

# Affordable Care Act (ACA) Frequently Asked Questions (FAQs) for IV-D Workers

## General Information About the ACA and the Health Insurance Marketplace

### **1. Where can I learn about the ACA?**

The website [www.healthcare.gov](http://www.healthcare.gov) provides extensive information about the ACA.

### **2. Where do I direct a party to comply with the requirement to provide health care coverage?**

IV-D workers can direct parties to the [Health Insurance Marketplace](#) to obtain healthcare coverage. IV-D workers can also direct parties to the Health Insurance Marketplace for more information about the ACA and healthcare options.

### **3. The ACA exempts some parents from the individual mandate. If a parent is obligated under a court order to provide health insurance, can that parent still receive an exemption under the ACA?**

Yes, the exemptions for the ACA's individual mandate will still apply. However, the exemptions will **not** apply to the parent's obligations under the court order. A parent could avoid the IRS penalty, but could still face penalties from the court for failure to comply with the court order.

### **4. Can a non-custodial parent (NCP) enroll a child in healthcare coverage through the Health Insurance Marketplace even if (s)he does not claim the child on his/her federal taxes?**

Yes. However, if the NCP does not claim the child on his/her federal taxes, the NCP cannot receive credits or tax deductions in the Health Insurance Marketplace. Additionally, only the custodial party (CP) may enroll the child in Medicaid. However, the NCP will still be able to enroll his/her child in a healthcare coverage plan through the Health Insurance Marketplace by paying the full amount of the insurance premium.

### **5. Can both parents enroll a child in a healthcare plan through the Health Insurance Marketplace?**

Yes. Both parents may enroll a child in a healthcare plan through the Health Insurance Marketplace. However, only the parent who claims the child as a dependent on his/her federal income tax return may qualify for tax credits.

**6. Will there be a data exchange between the Health Insurance Marketplace and the IV-D program?**

At this time, the IV-D program is not working on a data exchange between the Health Insurance Marketplace and the IV-D program. OCS will publish policy regarding this issue if a data exchange is established in the future.

**7. The IV-D definition of reasonable cost for healthcare coverage is 5 percent of a parent's gross income. The ACA has two different standards for determining if healthcare coverage is affordable – 8 percent of taxable income and 9.5 percent of taxable income if offered by an employer. Does the ACA change the way I calculate reasonable cost for healthcare coverage?**

The ACA does not change the IV-D definition of reasonable cost<sup>1</sup> for healthcare coverage. It is possible that a parent could be exempt from providing coverage for his/her child under the ACA but still be required to provide coverage under his/her court order.

**8. Why are there two different standards for determining if healthcare coverage is affordable under the ACA?**

By January 1, 2015,<sup>2</sup> large employers<sup>3</sup> must offer affordable quality healthcare coverage<sup>4</sup> to full-time employees<sup>5</sup> or pay a tax penalty if any full-time employee purchases coverage through a Health Insurance Marketplace *and* qualifies for a premium tax credit.<sup>6</sup> Individuals are not required to enroll in healthcare coverage that costs more than 8 percent of their taxable income.

If the employer offers affordable coverage that costs between 8 percent and 9.5 percent of an employee's income, the employee is not required to enroll in that coverage, and (s)he may obtain coverage on the Health Insurance Marketplace.

However, if the employee *can* obtain coverage on the Health Insurance Marketplace for less than 8 percent of his/her taxable income, but chooses not to enroll, the employee must pay a tax penalty. The employer will not be penalized.

---

<sup>1</sup> Ref: [Section 4.20, "Support Recommendations and Order Entry," Subsection 3.1.1, "Reasonable Cost," of the Michigan IV-D Child Support Manual](#) for more information about reasonable cost.

<sup>2</sup> On February 10, 2014, the Obama Administration announced that employers with between 50 and 99 workers are not subject to the employer coverage requirement until January 1, 2016.

<sup>3</sup> "Large employers" are defined by the ACA as employers that employ 50 or more employees.

<sup>4</sup> Affordable quality employer coverage means the employee's share of the annual premium for self-only coverage is no greater than 9.5 percent of annual household income.

<sup>5</sup> "Full-time employees" are defined by the ACA as employees who work an average of at least 30 hours per week.

<sup>6</sup> A "premium tax credit" helps individuals afford health coverage purchased through the Health Insurance Marketplace by allowing the credit to be applied toward the monthly premium. Ref: the [Healthcare.gov glossary](#) for information on premium tax credits.

## **Order Establishment Questions**

### **9. Do any IV-D requirements change as a result of the ACA?**

No. The ACA does not change any IV-D requirements. Title IV-D of the Social Security Act and its accompanying regulations have not been changed. However, the IV-D program can take steps that will help merge the goals and requirements of the ACA with those of the IV-D program. See Michigan IV-D Memorandum 2014-005 for more information.

### **10. How should I change my approach to order establishment as a result of the ACA?**

IV-D staff should be aware of the requirements and nuances of the ACA when establishing an order. For example, IV-D staff should consider that only a parent who claims the child as a dependent can receive tax credits. If a parent will need to qualify for tax credits in order to afford healthcare coverage under a support order, this can influence which party will be ordered to cover the child. If possible, during the development of support order recommendations, it may be appropriate to align the parent obligated to provide health insurance coverage in the order with the parent who will claim the child for tax purposes. Ref: Michigan IV-D Memorandum 2014-005 for more information.

## **Order Enforcement Questions**

### **11. What new enforcement mechanisms do I have as a result of the ACA?**

The ACA does not provide new enforcement mechanisms for the IV-D program. The tax penalty is not a mechanism to enforce child support orders, and does not affect the IV-D program. However, IV-D workers can direct parents to the [Health Insurance Marketplace](#) to obtain healthcare coverage, and therefore comply with a court order.

### **12. Do I still need to use *National Medical Support Notices (NMSNs)*?**

Yes. The ACA has not changed any requirements of the IV-D program. IV-D federal regulation (45 Code of Federal Regulations [CFR] 303.32) requires that IV-D programs use the NMSN to enforce a party's obligation to provide healthcare coverage. Ref: [Section 6.06, "Medical Support," of the Michigan IV-D Child Support Manual](#) for more information.

## **Medicaid Questions**

### **13. I have heard that the application for Medicaid has changed and it may affect child support. Can you explain the changes and what they mean to IV-D staff?**

The new Medicaid application asks questions about only the applicant and the applicant's household. The previous Medicaid application asked questions about any "absent" parents so a child support case could be established in order to collect funds to reimburse the Medicaid program. The new Medicaid application does not ask for any identifying information about absent parents. As a result, Medicaid-only recipients cannot be referred for child support compliance. The Office of Child Support (OCS) and the Michigan Department of Community Health (MDCH) are currently developing procedures to correct this issue. OCS will publish updated policy when a solution is reached.

### **14. What does the ACA mean for Medicaid-only referrals to the child support program?**

The ACA does not change any requirements of the IV-D program. This includes the requirement to establish a child support case for all Medicaid-only cases referred to the IV-D program. However, the new Medicaid application does not gather the information needed to trigger a referral. OCS and MDCH are currently developing procedures to correct this issue. MDCH will not send Medicaid-only referrals until the corrective procedures are in place. OCS will publish updated policy when a solution is reached.

### **15. Will the CP still have his/her Medicaid sanctioned for noncooperation if (s)he does not help in the establishment of the order?**

An issue with cooperation/noncooperation<sup>7</sup> was discovered with the implementation of ACA changes to Bridges. At this time, in a Medicaid-only case, when a support specialist sends information about an applicant's noncooperation to Bridges, Bridges will not use this information to disqualify the case.<sup>8</sup> Under the ACA, eligibility is determined under the Modified Adjusted Gross Income (MAGI) requirements, which do not include cooperation requirements. See Michigan IV-D Memorandum 2014-005 for more information. OCS will notify IV-D staff when a solution to this issue is implemented.

### **16. If a parent reports to the Friend of the Court (FOC) that (s)he applied for Medicaid and was told that (s)he has to comply with child support, what should FOC staff do?**

<sup>7</sup> Ref: [Section 2.15, "Cooperation/Noncooperation/Good Cause," of the Michigan IV-D Child Support Manual](#) for more information about cooperation/noncooperation with the child support program.

<sup>8</sup> This issue applies only to Medicaid cases. Family Independence Program, food assistance, day care, and energy assistance eligibility are still affected by the determination of the applicant's noncooperation.

If a case has not been referred from Bridges and a child support case has not been started, an FOC worker must provide the parent with the *IV-D Child Support Services Application/Referral* (DHS-1201) and continue to follow current case initiation procedures. If there is currently a child support case, the FOC worker must document the Medicaid information on the *Notes Processor* (NOTE) screen in the Michigan Child Support Enforcement System (MiCSES); however, Medicaid information cannot be entered on the *Member Assistance History* (MAHI) screen in MiCSES, and medical support cannot be assigned to MDCH until a IV-D staff member has processed a referral from Bridges and has received a Bridges case number.

**17. Once the Medicaid referral issues have been resolved and referrals for case establishment resume, what is the projected impact on the IV-D caseload in Michigan?**

At this time, the projected impact on the IV-D caseload is unknown. MDCH and OCS are continuing to determine what the process will be once referrals resume.

**18. Does the new Medicaid Expansion affect the IV-D program?**

The new Medicaid Expansion (known as “Healthy Michigan”) does not appear to affect the IV-D program. Healthy Michigan is intended to cover individuals aged 19 to 65 with no dependent children.

**Tax-Related Questions**

**19. Does the tax penalty negate the IV-D program’s need to enforce the medical support order?**

No. The tax penalty does not affect the IV-D program. The IV-D program still has a responsibility to establish and enforce medical support orders. A CP or NCP can receive a penalty from the IRS and still be subject to enforcement mechanisms from the IV-D program, such as a show cause hearing or a NMSN.

**20. Will the CP be responsible for a tax penalty if the NCP fails to enroll the child in healthcare coverage as ordered by the court?**

Generally, no. The Centers for Medicare & Medicaid Services (CMS) published guidance on hardship exemptions that will relieve certain CPs of the individual mandate penalty. If the child is not eligible for Medicaid or the Children’s Health Insurance Program (CHIP), and someone other than the CP has been ordered to provide healthcare coverage, the CP will not face a penalty from the IRS. However, this exemption does not apply in cases where the child is eligible for Medicaid or CHIP, or **both** the CP and the NCP have been ordered to provide healthcare coverage for the child.

**21. How can a CP apply for a hardship exemption if the NCP fails to provide healthcare coverage?**

To claim this exemption, a CP must complete and submit an exemption application in the Health Insurance Marketplace ([www.healthcare.gov](http://www.healthcare.gov)).

**22. If the child is eligible for Medicaid and the CP has not applied for coverage for the child, will the CP be penalized if the child has no other insurance?**

Yes. Even if the CP is not obligated by a court order to cover the child's health insurance needs, the CP will be penalized if the CP claims the child on his/her federal income taxes. The exemption for CPs not court ordered to provide health insurance only applies if the child is not eligible for Medicaid. If the child is eligible for Medicaid, the CP is expected to ensure the child has coverage through Medicaid.

**23. Will the NCP be responsible for a tax penalty if (s)he fails to enroll the child in healthcare coverage as ordered by the court?**

The NCP would be subject to the penalty only if (s)he also claims the child as a dependent for tax purposes.

**24. What happens in cases where the parents alternate claiming the child for tax deduction purposes?**

When enforcing a child support and/or medical support order and the parents alternate claiming the child for tax deduction purposes, IV-D staff must continue to enforce the order as normal. The rotating tax deduction does not change the requirements of the order. When establishing or modifying a child support and/or medical support order, IV-D staff should refer to Section 3.02 of the Michigan Child Support Formula Supplement to help decide which parent would be in the best position to provide healthcare coverage for the children, regardless of a tax deduction. IV-D staff should also work with parents where possible to draft an order that the parents will be able to follow. IV-D staff may also want to explain to parents that if they rotate years for tax deductions, it could affect their ability to obtain tax credits for health coverage through the Health Insurance Marketplace. The parents may wish to seek the advice of a tax professional for more information.

**25. Which parent can claim the child for tax deduction purposes?**

IV-D staff must not help parents determine which parent will claim their children or how to claim their children. This could result in providing legal advice to the parties. The IRS has published information about this issue. IV-D staff must refer parents to [www.irs.gov](http://www.irs.gov) for more information.

**26. What if the CP is under 26 and is covered by his/her parent's insurance? Would the CP be exempt from the tax penalty? Would the grandparent (the CP's parent) be eligible for a tax credit for covering the child?**

The CP would be subject to the tax penalty if (s)he claims the child as a dependent on his/her tax return and the child does not have healthcare coverage. The grandparent would be eligible for a tax credit only if (s)he claims the child as a dependent on his/her tax return.