

**WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES
Division of Family and Economic Security
Bureau of Child Support**

**To: Child Support Directors
Child Support Supervisors or Lead Workers
Child Support Attorneys**

**From: Director
Bureau of Child Support**

**CHILD SUPPORT
BULLETIN**

No.: 09-33B

Dated: 11/03/2009

Subject: Wisconsin Workers Compensation (WC) Claim Intercepts – Lump Sum

This bulletin informs child support agencies about procedures for intercepting child support from lump-sum insurance claim benefits, including worker's compensation, personal injury and other insurance claims. For policy on **income withholding** from Worker's Compensation benefits that replace regular income, please refer to CSB 09-33A.

Background

When an employee is injured at work or during work-related activities, the employee usually qualifies for Workers Compensation (WC) benefits under Chapter 102 of the Wisconsin Statutes. Wis. Stats., § 767.75(1f) allows child support to be withheld from any periodic payments, including those made by an insurance provider to compensate an injured employee for lost wages.

The Department of Children and Family Administrative Rule 150.02(13)(b) further clarifies that *although the portion of worker's compensation awards that are not intended to replace income is excluded from gross income in establishing a child support order, **the full worker's compensation benefit is assignable for the collection of child support.***

The CSA may also administratively intercept a lump-sum insurance settlement which arises from a worker's compensation claim or any other insurance claim (e.g. life insurance or personal injury). In order to intercept a lump-sum settlement payment administratively, the child support agency must use the enforcement activities under Wis. Stats., § 49.856.

Policy

Wisconsin Statutes, § 49.856 allows the CSA to administratively intercept lump-sum judgments and settlements, based upon the amount of the child support lien. The statute reads:

If an obligor receives a judgment against another person or has settled a lawsuit against another person that provides for the payment of money, the department or agency may send a notice to any person who is ordered to pay the judgment, who has agreed to the settlement or who has the amount of the judgment or settlement in trust. The notice shall inform the person that the amount of the judgment or settlement due the obligor is subject to a lien by the department for the payment of the delinquent payment or outstanding amount specified in the statewide support lien docket under Wis. Stats., § 49.854(2)(b).

Procedures

Upon receiving notification of any insurance settlement, the CSA must generate a Notice of Lump-Sum Judgment/Settlement Intercept to the insurance company, their attorney and any third-party administrator to provide notice under Wis. Stats., § 49.856, that any judgment or settlement monies payable are subject to a child support lien by the Department of Children and Families (DCF) (sample letter #1).

At the same time that the insurance company is notified, the CSA must also send a Payer - Notice of Lump-Sum Judgment/Settlement Intercept to the NCP's last-known address (sample letter #2) and to the NCP's attorney, if known.

If the NCP does not request a hearing within 20 business days of receipt of the notice, or if a hearing is held and an order is entered, a Notice to Disburse/Release Lump-Sum Judgment/Settlement (sample letter #3) should be sent to the insurance company, instructing the company to send the proceeds to the Wisconsin Support Collections Trust Fund (WI SCTF) up to the amount on the lien docket, or release the amount being held.

If the NCP requests a hearing in response to the Payer – Notice of Lump-Sum Intercept, the sole issue at a hearing is whether or not the NCP owes the amount on the lien docket.

When using the administrative settlement intercept process, all intercepted funds must be applied to all the payer's court cases that have a lien. If your CSA has initiated an intercept, you should alert all other CSAs that have a lien on the docket.

The CSA must notify the CP of the administrative action taken, per DCF Administrative Rule 152.09 if there is privacy protection entered into KIDS or if the CP has requested a copy of all administrative enforcement notices. CSAs should use the existing KIDS CP General Notice (AL22).

Letter Samples:

[Sample Letter 1](#): AL17-Insurance Notice of Insurance Settlement Intercept

[Sample Letter 2](#): AL16-NCP Notice of Insurance Settlement Intercept

[Sample Letter 3](#): AL23-Notice to Disburse/Release Insurance Settlement