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## Welcome! We will begin at 3:00 ET.

There will be no sound until we begin the webinar.

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September 2023

# QMCSO & NMSN

Presented by Benefit Comply

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## Assurex Global Partners

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- York International

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## Agenda

- What is a QMCSO? What is an NMSN?
- Structure of the NMSN
- Completing the NMSN & Enrolling the Children
- Miscellaneous

# What is a QMCSO?

## Qualified Medical Child Support Order

- A judgment, decree, or order (including approval of a settlement agreement) made pursuant to a state domestic relations law which provides for child support and creates or recognizes the existence of the child's right to coverage under a group health plan for which the employee is eligible.
  - Divorce, paternity action, custody order, etc.
  - To be "qualified" the order must list:
    - Name and last known mailing address of the employee
    - Name of the child(ren) to be covered by the plan (a/k/a "alternate recipient") and EITHER the mailing address of the child(ren) OR the name and mailing address of a state or local child support agency
    - Reasonable description of type of coverage to be provided (i.e. medical, dental, vision, etc.)
    - The period of time to which the order applies
  - The order cannot require coverage that does not otherwise exist, e.g. if the employee is not eligible for benefits or the employer does not offer a particular type of benefit

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## National Medical Support Notice

- Today the vast majority of QMCSOs take the form of a National Medical Support Notice (NMSN) issued by a state or local child support agency.
  - Standard form issued by DHHS, with occasional modification by the state child support agency to reflect unique requirements of state law.
  - A properly completed NMSN is a valid QMCSO
  - DHHS updated the model NMSN last year and child support agencies are required to start using the new form no later than October 31, 2023.
    - Similar to the old form but with new clarifying information and employer-response options
    - Also created a sample form with numbers instructions to complete Part A (but not Part B)
    - Also created a state medical support matrix which is supposed to list information on state specific rules, like state specific income withholding limits and withholding priorities if income withholding limits are exceeded – but unfortunately not always complete

<https://www.acf.hhs.gov/css/form/national-medical-support-notice-forms-instructions>

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## Complying with a QMCSO / NMSN

- Employers are required to comply with a valid QMCSO / NMSN and enroll the children in its group health plan as long as:
  1. The employee is eligible for coverage and
  2. The cost of enrolling the children does not exceed income withholding limits
- Employee must also be enrolled in coverage if they are not enrolled and the plan does not allow children to enroll on their own (*most plans do not*).



# Structure of NMSN

# Verifying the NMSN is complete

**NATIONAL MEDICAL SUPPORT NOTICE - PART A  
NOTICE TO WITHHOLD FOR HEALTH CARE COVERAGE**

This Notice is issued under section 466(a)(19) of the Social Security Act, section 609(a)(5)(C) of the Employee Retirement Income Security Act of 1974 (ERISA), and for State and local government and church plans, sections 401(e) and (f) of the Child Support Performance and Incentive Act of 1998. Receipt of this Notice from the Issuing Agency constitutes receipt of a Medical Child Support Order under applicable law. **The information on the Custodial Parent and Child(ren) contained on this page is confidential and should not be shared or disclosed with the employee.** NOTE: For purposes of this form, the Custodial Parent may also be the employee when the State opts to have policies to enforce against custodial parents.

National Medical Support Order/Notice (NMSN)       Termination Order/Notice – If checked, see page 2

<b>Notice Date:</b> _____	Court or Administrative Authority: _____
Issuing Agency: _____	Order Date: _____
Address: _____	Order Identifier: _____
	Document Tracking Identifier: _____
<b>Case Identifier:</b> _____	Employer website: _____
Telephone Number: _____	See NMSN Instructions:
Email Address: _____	<a href="https://www.acf.hhs.gov/sites/default/files/documents/ocse/omb_0970-0222_a_instructions.pdf">https://www.acf.hhs.gov/sites/default/files/documents/ocse/omb_0970-0222_a_instructions.pdf</a>
Fax Number: _____	

RE: \_\_\_\_\_

Employer/Withholder's Federal EIN Number \_\_\_\_\_

Employer/Withholder's Name \_\_\_\_\_

Employer / Withholder's Address \_\_\_\_\_

Custodial Parent's Name (Last, First, MI) \_\_\_\_\_

Custodial Parent's Mailing Address \_\_\_\_\_

Child(ren)'s Mailing Address (if different from Custodial Parent's) \_\_\_\_\_

Name and Telephone of a Representative of the Child(ren) \_\_\_\_\_

Child(ren)'s Name(s)	Gender	DOB	SSN
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The order requires the child(ren) to be enrolled in  all health care coverages available; or only the following coverage:  
 Medical;  Dental;  Vision;  Prescription drug;  Mental health;  Other (specify): \_\_\_\_\_

THE PAPERWORK REDUCTION ACT OF 1995 (P.L. 104-13) Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. OMB control number: 0970-0222 OMB Expiration Date: 11/30/2025

RE: \_\_\_\_\_

Employee's Name (Last, First, MI) \_\_\_\_\_

Employee's Social Security Number \_\_\_\_\_

Employee's Mailing Address \_\_\_\_\_

Child(ren)'s Name(s)	Gender	DOB	SSN	Child(ren)'s Name(s)	Gender	DOB	SSN
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

OR

Custodial Parent's Mailing Address \_\_\_\_\_

Child(ren)'s Mailing Address (if different from Custodial Parent's) \_\_\_\_\_

The order requires the child(ren) to be enrolled in  all health care coverages available; or only the following coverage:  
 Medical;  Dental;  Vision;  Prescription drug;  Mental health;  Other (specify): \_\_\_\_\_

**DURATION OF WITHHOLDING**

The child(ren) shall be treated as dependents under the terms of the plan. Coverage of a child as a dependent will end when conditions for eligibility for coverage under terms of the plan no longer apply. However, the continuation coverage provisions of ERISA may entitle the child to continuation coverage under the plan. **The employer must continue to withhold employee contributions and may not disenroll (or eliminate coverage for) the child(ren) unless:**

# NMSN Part A & Part B

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## ■ Part A – Employer Response

- Basic identifying information and coverage to be provided
  - Information on income withholding limits and priority of withholding
  - Termination information, if applicable
  - Employer's Response Form & Instructions
- Employer must complete and return Employer Response to child support agency within 20 *calendar* days of *receipt* of NMSN.
- If children are to be enrolled, then employer forwards Part B to Plan Administrator within 20 *business* days of the *date of the NMSN*.
- In most cases, employer is the Plan Administrator, so this second step is moot.

## ■ Part B – Plan Administrator Response

- Basic identifying information and coverage to be provided
  - Plan Administrator Response Form & Instructions
  - Addendum to Part B
- Plan Administrator must complete and return Part B and, if applicable, enroll employee and children within 40 business days of receipt or *sooner if reasonable*.
- Part B completed by Plan Administrator, as defined in ERISA; this is almost always the employer other some union and PEO plans.
  - Do *not* send Part B to insurance carrier or TPA to complete – they are almost never the Plan Administrator.

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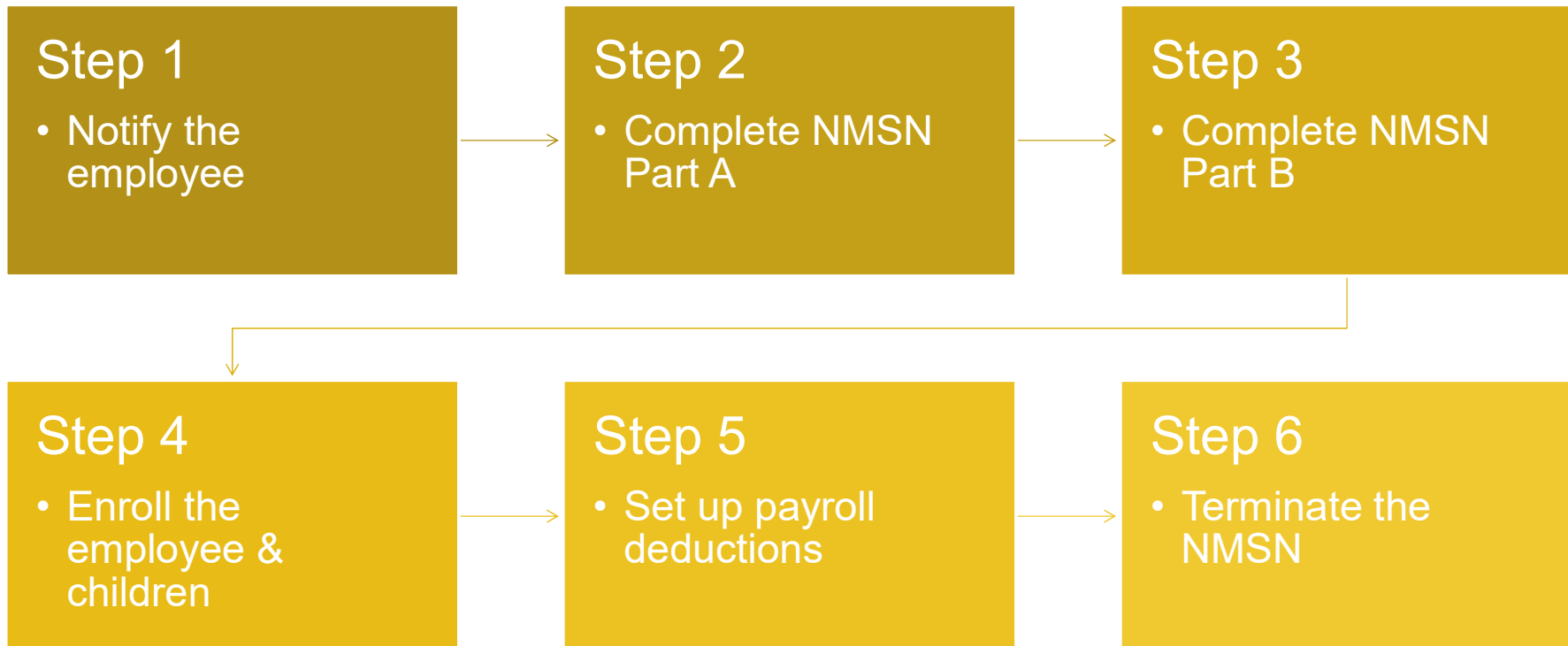
## Part B – Plan Administrator Response Form

- It's unclear how to measure the 40-business day deadline to return Part B when the employer and Plan Administrator are the same.
  - But it will almost always be “reasonable” to complete the response and enroll the employee/children sooner than 40 days, so the exact deadline is likely moot.
  - I.e., the employer must return the Part B response form and enroll the employee/children before the 40 days are up if it's possible to do so – the 40 days is simply the absolute longest permitted time.

# Completing the NMSN

# Completing the NMSN

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## Step 1: Notify the Employee

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- We recommend the employer notify the employee they have received an NMSN as soon as possible
  - Technically notice to the employee is not required.
  - Providing notice avoids a surprise from a new, unexpected deduction on the employee's check and gives the employee time to try and stop the order if there is a mistake.
  - Do not provide a copy of the NMSN to the employee – there may be reasons the employee should not know the address of the custodial parent or children, e.g. domestic violence
- You must proceed with the NMSN even if the employee requests not to enroll the children or says there is a mistake unless
  - Employee gets the child support agency to send a new order terminating the NMSN; or
  - Employee provides written documentation the children are enrolled in other comparable coverage.

## Step 2: Complete Part A – Employer Response Form

### Section 1 – No Enrollment Possible

The employer knows that the plan administrator cannot enroll dependents in employer-provided health care coverage for the employee named on page 1, because: (select all that apply)

- 1. The employee named in this Notice has never been employed by this employer.
- 2. We, the employer, do not offer our employees the option of purchasing dependent or family health care coverage as a benefit of their employment.
- 3. The employee is among a class of employees (for example, part-time or non-union) that are not eligible for family health care coverage under any group health care plan maintained by the employer or to which the employer contributes. **If the employee is only temporarily ineligible for health care coverage, do not check this box, and advance to Section 2.**
- 4. Health care coverage is not available because employee is no longer employed here:  
Effective date of separation: \_\_\_\_\_  
Reason for separation: \_\_\_\_\_  
Last known telephone number: \_\_\_\_\_  
Last known address: \_\_\_\_\_  
(If new employment information is known, add at #6).
- 5. State or Federal withholding limitations and/or prioritization prevent the withholding from the employee's income of the amount required to obtain coverage under the terms of the plan. (See page 2 for description and instructions.)
- 6. Other (new job information for employee, child adequately covered by 3<sup>rd</sup> party, other reason for no coverage): \_\_\_\_\_



- Option 1 – Never employed
- Option 2 – Employer does not offer dependent health coverage
- Option 3 – Employee not eligible for health coverage; do not check this box if the employee is in a waiting period
- Option 4 – Employee was employed but has since terminated employment. Note that you must provide information on the employee's new employer, if known.
- Option 5 – Income withholding limits exceeded (see next slide)
- Option 6 – Other - use this option if the employee provides proof the children have other comparable coverage



# Income Withholding Limits

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## LIMITATIONS ON WITHHOLDING

The total amount withheld for both cash and medical support cannot exceed \_\_\_\_\_% of the employee's aggregate disposable weekly earnings. The employer may not withhold more under this National Medical Support Notice than the lesser of:



1. The amounts allowed by the Federal Consumer Credit Protection Act (15 U.S.C., section 1673(b));
2. The amounts allowed by the State of the employee's principal place of employment; or
3. The amounts allowed for health insurance premiums by the child support ~~order~~, as indicated here: \_\_\_\_\_.

- The agency should list the maximum percentage of the employee's disposable earnings that can be used to pay child support here.
  - This can range from 50%-65% of disposable earnings under federal law depending on whether the employee has another family and if they are behind on their child support or a lower amount under state law or the child support order.
- This percentage takes into account both cash child support orders (a.k.a. IWOs) and the cost of enrolling children under this or any other NMSN.
  - Some states have separate limits that applies just to the cost of health insurance coverage, in which case that should be noted here or in item #3.

# Income Withholding Limits

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1. Disposable Earnings = Gross Pay – Mandatory Deductions.
  - “Mandatory deductions” are federal and state income tax, FICA taxes, and any other applicable state taxes, e.g. paid family leave premiums under state law
  - Mandatory deductions do not include benefit costs (unless specifically allowed by state law); retirement plan contributions (unless required by state law, e.g. state or local government employees); amounts owed to the employer; other child support orders; union dues; or any other deductions that are not legally mandated.
2. Multiply disposable earnings times the percentage(s) listed in the NMSN
  - Disposable earning available to pay child support and/or health insurance.
3. Determine cost of providing coverage to the children listed in the NMSN.
  - Cost of enrolling the children plus cost of enrolling employee if not already enrolled.
  - If there are multiple plan options at different costs:
    - If the employee is already enrolled in one of those options, use that plan option.
    - If the employee is not enrolled test each plan option. Income withholding limits are only exceeded if all plan options are too expensive.
4. Determine total amount of child support.
  - Total amount calculated in 3. plus any other NMSNs plus all cash child support orders (IWOs)
5. If total amount of child support calculated in 4. is larger than the amount of available disposable earnings in 2. then income withholding limits are exceeded.

## Priority of Withholding

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- If withholding limits are exceeded and there is more than one child support order, determine the state's priority of withholding.
  - In theory these should all be listed in the OCSE Medical Support Matrix on HHS' website whose link is in the NMSN.
  - Different types of orders (e.g. IWO and NMSN) for same child(ren)
    - Most states prioritize cash child support over medical support, which means if there is not enough available disposable earning to cover both, the employer will continue to withhold the cash child support and not enroll the children on the health plan.
  - Other situations with multiple orders
    - Multiple orders for multiple children
    - Different types of coverage in the same order (e.g. enough disposable earnings to cover medical or dental but not enough to cover both medical and dental)
  - If employee does not have enough disposable earnings to cover all child support obligations but the Medical Support Matrix does not resolve which order takes priority, we would advise checking Option 6 (Other); explain the issue and ask the child support agency which order should take priority; and inform them the children will not be enrolled until the priority issue is resolved.

## Income withholding

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- If the income withholding limits are exceeded, either by the NMSN on its own or the NMSN is last in priority
  - Ask the employee if they want to enroll the children anyway. If so, check Box 9 and move on to Part B.
  - If not, check Option 5 on the Employer Response form and do not enroll the children and/or the employee on the plan.

## Step 2: Complete Part A – Employer Response Form

### Section 2 – Dependent Enrollment Not Yet Available

7. The participant is subject to a waiting period that expires \_\_\_\_\_ (more than 90 days from the date of receipt of this Notice), or has not completed a waiting period, which is determined by some measure other than the passage of time, such as the completion of a certain number of hours worked (describe here: \_\_\_\_\_). At the completion of the waiting period, the Plan Administrator will process the enrollment.

8. Employee is on an unpaid leave of absence. Expected date of return: \_\_\_\_\_

### Section 3 – Dependent Coverage Available

9. Employer forwarded Part B - Medical Support Notice to Plan Administrator on this date: \_\_\_\_\_

#### COMPLETED BY:

Employer Company Name \_\_\_\_\_

Plan Administrator Company / Union Name \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

FAX: \_\_\_\_\_

FAX: \_\_\_\_\_

FEIN: \_\_\_\_\_

FEIN: \_\_\_\_\_

- Option 7 – Waiting period. Do *not* check if waiting period is less than 90 days; check Option 9 and waiting period will be addressed in Part B.
  - Because of ACA limit on waiting periods this option will rarely apply, except dental or vision coverage.
- Option 8 – Leave of absence. Applies only if the employee is on an *unpaid* leave.
  - Would not apply if employee is using paid time off or receiving income replacement from the employer (e.g. self-funded STD benefits, paid parental leave). Unclear if STD, LTD, work comp, state disability, etc. counts as unpaid leave for this purpose.
- Option 9 – No other option applies and the children will be enrolled in the plan.

## Step 3: Complete Part B – Plan Administrator Response

1.  This Notice was determined to be a "qualified medical child support order," on this date \_\_\_\_\_. Complete **Response 2 or 3, and 4**, if applicable.

2.  The participant (employee) and alternate recipient(s) (child(ren)) are or will be enrolled in the following family coverage:

- The child(ren) is/are currently enrolled in the plan as a dependent of the participant.
- There is only one type of coverage provided under the plan. The child(ren) is/are included as dependents of the participant under the plan.
- The participant is enrolled in an option that is providing dependent coverage and the child(ren) will be enrolled in the same option.
- The participant is enrolled in an option that permits dependent coverage that has not been elected; dependent coverage will be provided.

Coverage is effective as of \_\_\_\_\_ (includes waiting period of less than 90 days from date of receipt of this Notice). The child(ren) has/have been enrolled in the following option: \_\_\_\_\_ (if plan is insured, provider, policy and group numbers, and addresses for submitting claims, are provided in Addendum Section 1). Any necessary withholding should commence if the employer determines that it is permitted under State and Federal withholding and/or prioritization limitations.

3.  There is more than one option available under the plan and the participant is not enrolled. The Issuing Agency must select from the available options. Each child is to be included as a dependent under one of the available options that provide family coverage. If the Issuing Agency does not reply within 20 business days of the date this Response is returned, the child(ren), and the participant if necessary, will be enrolled in the plan's default option, if any: \_\_\_\_\_ (if plan is insured, see Addendum Section 1).

4.  The participant is subject to a waiting period that expires \_\_\_\_\_ (more than 90 days from the date of receipt of this Notice), or has not completed a waiting period which is determined by some measure other than the passage of time, such as the completion of a certain number of hours worked (describe here: \_\_\_\_\_). At the completion of the waiting period, the plan administrator will process the enrollment.

5.  This Notice does not constitute a "qualified medical child support order" because:

- The name of the child(ren) or participant is unavailable.
- The mailing address of the child(ren) (or a substituted official) or participant is unavailable.
- The child(ren) identified in the Addendum Section 2 is/are at or above the age at which dependents are no longer eligible for coverage under the plan.

- Box 1 – See slide 5 on how to determine if NMSN is a QMCSO. This box should always be checked unless Box 5 is checked.
- Box 2a. – Children are already enrolled in the required coverage
- Box 2b. – Plan offers only one coverage option; children will be enrolled in that option.
- Box 2c. – Employee is enrolled in a plan that already provides dependent coverage (e.g. employee & spouse already enrolled in family coverage in a two-tier plan); children will be enrolled in same option.
- Box 2d. - Employee is enrolled in plan option with single coverage; children will be enrolled in same option.
- Enter effective date of coverage, including any waiting period of less than 90 days.
- Complete Addendum to Part B



## Step 3: Complete Part B - Plan Administrator Response

1.  This Notice was determined to be a "qualified medical child support order," on this date \_\_\_\_\_. Complete **Response 2 or 3, and 4**, if applicable.
2.  The participant (employee) and alternate recipient(s) (child(ren)) are or will be enrolled in the following family coverage:
  - a.  The child(ren) is/are currently enrolled in the plan as a dependent of the participant.
  - b.  There is only one type of coverage provided under the plan. The child(ren) is/are included as dependents of the participant under the plan.
  - c.  The participant is enrolled in an option that is providing dependent coverage and the child(ren) will be enrolled in the same option.
  - d.  The participant is enrolled in an option that permits dependent coverage that has not been elected; dependent coverage will be provided.

Coverage is effective as of \_\_\_\_\_ (includes waiting period of less than 90 days from date of receipt of this Notice). The child(ren) has/have been enrolled in the following option: \_\_\_\_\_ (if plan is insured, provider, policy and group numbers, and addresses for submitting claims, are provided in Addendum Section 1). Any necessary withholding should commence if the employer determines that it is permitted under State and Federal withholding and/or prioritization limitations.

3.  There is more than one option available under the plan and the participant is not enrolled. The Issuing Agency must select from the available options. Each child is to be included as a dependent under one of the available options that provide family coverage. If the Issuing Agency does not reply within 20 business days of the date this Response is returned, the child(ren), and the participant if necessary, **will** be enrolled in the plan's default option, if any: \_\_\_\_\_ (if plan is insured, see Addendum Section 1).
4.  The participant is subject to a waiting period that expires \_\_\_\_\_ (more than 90 days from the date of receipt of this Notice), or has not completed a waiting period which is determined by some measure other than the passage of time, such as the completion of a certain number of hours worked (describe here: \_\_\_\_\_). At the completion of the waiting period, the plan administrator will process the enrollment.
5.  This Notice does not constitute a "qualified medical child support order" because:
  - The name of the child(ren) or participant is unavailable.
  - The mailing address of the child(ren) (or a substituted official) or participant is unavailable.
  - The child(ren) identified in the Addendum Section 2 is/are at or above the age at which dependents are no longer eligible for coverage under the plan.

- **Box 3 – The plan has multiple options to choose from and the employee is not currently enrolled in any of them.**
  - Information on each plan option must be provided along with the Plan Administrator Response and the child support agency must choose an option.
  - Children and employee are not enrolled until child support agency responds with a choice.
  - Employer can (but it not required to) choose a default option, typically the cheapest plan, and enroll the employee and children in the default option if there is no response from the child support agency within 20 days. Complete Addendum to Part B if choosing a default option

## Step 3: Complete Part B - Plan Administrator Response

1.  This Notice was determined to be a "qualified medical child support order," on this date \_\_\_\_\_. Complete **Response 2 or 3, and 4**, if applicable.

2.  The participant (employee) and alternate recipient(s) (child(ren)) are or will be enrolled in the following family coverage:

- The child(ren) is/are currently enrolled in the plan as a dependent of the participant.
- There is only one type of coverage provided under the plan. The child(ren) is/are included as dependents of the participant under the plan.
- The participant is enrolled in an option that is providing dependent coverage and the child(ren) will be enrolled in the same option.
- The participant is enrolled in an option that permits dependent coverage that has not been elected; dependent coverage will be provided.

Coverage is effective as of \_\_\_\_\_ (includes waiting period of less than 90 days from date of receipt of this Notice). The child(ren) has/have been enrolled in the following option: \_\_\_\_\_ (if plan is insured, provider, policy and group numbers, and addresses for submitting claims, are provided in Addendum Section 1). Any necessary withholding should commence if the employer determines that it is permitted under State and Federal withholding and/or prioritization limitations.

3.  There is more than one option available under the plan and the participant is not enrolled. The Issuing Agency must select from the available options. Each child is to be included as a dependent under one of the available options that provide family coverage. If the Issuing Agency does not reply within 20 business days of the date this Response is returned, the child(ren), and the participant if necessary, will be enrolled in the plan's default option, if any: \_\_\_\_\_ (if plan is insured, see Addendum Section 1).

4.  The participant is subject to a waiting period that expires \_\_\_\_\_ (more than 90 days from the date of receipt of this Notice), or has not completed a waiting period which is determined by some measure other than the passage of time, such as the completion of a certain number of hours worked (describe here: \_\_\_\_\_). At the completion of the waiting period, the plan administrator will process the enrollment.

5.  This Notice does not constitute a "qualified medical child support order" because:

- The name of the child(ren) or participant is unavailable.
- The mailing address of the child(ren) (or a substituted official) or participant is unavailable.
- The child(ren) identified in the Addendum Section 2 is/are at or above the age at which dependents are no longer eligible for coverage under the plan.

- **Box 4 – Waiting period longer than 90 days.**
  - This will rarely, if ever, be used because of the ACA waiting period rules, other than perhaps dental and vision
- **Box 5 – NMSN is missing some information that prevents it from being a valid QMCSO. Check boxes indicating which information is missing.**
  - If you check Box 5 you should also send a copy of the Plan Administrator Response to the employee, custodial parent, and children (if at a different address)
  - Third box regarding children who are too old for coverage will rarely, if ever, apply because of ACA age 26 mandate.



# Step 3: Complete Part B – Addendum to Part B

**NEW**

## NATIONAL MEDICAL SUPPORT NOTICE – ADDENDUM TO PART B

Notice Date: _____	Court or Administrative Authority: _____
Issuing Agency: _____	Order Date: _____
Address: _____	Order Identifier: _____
Case Identifier: _____	Document Tracking Identifier: _____
Telephone Number: _____	Employer web site: _____
Email Address: _____	See NMSN Instructions:
FAX Number: _____	<a href="http://www.acf.hhs.gov/programs/css/resource/national-medical-support-notice-form">http://www.acf.hhs.gov/programs/css/resource/national-medical-support-notice-form</a>

### SECTION 1: HEALTH INSURANCE DETAILS

Use section 1-1 through 1-6 to provide the information on the plans in which child (ren) is/are enrolled. Complete all of the following information for each type of health care coverage that the child(ren) is receiving (enrolled in) and attach this document to the completed PLAN ADMINISTRATOR RESPONSE.

#### SECTION 1-1: MEDICAL INSURANCE      Effective Date of Coverage: \_\_\_\_\_

Insurance Provider Name      Group Number      Policy Number

Insurance Provider Claims Address Line 1      Insurance Provider Claims Address Line 2

Insurance Provider Claims City      State      Zip Code      Phone Number for Claims

Medical Insurance Coverage Also Includes: (Check all that apply)

Dental    Vision    Prescription Drug    Mental Health    Other (Specify): \_\_\_\_\_

#### SECTION 1-2: DENTAL INSURANCE      Effective Date of Coverage: \_\_\_\_\_

Insurance Provider Name      Group Number      Policy Number

Insurance Provider Claims Address Line 1      Insurance Provider Claims Address Line 2

Insurance Provider Claims City      State      Zip Code      Phone Number for Claims

- This addendum provides details for each of the specific plans on which the children are enrolled
  - Must be completed and returned with the Plan Administrator Response if any of the options in Box 2 are checked or you check Box3 and choose a default option
- Read literally, the Plan Administrator Response seems to suggest the Addendum only needs to be completed for fully-insured plans.
  - However, the custodial parent / child support agency needs this same information even if the plan is self-funded
  - Plus you can use to fulfill notice obligations (*see next slide*)
  - We recommend completing the Addendum for any plan in which the child is enrolled, regardless of funding source.

## Step 3: Complete Part B – Additional Steps

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- If you checked any option in Box 2 you must also:
  - Notify the employee, the custodial parent, and the children (if their address is different from the custodial parent) at the address provided on the NMSN that coverage will be provided and the effective date of that coverage.
    - A completed Addendum B will satisfy this notice obligation
  - Furnish the custodial parent with a copy of the summary plan description for each plan in which the children will be enrolled, as well as any forms, documents, or information necessary to effectuate such coverage, e.g. plan ID cards for the children
- If you checked Box 3 you must also:
  - Send a copy of the SPDs or other applicable documents that describe the coverage options (e.g. benefit enrollment guide) including the cost of each coverage option to the child support agency to choose a plan option

## Step 4: Enroll Employee and Children

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- Once you determine the NMSN is a valid QMCSO and that the employee/children need to be enrolled, they must be enrolled at the first available opportunity.
  - If coverage always starts on the first day of the month, enrollment can be delayed until the first of the month following determination the NMSN is complete.
  - If coverage is effective immediately on date of hire, you may need to add coverage mid-month
  - Remember the 40 day time limit to complete Part B and enroll the children is simply an outer bound – you must enroll them sooner if it's reasonable to do so.
  - Do not delay enrollment to the next open enrollment – a valid QMCSO is a special enrollment event.

## Step 4: Enroll Employee and Children

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- Simplest way to complete enrollment is to have the employee complete the normal process for midyear enrollment, e.g. fill out paper enrollment form, online enrollment portal, etc.
  - But you must ensure the employee actually completes the process in a timely manner – it is not a defense to say, “We told the employee how to enroll the children, but they didn’t follow through”.
  - If the employee will not cooperate to enroll the children in a timely manner, you will need to complete the enrollment process yourself and submit it with a copy of the NMSN to the carrier / TPA to explain why the employee is not completing the process.
  - If your normal enrollment process does not have an option for enrolling the employee/children due to a QMCSO midyear, e.g., it’s not built into your online enrollment portal, you will need to process the enrollment manually
  - Check with the carrier/TPA for details how to complete a QMCSO enrollment and make sure they send ID cards for the children to the custodial parent

## Step 5: Setup Payroll Deductions

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- For the most part, deductions for a NMSN enrollment are the same amount and handled in the same manner, e.g. pretax deductions through the cafeteria plan, as any other employee contributions.
- You may need to recalculate income withholding limits at open enrollment or any other times the costs change.
- If the employee experiences a reduction in pay, e.g. cut in hourly rate, loss of mandatory overtime, reduced hours, small commission check, etc. that may also affect income withholding limits.
  - If the employee's pay drops, do not withhold more than permitted based on the available disposable earnings for the employees new reduced rate of pay.
  - Contact the child support agency to determine how to proceed, e.g. move the employee and children onto a cheaper plan, discontinue some or all of the coverage for the children.
  - You may want to inform the child support agency how you intend to proceed if you do not hear back from them in a timely manner, e.g. by dropping coverage.

## Step 6: Terminating the NMSN

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- Once enrolled under an NMSN, the children's coverage must continue until one of the following happens:
  - You receive a termination order from the child support agency or a copy of a court order terminating the medical support obligation.
  - The employee provides written evidence that the children are or will be enrolled in comparable coverage as of the date the employee asks to drop enrollment
    - There is no definition as to what constitutes “comparable” coverage.
    - Medicaid, Medicare, Tricare, an individual policy purchased through the exchange, or another group health plan are likely all comparable, even if cost sharing and coverage are not identical.
    - Limited duration coverage, indemnity plans, a MEC-only plan or similar plans with limited coverage likely are not comparable.
  - You eliminate dependent coverage for all employees.

## Step 6: Termination of Employment / Reduction in Hours

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- If the employee terminates employment while an NMSN is in effect, you must promptly notify the child support agency of this fact either by:
  - Re-sending Part A with Section 1, Option 4 checked and completed; or
  - Sending a copy of the COBRA election notice for the children to the child support agency
- The NMSN rule don't explicitly require notice if the employee has a reduction in hours or otherwise transfers to a position that is no longer eligible for benefits
  - But we would recommend providing a similar notice to the child support agency using Part A, Section 1, Option 3 if the employee loses coverage for one of these reasons.

## Step 6: COBRA

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- The COBRA election notice for children enrolled under an NMSN must be sent to the address for the custodial parent or children (if different from the custodial parent) listed on the NMSN (or any subsequent updated address supplied by the child support agency or the custodial parent).
  - You cannot rely on the election notice sent to the employee because you know from the NMSN the children do not reside with the employee.
- Either the employee, the custodial parent, or the child support agency can elect COBRA on behalf of the children.
- Normal COBRA premiums must be paid and coverage can be cancelled as normal if premiums are not paid in a timely manner.



# Miscellaneous

## Miscellaneous

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- HRAs

- Children enrolled under an NMSN are clearly entitled to same coverage under an HRA that is offered to other employees with family coverage enrolled in an HRA plan
- How to administer the HRA in practice is less clear.
  - The employee can submit claims for the children's medical expense as normal but what if they refuse to do so – can the custodial parent submit claims for the children to the HRA even over the employee's objection?
  - If the HRA uses a debit card, do you have to provide the custodial parent with a debit card to use for the children?

- HSAs

- Employees with children enrolled in an HSA plan under an NMSN should receive the same employer HSA contributions as other employees with family coverage.
- Clearly no way to give custodial parent access to employee's HSA nor can you open an HSA in the child(ren)'s name.

## Miscellaneous

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- ICHRAs
  - The QMCSO/NMSN rules were written long before the advent of ICHRAs so there is no guidance how to handle an NMSN when the plan is an ICHRA.
  - Best advice is to use Part B Box 3 (multiple plan options) and a cover letter to explain to the child support agency:
    - What an ICHRA is and how it works
    - That the employer has no ability to purchase an individual policy for the children or enroll them on the employee's individual plan
    - The ICHRA will reimburse for the children's individual premiums the same as any other employee with family coverage
    - Explain how to go about submitting such claims.