

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 70

(Chair, Judicial Proceedings Committee)(By Request -  
Departmental - Human Resources)

Judicial Proceedings

Judiciary

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**Family Law - Child Support Enforcement - Medical Support for Children**

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This departmental bill is limited to child support orders under Title IV, Part D of the Social Security Act and requires a court to include in any order for child support a provision that either parent or both parents must include the child in the parent's health insurance coverage under specified circumstances. The bill also establishes procedures for cases in which health insurance is not available at a reasonable cost.

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**Fiscal Summary**

**State Effect:** The bill's requirements can be handled with existing resources. In addition, the bill may help prevent the loss of federal funds by conforming Maryland law with federal guidelines.

**Local Effect:** Any increase in the workload of the circuit courts caused by the bill's requirements can be handled with existing resources.

**Small Business Effect:** The Department of Human Resources has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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**Analysis**

**Bill Summary:** For those child support cases where the recipient receives federal temporary assistance funds, a court must include in any support order that is established or modified a provision requiring either parent or both parents to include the child in the parent's health insurance coverage if:

- the parent can obtain health insurance coverage through an employer or any form of group health insurance coverage;
- the child can be included at a “reasonable cost” to the parent; and
- the health insurance coverage is “accessible” to the child.

The bill specifies that the cost of health insurance is reasonable if the cost of adding the child to existing health insurance coverage, or the difference between self-only and family coverage does not exceed 5% of the actual income of the parent ordered to pay for the coverage. The bill defines “accessible” to mean coverage that insures primary care services located within the lesser of 30 miles or 30 minutes from the child’s primary residence.

If health insurance is not available at a reasonable cost at the time a support order is established or modified, the court must include a provision requiring that one or both parents provide health insurance coverage should it become available in the future and provide cash medical support at a reasonable cost. Court-ordered cash medical support must be added to the basic child support obligation calculated under the child support guidelines and divided by the parents in proportion to their adjusted income.

Cash medical support is defined as an amount paid toward the cost of health insurance provided by a public entity; by one or both parents through employment or otherwise; or for other medical costs not covered by insurance, including extraordinary medical expenses. Cash medical support is deemed reasonable if it does not exceed 5% of the actual income of the parent ordered to provide cash medical support.

A court may order one or both parents to provide cash medical support in addition to providing insurance coverage. The court may not order the obligee to pay cash medical support toward the cost of health insurance provided by a public entity for which the obligee does not pay a premium, including the Maryland Children’s Health Program.

**Current Law:** A court may include in any child support order a provision requiring either parent to include the child in the parent’s health insurance coverage if: (1) health insurance is available through an employer or any form of group health insurance coverage and (2) the child can be covered at a reasonable cost to the parent. A court order requiring the provision of health insurance coverage may be issued separate from or in conjunction with an earnings withholding order.

Extraordinary medical expenses mean uninsured expenses over \$100 for a single illness or condition and includes uninsured, reasonable, and necessary costs for orthodontia, dental treatment, asthma treatment, physical therapy, treatment for any chronic health

problem, and professional counseling or psychiatric therapy for diagnosed mental disorders.

**Background:** The federal Deficit Reduction Act of 2005 amended federal requirements regarding medical support for children and directed the Secretary of Health and Human Services to issue implementing regulations. The regulations are intended to increase the number of children who receive medical support, either through private health insurance or cash medical support. On July 21, 2008, the federal Office of Child Support Enforcement issued the final regulations. This bill is intended to ensure that State law conforms to these new federal requirements.

**State Fiscal Effect:** Noncompliance with the federal regulations may result in a substantial loss of federal funds. Specifically, the grant for Child Support Enforcement Services to the State, which totaled \$81.8 million in fiscal 2009 and the grant for Temporary Assistance to Needy Families, which totaled approximately \$229.1 million in fiscal 2009 are at risk of being suspended if Maryland law does not conform to federal requirements.

The Department of Human Resources (DHR) advises that although enhancements to the Child Support Enforcement System are necessary, funding for system enhancements was included in the fiscal 2009 budget, therefore, there is no fiscal impact for DHR.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Department of Human Resources, Comptroller's Office, Judiciary (Administrative Office of the Courts), U.S. Department of Health and Human Services, Department of Legislative Services

**Fiscal Note History:** First Reader - January 14, 2009  
mlm/kdm Revised - Senate Third Reader - March 30, 2009  
Revised - Enrolled Bill - May 18, 2009

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Family Law – Child Support Enforcement – Medical Support for Children

BILL NUMBER: SB 70

PREPARED BY: Department of Human Resources  
Child Support Enforcement Administration

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

  X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

       WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.