

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: August 16, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Shakita LaGrant McClain, Director, Department of Health and Human Services

Subject: A report from the Director, Department of Health and Human Services (DHHS), providing an informational report regarding the elimination of State-owed Birth Costs from all Milwaukee County Child Support Services cases

File Type: Informational Report

SUMMARY

This informational report provides an overview of the program to eliminate all State Birth Costs from Milwaukee County Child Support Cases. The goal of this program is to eliminate the financial burden on fathers so that they will have more money to support themselves and their families.

As part of the 2024 Adopted DHHS Budget, Child Support Services (CSS) stopped requesting the court establish birth costs on any new cases as of November 9, 2023. On July 30, 2024, birth costs owed to the State were eliminated on all existing Milwaukee County Child Support cases as follows:

Birth Expense Eliminated 7/30/24: \$67,200,467

Cases Affected: 50,780 (IVD and NIVD)

Father's Affected: 32,719

BACKGROUND

Birth Cost Recovery (BCR) is the process by which child support agencies seek court orders that require fathers to repay a portion of childbirth costs paid for by the state Medicaid program. The agency can then keep 15 percent of any monies received from these orders. BCR is not child support; it recoups Medicaid expenses by collecting funds from fathers.

CSS stopped requesting birth costs in its family law cases on the day the 2024 Budget passed, November 9, 2023.

The provision in the statutes allowing the courts to set a contribution by the father to the State or the mother for birth costs has existed since the 1970s. In 2008, the Administrative Rules (DCF 150) changed to base the calculation of support on ability to pay. (Milwaukee County's internal policy set these "ability to pay" amounts at much lower levels than set out in DCF 150).

In 2018, the rules changed further to state that Birth Costs would not be set if the parties were intact and told the court this at the time of the court hearing, regardless of their "household" information as maintained by the benefits office.

Based on these rule changes and our own internal policy at Milwaukee County, we estimate that in 2022 and 2023, CSS asked for Birth Costs in approximately 15 percent of cases, and the median amount was \$500. However, since the program goes back to the 1970s, there were a significant number of older cases in which birth costs were set despite a father's inability to pay. This debt has remained on these cases for decades, even after the cases were closed for enforcement by being changed to "NIVD."

The primary way that Birth Costs are paid is through federal tax intercepts. Federal law requires that all federal tax intercepts go first to pay for federal debts, including birth costs. "IVD" cases are essentially open cases, where administrative enforcement is available on all debts. Once a case is NIVD there are no longer any tax intercepts.

ELIMINATION OF EXISTING BCR DEBT IN MILWAUKEE COURT CASES

In 2024, we set the goal of eliminating previously existing BCR debt. This was a substantial goal considering our initial estimate of over 45,000 court cases with birth cost orders. (19,000 IVD cases, 26,000 NIVD cases). The other difficulty was that these were all court ordered debts owed to the State. Our intent was to start with IVD cases, the most recent years first, to decrease the likelihood of a tax intercept paying toward the birth costs before the debt could be eliminated.

State-Department of Children and Families (DCF) Approval: State approval was needed to eliminate these birth costs since the monies are owed to the State and Federal government for Medicaid reimbursement. Previously, Milwaukee County CSS was allowed by the State to decrease birth costs or eliminate court ordered birth costs as part of a settlement agreement with the parties if it was appropriate depending on the facts of the case. Although the State allowed administrative settlements, because these are court orders, the preferred method was a Motion to the Court, or a Satisfaction of Judgment filed with the Court.

We requested approval to begin a process by which we prepare and send an administrative document to both parties explaining the process and adding a copy to our file without filing it with the court. The State agreed that we could use this process and set Birth Costs at zero, with the caveat that we make it clear that any monies previously

collected would not be repaid.

State Support/Automated Processing: CSS operates the Federal Child Support program under a contract with the State through DCF and our primary program and database (KIDS) is owned and administered by DCF.

CSS reached out to DCF to determine if there was a possibility of automating this process. They were able to assign a team to develop programming to allow this to happen. It was an extensive development process that took several months and multiple tests.

On July 18, 2024, DCF began sending letters to all case participants and recording the information in the KIDS database. On July 30, 2024, DCF ran a program eliminating all State owed birth costs on Milwaukee County cases.

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Data Collection and Effect: We are also working with DCF to collect data and research the effect of BCR elimination on the amount of support going to families. DCF is running monthly reports for us that will specifically show how much support went to families on cases with birth costs before and after the elimination of this debt. We will be able to use this data to quantify the effect of birth cost elimination on support going to Milwaukee County families.

Process Overview: While CSS waited for the automated process, staff worked to eliminate existing birth costs on any cases that came into court on other issues. Attorneys would submit separate court orders specifically setting birth costs at zero. Additionally, birth cost elimination was added to any stipulation or settlement we entered with parties. We were able to eliminate birth costs of \$249,734 on 255 cases through this method.

ALIGNMENT WITH STRATEGIC PLAN

The goal of this program is to eliminate the financial burden on fathers so that they will have more money to support themselves and their families. Additionally, the elimination of this debt will allow CSS to focus efforts more on services directly related to support for Milwaukee County families.

Strategy #1 Integrated Services and Care, #2A Determine what, where and how we deliver services based on resolution of health disparities. #3C Dismantle barriers to diverse and inclusive communities.

VIRTUAL MEETING INVITES

Artis Landon, CSS Administrator, Department of Health and Human Services

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PREPARED BY:

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APPROVED BY:

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Shakita LaGrant-McClain, Director, Department of Health and Human Services

ATTACHMENTS:

N/A

Cc: County Executive David Crowley
Sup. Shawn Rolland, Chair, Health Equity, Human Needs, and Strategic Planning Committee
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County
Steve Cady, Research Director, Comptroller's Office