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H.B. 6369 -- Child support health care payments

Human Services Committee public hearing -- February 14, 2013

Testimony of Raphael L. Podolsky

Recommended Committee action: AMENDMENT TO THE BILL

H.B. 6369 makes two changes in Connecticut health care support law, although both affect multiple sections of the bill. One of those changes concerns the amount that a child support obligor must contribute to health care costs. We urge the Committee to modify that portion of the bill before moving it forward.

Existing law, which is incorporated into the Child Support Guidelines, recognizes that what are termed "low-income obligors" have a lesser capacity for child support than do other obligors. The present statute requires non-low-income obligors to pay 7.5% of net income towards health care coverage and requires low-income obligors to pay 5% of net income. H.B. 6369 proposes to simplify this calculation by using gross income instead of net income and appears to assume that net income is about two-thirds of gross income. I believe that the intention is to keep the actual payment obligation more or less unchanged. It therefore changes the percentage obligation for non-low-income obligors from 7.5% of net income to 5% of gross income. If an equivalent obligation-neutral change were made for low-income obligors, their obligation would drop from 5% of net income to 3.5% of gross income. Instead, the bill increases their obligation to 5% of gross income.

We think that it is both unfair and undesirable to eliminate this distinction between low-income obligors and other obligors. While it is important to generate as much child support as can reasonably be expected from obligors, we have also learned over the years that making the burden too high can backfire by driving obligors out of the workforce. We do not oppose the use of gross rather than net income, but we do think that the reduced percentage distinction for low-income obligors should be maintained. In the cost-neutral conversion from net to gross income, low-income obligors should be treated in an analogous manner to non-low-income obligors, and the low-income percentage should be adjusted to 3.5% of gross income.

We urge the Committee to make that change.