



STATE OF WASHINGTON

August 31, 2020

Honorable Pat McCarthy
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor McCarthy:

Thank you for the opportunity to review and respond to the State Auditor's Office performance audit report, "Child Support Payments: Increasing past-due collections through mandatory interception of insurance payments." The Department of Social and Health Services collaborated with the Office of Financial Management to provide this response.

We agree that a mandatory insurance intercept program would benefit families. We support the SAO's recommendation to the Legislature to enact a new law requiring insurance companies that conduct business in Washington to participate in an insurance payment intercept program. As the report notes, there have been prior efforts to advance this concept beyond the current optional participation. We agree that with renewed efforts and cooperation between DSHS, the Office of the Insurance Commissioner, insurance industry representatives, as well as the support of the Governor's Office, it will be possible to draft new legislation.

The DSHS Division of Child Support (DCS) collects over \$600 million in current and past-due child support annually. Child support collections are a critical bridge in reducing poverty. The recommendation in this report supports DSHS' goal of reducing the number of individuals and families living in poverty by 50% by 2025, in a way that eliminates disparities.

DCS has authority to use various enforcement mechanisms to collect child support. Adding mandatory insurance claim reporting would enhance the collection program and potentially bring support to many more families. However, we are somewhat skeptical of the report's estimated \$1 million to \$3 million in additional collections each year. We appreciate the SAO's methodology for determining this estimate and acknowledgement that the full increase may not be realized for a few years. However, given the current economy and difficulties in determining the collection potential, we recommend using a more conservative estimate or referencing the current economic climate.

As mentioned in the audit report, two DCS employees currently use a manual process to monitor the insurance claims. The report notes that as the number of monitored insurance claims increases, so will DCS's workload and associated costs for staff. The auditor estimates that doubling DCS staff to address the increased workload would cost no more than \$200,000 a year. However, the report did not capture other costs associated with an increase in workload, such as IT support resources. If legislation is proposed, DSHS will prepare a fiscal note showing the full cost associated with implementation and ongoing service delivery.

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Please convey our thanks to your audit team. We believe any increase in child support collections will make a difference and be greatly appreciated by the families receiving the funds.

Sincerely,



Cheryl Strange
Secretary
Department of Social and Health Services



David Schumacher
Director
Office of Financial Management

cc: David Postman, Chief of Staff, Office of the Governor
Kelly Wicker, Deputy Chief of Staff, Office of the Governor
Drew Shirk, Executive Director of Legislative Affairs, Office of the Governor
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