



Your Guide to Repaying Birth Costs

WI BUREAU OF CHILD SUPPORT



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BadgerCare Plus and birth costs

The BadgerCare Plus program provides health insurance to children and to eligible families. When single, separated, and divorced parents apply for the BadgerCare Plus program, some of these parents are referred to their child support agency for services.

If the parents are not married when the mother applies for BadgerCare Plus **and** the mother is referred to child support, the court may order the father to repay birth costs. Birth costs may include health care costs related to the pregnancy, as well as the birth of the child.

If the family is referred to child support, an unmarried father **might not** have to repay birth costs if:

- The couple already had an older child together, and
- The couple told the BadgerCare Plus agency that the father was living in the home before their new baby was born (his income was included in the family income when applying for BadgerCare Plus).

Setting birth costs amounts

Under federal rules, child support agencies will ask the court to set the **lower amount** of:

1. Five percent (5%) of the father's monthly income over a 36-month period (3 years).
 - For low-income payers, the amount will be less than 5% of the father's income. See examples 3 and 4 on page 2.
2. Half the regional average amount for birth costs **OR** half the actual birth costs up to the full regional average amount for birth costs.

Important to know: Under state law, the court may use another method to set birth cost amounts. See the tax refund question on the top of page 3 for what this might mean to you.

A father's monthly income is his actual gross income **OR** the amount of income that he has the "ability to earn." The court may also look at the father's entire financial situation.

If you are a member of a Wisconsin Tribe, please share documentation of your enrolled status with the court.

More about a father's income

The ability to earn is based on a father's

- past earnings
- current physical and mental health
- education, training, and current work experience
- local job openings

How child support will calculate birth costs

Example 1 – based on the regional average birth costs

1. The father's monthly income is \$1,500. The income for 36 months is \$54,000 ($\$1,500 \times 36$). 5% of the father's income over 36 months is **\$2,700** ($\$54,000 \times 0.05$)
2. Half the average regional cost is **\$3,162**

The child support agency would ask the court to set the birth costs at **\$2,700** (the lowest amount).

Example 2 – based on the actual birth costs

1. The father's monthly income is \$2,000. The income for 36 months is \$72,000 ($\$2,000 \times 36$). 5% of the father's income over 36 months is **\$3,600** ($\$72,000 \times 0.05$).
2. Half the actual birth costs is **\$4,000**
3. The average regional cost is **\$6,323**

The child support agency would ask the court to set the birth costs at **\$3,600** (the lowest amount).

Low-income payers

If the court used the Low-Income Payer table under the Percentage Guidelines to set the amount of child support, the child support agency will ask the court to use a rate lower than 5% of the father's income. Low-Income Payer rates are based on the Federal Poverty Level. These levels are updated every year.

Example 3

The father's monthly income is \$781. The income for 36 months is \$28,116 ($\781×36 months).

The low-income rate for this income (\$781/month) is 3.42%.

The maximum amount the child support agency may ask the father to pay for the birth cost is **\$962** ($\$781 \times 3.42\% \times 36 = \962.00).

Example 4:

The father's monthly income is \$1,000. The income for 36 months is \$36,000 ($\$1,000 \times 36$ months). The low-income rate for this income (\$1,000/month) is 3.97%.

The maximum amount the child support agency may ask the father to pay for the birth cost is **\$1,430** ($\$1,000 \times 3.97\% \times 36 = \$1,430$).

Questions fathers ask

Will my tax refunds be taken to repay birth costs?

Yes, **if** the court order sets the costs based on your income or ability to earn. Tax refunds can be taken and used to pay support and related costs such as birth costs. This is called tax intercept. For more information about tax intercept, please see the *Guide to Past-Due Support* or go online to **childsupport.wisconsin.gov**.

Federal rules will not allow the use of federal tax returns to pay for birth costs **if** the court sets the birth cost amount higher than 5% of your income or ability to earn. Remember that Wisconsin law allows the court to use another method to set birth cost amounts. You will owe whatever cost amount the court sets.

Why isn't the mother required to pay a share of the birth costs?

According to federal law, parents who receive BadgerCare Plus cannot be required to repay the health care costs for themselves or their children who live with them. That is why the child support agency will ask the court to use half, not all, of the actual or regional average birth costs to set the repayment amounts. The repayment amount is typically only a fraction of the total cost for the birth and pregnancy.

Will I have to repay birth costs within 36 months (3 years)?

No, not as a rule. The 36-month period is used to set the amount of birth costs that you will repay. The court will set an amount to pay each month. This amount is called a “periodic payment.”

If I marry the mother before our baby is born, will I have to repay birth costs?

The court may order you to repay birth costs even if you and the mother get married before (or after) your child's birth. However, some courts do not order repayment if the parents do marry.

What happens if the mother's or my insurance paid the birth costs?

The birth cost amount will be reduced by the amount paid by insurance. The parent with the insurance must show proof that the insurance paid some or all of the costs. If the insurance did not cover all the birth costs, the court may order you to pay the rest.

For example: Birth costs were \$1,500. The insurance paid \$1,000. The court may order you to pay the remaining \$500 ($\$1,500 - \$1,000 = \500).

Please note: Parents should ask their insurance company about any enrollment deadlines for adding pregnant mothers and newborns.

Is interest charged on unpaid birth costs?

No.

If my child support payments were set using the shared-placement or serial family formulas, is there another method used to set birth costs?

No. The method to set lower birth cost amounts may only be used in cases in which the Low-Income Payer table was also used to set child support order amounts.

Need more information?

- The BadgerCare Plus program can answer questions about BadgerCare Plus. Call **1-800-362-3002** (711 TTY) or email memberservices@wisconsin.gov.
- Local BadgerCare Plus agencies can also answer questions about BadgerCare Plus. These agencies are listed in your phone book under the county or tribal human services department and online at <http://www.dhs.wisconsin.gov/forwardhealth/imagency/index.htm>.
- Your child support agency can answer questions about your child support case. Child support agencies are listed in your phone book under “county government” or tribal name and online at dcf.wisconsin.gov.
- More information is online at dcf.wisconsin.gov. Most public libraries offer free Internet access.

Or contact:

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