcare coverage provision would be deleted from the child support order and replaced with a provision for the NCP to provide specific payment for Medicaid expenses.

OIG Response –We do not believe it is necessary to delete healthcare coverage orders. In other States, which enacted legislation to require NCPs to contribute toward their children's Medicaid costs, the NCPs were ordered to provide healthcare coverage with a contingency requiring cash contributions toward their child's Medicaid cost during periods when the NCP had no group healthcare coverage. Cash contributions could be based on the NCP's ability to pay and a percentage of income.

Issue – Recovering Medicaid Costs

Considering the variation in MCO monthly premiums and the lack of predictability in fee-for-service charges, the Title IV-D agency officials questioned how the State would recover the Medicaid expenses when support orders may be established prior to the State agency paying Medicaid cost for the child.

OIG Response – We recognize that Medicaid expenses can vary and are sometimes difficult to predict. However, required NCP contribution amounts can be initially set and periodically adjusted to assure that they are in line with the child’s Medicaid expenses.

Issue – Healthcare Coverage Orders for Specific Amounts

The Title IV-D agency officials questioned whether we were suggesting that the Title IV-D agency enforce unspecific contribution amounts for Medicaid costs from the NCP.

OIG Response - We do not anticipate the Title IV-D agency enforcing orders for unspecific amounts of contributions for Medicaid coverage costs. Another State with legislation to require NCPs to contribute toward their children’s Medicaid costs collects specific monthly amounts of NCP contributions for their children’s Medicaid costs.

Issue – Effort To Review Existing Child Support Orders

The Title IV-D agency response indicated that it did not have the resources to undertake a complete review of existing orders. Additionally, the Title IV-D agency could review and add the Medicaid contribution to new orders and to orders that are being reviewed for other reasons. However, the full monetary value of the proposal would not be realized in this scenario.

OIG Response – The Title IV-D agency does not have to undertake a complete review of existing orders. A possible method for implementing our recommendation would be to make these determinations for all new child support cases and when existing cases come up for review. Because there is a Federal requirement that existing Title IV-D children’s cases be reviewed every 3 years, all of the existing cases would be reviewed within 3 years. Allowing an additional year for all of the NCP contributions to be collected, the full monetary value of the proposal should be realized within 4 years.

APPENDICES

Statistical Sampling Information

Sample Results
Federal and State Amounts Combined

Population (Children)	54,208
Sample size (Children)	200
Sampled children with characteristics of interest (without insurance)	111
Sampled children with savings	57

Medicaid expenses for sampled children with savings	\$41,833
Savings for sampled children	\$25,064
Savings for sampled children with NCPs who can pay all Medicaid expenses	\$13,588
Savings for children with NCPs who could pay some Medicaid expenses	\$11,476
Reduction in child support caused by increase in savings	\$1,284

Statistical Sampling Information

Projections
Federal and State Amounts Combined
(Precision at the 90 Percent Confidence Level)

	Lower Limit	Point Estimate	Upper Limit	Precision
Children without insurance	26,804	30,085	33,300	N/A
Children with NCPs who could pay some or all Medicaid expenses	12,616	15,449	18,544	28.50%
Medicaid expenses for children	\$8,038,335	\$11,338,286	\$14,638,237	29.10%
Savings for children	\$4,747,449	\$6,793,469	\$8,839,448	30.12%
Savings for children with NCPs who can pay all Medicaid expenses	\$2,038,350	\$3,683,062	\$5,327,775	44.66%
Savings for children with NCPs who can pay some Medicaid expenses	\$1,770,864	\$3,110,406	\$4,449,949	43.07%
Reduction in child support obligations caused by savings	\$120,356	\$347,996	\$575,637	65.41%



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

May 23, 2003

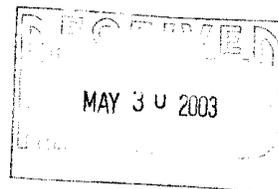
Mr. Stephen Virbitsky
OIG, Office of Audit Services
150 South Independence Mall West, Suite 316
Philadelphia, Pennsylvania 19106-3499

Dear Mr. Virbitsky:

We have reviewed the draft report entitled, "Review of Medicaid Expenses for Medicaid Eligible Title IV-D". We completely agree with the concept of holding parents who are financially able accountable for the medical expenses of their children. The Division of Child Support Enforcement (DCSE) currently enforces orders for health insurance for many Medicaid eligible children. We agree that there are non-custodial parents (NCPs) who are financially able to contribute towards the costs of their children's medical expenses and who do not currently have health insurance available at reasonable cost. However, increasing the accountability of these parents through the Division of Child Support Enforcement is a more complex and difficult proposition that what is stated in the report.

DCSE is currently required to include provisions for health care coverage in new or modified child support orders. This is true, regardless of whether health insurance is currently available at reasonable cost. It is difficult to envision how this requirement will be reconciled with a mandate to order reimbursement of specific Medicaid costs.

Would the provision to provide health insurance be omitted or deleted from the child support order and a provision for NCPs to provide a specific payment for Medicaid costs be substituted? If so, what would happen if the NCP changed jobs and health insurance became available? It would not be practical for DCSE to review every support order each time a NCP changed jobs. Would the family or the taxpayer be better off if opportunities for the children to be covered by private health insurance are lost? It should be noted that many of the NCPs in the Title IV-D caseload demonstrate a great deal of fluidity in their work patterns.



Mr. Stephen Virbitsky
May 23, 2003
Page two

The proposition discussed in the report would have DCSE establishing an order for the NCP to pay either a Medicaid premium or the fee for services costs of Medicaid children. The report states that Medicaid premiums can vary as much as \$350 from month to month. It further states that one state was still able to set an average amount. However, setting an average amount would assume that there is a history of Medicaid costs. This may or may not be true at the time the child support order is entered. There are also serious barriers to DCSE obtaining this information in order to make a determination on the amount that should be ordered (see discussion later on the issue of an interface with the Department of Medical Assistance Services - DMAS).

The report states that for children who receive fee for services an average of the costs could be used. Again, this assumes a history and would appear to be useable only after a period of time in which costs have been incurred. Child support orders cannot retroactively assess support. Legislation establishing Medicaid costs as a debt to the state would most likely be necessary if DCSE were to assess, either administratively or judicially, past expenses.

Currently, IV-D regulations only require that DCSE enforce orders for health care insurance or medical support orders that are specific dollar amounts. Given current resources and staffing levels, it would be impossible for Virginia DCSE to enforce orders for non-specific dollar amounts. This would require constant communication with DMAS on the costs incurred, monthly notices to the NCP, and constant, never-ending enforcement actions by DCSE. Given these issues, it would be necessary to arrive at some standardized methodology for assessing a flat monthly fee for Medicaid expenses before DCSE could establish and enforce such orders.

The report states that the medical support provision could be included on initial support orders and existing orders would need to be reviewed and adjusted. DCSE does not have the resources to initiate any type of massive review of existing child support orders. It would be possible to add this provision to new orders. Existing orders could be modified to include a provision, as they require review for other reasons. However, it should be noted that the full monetary value of the proposal would not be realized in this scenario.

On the issue of NCPs residing in other states, DCSE believes it would be necessary for the federal government to require all states to enact legislation before pursuing interstate cases for reimbursement. There will be cases in which the other state would be required to order the Medicaid reimbursement. Also, many enforcement actions will require the involvement of the other state IV-D agency. Therefore, all states must be required to enact the necessary legislation before this proposition can be implemented on interstate cases.

Mr. Stephen Virbitsky
May 23, 2003
Page three

Finally, the report states that the IV-D agency will be required to identify the children on IV-D cases with health care orders who are Medicaid eligible through either an automated interface with DMAS or by matching other media monthly or quarterly.

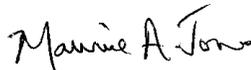
As stated earlier in these comments, an interface would appear to also be necessary in order to obtain timely information on Medicaid premium and pay for services costs. Currently, DCSE does not have an automated interface with DMAS.

Virginia DMAS is currently working on a system certification that requires the use of all its resources. DCSE is working on an interface with the ADAPT eligibility determination system that will allow DCSE to more accurately receive information on the Medicaid assistance unit. Sometime in 2004 it should be possible to better identify those children currently receiving Medicaid that also have child support cases with DCSE. However, it is unknown when it would be possible to receive benefit information from DMAS through an automated interface or any other type of matching media.

DCSE supports the objective of the report and believes that it could play a role in the reduction of Medicaid expenses. However, prior to pursuing legislation, the capabilities of the automated systems will have to progress to a degree that the necessary infrastructure is in place. Also, solutions to the policy and procedural issues raised in this response must be resolved.

We thank the Inspector General's Office for performing a valuable service by bringing these issues to the table for discussion. DCSE will work with DMAS to resolve the barriers to this proposal as we work together to promote accountability for medical costs.

Sincerely,



Maurice A. Jones
Commissioner

ACKNOWLEDGEMENTS

This report was prepared under the direction of Stephen Virbitsky, RIGAS. Other principal Office of Audit Services staff who contributed include:

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