

National Medical Support Notice - Part A

**OMB Information Collection Request
0970 - 0222**

Supporting Statement Part A - Justification

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Office of Child Support Enforcement
Administration for Children and Families
U.S. Department of Health and Human Services

SUPPORTING STATEMENT A – JUSTIFICATION

Summary

1. Circumstances Making the Collection of Information Necessary

Section 401 of the Child Support Performance and Incentives Act of 1998 (CSPIA) Pub.L. 105-200 requires state child support agencies under title IV-D of the Social Security Act (the Act) to enforce the health care coverage provision in a child support order, and to use the National Medical Support Notice (NMSN) as the means of enforcement. The law requires the NMSN to be promulgated by regulations issued jointly by the Departments of Health and Human Services (HHS) and Labor (DOL).

2. Purpose and Use of the Information Collection

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires all child support orders under title IV-D of the Act to have a provision for medical support coverage. State and local child support agencies send the NMSN to employers to enroll the child(ren) into the employee/obligor's health plan. The employer responds to the IV-D agency and forwards Part B to the medical plan administrator to enroll the child(ren) in medical insurance, if coverage is available. The employer retains the severable income withholding portion of the form and withholds from the employee/obligor's income any premium payments that may be required by the plan.

This request includes the following changes:

1. A checkbox was added to distinguish between the National Medical Support Order/Notice (NMSN) and the Termination Order/Notice.
2. The following instruction was added under Employer Responsibilities: 3. If the Termination Order/Notice checkbox is checked, you are required to terminate the health care coverage for the child(ren) identified in the order.
3. Updates were made based on comments in response to the 60 Day Federal Register Notice (84 FR 10096) (See Attachment A).

3. Use of Improved Information Technology and Burden Reduction

Currently, state IV-D agencies are required to automate information collections. State agencies generate the NMSN after the support order is established and send it to the employer.

4. Efforts to Identify Duplication and Use of Similar Information

Prior to implementation of the NMSN, child support enforcement agencies used state-issued medical support orders. Lack of a standard medical support order created barriers

to enforcing medical support coverage. The NMSN replaces all of the various forms with a single standardized format, which prevents duplication and reduces confusion for employers and plan administrators.

5. Impact on Small Businesses or Other Small Entities

The impact on small businesses and other small entities is minimal. The NMSN is easy to understand and short in length. All the necessary information needed to enroll a child in the employee/obligor's health plan and to withhold premium payments from the employee/obligor's wages is provided.

6. Consequences of Collecting the Information Less Frequently

The use of the NMSN by state IV-D agencies to enforce medical support orders was mandated by CSPIA and cannot be used less frequently because it may negatively impact enforcement of medical support to the child(ren).

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

Section 466 (a)(19) of the Social Security Act establishes a 20 business day time period, after the date of the NMSN, for the employer to respond to the state IV-D agency that sent the form. A response must be sent giving the date Part B was sent to the plan administrator or explaining why the NMSN cannot be implemented. The same section also requires the employer to forward Part B within 20 business days to the health plan administrator to enroll the children in health insurance if health insurance is available to the employee. Failure to adhere to the 20 business day timeframes violates federal law.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13) and Office of Management and Budget (OMB) regulations at 5 CFR Part 1320 (60 FR 44978, August 29, 1995), the Administration for Children and Families published a notice in the Federal Register announcing the agency's intention to request an OMB review of this information collection activity. This notice was published on March 19, 2019, Volume 84, Number 53, page 10096, and provided a 60-day period for public comment. During the comment period, OCSE received 15 comments. OCSE reviewed and responded to each comment. The comments and responses are reflected in Attachment A.

9. Explanation of Any Payment or Gift to Respondents

Not Applicable.

10. Assurance of Confidentiality Provided to Respondents

The state and local child support agencies will follow their state laws and procedures that require assurances of confidentiality.

11. Justification for Sensitive Questions

The state and local child support agencies follow their state laws and procedures regarding collection of sensitive information.

12. Estimates of Annualized Burden Hours and Costs

Instrument	Respondents	Annual Number of Respondents	Number of Responses Per Respondent	Average Burden Hours Per Response	Annual Burden Hours
National Medical Support Notice – Part A – Notice to Withhold for Health Care Coverage	State	54	89,634	.17	822,840
	Employers	1,275,624	3.79	.17	821,885

Estimated Total Annual Burden Hours: 1,644,725

To calculate the number of Employer Respondents, use the Census Bureau’s chart titled Number of Firms, Number of Establishments, Employment, and Annual Payroll by Enterprise Employment Size for the United States, All Industries: 2016. Count the firms with more than 10 employees (this is the number OMB advised us to use). To do this, take the Total Number of Firms and subtract 0-4 firms and the 5-9 firms. For 2016, this number is calculated as follows:

$$(5,954,684) - (3,665,182) - (1,013,878) = 1,275,624$$

The estimated number of Income Withholding for Support Order (IWOs) for FY2016 is 14,897,557 (number is obtained from the OCSE Economic Analysis team).

To calculate the percentage of cases with orders that have health insurance ordered, we used the FY2017 Preliminary Data Report and computed as follows:

(Table P-41, 2017 cases in which health insurance is ordered) / (Table P-42, 2017 cases open with support orders established) = Percentage of cases with orders that have health insurance ordered.

$$(6,789,765) / [(12,384,637) - (2,990,798)] = (.722) \text{ or } 72.2\%$$

To calculate the estimated number of medical support notices being sent annually, multiply the total number of IWOs by the percentage of cases with orders that have health insurance to get the estimated number of medical support notices being sent annually.

$$(14,897,557) * (72.2\%) = 10,756,036$$

To get the total number of new responses, multiply the estimated number of medical support notices being sent annually by 45% (this estimates the new responses).

$$(10,756,036) * (45\%) = 4,840,216$$

To get the Total Number of Responses Per Respondents, divide the total number of new responses by the Total Number of Respondents.

$$\text{States} - (4,840,216) / (54) = 89,634$$

$$\text{Employers} - (4,840,216) / (1,275,624) = 3.79$$

The Average Burden Hours Per Response is the estimated amount of time to prepare the form, which is 10 minutes (.17) for both the states and employers.

To get the Total Burden Hours, multiply the Total Number of Respondents by the Total Number of Responses Per Respondent and then by the Average Burden Hours Per Response.

$$\text{States} - (54) * (89,634) * (.17) = 822,840$$

$$\text{Employers} - (1,275,624) * (3.79) * (.17) = 821,885$$

The Average Hourly Wage is based on tables from the Bureau of Labor Statistics (BLS), May 2016:

21-1099 Community and Social Services Specialist All Other - \$23.90

043-3051 Payroll and Timekeeping Clerks - \$22.67

To get the Total Annual Cost, multiply the Total Burden Hours by the Average Hourly Wage

$$\text{States} - (822,840) * (\$23.90) = \$19,665,876$$

$$\text{Employers} - (821,885) * (\$22.67) = \$18,632,133$$

13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers

There are no estimated costs associated with the annualized reporting and record keeping burden.

14. Annualized Cost to the federal government

Upon approval of the proposed revisions to the NMSN – Part A, OCSE will post the new version of the NMSN on the internet website for states to download. There are no costs to the federal government.

15. Explanation for Program Changes or Adjustments

OCSE's estimate of the number of NMSNs being sent by state IV-D agencies increased from 76,499 to 89,634 responses per respondent since the last submission due to the impact of options available under the Affordable Care Act.

The average hourly rate for a state-level employee was \$21.86/hour in the previous submission and is \$23.90/hours in this submission. Estimates were based on BLS data.

The average hourly rate for an employer was \$18.12/hour in the previous submission and is \$22.67/hours in this submission. Estimates were based on BLS data.

The number of employers grew from 1,027,484 in 2013 to 1,275,624 in 2016, a difference of 248,140 employers.

The above changes account for the burden hour increase of approximately 240,433, which is less than half of the increase in 2013.

16. Plans for Tabulation and Publication and Project Time Schedule

There are no plans to publish results of this information in the immediate future.

17. Reason(s) Display of OMB Expiration Date Is Inappropriate

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification statement.

B. Statistical Methods (used for collection of information employing statistical methods)

The information collection requirements outlined in this report do not employ the use of statistical methods.