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SENATE BILL NO. 944

Offered January 10, 2007

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A BILL to amend and reenact §§ 63.2-1900, 63.2-1903, 63.2-1904, and 63.2-1916 of the Code of Virginia, relating to health care coverage provided by parents in child support orders.

Patron—Quayle

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:

1. That §§ 63.2-1900, 63.2-1903, 63.2-1904, and 63.2-1916 of the Code of Virginia is amended and reenacted as follows:

§ 63.2-1900. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Administrative order" or "administrative support order" means a noncourt-ordered legally enforceable support obligation having the force and effect of a support order established by the court.

"Assignment of rights" means the legal procedure whereby an individual assigns support rights to the Commonwealth on behalf of a dependent child or spouse and dependent child.

"Authorization to seek or enforce a support obligation" means a signed authorization to the Commonwealth to seek or enforce support on behalf of a dependent child or a spouse and dependent child or on behalf of a person deemed to have submitted an application by operation of law.

"Court order" means any judgment or order of any court having jurisdiction to order payment of support or an order of a court of comparable jurisdiction of another state ordering payment of a set or determinable amount of support moneys.

"Custodial parent" means the natural or adoptive parent with whom the child resides; a stepparent or other person who has physical custody of the child and with whom the child resides; or a local board that has legal custody of a child in foster care.

"Debt" means the total unpaid support obligation established by court order, administrative process or by the payment of public assistance and owed by a noncustodial parent to either the Commonwealth or to his dependent(s).

"Dependent child" means any person who meets the eligibility criteria set forth in § 63.2-602, whose support rights have been assigned or whose authorization to seek or enforce a support obligation has been given to the Commonwealth and whose support is required by Titles 16.1 and 20.

"Employee" means any individual receiving income.

"Employer" means the source of any income.

"Financial institution" means a depository institution, an institution-affiliated party, any federal credit union or state credit union including an institution-affiliated party of such a credit union, and any benefit association, insurance company, safe deposit company, money market mutual fund, or similar entity authorized to do business in this Commonwealth.

"Financial records" includes, but is not limited to, records held by employers showing income, profit sharing contributions and benefits paid or payable and records held by financial institutions, broker-dealers and other institutions and entities showing bank accounts, IRA and separate contributions, gross winnings, dividends, interest, distributive share, stocks, bonds, agricultural subsidies, royalties, prizes and awards held for or due and payable to a responsible person.

"Foreign support order" means any order issued outside of the Commonwealth by a court or tribunal as defined in § 20-88.32.

"Health care coverage" means any plan providing hospital, medical or surgical care coverage for dependent children provided such coverage is available and can be obtained by a ~~noncustodial~~ parent at a reasonable cost.

"Income" means any periodic form of payment due an individual from any source and shall include, but not be limited to, income from salaries, wages, commissions, royalties, bonuses, dividends, severance pay, payments pursuant to a pension or retirement program, interest, trust income, annuities, capital gains, social security benefits, workers' compensation benefits, unemployment insurance benefits, disability insurance benefits, veterans' benefits, spousal support, net rental income, gifts, prizes or awards.

"Mistake of fact" means an error in the identity of the payor or the amount of current support or arrearage.

"Net income" means that income remaining after the following deductions have been taken from

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gross income: federal income tax, state income tax, federal income compensation act benefits, any union dues where collection thereof is required under federal law, and any other amounts required by law.

"Noncustodial parent" means a responsible person who is or may be obligated under Virginia law for support of a dependent child or child's caretaker.

"Obligee" means (i) an individual to whom a duty of support is or is alleged to be owed or in whose favor a support order has been issued or a judgment determining parentage has been rendered, (ii) a state or political subdivision to which the rights under a duty of support or support order have been assigned or that has independent claims based on financial assistance provided to an individual obligee, or (iii) an individual seeking a judgment determining parentage of the individual's child.

"Obligor" means an individual, or the estate of a decedent, who (i) owes or is alleged to owe a duty of support, (ii) is alleged but has not been adjudicated to be a parent of a child, or (iii) is liable under a support order.

"Payee" means any person to whom spousal or child support is to be paid.

"Reasonable cost" pertaining to health care coverage means available through employers, unions or other groups without regard to service delivery mechanism; or an insurance premium for dependent children that does not exceed a percentage of a parent's gross income as established by federal regulation unless the court deems otherwise in the best interests of the child.

§ 63.2-1903. Authority to issue certain orders; civil penalty.

A. In the absence of a court order, the Department shall have the authority to issue orders directing the payment of child, and child and spousal support and, if available at reasonable cost as defined in § 63.2-1900, to require a provision for health care coverage for dependent children of the obligor parents, which shall include the requirements specified for employers pursuant to subdivision A 5 of § 20-79.3. If health care coverage is unavailable at a reasonable cost through employment, the Department shall refer the dependent children to the Family Access to Medical Insurance Security plan pursuant to § 32.1-351. Liability for child support shall be determined retroactively for the period measured from the date the order directing payment is delivered to the sheriff or process server for service upon the obligor.

In ordering the payment of child support, the Department shall set such support at the amount resulting from computation pursuant to the guideline set out in § 20-108.2, subject to the provisions of § 63.2-1918.

B. When a payee, as defined in § 63.2-1900, no longer has physical custody of a child, the Department shall have the authority to redirect child support payments to a custodial parent who has physical custody of the child when an assignment of rights has been made to the Department or an application for services has been made by such custodial parent with the Division of Child Support Enforcement.

C. The Department shall have the authority, upon notice from the Department of Medical Assistance Services, to use any existing enforcement mechanisms provided by this chapter to collect the wages, salary, or other employment income or to withhold amounts from state tax refunds of any obligor who has not used payments received from a third party to reimburse, as appropriate, either the other parent of such child or the provider of such services, to the extent necessary to reimburse the Department of Medical Assistance Services.

D. The Department may order the obligor and payee to notify each other or the Department upon request of current gross income as defined in § 20-108.2 and any other pertinent information which may affect child support amounts. For good cause shown, the Department may order that such information be provided to the Department and made available to the parties for inspection in lieu of the parties' providing such information directly to each other. The Department shall record the social security number of each party or control number issued to a party by the Department of Motor Vehicles pursuant to § 46.2-342 in the Department's file of the case.

E. The Department shall develop procedures governing the method and timing of periodic review and adjustment of child support orders established or enforced or both pursuant to Title IV-D of the Social Security Act, as amended. At the request of either parent subject to the order or of a state child support enforcement agency, the Department shall initiate a review of such order every three years without requiring proof or showing of a change in circumstances, and shall initiate appropriate action to adjust such order in accordance with the provisions of § 20-108.2 and subject to the provisions of § 63.2-1918.

F. In order to provide essential information for whatever establishment or enforcement actions are necessary for the collection of child support, the Commissioner, the Director of the Division of Child Support Enforcement and district managers of Division of Child Support Enforcement offices shall have the right to (i) subpoena financial records of, or other information relating to, the noncustodial parent and obligee from any person, firm, corporation, association, or political subdivision or department of the Commonwealth and (ii) summons the noncustodial parent and obligee to appear in the Division's offices. The Commissioner, Director and district managers may also subpoena copies of state and federal income

tax returns. The district managers shall be trained in the correct use of the subpoena process prior to exercising subpoena authority. A civil penalty not to exceed \$1,000 may be assessed by the Commissioner for a failure to respond to a subpoena issued pursuant to this subsection.

G. In the absence of a court order, the Department may establish an administrative support order on an out-of-state obligor if the obligor and the obligee maintained a matrimonial domicile within the Commonwealth. The Department may also take action to enforce an administrative or court order on an out-of-state obligor. Service of such actions shall be in accordance with the provisions of §§ 8.01-296, 8.01-327 or § 8.01-329, or by certified mail, return receipt requested, in accordance with § 63.2-1917.

H. If a support order has been issued in another state but the obligor, the obligee, and the child now live in the Commonwealth, the Department may (i) enforce the order without registration, using all enforcement remedies available under this chapter and (ii) register the order in the appropriate tribunal of the Commonwealth for enforcement or modification.

§ 63.2-1904. Administrative support remedies available for individuals not receiving public assistance; fees.

The Department shall make available to those individuals not receiving public assistance, upon receipt of an authorization to seek or enforce a support obligation the same support services provided to recipients of public assistance. These services may include, but are not limited to:

1. Locating noncustodial parents to obtain child support;
2. Establishing paternity;
3. Establishing or modifying child support obligations, that shall include a provision for health care coverage for dependent children of the ~~obligor~~ parents; and
4. Enforcing and collecting child support obligations; however, the only support in arrears that may be enforced by administrative action is (i) arrearages accrued or accruing under a court order or decree or (ii) arrearages on an administrative order accruing from the entry of such administrative order.

No individual shall be required to obtain support services from the Department prior to commencing a judicial proceeding to establish, modify, enforce or collect a child support obligation.

The Board shall charge a fee of one dollar upon application for services pursuant to this section. At the option of the Department, the fee may be paid by the Department on behalf of all applicants.

The Department is further designated as the public entity responsible for implementing immediate income withholding pursuant to § 466 of the Social Security Act, as amended.

§ 63.2-1916. Notice of administrative support order; contents; hearing; modification.

The Commissioner may proceed against a noncustodial parent whose support debt has accrued or is accruing based upon subrogation to, assignment of, or authorization to enforce a support obligation. Such obligation may be created by a court order for support of a child or child and spouse or decree of divorce ordering support of a child or child and spouse. In the absence of such a court order or decree of divorce, the Commissioner may, pursuant to this chapter, proceed against a person whose support debt has accrued or is accruing based upon payment of public assistance or who has a responsibility for the support of any dependent child or children and their custodial parent. The administrative support order shall also provide that support shall continue to be paid for any child over the age of 18 who is (i) a full-time high school student, (ii) not self-supporting, and (iii) living in the home of the parent seeking or receiving child support, until such child reaches the age of 19 or graduates from high school, whichever comes first. The Commissioner shall initiate proceedings by issuing notice containing the administrative support order which shall become effective unless timely contested. The notice shall be served upon the debtor (a) in accordance with the provisions of §§ 8.01-296, 8.01-327 or § 8.01-329 or (b) by certified mail, return receipt requested, or the debtor may accept service by signing a formal waiver. A copy of the notice shall be sent to the obligee by first-class mail. The notice shall include the following:

1. A statement of the support debt or obligation accrued or accruing and the basis and authority under which the assessment of the debt or obligation was made. The initial administrative support order shall be effective on the date of service and the first monthly payment shall be due on the first of the month following the date of service and the first of each month thereafter. A modified administrative support order shall be effective the date that notice of the review is served on the nonrequesting party, and the first monthly payment shall be due on the first day of the month following the date of such service and on the first day of each month thereafter. In addition, an amount shall be assessed for the partial month between the effective date of the order and the date that the first monthly payment is due. The assessment for the initial partial month shall be prorated from the effective date through the end of that month, based on the current monthly obligation;

2. A statement of the name of the child or children and custodial parent for whom support is being sought;

182 3. A statement that support shall continue to be paid for any child over the age of 18 who is (i) a
183 full-time high school student, (ii) not self-supporting, and (iii) living in the home of the parent seeking
184 or receiving child support, until such child reaches the age of 19 or graduates from high school,
185 whichever comes first;

186 4. A demand for immediate payment of the support debt or obligation or, in the alternative, a
187 demand that the debtor file an answer with the Commissioner within 10 days of the date of service of
188 the notice stating his defenses to liability;

189 5. A statement of each party's name, residential and, if different, mailing address, telephone number,
190 driver's license number, and the name, address and telephone number of his employer; however, when a
191 protective order has been issued or the Department otherwise finds reason to believe that a party is at
192 risk of physical or emotional harm from the other party, information other than the name of the party at
193 risk shall not be included in the notice;

194 6. A statement that if no answer is made on or before 10 days from the date of service of the notice,
195 the administrative support order shall be final and enforceable, and the support debt shall be assessed
196 and determined subject to computation, and is subject to collection action;

197 7. A statement that the property of the debtor will be subject to lien and foreclosure, distraint, seizure
198 and sale or an order to withhold and deliver or withholding of earnings;

199 8. A statement that the ~~obligor~~ *parents* shall keep the Department informed regarding access to health
200 insurance coverage and health insurance policy information and a statement that health care coverage
201 shall be required for the ~~debtor's parents'~~ dependent children if available at reasonable cost as defined in
202 § 63.2-1900, or pursuant to subsection A of § 63.2-1903;

203 9. A statement of each party's right to appeal and the procedures applicable to appeals from the
204 decision of the Commissioner;

205 10. A statement that the obligor's income shall be immediately withheld to comply with this order
206 unless the obligee, or the Department, if the obligee is receiving public assistance, and obligor agree to
207 an alternative arrangement;

208 11. A statement that any determination of a support obligation under this section creates a judgment
209 by operation of law and as such is entitled to full faith and credit in any other state or jurisdiction;

210 12. A statement that each party shall give the Department written notice of any change in his address
211 or phone number within 30 days;

212 13. A statement that each party shall keep the Department informed of the name, telephone number
213 and address of his current employer; and

214 14. A statement that if any arrearages for child support, including interest or fees, exist at the time
215 the youngest child included in the order emancipates, payments shall continue in the total amount due
216 (current support plus amount applied toward arrearages) at the time of emancipation until all arrearages
217 are paid.

218 If no answer is received by the Commissioner within 10 days of the date of service or acceptance,
219 the administrative support order shall be effective as provided in the notice. The Commissioner may
220 initiate collection procedures pursuant to this chapter, Chapter 11 (§ 16.1-226 et seq.) of Title 16.1 or
221 Title 20. The debtor and the obligee have 10 days from the date of receipt of the notice to file an
222 answer with the Commissioner to exercise the right to an administrative hearing.

223 Any changes in the amount of the administrative order must be made pursuant to this section. In no
224 event shall an administrative hearing alter or amend the amount or terms of any court order for support
225 or decree of divorce ordering support. No support order may be retroactively modified, but may be
226 modified with respect to any period during which there is a pending petition for modification in any
227 court, but only from the date that notice of the review has been served on the nonrequesting party.
228 Notice of the review shall be served for each review (1) in accordance with the provisions of
229 §§ 8.01-296, 8.01-327 or § 8.01-329, or (2) by certified mail, with proof of actual receipt by the
230 addressee, or (3) by the nonrequesting party executing a waiver. The existence of an administrative order
231 shall not preclude either an obligor or obligee from commencing appropriate proceedings in a juvenile
232 and domestic relations district court or a circuit court.
233