

Child Support Guidelines Brief: Child's Share of Health Insurance Premium

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Points of view expressed in this document are those of the author and do not necessarily represent the official position of the Child Support Guidelines Committee or the Court.

PURPOSE OF THE BRIEF

The purpose of this brief is to revisit the 2006 Committee's recommendation on how to define the child(ren)'s health insurance cost. Per the Court's request to the Committee,¹ it also provides several case scenarios demonstrating how the recommended adjustment could work. Finally, this briefing provides similar provisions from other state guidelines. If the Committee votes in favor of amending the recommendation, it may lift or adopt language from another state's child support guidelines.

EXISTING PROVISION

7. Health insurance premiums

The actual cost of a premium to provide health insurance benefits for the children shall be added to the "basic child support obligation" and shall be divided between the parents in proportion to their adjusted gross income in the percentages indicated on the Child Support Guidelines form (Form CS-42).

RECOMMENDATION OF 2006 COMMITTEE

- (a) The definition of health insurance cost shall be the greater of the following:
- i) The actual premium charged for dependent coverage related to and for the minor child(ren) if ascertainable; or
 - ii) If i) hereinabove is not ascertainable, the proportionate share of the total health insurance premiums costs the number of children bear to the total.
- (b) The amount to be added to the 'basic child support obligation' for computation of the total support obligation for health insurance costs shall be the equivalent of the greater of the following:
- i) The actual premium specifically charged for dependent coverage related to and for the minor child(ren) if ascertainable; or
 - ii) If i) hereinabove is not ascertainable, the proportionate share of the total health insurance premiums costs the number of children bear to the total.

INTENT OF RECOMMENDATION

According to the June 30th meeting minutes,² The Committee discussed three options.

1. Keep the existing provision, which considers the total cost of the premium regardless of who the premium covers (i.e., other dependents and the parent).
2. Prorate the additional costs for dependents by the number of children for whom support is being determined.
3. Prorate the additional costs for dependents by the total number of dependents (this could include a new spouse covered as a dependent).

¹ The request was made in a letter from Randy Helms, Administrative Director of Courts to Honorable Jack Hughes on October 11, 2006. Judge Hughes was the former chair of the Child Support Guidelines Review Committee and has since retired.

² Meeting minutes are posted on the Internet at: <http://www.alacourt.gov/review.html>.

OTHER USEFUL INFORMATION

In 2005, the average health insurance premiums paid by employees in Alabama were:

- \$70 per month for a single individual
- \$147 per month for an individual plus one; and,
- \$215 per month for family coverage.

The amount of the premium attributable to dependents is the difference between single and family coverage (\$145 per month). Because not all plans provide an individual plus one rate, the guidelines amount credited for premiums should not assume that information is available.

Case Examples

Several options for determining the premium amount in the child support calculation are compared in the table below. The examples assume that parent carrying the health insurance also covers his/her new spouse on the health plan and there are no additional dependents.

	Order before Consideration of Health Insurance	Order After Health Insurance			
		Parent Paying Health Insurance Receives Credit for.....			
		Option A	Option B:	Option C:	Option D:
		Subtract full premium amt (\$215 per month)	\$145 per month (family premium of \$215 minus single premium of \$70)	\$68 per month (family premium of \$215 minus \$147, employee plus one premium)	Assume individual plus is not known. \$145 is prorated among children & new spouse
Information required for calculation <ul style="list-style-type: none"> • Family premium • Individual premium • Individual + one premium • Number of dependents covered by plan 	NA	X	X X	X X X X	X X X
Premium amount would exclude amounts for.... <ul style="list-style-type: none"> • Parent holding policy • New spouse of policy holder • Additional children of policy holder 	NA		X Only if there are no add'l children or new spouse	X X Only if there are no add'l children	X X X
Case A: 1 Child <i>Dad pays health insurance</i> Mom's Income = \$2,000 Dad's Income = \$2,000	\$273.00	\$165.50	\$200.50	\$239.00	\$236.75
Case B: 2 Children <i>Dad pays health insurance</i> Mom's Income = \$2,000 Dad's Income = \$2,000	\$424.50	\$317.00	\$352.00	\$390.50	\$376.17
Case C: 1 Child <i>Dad pays health insurance</i> Mom's Income = \$1,000 Dad's Income = \$3,000	\$409.50	\$355.75	\$373.25	\$392.50	\$391.38
Case D: 2 Children <i>Dad pays health insurance</i> Mom's Income = \$1,000 Dad's Income = \$3,000	\$636.75	\$583.00	\$600.50	\$619.75	\$612.58
Case E: 1 Child <i>Mom pays health insurance</i> Mom's Income = \$2,000 Dad's Income = \$2,000	\$273.00	\$380.50	\$345.50	\$307.00	\$309.25
Case F: 2 Children <i>Mom pays health insurance</i> Mom's Income = \$2,000 Dad's Income = \$2,000	\$424.50	\$532.00	\$497.00	\$458.50	\$472.83

ERISA

The federal Employee benefits law (ERISA) provides that the “birthday rule” can be used to determine which parent’s insurance is the primary health benefit for children with two working parents. The parent whose birthday comes first is the primary insurer. However, the primary insurer may not be determined by the birthday rule if the children are of divorced parents or a disrupted or blended families. Court orders to provide health insurance, which are common in child support orders, will supersede the birthday rule. If a child lives with his custodial parent and a step parent, the custodial parent’s insurance can be the primary health benefit even if the step parent’s birthday is prior to the custodial parent’s birthday. In addition, the interaction between ERISA rules and state law can further confound which parent’s insurance is the primary insurer for the child.

TREATMENT IN OTHER STATES

Most state guidelines prorate the health insurance similar to the Committee’s recommendation.

Missouri

11a. Health, Dental, Orthodontic and Optometric Premiums

The cost to the parent or parent’s household to provide for health, dental, orthodontic or optometric insurance coverage for the child is to be added to the Gross Child Support Obligation. If coverage is provided without cost to the parents or parent’s household, then zero should be entered as the amount. If there is a cost, the amount to be used on Line D.4 is the actual cost for the child or children if it is itemized. If the cost is not itemized, the child’s pro rata share of the costs of family coverage, over the cost of a single policy, may be used.

Arizona

DETERMINING THE TOTAL CHILD SUPPORT OBLIGATION

To determine the Total Child Support Obligation, the court:

A. Shall add to the Basic Child Support Obligation the cost of the children’s medical, dental and/or vision insurance coverage, if any (this provision does not imply any obligation of either parent to provide dental or vision insurance). In determining the amount to be added, only the amount of the insurance cost attributable to the children subject of the child support order shall be included. If coverage is applicable to other persons, the total cost shall be prorated by the number of persons covered. The court may decline to credit a parent for medical, dental and/or vision insurance coverage obtained for the children if the coverage is not valid in the geographic region where the children reside.

EXAMPLE: Through an employment-related insurance plan, a parent provides medical insurance that covers the parent, one child who is the subject of the child support case and two other children. Under the plan, the cost of an employee’s individual insurance coverage would be \$50. This parent instead pays a total of \$170 for the “family option” that provides coverage for the employee and any number of dependents. Calculate the adjustment for medical insurance as follows: Subtract the \$50 cost of individual coverage from the \$170 paid for the “family option” to find the cost of dependent coverage. The \$120 remainder then is divided by three -- the number of covered dependents. The resulting \$40 is added to the Basic Child Support Obligation as the cost of medical insurance coverage for the one child.

South Carolina

G. Health Insurance.

The court shall consider provisions for adequate health insurance coverage for children in every child support order. Ordinarily, the court should require coverage by that parent who can obtain the most comprehensive coverage through an employer, or otherwise, at the most reasonable cost. If either parent

carries health insurance for the child(ren) who is to receive support, the cost of the coverage should be added. If the employer provides some measure of coverage, only that amount actually paid by the employee or contributed by the employee should be added. Note that the portion of the health insurance premium which covers the children is the only expense that should be added. If this amount cannot be verified, the total cost of the premium should be divided by the total number of persons covered by the policy and then multiplied by the number of children in the support order. Whichever party is responsible for paying the health insurance premium will receive a credit.

North Carolina

AOC-A-126 Health Insurance and Health Care Costs

The amount that is, or will be, paid by a parent (or a parent's spouse) for health (medical, or medical and dental) insurance for the children for whom support is being determined is added to the basic child support obligation and prorated between the parents based on their respective incomes. Payments that are made by a parent's (or stepparent's) employer for health insurance and are not deducted from the parent's (or stepparent's) wages are not included. When a child for whom support is being determined is covered by a family policy, only the health insurance premium actually attributable to that child is added. If this amount is not available or cannot be verified, the total cost of the premium is divided by the total number of persons covered by the policy and then multiplied by the number of covered children for whom support is being determined.

Oregon

(2) Determine the cost to the parent of carrying health care coverage for only the parent's joint child(ren). If family coverage is provided for joint child(ren) and other family members, prorate the out-of-pocket cost of health care coverage for joint child(ren) only.