

# **Determining Reasonable Cost for Medical Support Employer Assistance**

## *Best Practices for Determining Reasonable Cost for High Deductible Health Plans (HDHPs)*

The goal for establishing and enforcing medical support is to provide comprehensive medical support, that is accessible without interruption, and available at a reasonable cost.

In addition to health insurance being reasonable and accessible, the goal is for parents to provide coverage without interruption. In these situations, it may be more appropriate to encourage the parents to pursue BadgerCare as an option for health coverage.

*For example, if an employee works seasonal periods during the summer, but works other employment during the winter, the seasonal jobs may not be good options for providing medical support because the obligated parent may not be able to afford the coverage during periods for which they are not employed with that employer.*

### **Factors to consider when determining whether a plan is reasonable**

Both the custodial parent (CP) and the non-custodial parent (NCP) may be considered when determining who will be the obligated parent for providing medical support.

Any out-of-pocket cost for health insurance (HI) must be determined using the obligated parent's income.

The monthly out-of-pocket cost for the entire policy must be considered when determining whether the cost is reasonable for the obligated parent.

### **Costs to include when determining reasonable cost for medical support:**

- Any out-of-pocket deductible that the family is responsible for paying before the health plan will pay on behalf services to the family
- Any cash contribution by the non-obligated parent is limited to the cost to add the child or children

### Example – 3 Minor Children

	Parent A:	Parent B:
Annual Income:	\$35,360	\$31,200
Monthly Income:	\$2,946	\$2,600
Monthly reasonable cost at 10%:	\$294	\$260
HI plan with out-of-pocket monthly premium:	\$75	On BadgerCare with the children (with premium)
Yearly out-of-pocket deductible: <i>Before insurer will pay for covered services</i>	\$ 2,500	N/A
Monthly deductible:	\$208	N/A
<b>Total potential monthly cost of this plan:</b>	<b>\$75 + \$208 = \$283</b>	N/A

#### Example Options:

- Require Parent A to enroll the children in private HI coverage

#### Reminders

It is recommended to compare the income of the obligated parent to the total out-of-pocket cost including premium and deductible for the health plan to determine whether the cost is reasonable.

#### Resources

[Supplemental Instructions for Employers, Employer Partner, and Child Support Agencies](#)

[Medical Support – Answers to Employers’ Questions](#)