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Domestic Policy

Jennifer Klein

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OPTIONAL FORM 99 (7-90)

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To Jen Klein	From Judy Whang
Dept./Agency	Phone #
Fax #	Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

MEMORANDUM

TO: The Secretary
FR: Judy Feder/David Ellwood
RE: Health/Welfare Reform
DT: April 7, 1994

Donna--First let me tell you the facts about coverage for non-custodial parents; then I'll give you the answer for public consumption.

The Health Security Act bases coverage obligations on current law. Under current law, when a child support award is set, the court or tribunal must take into consideration the health care needs of the child and will generally order that health insurance coverage be proivded, if available. Thus court decisions and child support enforcement would continue to determine who pays how much toward health insurance in separated families. The National Health Board is authorized to establish additional rules regarding enrollment in health plans for special-case families.

Under these arrangements, it is true that a non-custodial parent may not have to make any insurance payments. But to require them to do so would not increase funding under the plan. Rather, it would lower the per-worker premium for everyone. There's no particular reason to pursue this strategy--particularly since requiring participation by non-custodial parents with limited incomes would increase federal subsidy costs.

As you know, an essential element of welfare reform is dramatically improved child support enforcement. Though welfare reform is unlikely to make significant changes in current law regarding who provides for health insurance coverage when an award is established, the number of cases with child support awards in place should rise significantly, and thus the number with health insurance awards should also grow. Increasing the number of awards is likely to result in some modest Medicaid savings. Under current budget rules, these savings would not be attributable to, nor available for, the Health Security Act, they are attributable to welfare reform. (Conversely, reduced AFDC use caused by expansion of coverage under the Health Security Act cannot be used for welfare reform, they go toward health reform).

Now for the Q and A:

Q: Are non-custodial parents being let off the hook under HSA? This isn't consistent with welfare reform.

A: The HSA builds on the current legal system's determinations of parental responsibility for insurance payment. Current law already requires that a determination be made as to who will be responsible for providing health coverage when a child support award is put in place. The HSA will not affect these rules. Welfare reform seeks to dramatically expand the number of child support awards which would include determinations of medical support. Thus, far from letting non-custodial parents off the hook, welfare reform will work to ensure that parents pay their fair share of child support and health insurance.