



DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF CONNECTICUT

S.B. 299

An Act Concerning a Parent's Obligation to Make
Reimbursement to the Department of Children and Families

165 Capitol Avenue
Hartford, CT 06106-1658

Select Committee on Children
March 2, 2010

As the agency responsible for the collection of debts owed to the state, the Department of Administrative Services (DAS) respectfully opposes Senate Bill 299 both because the its stated purpose has already been achieved, and because of the bill's unintended consequences.

Under state law, when individuals receive care or aid from state - such as cash and other public assistance and services from state humane institutions - either the individual or their legally-liable relative(s) are responsible to reimburse the state for the cost of that care or aid if they are able. In general, most recipients are not billed for state care and aid because they are not able to pay when the services are provided. Therefore, the state (DAS) is required to recover the costs of these services if and when the individual or a legally-liable relative recovers a windfall (i.e. the lottery, an inheritance, a settlement or legal award) or leaves an estate with some assets.

Children who receive care from the Department of Children & Families (DCF) are not legally responsible to reimburse the state for the cost of that care. However, the parents of those children in DCF care are currently liable. Senate Bill 299 would remove liability from these parents if the parents' income is "at least 300% below the federal poverty level." It appears that this phrase may be an error; DAS assumes that the bill is intended to refer to parents whose income is below 300% of the federal poverty level.

Parents Earning Less Than 300% Of The Federal Poverty
Level Are Already Relieved From Liability

The stated purpose of the bill is to relieve parents who earn less than 300% of the federal poverty level from the responsibility to reimburse the state. As a practical matter, this legislation is not necessary because DAS does not seek reimbursement from families whose income is below this level. Pursuant to the methodology set forth in DAS regulations, DAS determines the ability of a legally-liable relative to pay by comparing that individual's net taxable income with the estimated median income for the State of Connecticut, as published yearly in the Federal Register. Only individuals whose net taxable income exceeds the state's estimated median income for his or her family size will be billed by the state for reimbursement.

An example based on a family of four shows that those whose income is below 300% of the federal poverty level are already relieved of the burden of reimbursing the state:

- According to the U.S. Department of Health and Human Services Federal Poverty Guidelines for 2010, 300% of the federal poverty level for a family of four is \$66,150.
- The median income for a family of four in Connecticut for 2010 is \$97,708.
- Therefore, parents earning less than 300% of the federal poverty level (now, \$66,150) will not be billed for their share of the costs associated with the care and custody of a child, because that number does not exceed \$97,708.¹

Because existing law already provides the protections intended by this bill, DAS respectfully submits that this legislation is unnecessary.

This Proposal is Overbroad

Of greater concern to DAS are the potential consequences of permanently eliminating the parents' liability to reimburse the state. Because of the way the state calculates the legally-liable relative's ability to pay, very few parents are actually billed while their children are in DCF custody. To the extent recoveries are ever made, they usually occur if the legally-liable relative comes into a windfall or, upon the death of the legally-liable relative, provided that the estate is large enough. Under Senate Bill 299, however, once the DCF Commissioner determines that the parents of a child committed to DCF are unable to pay, the parents are forever relieved of liability. Thus, the parent would never be called upon to reimburse the state, even if that parent wins the lottery or otherwise comes into a windfall sometime in the future.

Further, DAS cautions that the more the state limits the liability of the parents, the greater the risk that the state's ability to obtain federal Medicaid and Social Security reimbursements would be jeopardized. Federal law dictates that Medicaid and Social Security are to be the payors of last resort - not the only payors.

Thank you for the considering DAS's views on this bill. Please contact DAS's legislative liaison, Andrea Keilty (860-713-5267) if you have any questions regarding this testimony.

¹ For the Committee's background and information, pursuant to regulation, even if a family's annual net income exceeds the state's estimated median income for its family size, parents are still not liable for the full costs associated with the care and custody of a child. In such a case, the parent's annual contribution is only 12% of the difference between the net taxable income and the state median income. Additionally, DAS does not bill if this calculation amounts to \$50 or less per month, because such billing would not be administratively practical. For example, a family of four with an annual net taxable income of \$100,000 would owe only \$22.92 a month toward the care and custody of the child removed from the home ($(\$100,000 - \$97,708) \times 12\% \div 12 \text{ months} = \22.92). Since this amount is less than \$50, DAS would not bill the parents in this case.