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# Perspectives

*New Approaches to Child Support Change*

## Centralized Enforcement

### Why Centralize Enforcement?

The welfare reform legislation enacted in 1996 mandated the use of strong administrative enforcement remedies. These include streamlined processes for income withholding, medical support enforcement, Financial Institution Data Match (FIDM), and license suspension.

Centralizing these functions can create economies of scale and greater operating efficiency. For example, a centralized unit handling only income withholding orders can take advantage of automated printing and mailing processes and bulk mailing rates, creating considerable savings in staff time and costs. Further, with fewer staff to train and simplified quality assurance monitoring, centralization creates consistent and accurate results.

### Why Outsource Centralized Administrative Enforcement Services?

Implementing centralized services initially requires extensive staff resources, comprehensive training, and technology innovations. Many states are now suffering staff cutbacks and reduced budgets, adversely affecting their ability to fully implement these enforcement remedies.

One solution that many states have considered—and successfully put into operation—is outsourcing these functions to a private vendor. Outsourcing offers an effective way to expand resources and improve performance without overburdening existing state staff. In tough budget times, private vendors have greater flexibility to add staff and invest in sophisticated technology and training to meet state-set contract performance requirements.

### PSI's Centralized Enforcement Services

PSI is a premier provider of outsourced centralized enforcement services, having successfully centralized services for child support agencies in multiple

states. Beginning in 1999, PSI created a centralized unit for Iowa that processed all documents sent to employers, including income withholding and medical support orders, and provided outreach functions to educate employers about child support enforcement requirements. In Michigan and Minnesota, we supplied staff, training, and program management for centralized FIDM projects that have significantly improved arrears and collections numbers. For both projects, we implemented sophisticated technology to assist with data matching requirements and lien and levy processes.

PSI can offer a similar set of services to other states, either as individual centralized projects or as a single unit that offers more than one service. Our services include:

*Income Withholding.* PSI's centralized income withholding services offer states increased efficiency and uniform interpretation of statutes, policies, and procedures. Staff members are trained to:

- ◆ Generate income withholding orders on all appropriate cases within the two-day timeframe
- ◆ Identify alternative, non-traditional sources of income subject to income withholding
- ◆ Improve efficiency and accuracy by using consistent processes and monitoring actions and timeframes
- ◆ Use the speed and ease created by UIFSA to routinely send direct income withholding orders when employers are located for out-of-state obligors
- ◆ Develop excellent statewide relationships with customers and support groups, such as payroll processing services, lawyers and bar associations, and employer groups
- ◆ Make sure that new hire and employment data triggers issuance of income withholding orders

*Medical Support Enforcement.* In 2001, the congressionally mandated Medical Child Support Working Group issued a report containing 76 recommendations for reforming child support agencies' role in medical support enforcement. PSI is playing a critical role in helping states find ways to successfully implement these recommendations through innovative consulting projects in Colorado, Minnesota, and New Jersey.

Additionally, we were recently awarded an outsourcing project in New Jersey that will provide all National Medical Support Notice (NMSN) operational services from a centralized location. As a leading expert on medical child support enforcement best practices, PSI can tailor services to meet states' needs in this critical area. Our services include:

- ◆ Generating and mailing the NMSN to employers
- ◆ Processing return notices
- ◆ Building and maintaining an employer/plan administrator Web site that eases reporting burdens
- ◆ Identifying and following up with non-compliant employers/plan administrators
- ◆ Designing and delivering an outreach campaign that communicates NMSN responsibilities to employers and plan administrators
- ◆ Providing a customer service call center to assist with NMSN completion and facilitate parents' coverage decisions
- ◆ Providing detailed management reports that assist with performance maximization

*FIDM.* FIDM is a powerful tool that could be better leveraged by states. FIDM legislation requires matching child support arrearages with accounts in all financial institutions in the country. When a match occurs, child support workers are notified. They initiate a lien and levy process to freeze and seize the assets and apply them to the child support arrearage.

Centralizing FIDM services:

- ◆ Relieves state child support staff of administrative FIDM duties, allowing them to focus on other tasks
- ◆ Reduces errors and improves accuracy
- ◆ Ensures that all cases are handled consistently, guaranteeing equitable treatment of all parents involved
- ◆ Provides financial institutions with a single point of contact for questions and problem resolution
- ◆ Brings about the most rapid possible increase in child support collections

Michigan is a particularly strong example of the quick results that states can achieve by centralizing FIDM services. PSI is currently collecting over \$1.5 million per month for Michigan children and families. In addition, during the first year of operations, PSI staff identified and adjusted over \$8.7 million in arrears balances.

## Why Choose PSI for Centralized Services?

PSI is a trusted, well-respected partner in outsourced services. We provide states with:

- ◆ *Experience and Credibility in the Child Support Arena.* PSI opened the nation's first full-service privatized child support office in 1991. We have over 90 contract years of experience in full-service child support operations alone. Our knowledge spans every aspect of child support, and we are the most consistently successful company in the field.
- ◆ *Customer Expertise.* A key requirement of any centralized enforcement program is accurate and responsive customer service. Good customer service is a hallmark of all PSI projects, and PSI requires all staff to meet a 24-hour callback policy.
- ◆ *Systems and Technology Expertise.* PSI can meet technological challenges and is equally at ease in public and private sector technical environments. PSI has helped develop statewide child support systems in 12 states, created HIREs—PSI's premier new hire report processing system, and developed other sophisticated database applications to support outsourced operations.
- ◆ *Medical Support Expertise.* PSI staff includes medical support and public health insurance policy and operational experts. Paul Legler, a PSI Senior Fellow, was a member of the National Medical Support Workgroup that drafted the original recommendations now being implemented in many states. Other PSI staff members have hands-on experience with public health insurance programs through our SCHIP and Medicaid administrative contracts. This experience base helps PSI identify innovative ways to secure medical support coverage for children.

