

SESSION OF 2008

**SUPPLEMENTAL NOTE ON
HOUSE SUBSTITUTE FOR SENATE BILL NO. 273**

As Amended by House Committee of the Whole

Brief*

House Sub. for SB 273, as amended, would enact new law and make amendments to existing child support enforcement law to authorize the Secretary of Social and Rehabilitation Services to enter into a business agreement with any organization that provides matching information about child support debtors against information about liability insurance claimants. The Secretary would be allowed to disclose information about any individual who owes past due support in a Title IV-D case if the debtor owes at least \$25. The Secretary also would be required, to the extent feasible, to require or provide secure electronic processes for disclosing information about support debtors to the matching entity and for any insurance companies disclosing information about claimants to such matching entity. The Secretary would be given the authority to adopt rules and regulations as may be necessary to administer the provisions of the bill.

Insurance companies that provide liability coverage would be required to disclose information about a claimant, as instructed by the Secretary, if the claimant's aggregate claim totals \$1,000 or more. The insurer is permitted under the bill to disclose information, at the insurer's discretion, about its claimants who have a claim that totals less than \$1,000. The disclosure of information would be required to be made as soon as reasonably possible after the first submission of the claim. The bill would provide that an insurer and its agents could not be held liable for any disclosures of information that are made in good faith in accordance with the provisions of this bill.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

A statute governing illegal obtaining or communicating confidential information about absent parents also would be amended to include the provisions of the bill applying to support debtors. (Under current law, any person who either illegally obtains or communicates confidential information is guilty of a class B nonperson misdemeanor. Any person who either obtains under false pretenses or willfully communicates the information is guilty of a level 10, nonperson felony.)

Background

The House Committee on Insurance and Financial Institutions recommended the introduction of a substitute bill. The substitute deletes the contents of SB 273 and inserts the provisions of HB 2904 (as amended by the House Committee) and further amended by House Committee action when the substitute was adopted. The substitute bill deleted a professional license sanction requirement and amended the title of the bill. The original bill would have amended the Kansas Health Care Prompt Payment Act to include dental claims (this provision was enacted by the 2007 Legislature in SB 271).

The House Committee of the Whole amended the provision in the bill directing the disclosure of information about claimants by insurers to the Secretary of Social and Rehabilitation Services to specify that the disclosure be made as soon as reasonably possible after the first submission of the claim. The substitute bill, as recommended by the House Committee, had specified that the payment could be made at any time following the submission of the claim, but would have to be made at least 30 days before an insurance payment was disbursed.

The fiscal note prepared by the Division of the Budget on the original version of the bill included in the substitute states that the Department of Social and Rehabilitation Services (SRS) states it would make an agreement with a multi-state clearinghouse for the performance of the Child Support

Enforcement (CSE) data matching. To perform the electronic matching, the CSE automated system must be enhanced to produce a file of debtor information for the clearinghouse, as well as to receive and process return files with the matched claim data. In order to make a better estimate for the automation costs, SRS consulted with the Child Support Lien Network, a data match clearinghouse sponsored by the State of Rhode Island, to learn what experience other states have had. Based on that organization's experience and the size of Kansas' caseload, it is estimated that CSE support collections would increase by approximately \$1.0 million. It is not known whether the estimates provided about the collections' amounts and distribution to the federal and state agencies and to families are still applicable under the adopted amendments to the bill.

The note also indicates that an initial infusion of state funding will be required to begin the automation project. The agency estimates the FY 2009 cost of the project at \$55,500. Of that amount, the federal financial participation will be 66.0 percent, or \$36,630, and the additional expenditures from the fee fund will total \$18,870. In FY 2010, when the actual data matching can begin, SRS will have to pay the clearinghouse fees based on the number of matches made. The estimate for that expense is \$33,465 in FY 2010, so the 33.0 percent share would total \$11,378. Therefore, beginning in FY 2010, the net state fiscal effect of the bill would be an increase in fee fund revenue of approximately \$90,000 per year. Any fiscal effect resulting from enactment of the bill is not accounted for in *The FY 2009 Governor's Budget Report*.