

HOUSE BILL REPORT

HB 1380

As Reported By House Committee On:
Law & Justice

Title: An act relating to child support health care expenses.

Brief Description: Changing the allocation of child support health care expenses between parents.

Sponsors: Representatives Lambert, Wolfe, Sheahan, Mitchell, Dunshee, Mason and Scott.

Brief History:

Committee Activity:

Law & Justice: 2/25/97, 2/27/97 [DPS].

HOUSE COMMITTEE ON LAW & JUSTICE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Sheahan, Chairman; McDonald, Vice Chairman; Sterk, Vice Chairman; Costa, Ranking Minority Member; Constantine, Assistant Ranking Minority Member; Carrell; Cody; Kenney; Lambert; Lantz; Radcliff; Sherstad and Skinner.

Staff: Trudes Hutcheson (786-7384).

Background: A court establishes a parent's presumptive basic child support obligation— by using an economic table located in Washington's child support schedule. The table takes into consideration the combined monthly net income of both parents, the number of children, and the children's ages. Each parent's share of the basic child support obligation is based on each parent's share of the combined monthly net income.

Ordinary health care expenses are included in the economic table. The table assumes that 5 percent of the monthly amount of support due is spent on ordinary health care expenses. Monthly health care expenses that exceed 5 percent of the basic child support obligation are considered extraordinary health care expenses. Extraordinary health care expenses are not included in the presumptive basic child support amount, and must be shared by the parents in the same proportion as the basic child support obligation.

The term health care expenses– is not defined in statute or case law.

Summary of Substitute Bill: Ordinary health care expenses are calculated on an annual, calendar-year basis, instead of a monthly basis. Ordinary health care expenses are calculated by multiplying 5 percent of the basic child support obligation by 12. The parent receiving child support payments is responsible for paying the ordinary health care expenses. Any health care expenses exceeding the annual ordinary health care expenses are deemed extraordinary health care expenses.

Once the amount constituting the annual ordinary health care expenses has been incurred, the parent receiving child support payments must notify the parent paying the child support that any additional health care expenses incurred in that calendar year constitute extraordinary health care expenses. The parent receiving the child support payments must provide documentation to show that the ordinary health care expenses have incurred. The parents will share the extraordinary health care expenses in the same proportion they share the basic child support obligation. The parent paying child support is responsible for reimbursing the other parent for extraordinary health care expenses as the expenses are incurred.

Health care expenses– are those medical costs that are deductible from federal income taxes, regardless of whether the parent receives or claims a deduction for those expenses.

Substitute Bill Compared to Original Bill: The substitute bill expressly provides that a parent does not have to actually claim or receive a deduction from federal income taxes in order to consider certain costs health care expenses.–

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The current system regarding health care expenses is too complicated, especially in situations where there are multiple children with different health care needs. Calculating extraordinary health care expenses on an annual basis will help simplify and streamline the process. It will also prevent a custodial parent from purposefully incurring extraordinary expenses in one month just to collect extra support that month.

Testimony Against: Calculating health care expenses on an annual, calendar year basis could result in one parent being forced to pay for the entire amount of the annual ordinary health care expenses in one month, without getting financial help

from the other parent. If a child gets ill, the custodial parent will have to pre-pay the health care expenses and wait for repayment. The bill does not simplify the current law. Defining health care expenses by referring to the Internal Revenue Service tax code is too complicated.

Testified: Representative Lambert, prime sponsor; Representative Wolfe (pro); Bob Hoyden, Washington Families for Noncustodial Rights (pro); Judy Turpin, Northwest Women's Law Center (pro); Patricia Morgan, Washington State Bar Association, Family Law Section (pro); Mike Ricchio, Division of Child Support, Department of Social and Health Services (concerns); and Hal Hupp, family law attorney (con).