Course Agenda

• New Hire Reporting & Employment Verifications
• Income Withholding Orders & Terminations
• National Medical Support Notice
• Payment Remittance & Disbursement
• Electronic Options
Thank You, Employers!

Employers Are A Vital Partner!

• Employers account for 70% of child support collections by withholding child support payments from employee’s paychecks and enrolling children in their parent’s health insurance plan(s).
Child Support Services

1. Locate
2. Establish paternity
3. Establish child and medical support orders
4. Enforce child and medical support orders
5. Collect and Disburse child support
IV-D & Non IV-D

• IV-D
  The Federal Child Support Enforcement Program was authorized by Title IV-D of the Social Security Act. A state child services office is commonly referred to as the IV-D agency.

• Non IV-D
  Refers to cases handled privately, not by a child support enforcement agency (IV-D).

* Payments for both types may be remitted to Clearinghouse
Questions?
New Hire Reporting & Employment Verifications

• Name the purpose and benefits of the new hire reporting program per law.
• Identify the seven data elements required for new hire reporting.
• Identify the primary method of reporting.
• Review employment verification requirements
Arizona Revised Statue 23-722.01 and Section 313 of the Federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42 U.S.C. 653A, require all public, private, non-profit and government employers to report every newly hired and rehired employee within 20 days of hire to the State Directory of New Hires. In Arizona, new hire reports are submitted to the Arizona New Hire Reporting Center.

No one is exempt from this law!
Newly Hired Employee

- Is an individual who has not been previously employed by the employer; or
- Was previously employed by the employer but has been separated from such prior employment for at least 60 consecutive days.

Note that “date of hire” is the first day an employee works for wages.
Newly Hired Employees

Why Do We Need New Hire Reporting?

• The child support computer system matches new hire information against open child support cases to:
  1. Locate noncustodial parents,
  2. Establish paternity and child support orders, and
  3. Enforce existing orders.

• New hire reporting speeds up the child support income withholding order process.
Newly Hired Employees

Why Do We Need New Hire Reporting?

• Quickly locates NCP to help in establishing paternity and child support orders.

• Reduces Welfare fraud by detecting unlawful/erroneous public assistance payments, workers compensation and Unemployment Insurance over-payments.

Which Saves Tax Payers Money!
Newly Hired Employees

Who must report?
• All employers and/or labor organizations in the state of Arizona

Who must be reported?
• New employees
• Re-hires or Re-called employees
• Temporary employees
Newly Hired Employees

Do independent contractors (1099’s) have to be reported?
• DCSS welcomes Independent Contractor reports

Are labor unions and hiring halls required to report?
• They must report their own employees; individuals who work directly for the union or hall.
New Hire Reporting

What information must be reported?
In accordance with Arizona State New Hire Statues:

- Employer’s Federal Employer Identification Number (FEIN)
- Employer’s Name
- Employer’s Address
- Employee’s Name (First, Middle, Last)
- Employee’s Full Address
- Employee’s Social Security Number
- Employee’s Start Date
Electronic Reporting

• Online Reporting:
  o Employers can report their new hires online by using our convenient web site.
  o Confirmations of the reports received are provided each time an employer uses this feature for reporting.
  o Available 24/7

https://www.az-newhire.com
Electronic Reporting

- Electronic Reporting:
  - Through the web site or through internet connection using File Transfer Protocol (FTP).

- Multi-state employers may use “Multi-State” reporting:
  - Allows employers with many work sites to centralize their new hire reporting in a single state.

https://ocsp.acf.hhs.gov/OCSE/
Benefits of online electronic reporting:

• Saves on paper, processing time and postage.
• Reduces the likelihood of errors
• Helps to avoid rejected records because of unreadable or missing information
Non-Electronic Reporting

Paper reports may either be faxed or mailed to:

Arizona New Hire Reporting Center
P.O. Box 142901
Austin, TX  78714

Phone:  (888) 282-2064
Fax:    (888) 282-0502
How often must a company report?

*Employers are required to submit a report within 20 days of a new employee’s hire date. Employers who submit reports by upload or electronically are to submit the reports in two monthly transmissions not more than 16 days apart.*

A.R.S. § 23-722.01(d)
## Employment Verifications

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<th>A Request:</th>
<th>Verify Employment:</th>
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<td>✓ In a letter</td>
<td>✓ Name and Date of Birth</td>
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<tr>
<td>✓ Subpoenas</td>
<td>✓ Social Security Number</td>
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<td>✓ Phone call</td>
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A.R.S. § 25-513 Employers must respond within 20 days of delivery
Questions?
Withholding/Terminations

Income Withholding & Terminations
• What is an Income Withholding Order?
• Complying with income withholding orders.
• Determine disposable income.
• Allocation of multiple child support orders
• Lump sum payments.
• Reporting terminations
• Explain what to do for rehires
What is an Income Withholding Order:
• Wage garnishment typically seen for child or medical support owed.

A.R.S. § 25-505.01
• Sent from any state – Direct IWO.

Why issued an IWO?
• Single most effective collection tool.
2 ways an Income Withholding Order is generated:

• Judicial – originates in the court system and is ordered by a judge.

• Administrative – originates through the child support enforcement agency’s “administrative process” in order to expedite case handling; ordered by a child support hearing officer or equivalent, which has the same authority as a judge.

(An order may be sent by a private party)
Complying with the order

1. Document the date and time of receipt.

2. Determine if the order is “regular” on its face (e.g., it appears to be an authentic and identifiable complete legal document).

3. Employer is required to distribute the employee’s portion of the IWO to employee within 10 days of receipt per A.R.S. § 25-505.01(d).

4. Be sure to follow the terms and conditions of the order.
Income Withholding Order

Follow the law of the employee’s principal place of employment regarding:

- When to begin withholding
- When to remit payments (2 days in AZ)
- Mandatory deductions
- Maximum amount to be withheld
- How to allocate withholding across multiple child support orders
- Administrative fee that employer is permitted to charge
- Other terms and conditions that may be set by state law
Income Withholding Order
Disposable Earnings

Net amount left over after making mandatory deductions such as:

• State, Federal and local taxes
• Social Security taxes
• Statutory pension contributions
• Medicare taxes

No more than 50% of the disposable earnings may be withheld for support
Multiple Orders

By State law A.R.S. § 25-505.01(d)
Some monies must be paid to each order for current support.

1. Determine the amount of the disposable earnings that may be withheld.
2. Determine the total amount of all income withholding orders.
3. Determine whether there is enough to pay the total of all income withholding orders.
   - If yes, pay all orders.
   - If no, utilize the percentage method.
How do I allocate when the orders exceed the 50% Allowable Disposable Income amount?
Income Withholding Order
Other Garnishments

• Pay child support **first!**
• If the arrears meet the criteria DCSS applies the additional 25% or 33% withholding.
• Current child support is still due when bankruptcy is filed.
Involuntary Deductions

- Only if the IRS tax levy was entered prior to the establishment of the original underlying child support order
- Involuntary deductions that never take precedence over child support:
  - Nontax federal debt
  - State and local tax levies
  - Creditor garnishment
  - Assignment of wages
**LIWO’s**

Limited Income Withholding Order to any employer, payor or other holder of a **non-periodic or Lump Sum Payment** that is owed. *A.R.S. § 25-505*

<table>
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<th>Category</th>
<th>Example</th>
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<tr>
<td>Commissions</td>
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Reporting Terminations

A.R.S. § 25-501.01(K)

You only have to report the termination if there is an active IWO or NMSN.
Reporting Terminations

Mail: DCSS
P.O. Box 40458 / Mail Drop 7413
Phoenix, AZ  85067

Email: DCSSEmployerCentral@azdes.gov

Fax: (480) 926-5193

All DCSS Income Withholding Orders will have a local fax number to the office where it was generated.
Processing Rehires

• Retain IWO for 90 days in case of rehire
• Submit another new hire report
• Reactivate IWO
• Reactivate medical support as appropriate
Questions?
Medical Support

Medial Support Notice (NMSN)
1. Describe the National Medical Support Notice
2. Explain the 5 basic types of healthcare coverage
3. Understand Part A of the Employer’s Responsibilities
4. Understand Part B of the Plan Administrator’s responsibilities
What is Medical Support?
A.R.S. § 25-532

A form of child support owed by a parent as stated in the judicial or administrative order most often as health insurance coverage available under a noncustodial parent’s policy.
Medical Support

• 5 types of medical support:
  1. Custodial Parent (CP) provides coverage
  2. Noncustodial Parent (NCP) provides coverage
  3. Noncustodial Parent (NCP) provides coverage through private plan
  4. Child enrolled in plan solely for children
  5. Child enrolled in Arizona Health Care Cost Containment System (AHCCCS)
Medical Support

Employer Obligations

If a court or administrative order requires a parent to provide health insurance coverage that is available through an employer doing business in the State of Arizona, the employer shall …

A.R.S. § 25-534 & 33-1131
Medical Support

The Employer Shall:

1. Allow that parent to enroll the child without regard to any enrollment season restrictions.

2. Enroll the child under the family coverage on the application of the child’s other parent, the child’s legal guardian or the state IV-D agency. If the parent is enrolled in family coverage but fails to enroll the child.

Continued
Medical Support

The Employer Shall:

3. Shall not allow the employee to refuse enrollment or to terminate the coverage of the child.

4. Shall not allow the amount withheld from the employee’s compensation to exceed the maximum amount permitted pursuant to section 33-1131.

5. Child Support has priority over cash medical support.
Employer Response

If 1, 2, 3, or 4 below applies, check the appropriate box and return this part A to the issuing agency within 20 business days after the date of this notice, or sooner if reasonable. NO OTHER ACTION IS NECESSARY. If 1, 2, 3, or 4 do not apply, forward Part B to the appropriate plan administrator(s) within 20 business days after the date of the notice, or sooner if reasonable. This includes any organization or labor union that provides group health-care benefits to the employees. Check number 5 and return this Part A to the issuing agency if the Plan Administrator informs you that the child(ren) would be entitled to or qualify for an option under the plan for which you have determined that the employee contribution exceeds the amount that may be withheld from the employee’s income due to State or Federal withholding limitations and/or prioritization. You are required to respond to the issuing agency by returning this Employer Response regardless of whether you provide group health benefits to the employee named herein or no longer employed by your organization. Information on the Employer Representative at the bottom of this section is required.

1. The employee named in this Notice has never been employed by this employer.

2. We, the employer, do not maintain or contribute to plans providing dependent or family health-care coverage to our employees.

3. The employee is among a class of employees (for example, part-time or non-union) that are not eligible for family health-care coverage under any group health plan maintained by the employer or to which the employer contributes.

4. Health-care coverage is not available because employee is no longer employed by the employer:

   Date of termination:
   Last known telephone number:
   Last known address:
   New employer (if known):
   New employer telephone number:
   New employer address:

5. State or Federal withholding limitations and/or prioritization prevent the withholding from the employee’s income of the amount required to obtain coverage under the terms of this plan.

Employer Representative (required):

Name: _______________________________ Telephone Number: _______________________________

Title: _______________________________ Date: _______________________________

Federal EIN (if not provided by issuing agency on Page 1 of this Notice to Withhold for Health Care Coverage):

Employee Name: _______________________________ Employee SSN: _______________________________

ATLAS Case Number: _______________________________ EIR: _______________________________
Plan Administrator Response

(To be completed and returned to the Issuing Agency within 40 business days after the date of the Notice or sooner if reasonable)

This Notice was received by the plan administrator on __________________________

1. This Notice was determined to be a “qualified medical support order,” an ________ Complete Response 2 or 3, and 4, if applicable.

2. The participant (employee) and alternate recipient(s) (child(ren)) are to be enrolled in the following family coverage:
   a. The child(ren) are currently enrolled in the plan as a dependent of the participant.
   b. There is only one type of coverage provided under the plan. The child(ren) is/are included as dependents of the participant under this plan.
   c. The participant is enrolled in an option that provides dependent coverage and the child(ren) will be enrolled on the same option.
   d. The participant is enrolled in an option that permits dependent coverage that has not been elected; dependent coverage will be provided.

Coverage is effective as of ____________ (includes waiting period of less than 90 days from date of receipt of this Notice). The child(ren) have been enrolled in the following option: __SEE NEXT PAGE__ Any necessary withholding should commence if the employer determines that it is permissible under State and Federal withholding and/or prioritisation limitations.

3. There is more than one option available under the plan and the participant is not enrolled. The issuing Agency must select from the available options. Each child is to be included as a dependent under one of the available options that provide family coverage. If the Issuing Agency does not reply within 20 business days of the date this Response is to be returned, the child(ren), and the participant if necessary, will be enrolled in the plan’s default option, if any: __SEE NEXT PAGE__.

4. The participant is subject to a waiting period that expires ____________ (more than 90 days from the date of receipt of this Notice), or has not completed a waiting period which is determined by some measure other than the passage of time, such as the completion of a certain number of hours worked (describe here: ____________). At the completion of the waiting period, the plan administrator will process the enrollment.

5. This Notice does not constitute a “qualified medical support order” because:
   The name of the ( ) child(ren) or ( ) participant is unavailable.
   The mailing address of the ( ) child(ren) (or a substituted official) or ( ) participant is unavailable.
   The following child(ren) below or above the age at which dependents are no longer eligible for coverage under the plan ____________ (insert name(s) of child(ren)).

Plan Administrator or Representative:
Name: ____________________________ Telephone Number: __________________________
Title: ____________________________ Date: ____________________________
Address: ____________________________

Employee Name: ____________________________ BSN: ____________________________
Employer Name: ____________________________ ATLAS Case Number: ____________________________
Plan Information Selection

Section A (for currently enrolled employee)

Insurance Company Name: ________________________________
_______________________________________________________
_______________________________________________________

Insurance Company Address: ______________________________
_______________________________________________________
_______________________________________________________

* Policy #: ____________________  Group #: ______________  Member #: ____________________

Type of insurance offered:

____ Medical; ______ Dental; ______ Vision; ______ Prescription Drug; ______ Mental Health

____ Other (specify): ________________________________

* Policy # or Group # or Member # is required.

Section B (for non-enrolled employee):

List the plans available including the name and address of each insurance company and identify which one would be selected, if no response received from issuing Agency:

Insurance Company Name: ________________________________Default Option: ______
_______________________________________________________
_______________________________________________________

Insurance Company Address: ________________________________
_______________________________________________________
_______________________________________________________

* Policy #: ____________________  Group #: ______________  Member #: ____________________

Type of insurance offered:

____ Medical; ______ Dental; ______ Vision; ______ Prescription Drug; ______ Mental Health

____ Other (specify): ________________________________
Unlawful Refusal To Enroll

You cannot deny coverage if:

• The child was born out-of-wedlock.
• The child is not claimed on the participant’s federal taxes.
• Child does not reside with participant or in the service plan area.
• The child is already receiving benefits or eligible for state Medicare.
Unlawful Refusal To Enroll

- The plan requires the participant to be enrolled before the children can be enrolled. (Then you must enroll both the participant and child(ren)!) 
- The employer may not eliminate family coverage unless that coverage is eliminated for all employees.

Note: Open enrollment and/or season restrictions do not apply.
Questions?
Payment

Remittance & Disbursement

• List where, when & how a child support payment should be sent.

• Common concerns with remittance & disbursement
Remittance must be sent within 2 business days
A.R.S. § 25-505.01(e)

- Check –  *include two types of identifying information*
- ATLAS Case Number of Court Order Number
- Employee’s full name or SSN
- Electronic Funds Transfer (EFT) – *see pamphlet*
- Third Party Options

*Continued*
Do not send correspondence with payments

Arizona’s Support Payment Clearinghouse
P.O. Box 52107
Phoenix, AZ  85072-2107
Payment

Common concerns with remittance & disbursement

• Need to void paycheck/wrong amount withheld.
• Possible lost check and if the payment was received.
• Payment sent without identifying information.

* Payments are disbursed in no more than 2 days!
Questions?
Electronic Options

1. Benefits and features of e-Employer
2. Benefits and features of e-IWO
3. Name the benefits of electronic payments
Electronic Options

https://extranet.azdes.gov/dcse/eemployer
Electronic Options

Benefits

• No cost to utilize this service
• Saves postage and staff time by eliminating the need to send paper responses
• Secure system – no personal data is maintained on the web site
• Notices are received from Arizona only
Electronic Options

e-Employer Features

• Easy online self-registration

• Designate up to 10 users; 2 of them being administrators

• Individual user login credentials

• Select which type of child support notices you would like to receive electronically

Continued
Electronic Options

- Register multiple companies under the same account
- Report employee changes and terminations
- Print only the employee’s copy of the notice
- All notices are stored in history for 180 days
- Update your company’s information online
Electronic Options
Benefits and Features of e-IWO

This is through the Federal Child Support Office for all states

• Secure File Transfer Program (SFTP) to send electronic IOWs
• IWOs are not sent via e-mail
• You can receive all IWOs at one central location instead of several local offices

Continued
Electronic Options

• Using e-IWO will save you time and money if you currently process many IWOs
• There is no cost to participate
• Contact William.Stuart@acf.hhs.gov
Electronic Payments

Electronic Payments (EFT):

• Electronic Fund Transfer for Employers
• Third Party Options:

  A third party vendor will accept child support payments and forward them to the Arizona Support Payment Clearinghouse.

Continued
Electronic Payments

Third Party Options:
• iPayOnline
  https://ipayonline.azsdu.net/iPayOnline/
  Need additional information, please contact:
  Informatix Inc.
  EFT Services
  Arizona Centralized Payment Processing
  AZCPPPOutreach@Informatixinc.com
  602-843-1230
  602-843-1451 (fax)
  1-844-518-4385 (toll free)
Arizona DES Child Support Video

• Arizona DES Child Support Video (general audience) - YouTube
Questions?
More Information

- http://www.acf.hhs.gov/programs/css
- https://www.azdes.gov/dcse/ - “Employer Resources”
- DCSSEmployerCentral@azdes.gov
- e-Employer@azdes.gov
Thank you!

• Thank you for all that you do for us and Arizona’s children!