



## Michigan Supreme Court

State Court Administrative Office

**Friend of the Court Bureau**

Michigan Hall of Justice

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Steven D. Capps  
Director

### MEMORANDUM

DATE: August 26, 2015

TO: Chief Circuit Judges  
Presiding Family Division Judges  
Circuit Court Administrators  
Family Division Administrators  
Friends of the Court

FROM: Steven D. Capps

RE: Michigan Department of Health and Human Services  
15 Percent Medical Support Incentive

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The Michigan Department of Health and Human Services (MDHHS) Third Party Liability Division soon will begin sending a 15 percent Medical Support Incentive payment to your county treasurer. The incentive payment is equal to 15 percent of the medical support that your friend of the court (FOC) office collected and sent to the MDHHS Third Party Liability Division to reimburse Medicaid expenses. The first payment will cover the period July 1 through September 30, 2013.<sup>1</sup> For the remainder of this fiscal year, the MDHHS Third Party Liability Division will make quarterly incentive payments for the most recent quarter and retroactive incentive payments from the quarter beginning July 1, 2013.

There are no state guidelines to explain how the county treasurer must handle the incentive payment, but 42 CFR 433.153 requires the state to pay the incentive to a local subdivision of the state “such as a prosecuting or district attorney or a friend of the court . . . that enforces and collects medical support and payments for the agency.” Because the FOC is the local agency that collects and enforces medical support in Michigan, we encourage you to work with your local treasurer to have the incentive payment deposited into the Friend of the Court (215) Fund, which was established under statute to receive deposits related to FOC activities.

The incentives are based on the quarterly amounts collected and sent to MDHHS Third Party Liability Division to reimburse Medicaid expenses and will at some point be paid on a quarterly

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<sup>1</sup> The anticipated payments are in the attached spreadsheet.

basis. However, the initial payments may not be directly associated with the end of the most recent quarter and will contain retroactive amounts.

- The first payment will cover the retroactive period July 1 through September 30, 2013.<sup>2</sup>
- The next payment(s) (the number and timing of payments has not yet been determined) will include the quarterly amounts from the remainder of the retroactive period (October 1, 2013, through June 30, 2015) plus the quarter ended September 30, 2015 and possibly the quarter ended December 31, 2015.
- Once the payments no longer include any retroactive amounts they will be paid on a quarterly basis after the end of a quarter.

The Office of Child Support (OCS) asked the federal Office of Child Support Enforcement (OCSE) whether, for accounting purposes, the Medicaid incentive must be treated as federal funds under 45 CFR 304.30 or program income under 45 CFR 92.25.<sup>3</sup> Because OCSE has not yet answered how the incentive must be treated, for the rest of this fiscal year the OCS will report the incentive as program income and MDHHS Third Party Liability Division will only pay 34 percent of the incentive to the counties. Therefore, because OCS will report the incentive as program income, the FOC can use the incentive as the local match under the cooperative reimbursement contract.<sup>4</sup> Regardless of current treatment, in future fiscal years the MDHHS Third Party Liability Division will pay the entire incentive to the counties and FOCs will have to account for it as OCS directs.<sup>5</sup>

To maximize the value of the incentive, we recommend you use it to enhance FOC services eligible for IV-D funding instead of supplanting current county funds. Replacing existing local funding is the least resourceful way to use the incentive because it fails to take advantage of the opportunity to collect additional federal funds.

The following list contains some possible ways to use the incentive to enhance local programs that would not reduce existing federal reimbursement:

- (a) Create specialty child support dockets.
- (b) Regionalize certain activities to share an FTE to increase services when funds are not sufficient to fund a full FTE in one office.
- (c) Meet unfilled staffing targets.
- (d) Close eligible cases with a more aggressive approach.
- (e) Meet review and modification targets.
- (f) Obtain better income information in default cases.
- (g) Obtain consent judgments in establishment cases.
- (h) Aggressively fix bad addresses.

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<sup>2</sup> The anticipated payments are in the attached spreadsheet.

<sup>3</sup> OCS has preliminarily determined that the incentive should be treated as program income.

<sup>4</sup> This also allows FOCs that cannot use the incentive immediately to carry it over into another fiscal year and still receive the full reimbursement under the cooperative reimbursement agreement in the current year.

<sup>5</sup> In the event OCSE determines that the incentive does not fall within 45 CFR 304.30 or 45 CFR 92.25, the MDHHS will pay the remaining 66 percent of the incentive to the counties and pay the full incentive thereafter.

August 26, 2015

Page 3

- (i) Operate new orientation programs to secure cooperation of both parties.
- (j) Create orientation/education programs.
- (k) Provide outreach to improve parental cooperation.
- (l) Implement electronic monitoring and jail alternatives.
- (m) Consolidate county-level child support services.
- (n) Purchase new computers.
- (o) Purchase imaging equipment.
- (p) Restore services that were cut due to budget reductions.

If you have questions concerning this memorandum or would like assistance in determining how various spending options will impact your budget, please contact Steven Capps at 373-9318 or [cappss@courts.mi.gov](mailto:cappss@courts.mi.gov).

July-Sept 2013	MS	CM/MD	Refunds	Total	15%	Final Payment after Deducting Program Income (=34%)
						0.34
<i>County</i>						
ALCONA	\$ 7,252.55	\$ 1,030.72	\$ -	\$ 8,283.27	\$ 1,242.49	422.45
ALGER	\$ 6,823.60	\$ 1,646.15	\$ -	\$ 8,469.75	\$ 1,270.46	431.96
ALLEGAN	\$ 75,389.34	\$ 18,722.64	\$ 486.32	\$ 93,625.66	\$ 14,043.85	4774.91
ALPENA	\$ 32,182.28	\$ 4,431.19	\$ 6.34	\$ 36,607.13	\$ 5,491.07	1866.96
ANTRIM	\$ 17,060.84	\$ 4,096.56	\$ -	\$ 21,157.40	\$ 3,173.61	1079.03
ARENAC	\$ 13,630.14	\$ 9,043.02	\$ -	\$ 22,673.16	\$ 3,400.97	1156.33
BARAGA	\$ 6,157.53	\$ 709.70	\$ -	\$ 6,867.23	\$ 1,030.08	350.23
BARRY	\$ 42,188.60	\$ 37,821.58	\$ -	\$ 80,010.18	\$ 12,001.53	4080.52
BAY	\$ 94,761.00	\$ 18,333.25	\$ 910.56	\$ 112,183.69	\$ 16,827.55	5721.37
BENZIE	\$ 6,739.73	\$ 2,459.80	\$ -	\$ 9,199.53	\$ 1,379.93	469.18
BERRIEN	\$ 143,670.72	\$ 60,149.54	\$ 147.68	\$ 203,672.58	\$ 30,550.89	10387.30
BRANCH	\$ 46,615.55	\$ 23,157.92	\$ -	\$ 69,773.47	\$ 10,466.02	3558.45
CALHOUN	\$ 144,855.86	\$ 90,269.28	\$ 1,314.73	\$ 233,810.41	\$ 35,071.56	11924.33
CASS	\$ 43,864.04	\$ 10,720.21	\$ 15.00	\$ 54,569.25	\$ 8,185.39	2783.03
CHARLEVOIX	\$ 17,978.60	\$ 7,466.27	\$ -	\$ 25,444.87	\$ 3,816.73	1297.69
CHEBOYGAN	\$ 27,836.88	\$ 14,356.43	\$ -	\$ 42,193.31	\$ 6,329.00	2151.86
CHIPPEWA	\$ 31,085.30	\$ 1,642.24	\$ -	\$ 32,727.54	\$ 4,909.13	1669.10
CLARE	\$ 25,908.51	\$ 11,762.45	\$ 90.99	\$ 37,579.97	\$ 5,637.00	1916.58
CLINTON	\$ 35,904.30	\$ 5,716.56	\$ -	\$ 41,620.86	\$ 6,243.13	2122.66
CRAWFORD	\$ 18,490.97	\$ 5,553.58	\$ 499.47	\$ 23,545.08	\$ 3,531.76	1200.80
DELTA	\$ 37,998.57	\$ 12,241.34	\$ -	\$ 50,239.91	\$ 7,535.99	2562.24
DICKINSON	\$ 23,601.31	\$ 4,556.41	\$ -	\$ 28,157.72	\$ 4,223.66	1436.04
EATON	\$ 58,745.96	\$ 20,305.33	\$ 792.01	\$ 78,259.28	\$ 11,738.89	3991.22
EMMET	\$ 23,079.55	\$ 7,108.23	\$ 332.80	\$ 29,854.98	\$ 4,478.25	1522.60
GENESEE	\$ 369,702.24	\$ 244,534.13	\$ 567.29	\$ 613,669.08	\$ 92,050.36	31297.12
GLADWIN	\$ 20,304.42	\$ 5,470.20	\$ -	\$ 25,774.62	\$ 3,866.19	1314.51
GOGEBIC	\$ 8,016.99	\$ 519.83	\$ -	\$ 8,536.82	\$ 1,280.52	435.38
GRAND TRAVERSE	\$ 47,863.92	\$ 18,943.17	\$ -	\$ 66,807.09	\$ 10,021.06	3407.16
GRATIOT	\$ 41,695.93	\$ 16,024.33	\$ -	\$ 57,720.26	\$ 8,658.04	2943.73

HILLSDALE	\$ 50,703.79	\$ 10,279.34	\$ -	\$ 60,983.13	\$ 9,147.47	3110.14
HOUGHTON	\$ 20,311.47	\$ 147.48	\$ -	\$ 20,458.95	\$ 3,068.84	1043.41
HURON	\$ 69.93	\$ 17,240.45	\$ -	\$ 17,310.38	\$ 2,596.56	882.83
INGHAM	\$ 171,313.96	\$ 120,713.91	\$ -	\$ 292,027.87	\$ 43,804.18	14893.42
IONIA	\$ 52,658.32	\$ 15,761.23	\$ 8,863.27	\$ 59,556.28	\$ 8,933.44	3037.37
IOSCO	\$ 20,175.25	\$ 9,401.69	\$ 16.02	\$ 29,560.92	\$ 4,434.14	1507.61
IRON	\$ 8,578.86	\$ 1,907.35	\$ -	\$ 10,486.21	\$ 1,572.93	534.80
ISABELLA	\$ 44,569.80	\$ 5,487.88	\$ -	\$ 50,057.68	\$ 7,508.65	2552.94
JACKSON	\$ 112,085.59	\$ 83,151.63	\$ 36.35	\$ 195,200.87	\$ 29,280.13	9955.24
KALAMAZOO	\$ 145,755.64	\$ 73,329.03	\$ 334.59	\$ 218,750.08	\$ 32,812.51	11156.25
KALKASKA	\$ 24,305.03	\$ 2,740.84	\$ -	\$ 27,045.87	\$ 4,056.88	1379.34
KENT	\$ 512,248.24	\$ 164,393.12	\$ 3,330.84	\$ 673,310.52	\$ 100,996.58	34338.84
KEWEENAW	\$ 1,165.46	\$ 17.00	\$ -	\$ 1,182.46	\$ 177.37	60.31
LAKE	\$ 6,388.65	\$ 7,591.77	\$ -	\$ 13,980.42	\$ 2,097.06	713.00
LAPEER	\$ 84,010.80	\$ 42,837.56	\$ 10.51	\$ 126,837.85	\$ 19,025.68	6468.73
LEELANAU	\$ 6,141.20	\$ 1,479.28	\$ -	\$ 7,620.48	\$ 1,143.07	388.64
LENAWEE	\$ 71,388.60	\$ 42,938.54	\$ -	\$ 114,327.14	\$ 17,149.07	5830.68
LIVINGSTON	\$ 75,050.34	\$ 20,206.57	\$ 322.04	\$ 94,934.87	\$ 14,240.23	4841.68
LUCE	\$ 3,887.58	\$ 1,706.42	\$ -	\$ 5,594.00	\$ 839.10	285.29
MACKINAC	\$ 8,826.03	\$ 2,568.05	\$ 87.17	\$ 11,306.91	\$ 1,696.04	576.65
MACOMB	\$ 352,574.28	\$ 242,235.51	\$ 1,366.15	\$ 593,443.64	\$ 89,016.55	30265.63
MANISTEE	\$ 16,584.09	\$ 4,503.49	\$ -	\$ 21,087.58	\$ 3,163.14	1075.47
MARQUETTE	\$ 42,042.46	\$ 8,967.35	\$ 39.89	\$ 50,969.92	\$ 7,645.49	2599.47
MASON	\$ 13,387.83	\$ 9,364.50	\$ -	\$ 22,752.33	\$ 3,412.85	1160.37
MECOSTA	\$ 36,305.43	\$ 18,604.42	\$ -	\$ 54,909.85	\$ 8,236.48	2800.40
MENOMINEE	\$ 19,899.51	\$ 13,822.53	\$ -	\$ 33,722.04	\$ 5,058.31	1719.82
MIDLAND	\$ 47,573.30	\$ 8,497.82	\$ -	\$ 56,071.12	\$ 8,410.67	2859.63
MISSAUKEE	\$ 12,829.18	\$ 2,716.06	\$ 12.00	\$ 15,533.24	\$ 2,329.99	792.20
MONROE	\$ 92,061.78	\$ 22,175.74	\$ -	\$ 114,237.52	\$ 17,135.63	5826.11
MONTCALM	\$ 75,730.26	\$ 24,940.79	\$ -	\$ 100,671.05	\$ 15,100.66	5134.22
MONTMORENCY	\$ 7,050.78	\$ 874.53	\$ -	\$ 7,925.31	\$ 1,188.80	404.19
MUSKEGON	\$ 135,763.52	\$ 89,658.17	\$ 461.23	\$ 224,960.46	\$ 33,744.07	11472.98
NEWAYGO	\$ 56,607.84	\$ 32,965.35	\$ -	\$ 89,573.19	\$ 13,435.98	4568.23
OAKLAND	\$ 489,120.23	\$ 176,978.75	\$ 530.67	\$ 665,568.31	\$ 99,835.25	33943.98

OCEANA	\$ 21,411.17	\$ 7,945.78	\$ -	\$ 29,356.95	\$ 4,403.54	1497.20
OGEMAW	\$ 22,687.62	\$ 6,891.29	\$ 615.00	\$ 28,963.91	\$ 4,344.59	1477.16
ONTONAGON	\$ 3,846.88	\$ 134.26	\$ -	\$ 3,981.14	\$ 597.17	203.04
OSCEOLA	\$ 27,018.46	\$ 8,646.51	\$ -	\$ 35,664.97	\$ 5,349.75	1818.91
OSCODA	\$ 6,076.90	\$ 4,342.49	\$ -	\$ 10,419.39	\$ 1,562.91	531.39
OTSEGO	\$ 31,643.61	\$ 4,874.79	\$ 35.09	\$ 36,483.31	\$ 5,472.50	1860.65
OTTAWA	\$ 178,197.07	\$ 101,556.18	\$ 2,228.96	\$ 277,524.29	\$ 41,628.64	14153.74
PRESQUE ISLE	\$ 12,387.45	\$ 3,513.50	\$ -	\$ 15,900.95	\$ 2,385.14	810.95
ROSCOMMON	\$ 29,004.07	\$ 4,267.80	\$ -	\$ 33,271.87	\$ 4,990.78	1696.87
SAGINAW	\$ 112,776.23	\$ 161,382.71	\$ 2,775.37	\$ 271,383.57	\$ 40,707.54	13840.56
SANILAC	\$ 49,147.88	\$ 13,277.76	\$ -	\$ 62,425.64	\$ 9,363.85	3183.71
ST CLAIR	\$ 165,612.69	\$ 37,788.06	\$ 157.64	\$ 203,243.11	\$ 30,486.47	10365.40
ST JOSEPH	\$ 64,784.25	\$ 45,941.92	\$ -	\$ 110,726.17	\$ 16,608.93	5647.03
SCHOOLCRAFT	\$ 7,628.16	\$ 2,571.13	\$ -	\$ 10,199.29	\$ 1,529.89	520.16
SHIAWASSEE	\$ 62,034.96	\$ 6,011.04	\$ -	\$ 68,046.00	\$ 10,206.90	3470.35
TUSCOLA	\$ 52,863.13	\$ 3,682.00	\$ 337.13	\$ 56,208.00	\$ 8,431.20	2866.61
VAN BUREN	\$ 63,939.73	\$ 11,194.56	\$ 112.16	\$ 75,022.13	\$ 11,253.32	3826.13
WASHTENAW	\$ 117,847.14	\$ 27,144.39	\$ 178.01	\$ 144,813.52	\$ 21,722.03	7385.49
WAYNE	\$ 1,273,754.83	\$ 621,494.78	\$ 6,388.28	\$ 1,888,861.33	\$ 283,329.20	96331.93
WEXFORD	\$ 35,049.53	\$ 7,077.18	\$ -	\$ 42,126.71	\$ 6,319.01	2148.46
Total	\$ 6,624,282.02	\$ 3,018,734.34	\$ 33,401.56	\$ 9,609,614.80	\$ 1,441,442.22	