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TESTIMONY ON SENATE BILL 765A For the House Committee on Judiciary May 23, 2017

Presented by:

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This testimony is submitted in support of Senate Bill 765A.

How This Bill Changes Current Law

Senate Bill 765A will enable the Oregon Child Support Program to comply with updated federal regulations published on December 20, 2016, as part of a final rule titled **Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs**. Specifically, Senate Bill 765A removes the distinction between public and private health care coverage, as defined in ORS 25.321, when determining whether a child has appropriate health care coverage under ORS 25.323. The updated federal regulation recognizes that public health care coverage may be the most appropriate type of coverage to meet a child's health care needs, and it permits that determination to be made at the state level. This greater flexibility reduces the need for the Oregon Child Support Program to modify otherwise appropriate support orders. For example, the Program could decline to require a parent to obtain private health insurance when the child is fully covered by public coverage.

Additionally, this legislation amends ORS 25.020 to remove statutory requirements for the Department of Justice to disburse child support payments to private collection agencies. Disbursing child support payments to private collection agencies is now specifically prohibited by 45 CFR 302.38. Commentary associated with the federal rule change explains that "to provide protections for families and fulfill the intent of the original child support legislation and subsequent amendments, §302.38 requires that child support payments owed and payable to families be disbursed directly to families."¹

¹ **Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs**
[Federal Register / Volume 81, No 244](#), page 93513

Key Points of Legislation

- Removes the distinction between private and public health care coverage for determining appropriate health care coverage for a child under ORS 25.323.
- Eliminates the term “private health care coverage” from the definitions found under ORS 25.321. All types of health care coverage, public and private, are addressed by the existing definition of “health care coverage” in ORS 25.321.
- Eliminates provisions in ORS 25.020 that require the Department of Justice to disburse child support payments to private collection agencies.

Fiscal Impact

None.

Fiscal Benefits

Senate Bill 765A ensures that support will be paid directly to families, rather than to private collection agencies that retain fees out of the collections. In addition, this legislation reduces administrative costs for the Oregon Child Support Program by reducing state-initiated modification actions, which lowers process service costs and reduces referrals to the Office of Administrative Hearings.

Recommended Action

The Oregon Department of Justice recommends committee approval of Senate Bill 765A to bring Oregon into compliance with updated federal regulations related to child support.