



Wisconsin Child Support Enforcement Association

Birth Cost Reimbursement in Wisconsin – Myths vs. Facts

While a joyful event, the birth of a baby is not without cost. The average Wisconsin birth costs \$8,278 with many couples contributing to that price through deductibles and co-pays.¹ Under Wisconsin law, an unmarried father may be required to contribute to the cost of his child's birth based on his ability to pay. This is called birth cost reimbursement (also known as birth cost recovery) and it applies whether the mother paid out-of-pocket costs or if the birth was paid for by Medicaid. If the mother paid, the court can order the father to partially reimburse her, and if the state paid, the court can order the father to partially reimburse Medicaid for the benefits it provided.

Recently, several pieces of misinformation have been circulated regarding the state's birth cost reimbursement program. We fact check those claims below.

Myth #1: Birth cost reimbursement is an unreasonable financial burden for low-income fathers.

Fact: Birth cost reimbursement is based on a father's ability to pay.

Birth cost orders are one-time costs that do not accrue interest. There are clear statutory and administrative code protections in place to ensure that birth cost reimbursement does not pose an undue financial burden to fathers. Under Wisconsin law, birth cost orders are capped at one-half of the actual cost of their child's birth, regardless of the father's income.² Wisconsin's administrative code further limits a father's financial responsibility to 5% of his monthly income over 36 months.³ Additional limits are in place for fathers with incomes below 150% of the Federal Poverty Level.⁴

Once the birth cost reimbursement amount is established, a court determines how it will be paid. A typical birth cost order is repaid at \$25 per month or less. If a father has little to no regular income, no reimbursement is ordered.

Myth #2: Child support agencies only support birth cost reimbursement because it is a major money maker for their program.

Fact: The vast majority of birth cost reimbursement funds (85%) reimburse the Medicaid program.

On average, Medicaid receives \$13.4 million in birth cost reimbursements per year from fathers who have the ability to pay for their share of the birth. County child support agencies are allowed to retain 15% of funds recovered, which is roughly \$2.3 million per year, to support the services they provide to mothers, fathers and children.

Birth cost reimbursement is part of well-established public policy that Medicaid is the payer of last resort. Like the Child Support program itself, birth cost reimbursement stems from the principle that children are primarily the responsibility of their parents, not taxpayers. The elimination of birth cost reimbursement for fathers who have the means to contribute to these expenses turns this principle on its head.

¹ <https://www.businessinsider.com/how-much-does-it-cost-to-have-a-baby-2018-4#4-wisconsin-47>

² Wis.Stat. §767.89(3)(e)

³ DCF 150.05(2)

⁴ DCF 150 Appendix D

Myth #3: Birth cost reimbursement negatively impacts child support payments and compromises fathers' resources, which could otherwise be used to support the family.

Fact: State policy ensures that birth cost payments do not impact child support orders.

Any periodic payments ordered on birth costs are set after child support is determined. Typically, child support payments are applied to current child support orders first, followed by arrears, followed by state-owed arrears, followed by birth cost reimbursement. The absence of a birth cost order does not guarantee that more money will go to support the child. It simply means that a father will not have to contribute to the cost of his child's birth.

Myth #4: Wisconsin is one of only a few states that collect birth costs, which means it's bad public policy.

Fact: Federal policy supports birth cost reimbursement as long as it does not place an undue burden on fathers.

The federal government issued guidance in 2007 directing states to update their birth cost reimbursement policies to ensure they were not placing an undue burden on low-income fathers. Wisconsin took steps to align its birth cost policy with the new federal standards and received permission to continue collecting birth cost reimbursement. Specifically, our standards were updated to ensure that birth cost orders are based on the father's ability to pay and capped at half of the birth cost. States that did not bring their policies into compliance with federal guidelines could not continue collecting birth costs.

Myth #5: Birth cost reimbursement is linked to infant mortality, perpetuation of family poverty, family conflict and delayed prenatal care.

Fact: There is no objective evidence to support any of these claims.

The most pernicious of these claims is that birth cost reimbursement is related to infant mortality. Unfortunately, there are many documented factors that contribute to infant mortality, including socioeconomic status and stress.⁵ However, studies find that paternity establishment has a protective effect on infant mortality – allowing for a greater level of parental involvement with the child, including the provision of social, economic or emotional support.⁶ Wisconsin's child support agencies establish paternity for approximately 24,000 children per year, providing an essential link between children and their fathers.

Myth #6: Repealing the state policy prohibiting birth cost reimbursement from fathers in intact families would mean less discretion for county child support agencies.

Fact: The prohibition actually *reduced* child support agencies' discretion, as agencies are now barred from seeking reimbursement from fathers in intact families even if they have the financial means to reimburse Medicaid for the birth of their children.

A rule change implemented by the Department of Children and Families in July of 2018 prohibited birth cost reimbursement from all fathers living in an intact family, regardless of the family's income. Under this change, a wealthy father living with the mother and child cannot be ordered to contribute to the birth costs of his child, despite having the ability to do so, while a lower-income father not living with the mother and child could be. Repealing the DCF 150 rule change will give child support agencies the discretion to collect birth cost reimbursement in cases where the father has the ability to pay, following clear administrative code requirements which limit the amount of birth cost reimbursement orders.

⁵ Emmanuel M. Ngui et. Al., *Relationship of Paternity Status, Welfare Reform Period and Racial/Ethnic Disparities in Infant Mortality*, 9 Am. J. Men's Health 350, 350 (2015).

⁶ *Id.* at 356.