

# MICHIGAN CHILD SUPPORT EMPLOYER JOB AID (MICSEJA)

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## **PART A - General Information**

### **I. Background**

Employers play a critical role in helping Michigan's children receive their court-ordered support and health care insurance. The following facts and statistics confirm the importance of child support in the lives of children:

- More than 70 percent of the support collected annually by Michigan is collected through employer withholding;
- Approximately half of all children spend time in a single-parent home;<sup>1</sup>
- Children supported by both parents are three times less likely to become teen parents and two times less likely to drop out of school, to engage in alcohol or substance abuse, or to become involved in the criminal justice system;<sup>2</sup> and
- Immediate savings for the taxpayer are realized as families become less reliant on public assistance (Temporary Assistance for Needy Families [TANF], food assistance and Medicaid).

Federal law mandates that each state create a centralized state disbursement unit (SDU) to collect and distribute support payments.<sup>3</sup> Michigan law was enacted to provide authority for the Michigan State Disbursement Unit (MiSDU) to fulfill this federal requirement.<sup>4</sup> The MiSDU is part of the Office of Child Support (OCS) in the Department of Human Services (DHS).

The MiSDU provides the single physical location where all support payments<sup>5</sup> are received and disbursed in Michigan. The MiSDU processes over \$1.2 billion in receipts annually and disburses more than 90 percent of the money received by the next business day. The rest is held as required by law or until the recipient's address is identified.

Customer service to employers is a priority for the MiSDU. A toll-free Employer Assistance Line, (800) 817-0805, is available to help employers communicate with the MiSDU in regard to payment remittance and take advantage of electronic payments. Electronic payment information and other information are also available at: [www.misdu.com](http://www.misdu.com) or in the child support section of the DHS Web site at: [www.michigan.gov/childsupport](http://www.michigan.gov/childsupport).

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<sup>1</sup> Ref: *The Responsibilities of Parenting – R U Ready?* online at: [http://www.michigan.gov/dhs/0,1607,7-124-5453\\_5528-236493--,00.html](http://www.michigan.gov/dhs/0,1607,7-124-5453_5528-236493--,00.html).

<sup>2</sup> Ref: *The Responsibilities of Parenting – R U Ready?*

<sup>3</sup> Ref: 42 United States Code (USC) 654b.

<sup>4</sup> Ref: Michigan Compiled Law (MCL) 400.236.

<sup>5</sup> Some specific payments cannot be administered by the MiSDU. These special payments are specifically requested to be sent to the appropriate Friend of the Court (FOC) office for special handling and distribution. Special payments include, but are not limited to court fees, bench warrant, workers' compensation, Qualified Domestic Relations Order (QDRO) payments or Eligible Domestic Relations Order (EDRO) payments.

This job aid answers questions that employers are likely to ask about employer responsibilities under Michigan and federal law. The job aid will also answer questions about an employer's responsibility to enroll children in health insurance.

## **II. New Hire Reporting**

Federal legislation requires employers to report information on newly hired or rehired employees to the State Directory of New Hires of the state in which the employee works.<sup>6</sup> Employers must report for each newly hired or rehired employee:

- The employee's name;
- The employee's Social Security number (SSN);
- The employee's address;
- The employee's date of hire (the date an employee first performed services for pay);
- The employer's name;
- The employer's address; and
- The employer's Federal Employer Identification Number (FEIN).

An employer that hires and employs individuals in two or more states and that transmits reports magnetically or electronically may register as a multistate employer with the U.S. Department of Health and Human Services, Office of Child Support Enforcement (OCSE) and designate a single state to which all employees will be reported.<sup>7</sup>

Child support agencies use new hire information reported by employers to help locate parents, establish orders, or enforce existing orders.

Timely new hire reporting:

- Triggers the issuance of an *Income Withholding for Support* form, hereafter referred to as the IWN.<sup>8</sup> The IWN is the primary way support is collected for distribution. It is a key factor in reducing or preventing an arrearage of support owed by the employee. Collection of support through the IWN may also reduce a custodial party's need for public assistance;
- Allows each state to cross-match new hire data against its active workers' compensation and unemployment insurance claimant files. In some cases, this leads to either stopping payments or recovering erroneous payments. States have saved millions of dollars in erroneous unemployment insurance payments because of these cross-matches; and

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<sup>6</sup> Ref: 42 USC 653a.

<sup>7</sup> Ref: <http://www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm#multi>.

<sup>8</sup> Ref: the attached *Income Withholding for Support* (FEN058) online at: <http://www.mfia.state.mi.us/ChildSupport/policy/resources/FEN058.doc>.

- Triggers the issuance of *National Medical Support Notices* (NMSNs). Employers are required to respond to NMSNs and, if health care coverage is available, forward them to their plan administrators for the enrollment of dependents in available medical insurance programs. Providing private insurance for dependents reduces Medicaid costs for those children who qualify for medical assistance.

In Michigan, the State Directory of New Hires is operated by the Michigan New Hires Operation Center, which is contracted by OCS. The Michigan New Hires Operation Center provides general information, FAQs, and reporting documents, and allows online reporting capability. For more information, or questions, contact:

**Michigan New Hires Operation Center**

P.O. Box 85010

Lansing, MI 48908-5010

[www.mi-newhire.com](http://www.mi-newhire.com)

**Phone:** (800) 524-9846

**Fax:** (877) 318-1659

(Email contact information is available on the Michigan New Hires Operation Center Web site.)

### ***III. Income Withholding***

#### **General Income Withholding Information**

Federal and state laws require income withholdings for court-ordered support obligations. Income withholding occurs immediately for court orders entered or modified after December 31, 1990 unless the court finds good cause or the parties enter into a court-approved written agreement. Despite the good cause or agreement, income withholding is initiated when the arrearage under the support order is equal to or greater than the monthly amount of support payable under the order.<sup>9</sup>

An IWN may be issued to a source of income (i.e., employer) from a child support agency, an individual, a private collection agency or an attorney. Where issuance of an IWN is concerned, this job aid covers IWNs issued by FOC offices in Michigan.

In Michigan, IWNs are usually issued automatically by the Michigan Child Support Enforcement System (MiCSES) for the FOC office enforcing the support order. Employers may also exchange income withholding information with states via the federal Electronic Income Withholding Order (e-IWO) portal. When Michigan implements e-IWO with a participating employer, Michigan transmits the IWN to the employer as an e-IWO and the employer electronically transmits an acknowledgment of the e-IWO.

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<sup>9</sup> Ref: Title IV, Part D, Section 466(a)(1)(B) of the Social Security Act, codified as 42 USC 666(a)(1)(B); 45 Code of Federal Regulations (CFR) 303.100; MCL 552.604; and MCL 552.607.

More information regarding the federal e-IWO portal is available on OCSE's Employer Services Web page at:

<http://www.acf.hhs.gov/programs/cse/newhire/employer/eiwo/eiwo.htm>.

Michigan support IWNs generally fall into two categories:

#### IV-D Cases

The term "IV-D" is derived from the federal law that created the child support enforcement program; it is Title IV, Part D of the Social Security Act.<sup>10</sup> Michigan's notice of *Income Withholding for Support* is identified with the form number FEN058, FEN58A or FEN58D in the lower-left corner of the notice. The issuing FOC contact person's name is also on the form. About 95 percent of cases in Michigan are IV-D cases.

MiCSES will automatically issue IWNs to employers in accordance with support orders for employees who owe current and/or past-due support within two working days after locating a new source of income, such as when new hire information is processed by Michigan's New Hires Operation Center.

#### Non-IV-D Cases

This category refers to all support cases enforced within Michigan other than those included in IV-D cases. Depending upon the preference of the parties involved, the parties may agree to use IWNs for collection of support.

### **Employer Responsibilities**

The IWN provides the employer with an amount to withhold and direction and requirements for submitting payment. Employer responsibilities regarding IV-D IWNs include, but are not limited to:

- Complying with an IWN within the time frame given by the law of the state of the employee's principal place of employment. If the employee's principal place of employment is in Michigan, the time frame is within seven days of receiving the notice;<sup>11</sup>
- Deducting the support amounts requested on the IWN from the employee's pay;
- Using the Consumer Credit Protection Act (CCPA) withholding limitations or the withholding limitations set by the state of the employee's principal place of employment.<sup>12</sup> Withholding limits are applicable if the total requested amount of support withholding is greater than the limits, given the amount of pay the employee is receiving. Michigan's limit is 50 percent of the employee's disposable income;<sup>13</sup>
- Submitting the withheld support amount to the SDU of the issuing state. The employer will remit withholdings to the MiSDU if the IWN was issued by Michigan;

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<sup>10</sup> Ref: 42 USC 651 et. seq.

<sup>11</sup> Ref: MCL 552.611.

<sup>12</sup> All states must set limits within the federal CCPA; however, states have the option of setting lower limits.

<sup>13</sup> Ref: MCL 552.608, 552.609, 552.611a.

- Submitting the withheld support amount within the number of days defined by the law of the state of the employee's principal place of employment. If the employee's principal place of employment is in Michigan, the employer must remit within three days of the date of withholding;<sup>14</sup> and
- Notifying the issuing FOC office when the employee no longer works for the employer.<sup>15</sup> The third page of the IWN provides a "Notification of Termination of Employment" section for the employer's use. For additional employer information and requirements, read the IWN and its instructions online at:  
[http://www.acf.hhs.gov/programs/cse/newhire/employer/private/income\\_withholding.htm](http://www.acf.hhs.gov/programs/cse/newhire/employer/private/income_withholding.htm)

The IWN remains in effect and must be retained by the employer until the employer is provided with a new or terminated IWN from the FOC.<sup>16</sup> Employers must retain IWN(s) for all employees, even after an employee leaves employment and even if the employer notifies the issuer of the IWN that the employee is no longer employed. If the employee returns, the employer must re-enact the IWN(s) and comply with any additional IWN(s) that the FOC may send.

Unless otherwise noted on the IWN in special circumstances, all IV-D cases and most non-IV-D cases in Michigan will direct the employer to remit payments to the MiSDU at:

MiSDU  
P.O. Box 30350  
Lansing, MI 48909-7850

Employers may send one payment for all employees' support withholdings to the MiSDU. However, the amount withheld for each employee must be specified and included with the payment.<sup>17</sup> The MiSDU will receipt payments for a case based on the information provided by employers. The MiSDU is not able to receipt payments for multiple cases if the individual details for each employee are not provided.

The MiSDU encourages employers to submit payments electronically. Employers may submit payments via electronic funds transfer and electronic data interchange. The MiSDU also provides the option to submit support payments via credit card and Automated Clearing House. Employers may call (800) 817-0805 for more information and a demonstration of payment options.

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<sup>14</sup> Ref: MCL 552.609.

<sup>15</sup> Ref: MCL 552.614.

<sup>16</sup> Ref: MCL 552.611.

<sup>17</sup> Ref: MCL 552.611a.

## **IV. Lump-Sum Withholding**

Federal and state laws both define income to include bonuses and other lump-sum payments for purposes of support withholding. Michigan statute<sup>18</sup> defines income as “commissions, earnings, salaries, wages, and other income due or to be due in the future to an individual from his or her employer and successor employers.”

Note: A successor employer includes an entity that acquires the business operations, property, and liabilities of the employer.

Michigan IWNs contain information about lump-sum withholding. In some instances, the court order directs the language on the IWN. The language on the court order may instruct that a percentage of any bonus paid to the non-custodial parent be withheld as additional support – this is frequently called a “chargeable bonus.”

The “Additional Information” paragraph on page 3 of IWNs issued by Michigan FOC offices provides instructions regarding reporting and withholding bonus and lump sum payments.

### **Employer Responsibilities**

When employers are going to issue a lump sum to employees, they should contact OCS Central Operations Lump-Sum Reporting at (866) 540-0008, option #7. Employers should contact OCS Central Operations Lump-Sum Reporting in advance of the lump-sum pay date, preferably one to two weeks prior to the pay date, to determine the maximum amount of the bonus or lump sum that may be withheld (refer to the *Instructions for Withholding and Remitting Support From Employee/Obligor Lump-Sum Payments* [DHS-1425] and the Sample Lump-Sum Report, attached). If the order contains a “chargeable bonus” provision, the FOC office will contact the employer to determine the amount of the lump-sum payment that will be withheld.

Employers participating in the federal e-IWO portal with Michigan may also report upcoming lump-sum payments via the e-IWO portal and Michigan will automatically issue lump-sum e-IWOs to the employer. More information regarding the federal e-IWO portal is available on OCSE’s Employer Services Web page at:

<http://www.acf.hhs.gov/programs/cse/newhire/employer/eiwo/eiwo.htm>.

## **V. National Medical Support Notice (NMSN)**

Federal regulations require state child support enforcement agencies under Title IV, Part D of the Social Security Act to enforce the health care coverage provision in a child

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<sup>18</sup> Ref: MCL 552.602(m).

support order.<sup>19</sup> Federal regulations also require agencies to use the NMSN to enforce health care coverage where appropriate.<sup>20</sup> The design and intent of the NMSN is to increase access to health care coverage for children by using a standard form when issuing a medical support notice to employers.

The FOC office issues a NMSN to a employer for each parent<sup>21</sup> who is ordered to provide insurance to children. The NMSN is automatically issued by MiCSES within two working days after locating a new employer, such as when new hire information is processed by Michigan's New Hires Operation Center.

When the FOC office issues a NMSN, a Michigan-specific addendum called the *Addendum to the National Medical Support Notice* (FEN302A) is sent to the employer with the NMSN to gather further health insurance information and provide additional instructions.

The NMSN gives the employer a list of the dependents who must be enrolled in the employee's health insurance plan and direction on how to respond to the FOC.

When the NMSN is sent to the employer, a *Parent Health Care Coverage Explanation Sheet* (FEN303) is sent to the parties on the case. The explanation sheet informs the parents that the NMSN has been sent to the employer and provides the obligated party with instructions for objecting to the NMSN and requesting a review by the FOC.

The NMSN takes immediate effect and is sent to the subsequent employers of each parent ordered to provide insurance for the child(ren). The named parent or employee may contest (object to) the NMSN and request a review by the FOC.

Blank copies of Michigan's version (FEN302) of the federal NMSN form, the *Addendum to the National Medical Support Notice* (FEN302A) and the *Parent Health Care Coverage Explanation Sheet* (FEN303) are available online at:  
<http://www.mfia.state.mi.us/ChildSupport/policy/alphaTopics.asp#M>.

## **Employer Responsibilities**

Employers must review all information sent with the NMSN (including the instructions for both parts A and B as well as the addendum) to identify all of their responsibilities.

General employer responsibilities may include:<sup>22</sup>

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<sup>19</sup> Ref: 45 CFR 303.32(c)(1).

<sup>20</sup> Ref: 45 CFR 303.32(a).

<sup>21</sup> A NMSN can be issued for non-custodial parents, custodial parties, or both.

<sup>22</sup> An FOC office may choose to participate in the Michigan Medical Support Enrollment (MiMSE) program. MiMSE staff assist the FOC in processing NMSNs and obtaining medical insurance information. Employers may provide medical insurance policy-related information if contacted by MiMSE staff.



- Completing items 1, 2, 3 or 4 of *Part A – Notice to Withhold for Health Care Coverage* of the NMSN and returning it to the FOC within 20 days of the date of the NMSN when family health insurance is not available to the employee, or the dependent(s) cannot be enrolled because the cost of insurance exceeds state or federal withholding limitations;
- Forwarding a copy of *Part B – Medical Support Notice to the Plan Administrator* to the plan administrator of each group health plan, when family health insurance is available to the employee; and/or
- Withholding from the employee’s income any employee contributions required under each group health plan, in accordance with the applicable law of the employee’s principal place of employment, and transferring employee contributions to the appropriate plan(s) dependents are eligible to receive.

Additional general responsibilities for the employer who is also the plan administrator include:

- Completing items 1, 2, 3 and/or 4 of *Part B – Medical Support Notice to the Plan Administrator* of the NMSN and returning it to the FOC within 40 days of the date on the NMSN when family health insurance is available to the employee;
- Notifying the employee that health insurance coverage is available, or will be available to the dependent(s); and
- Furnishing the other party on the case (not the employee) with a description of the insurance available to the dependent(s), the effective date of coverage, and any other forms or documentation necessary to effectuate the coverage and submit claims.

Employers may contact the FOC if, after reviewing the NMSN and instructions, they have any questions regarding their responsibilities.

## **VI. Quarterly Wage Reporting**

Michigan law, through the Michigan Employment Security Act, requires each employer that is liable for unemployment taxes/contributions to file a quarterly wage report with the Michigan Unemployment Insurance Agency.<sup>23</sup> The quarterly wage report includes, for each of the employer’s employees:

- The employee’s name;
- The employee’s SSN;
- The employee’s gross wages paid during each quarter;
- The employer’s name;
- The employer’s address;
- The employer’s FEIN; and
- The employer’s state employer identification number.

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<sup>23</sup> Ref: MCL 421.13.

For additional information on quarterly wage reporting or to file electronic wage reporting, employers can go to the Department of Licensing and Regulatory Affairs unemployment insurance agency Web site at: <http://www.michigan.gov/uia/0,1607,7-118--77970--.00.html>.

## **PART B - Frequently Asked Questions (FAQs)**

### **I. IWN<sup>24</sup>**

#### **1. HOW WILL I BE INFORMED THAT I HAVE TO START WITHHOLDING CHILD SUPPORT FROM AN EMPLOYEE'S INCOME?**

You<sup>25</sup> will receive the IWN (FEN058 or FEN58A) as described in Part A, Section III of this job aid.

#### **2. I WOULD RATHER NOT GET INVOLVED IN WITHHOLDING FOR CHILD SUPPORT OR INSURANCE PREMIUMS. CAN I TERMINATE OR REFUSE TO HIRE INDIVIDUALS WHO HAVE WITHHOLDING AGAINST THEIR INCOME?**

No. You commit an unlawful employment practice if you discharge, refuse to hire, or in any other manner discriminate, retaliate or take disciplinary action against an employee because of the entry of or service of an order to withhold or because of the obligations the IWN imposes on you.<sup>26</sup>

#### **3. HOW LONG AFTER I RECEIVE THE IWN DO I BEGIN THE WITHHOLDING FROM AN EMPLOYEE'S INCOME, AND WHEN DO I HAVE TO SEND IN THE PAYMENT?**

If the employee's principal place of employment is in Michigan, you are to begin withholding for support no later than the first pay period occurring seven days after service of the notice as indicated in the "Remittance Information" section of the IWN. The withholding amount must be sent to the address identified in the "Remittance Information" section of the IWN within three working days after the date of each withholding. Failure to withhold the correct amount and remit each payment within the three working days can result in legal action being taken against you.<sup>27</sup> Otherwise, follow the law of the state of the employee's principal place of employment.

#### **4. WHAT WILL HAPPEN IF I DON'T HONOR THE IWN FOR SUPPORT?**

If you do not withhold income for support and/or insurance premiums as specified in the IWN and/or NMSN, you may be liable for the full amount of support, as payments

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<sup>24</sup> These FAQs apply to IV-D IWNs only. They may apply to non-IV-D IWNs as well, but employers must contact the individual who issued the non-IV-D IWN for clarification.

<sup>25</sup> "You" in these FAQs refers to employers or other sources of income to which an IWN or NMSN was sent.

<sup>26</sup> Ref: MCL 662.623.

<sup>27</sup> Ref: MCL 552.611.

accumulate from the mailing date of the notice. You may also be held in contempt of court, which may result in a fine or a judgment against you.<sup>28</sup>

## **5. HOW DO I KNOW WHEN TO STOP THE WITHHOLDING?**

The withholding remains in effect until you are notified in writing by the FOC.<sup>29</sup> You may **not** stop the withholding merely because the employee has asked you to do so, or because your calculations indicate the arrears are paid. Failure to withhold may result in your liability for the payments not withheld. If the employee's employment is discontinued or interrupted for a period of 14 or more days, you must immediately notify the FOC office.<sup>30</sup> If the employee returns to work, you must reinstate the withholding unless otherwise notified in writing by the issuer of the IWN. You are also required to report the employee as a new hire if (s)he is rehired.

## **6. I AM CONCERNED THAT THE WITHHOLDING PROCESS WILL ADD ADMINISTRATIVE COSTS TO MY BUSINESS. MAY I CHARGE A FEE TO THE EMPLOYEE?**

No, if the employee's principal place of employment is in Michigan. Michigan law does not allow you to charge employees fees for processing the IWN unless you have full, free, and written consent of the employee, obtained without intimidation or fear of discharge for refusal to permit the withholding.<sup>31</sup> Otherwise, follow the law of the state of the employee's principal place of employment.

## **7. WHERE DO I SEND THE CHILD SUPPORT THAT I HAVE WITHHELD FROM AN EMPLOYEE'S WAGES?**

If the IWN was issued by a Michigan FOC office, send a check to:

MiSDU  
P.O. Box 30350  
Lansing, MI 48909-7850

Make the check payable to: Michigan State Disbursement Unit (MiSDU).

You may send withheld payments to the MiSDU electronically or by check. Please call the MiSDU Employer Assistance Line at (800) 817-0805 to set up electronic payments and receive the savings and efficiencies that this payment method provides.

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<sup>28</sup> Ref: MCL 552.613.

<sup>29</sup> Ref: MCL 552.611.

<sup>30</sup> Ref: MCL 552.614(2).

<sup>31</sup> Ref: MCL 408.477(1).

Otherwise, if the IWN was issued by a state other than Michigan, remit the payment to the state disbursement unit of that state as identified on the IWN.

## **8. WHAT INFORMATION DO I NEED TO SUBMIT WITH MY EMPLOYEE SUPPORT PAYMENTS TO THE MiSDU?**

You must include the following information with each support payment withheld and sent to the MiSDU:

- Employee name;
- Employee SSN (format: 999-99-9999);
- Michigan 10-digit docket/court order number, which is noted as the **Order Identifier** on the IWN (format: 9999999999);
- Michigan 9-digit case number, which is noted as the **Case Identifier** and **Remittance Identifier** on the IWN for each income withholding (format: 999999999);
- Date withheld;
- Amount withheld; and
- Employer FEIN (format: 99-9999999).

Failure to provide all of the necessary identifying information could result in the payment being returned or marked as unidentified.

## **9. IF AN EMPLOYEE TERMINATES EMPLOYMENT AND IS LATER REHIRED, DO I STILL HONOR THE OLD IWN AND/OR NMSN, OR DO I WAIT UNTIL I RECEIVE A NEW IWN AND/OR NMSN?**

IWNs are continuous (remain in effect) until you receive an income withholding termination notice (FEN58D) from the FOC. If you have not received a FEN58D and an employee returns to work, you must begin deducting support as required by the previously received IWN. The NMSN is continuous until you receive a *Notice of Rescission/Termination of Health Care Coverage* (FEN308) from the FOC. If you have not received a FEN308 and an employee returns to work, you must begin deducting for health care coverage as required by the previously received NMSN. Contact the issuer of the IWN and/or NMSN if you have questions regarding employee termination or continuation of the IWN or NMSN.

You are also required to report the employee as a new hire if (s)he is rehired.

Note: An employer may not refuse to employ, discharge, take disciplinary action or impose a penalty against a child support payer because of a notice of income withholding.<sup>32</sup>

## 10. DOES CHILD SUPPORT TAKE PRIORITY OVER OTHER INCOME WITHHOLDINGS?

Yes. Support withholdings **take priority** over any other legal process carried out under state law against the same income<sup>33</sup> including state tax levies and other garnishments.<sup>34</sup> This means that support must be withheld from disposable income before deductions for other garnishment orders are taken, even if the other garnishments were served first. The only exception is if a federal tax levy is received **before** the IWN.<sup>35</sup>

## 11. WHAT DO I DO WHEN THE EMPLOYEE LEAVES MY EMPLOY?

You must promptly notify the FOC or the issuer of the IWN or NMSN in writing when you or the employee terminates employment.<sup>36</sup> You must provide the FOC or the issuer of the IWN or NMSN with the employee's last-known address as well as the name and address of the employee's new employer, if known.<sup>37</sup> The IWN includes a section for the employer to provide this information and also requests the employer provide the employee's name, employee's last-known phone number, date of separation, case identifier, order identifier, date of final payment, and amount of final payment. The NMSN also includes a section for the employer to provide the employee's name, date of termination, last-known telephone number and address, as well as the name, telephone number, and address of the employee's new employer, if known.

The IWN and NMSN remain in effect and are binding upon the employer until further notice from the court or the issuing agency. Therefore, you are required to keep a record of the IWN and enforce it if the employee who left employment with you returns to work for you.

Employers may electronically report employee terminations to states via the federal e-IWO portal.

More information regarding the federal e-IWO portal is available on OCSE's Employer Services Web page at:

<http://www.acf.hhs.gov/programs/cse/newhire/employer/eiwo/eiwo.htm>.

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<sup>32</sup> Ref: MCL 552.623.

<sup>33</sup> Ref: MCL 552.611.

<sup>34</sup> Ref: MCL 600.4012.

<sup>35</sup> Ref: 26 USC 6402(c).

<sup>36</sup> Ref: MCL 552.614(1).

<sup>37</sup> Ref: MCL 552.614(2).

## **12. WHAT SHOULD I DO IF THE EMPLOYEE TELLS ME (S)HE HAS FILED FOR BANKRUPTCY?**

You must keep deducting support until the FOC office that issued the income withholding contacts you. There may be an automatic stay (prohibition) of income withholding depending on the date the employee filed for bankruptcy. Some circumstances allow continuance of the withholding for current support, and others continue both current support and arrears withholding. You may advise the employee to contact the FOC office that initiated the income withholding.

## **13. WHAT ADDITIONAL INFORMATION AM I REQUIRED TO SUBMIT TO THE FOC OFFICE?**

You may also receive requests to verify your company's name, contact information, address(es), and FEIN as well as to verify an individual's employment, employment status, wages or other income information, health insurance information, disability or workers' compensation information, etc.

## **14. MY EMPLOYER NAME AND/OR ADDRESS HAS CHANGED. HOW DO I SUBMIT THE NEW INFORMATION?**

Employers are asked to contact the MiSDU to request a change to their name or address(es). Employers must identify:

- That they are submitting a request to change their name and/or address(es);
- The contact information (name, phone number and/or email address) of an individual who may be contacted to confirm information;
- The name of the employer (if changing the name, include both the old and new names);
- The address(es) of the employer (if changing the address[es], include both the old and new addresses); and
- The FEIN associated with the name and/or address(es).

If an employer reports new hires under one address but receives IWNs and NMSNs at different addresses, the employer should identify the IWN address, NMSN address, and new hire address associated with the FEIN. If the employer operates under several FEINs, the employer should identify the names and address(es) associated with each FEIN.

Employers should submit changes to their name(s), address(es), contact(s) or other identifying information on company letterhead to:

MiSDU  
P.O. Box 30354  
Lansing, MI 48909-7850

## **15. CAN I SUBMIT SUPPORT PAYMENTS ELECTRONICALLY?**

Yes. If you are paying by check, you are encouraged to ask the MiSDU to demonstrate how electronic payments can reduce costs and staff time. Please call (800) 817-0805 for assistance.

Payments can be sent electronically in the following ways:

- From your bank account to the MiSDU bank account. Call the MiSDU Employer Assistance Line at (800) 817-0805 for assistance in setting this up.
- Over the Internet. Go to the MiSDU payments page at <https://www.misdu.com> to submit payments. Click on “Registration” and then “An Employer.” If additional assistance is needed, please call the MiSDU at the phone number above. Payments can also be made by credit card or account debit.

## **16. WHAT DO I DO IF MY PAY PERIODS ARE NOT THE SAME FREQUENCY AS THE ORDER?**

Michigan law requires that all support orders be stated in monthly amounts payable on the first of each month in advance.<sup>38</sup> To assist employers that pay more frequently than once a month, the IWN divides the withholding into monthly, semi-monthly, bi-weekly and weekly amounts. In the event that your pay periods are more frequent than monthly, withhold the appropriate amount indicated on the IWN corresponding to your method of payroll for your pay period. If the employee’s principal place of employment is in Michigan, you must remit payments to the address on the IWN within three working days after the date of withholding.

## **17. CAN I COMBINE ALL THE WITHHOLDINGS I MAKE IN ONE PAY PERIOD FOR ALL EMPLOYEES AND SEND ONE CHECK?**

Yes. You can combine all payments going to the MiSDU into one check. The withholdings must include identifying information for **each** employee to ensure that payments are not delayed (refer to Question 8).

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<sup>38</sup> Ref: MCL 552.605c.



## 18. IS THERE ANY LIMIT TO THE AMOUNT THAT CAN BE WITHHELD? IF SO, HOW DO I FIGURE THAT AMOUNT?

Yes. The total amount allowed to be withheld from any employee's paycheck is limited according to the law of the state of the employee's principal place of employment. Some states follow the federal CCPA limits, while other states have limits that are lower than the CCPA limits.

Michigan's limit is 50 percent of the individual's disposable income (refer to Question 19) even if the employee has multiple withholding orders/notices (i.e., multiple IWNs and/or NMSNs).<sup>39</sup> The maximum amount that can be withheld for support and the cost of health care premiums attributable to covering the child(ren) is 50 percent. The cost attributable to the child(ren)'s health care coverage is the cost of adding the child(ren) to the parent's existing coverage or the difference between self-only and family coverage. To correctly figure the maximum allowed withholding amount, follow these steps:

1. Determine the disposable income for the pay period, even if the employee has worked only part-time.<sup>40</sup>
2. Multiply the disposable income by 50 percent to determine the maximum amount allowed to be withheld.
3. Compare the maximum amount from Step 2 to the total IWN withholding amount and the cost of the child(ren)'s health care coverage premium, and remit as follows:
  - a. If the maximum amount is **more** than the IWN withholding amount for the IWN plus the cost of the child(ren)'s health care coverage premium, and the premium amount attributable to the child(ren)'s coverage can be paid in full, remit the amount specified on the IWN to the MiSDU. Remit the health care premium withholding amount to the health care plan;
  - b. If the maximum amount is **less** than the total amount specified on the IWN, submit this entire amount to the MiSDU; or
  - c. If the maximum amount is **more** than the withholding amount specified on the IWN but **less** than the total amount specified on the IWN plus the cost of the child(ren)'s health care coverage premium, submit the IWN withholding amount to the MiSDU. The cost of the child(ren)'s health care coverage premium may only be withheld and submitted to the insurance plan if the entire cost of the premium attributable to the child(ren) can be withheld.

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<sup>39</sup> Ref: MCL 552.608, 552.609, and 552.611a.

<sup>40</sup> You must first subtract the tax-deferred amount before calculating the amount of taxes to be paid, and then add the tax-deferred amount back into the income before calculating the maximum amount of child support to be deducted. Child support must be satisfied before any deferment.

Note: The NMSN may include a court-ordered limit for “reasonable cost” stated as a specific dollar amount or a percentage of gross income. While the withholding amount for the IWN plus the cost of the child(ren)’s health care coverage may be within the overall 50 percent limit, the court-ordered “reasonable cost” limit may prevent enrollment of the child(ren) for health care coverage or withholding the full cost of the child(ren)’s premium amount.

If you are unsure of the correct amount to send, contact the issuer of the IWN.

## **19. WHAT IS DISPOSABLE INCOME?**

The CCPA and Michigan withholding limitation statutes use the terms “earnings” and “disposable earnings.”

Under the CCPA definitions, “earnings” means “compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension or retirement program.” “Disposable earnings” means “that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld.”<sup>41</sup>

The CCPA and Michigan withholding limit provisions suggest that the payment of any money that is not included in the definition of “earnings” is not subject to the CCPA or Michigan’s withholding limits. However, Michigan law does not restrict IWN issuance only to those sources of income that pay “earnings.” Michigan law broadly defines “income” and “source of income” to include entities paying “income” that does not fit the “earnings” definition (e.g., unemployment benefits, Social Security benefits, workers’ compensation, etc.).<sup>42</sup>

Mandatory deductions are amounts required by law. These include federal, state and local taxes; unemployment insurance; workers’ compensation insurance; state employee retirement deductions; and other deductions determined by state law. Mandatory deductions do not include voluntary payroll deductions such as voluntary contributions to a 401K plan, flexible spending accounts, charitable organizations, etc.

Stated as a general formula in terms of “earnings”:

“Disposable earnings” equals gross “earnings” minus mandatory deductions.

Stated as a general formula in terms of “income”:

“Disposable income” equals gross “income” minus mandatory deductions.

## **20. HOW SHOULD I CALCULATE THE AMOUNT TO BE WITHHELD IF THE EMPLOYEE HAS MORE THAN ONE INCOME WITHHOLDING?**

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<sup>41</sup> 15 USC 1672

<sup>42</sup> MCL 552.602

Follow the law of the state of the employee's principal place of employment regarding allocation of withholding amounts to multiple withholding orders/notices. Some states require equal allocation, whereas other states may require proration. Employers must ensure the payment is allocated to all orders/notices for current support.

If an employee whose principal place of employment is in Michigan has multiple withholding orders/notices, the manner in which the withholding amounts are determined depends on whether there is enough disposable income within Michigan's 50 percent limit to withhold for all withholding orders, and whether all income withholding orders were issued by Michigan.

If there is more than one order to withhold income for support, fees, or health care coverage premiums against a payer or parent, the source of income (employer) must comply with all of the notices to withhold income to the extent that the total amount withheld from the payer's or parent's income does not exceed 50 percent of the payer's disposable income.

To calculate the amount to be withheld when the employee has more than one income withholding, do the following:

1. First, determine whether there is enough disposable income within the 50 percent limit to withhold for all withholding orders (refer to Questions 18 and 19).
2. Then, withhold as follows depending on whether all income withholding orders were issued by Michigan:
  - a) If all orders to withhold income are from Michigan and the total amount designated in the notices to withhold income for current and past-due support exceeds 50 percent of the payer's disposable earnings, withhold an amount equal to 50 percent of the payer's disposable earnings.
  - b) If one or more of the orders to withhold income are from another state, give priority to amounts designated in each notice as current support, as follows:
    - i) If the total of the amounts designated in the notices as current support exceeds 50 percent of the payer's disposable earnings, allocate to each order an amount for current support equal to the amount designated in the notice as current support, divided by the total of the amounts designated in the notices as current support, multiplied by the amount of income available for income withholding.
    - ii) If the total of the amounts designated in the notices as current support does not exceed 50 percent of the payer's disposable earnings, then pay the amounts designated as current support, and in addition, proportionately allocate to each order an amount for past-

due support not to exceed the amount designated in the notice as past-due support. This does not require the maximum withholding to satisfy past-due support.

- c) If the total amounts allocated to current and past-due support do not exceed 50 percent of the payer's disposable earnings, then allocate the remaining income to the parent's portion of health care coverage premiums attributable to coverage of the children specified in the order if the remaining income is sufficient to cover the cost of the premium. Employers are not required to pay the parent's portion of health care coverage premiums.

Use the following formula to determine how much of the total withholding to submit for each income withholding when the individual's principal place of employment is in Michigan, one or more withholding notices have been issued by a state other than Michigan, and the withholding total amounts exceed the 50 percent limit:

1. The maximum support amount that can be withheld is 50 percent. This amount includes support, fees, and/or health care coverage premiums (refer to Question 18).
2. Prorate the **current** withholding amounts across all income withholdings;
3. Prorate the **arrears** withholding amounts across all income withholdings; and
4. Locate the maximum amount of withholding allowed by each order for the child(ren)'s cost of health care premiums, if it is provided on the NMSN.

The amount of support is prorated among the income withholdings according to the amount due in each priority level.

#### Current Support<sup>43</sup>

- If the employee has sufficient income to cover all of the current withholding amounts, deduct current support for all IWNs.
- If the income is **not** sufficient to cover all of the current support due, you must prorate the current support across all IWNs:
  - **Add** the current support withholding amounts for all IWNs, calculating the total current support withholding amount due;
  - **Divide** the current support withholding amount due in each order by the total current support withholding amount due to determine each IWN's percentage share; and
  - **Multiply** the percentage share for each IWN by the amount of disposable income allowed to be withheld under the 50 percent limit.

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<sup>43</sup> "Current support" includes the total of all amounts listed on the IWN as "current child support," "current cash medical support" and "spousal support."

**Example:**

The employee has three IWNs:

IWN 1 (issued by Michigan) = \$300 current support, \$200 past-due support (arrears), per month.

IWN 2 (issued by State X) = \$150 current support, \$0 arrears, per month.<sup>44</sup>

IWN 3 (issued by State Y) = \$200 current support, \$150 arrears, per month.

Total = \$650 current support, \$350 in arrears, per month.

The employee makes \$1,000 in monthly disposable income. Therefore, the maximum amount of the employee's disposable income allowed to be withheld is \$500 ( $\$1,000 \times 50\%$ ). Because the total amount on the IWNs for support and arrears ( $\$650 + \$350 = \$1,000$ ) is higher than the withholding amount allowed under the 50 percent limit ( $\$1,000 > \$500$ ), the employer is held to the 50 percent limitation.

The total amount of current support is \$650 and the employer is able to deduct only \$500. So, the employer must prorate (i.e., determine the percentage of) current support that each IWN has:

$$\text{IWN 1} = \$300 / \$650 = 46\%$$

$$\text{IWN 2} = \$150 / \$650 = 23\%$$

$$\text{IWN 3} = \$200 / \$650 = 31\%$$

The employer must then multiply each IWN's percentage of current support amount by the amount of disposable income available within the limit to determine how much each IWN will receive:

$$\text{IWN 1} = 46\% \times \$500 = \$230$$

$$\text{IWN 2} = 23\% \times \$500 = \$115$$

$$\text{IWN 3} = 31\% \times \$500 = \$155$$

The employer will remit \$230 to the MiSDU, \$115 to the SDU of State X, and \$155 to the SDU of State Y.

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<sup>44</sup> State X and State Y are states other than Michigan.

## Arrears<sup>45</sup>

- If the employee has disposable income available within the allowable limit after the current support for IWNs has been withheld and the income is sufficient to cover all arrears, then withhold all arrears requested.
- If the disposable income remaining within the allowable limit after all current support is paid is **not** sufficient to cover arrears withholdings, prorate among the IWNs in the same fashion as for current support, but using the arrears withholding amounts instead of the current withholding amounts.

## Health Care Coverage (Insurance) Premiums

- If the employee has disposable income within the allowable limit available after all current support and arrears are withheld, and if the cost for the child(ren)'s health care coverage premium does not exceed any amount or percentage limitation specified on the NMSN, withhold for the child(ren)'s health care coverage premium.
- If the employee does not have enough disposable income available after all current support and arrears are withheld to withhold for the costs of the child(ren)'s health care coverage premium, or if the cost for medical insurance exceeds the amount or percentage specified on the NMSN, then the limit has been met and the health care coverage premium may not be withheld.

## **21. HOW SHOULD I HANDLE THE MONEY THAT MY EMPLOYEE IS PUTTING IN A TAX-DEFERRED PLAN?**

The treatment of income for taxes is different than the treatment of income for support and health care coverage premium withholdings. You must first subtract the tax-deferred amount before calculating the amount of taxes to be paid, and then add the tax-deferred amount back into the income before calculating the maximum amount of child support to be deducted. Child support must be satisfied before any deferment. Regardless of income tax treatment, voluntary deductions (i.e., deductions not mandated by law) such as optional/discretionary savings, 401K contributions, and health flexible spending arrangements, are included in disposable income when determining the amount to withhold or limits for the withholding amounts.

## **22. WHAT SHOULD I DO IF AN EMPLOYEE COMES TO ME AFTER I HAVE RECEIVED THE ORDER/NOTICE TO WITHHOLD INCOME FOR SUPPORT AND WANTS TO MAKE VOLUNTARY PAYMENTS FOR CHILD SUPPORT?**

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<sup>45</sup> "Arrears" includes the total of all amounts listed on the IW/N as "past-due child support," "past-due cash medical support," "past-due spousal support" and "other."

The employee needs to direct this request to the FOC office listed or identified on the IWN. If the order/notice was not sent by the FOC office, the employee must contact the issuer of the IWN.

You must comply with the IWN and, if the employee's principal place of employment is in Michigan, you must begin withholding within seven days of receipt. The IWN will remain in effect until you receive further documentation from the FOC or issuing party.

**23. IF THE EMPLOYEE TELLS ME THAT THE AMOUNT TO BE DEDUCTED IS WRONG, WHAT SHOULD I DO?**

Instruct the employee to contact the FOC office or issuer of the IWN.

You must comply with the IWN and, if the employee's principal place of employment is in Michigan, begin withholding within seven days of receipt. The IWN will remain in effect until you receive further documentation from the FOC or issuing party.

**24. IF I HAVE SATISFIED THE REQUIRED AMOUNT FOR THE MONTH AND MY EMPLOYEE RECEIVES ADDITIONAL MONEY SUCH AS A BONUS OR COMMISSION CHECK, DO I HAVE TO DEDUCT FROM THIS TOO?**

Employee lump-sum payments may qualify for child support withholding. Lump-sum payment instructions are included on the Michigan IWN (refer to Part A, Section IV of this job aid). If you are about to pay an employee a lump sum, contact OCS Central Operations Lump-Sum Reporting by phone at: (866) 540-0008, option #7, by email at: [DHS-OCS-EmployerBonus@michigan.gov](mailto:DHS-OCS-EmployerBonus@michigan.gov), or by fax at: (517) 335-3030.

After you contact OCS Central Operations Lump-Sum Reporting, you will receive a report that will identify the employees with income withholding orders, the arrearage amount for which the lump-sum payment is subject to withholding, and the court-order percentage of a bonus to withhold as an amount of additional support. (Refer to the DHS-1425 and the Sample Lump-Sum Report, attached.)

**25. DO I HAVE TO TELL THE EMPLOYEE WHEN AN IWN IS RECEIVED?**

Michigan sends a copy of the IWN to the employee at the same time the IWN is sent to you. However, you may need to provide a copy to the employee if the paragraph at the end of the IWN's "Remittance Information" section is checked or the employee works in a state other than the state that issued the IWN.

**26. I NOTICED THAT THE NAME OF THE FORM USED TO WITHHOLD CHILD SUPPORT HAS BEEN CHANGED TO *INCOME WITHHOLDING FOR SUPPORT*. IS**

**THIS THE SAME FORM AS THE *IWN (INCOME WITHHOLDING NOTICE)*, *IWO (INCOME WITHHOLDING ORDER)*, AND *ORDER/NOTICE TO WITHHOLD INCOME FOR CHILD SUPPORT*?**

There is only one federally recognized withholding form: *Income Withholding for Support*, which is the form Michigan uses. In the past, this form was called the *Order/Notice to Withhold Income for Child Support*. On Web sites and in other material, you may see the terms “IWN,” “IWO,” “order,” and “notice.” These terms are all used interchangeably to refer to the single form *Income Withholding for Support*. In its material, Michigan usually uses the actual name of the form or the term “IWN.”

**27. ARE INDEPENDENT CONTRACTORS (i.e., 1099 INCOME) SUBJECT TO INCOME WITHHOLDING?**

Yes, under the definitions of “income” and “source of income” in Michigan law, money paid to an independent contractor is subject to income withholding.<sup>46</sup>

**II. NMSN**

**28. WHAT IS A NMSN?**

A NMSN is a “qualified medical child support order” (QMCSO) used to enforce the health care coverage provision of a child support order. It requires the employer/plan administrator to enroll dependents listed on the NMSN in health insurance plans available to the named employee. Refer to Part A, Section V of this job aid for additional information.

**29. HOW WILL I BE INFORMED THAT I HAVE TO ENROLL THE CHILD(REN) IN A HEALTH INSURANCE PLAN AND BEGIN MAKING INSURANCE PREMIUM WITHHOLDINGS?**

You will receive a form called the *National Medical Support Notice* (NMSN). You do not need to withhold for a health insurance premium if you do not offer your employees and their families health insurance. However, you must advise the issuer of the NMSN of the lack of coverage or the type of available or enrolled insurance by responding to the NMSN and sending it back to the FOC (refer to Question 30).

**30. HOW LONG AFTER RECEIPT DOES THE NMSN TAKE EFFECT?**

Within 20 business days of the date of the NMSN, an employer must:

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<sup>46</sup> MCL 552.602



- Complete Part A of the NMSN; and
- Return it to the issuing agency and, if health care coverage is available, forward Part B of the NMSN to the plan administrator.

Within 40 business days of the date of the NMSN, the plan administrator must:

- Enroll the children in its health insurance plan(s), without regard to any enrollment period restrictions;
- Complete and return Part B of the NMSN to the employer and to the issuing child support agency; and
- Forward a copy of the dependents' Health Care Coverage to the non-obligated party (the obligated party is the custodial parent or non-custodial parent who is not ordered to provide health care coverage).

Upon receiving Part B of the NMSN from the plan administrator, the employer must:

- Begin withholding; or
- If the amount exceeds the limits, return Part A of the NMSN to the issuing child support agency and notify the plan administrator to remove the dependents from health care coverage immediately.

### **31. ARE EMPLOYERS AND PLAN ADMINISTRATORS REQUIRED TO COMPLY WITH THE NMSN?**

Yes. Federal law requires all employers and plan administrators who offer dependent coverage to make health care coverage available to children of employees who are eligible and qualify for such coverage pursuant to a medical child support order.<sup>47</sup>

### **32. WHERE DO I SEND THE HEALTH INSURANCE PREMIUMS THAT I HAVE WITHHELD FROM AN EMPLOYEE'S INCOME?**

Pay health insurance premiums directly to the insurance carrier.

### **33. AT WHAT POINT, WHEN PROCESSING PAYROLL DEDUCTIONS, DO I WITHHOLD FOR HEALTH INSURANCE PREMIUMS?**

Mandatory deductions (i.e., federal, state, and local income taxes, Social Security and Medicaid [FICA], etc.) and support withholdings must be deducted before withholding for the cost of insurance premiums attributable for coverage of the child(ren).

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<sup>47</sup> Ref: 29 USC 1169(a).

**34. IS THE HEALTH INSURANCE PREMIUM THE ONLY MEDICAL COVERAGE FOR WHICH THE EMPLOYEE WILL BE RESPONSIBLE?**

No. On occasion, an employee may also be ordered to pay a specific amount of money each month as cash medical support toward medical costs. These specific cash medical support amounts will be listed separately in the IVN as current cash medical support and past-due (arrears) cash medical support. These medical amounts are included in current support and past-due support when determining withholding limits (refer to Questions 18-20).

**35. IF I RECEIVE A NMSN, BUT THE EMPLOYEE DECLARES THAT (S)HE IS PROVIDING INSURANCE THROUGH OTHER MEANS, WHAT SHOULD I DO?**

The employer must continue to withhold employee contributions and not disenroll the child(ren) unless the employer is provided satisfactory written evidence that the child(ren) is or will be enrolled in comparable coverage which will take effect no later than the effective date of disenrollment from the plan. The NMSN provides instructions to the employer and plan administrator, specifically concerning duration of withholding, unlawful refusal to enroll and period of coverage.

**36. WHAT HAPPENS IF THE EMPLOYEE DOES NOT WANT HEALTH INSURANCE FOR HIMSELF/HERSELF, BUT IS ORDERED TO PUT THE CHILD(REN) ON THE HEALTH INSURANCE PLAN THE COMPANY OFFERS?**

If it is possible to enroll the child(ren) on the plan without the employee, that is adequate. However, most policies require that the employee be on the plan also. In that situation, the employee has no choice but to be included in the plan, so the child(ren) are covered as required by the court order.

Only use the cost of the premium attributable to covering the child(ren) when determining the limit of withholding from disposable income. In other words, the cost attributable to covering the child(ren) is the difference between the cost of employee self-coverage and the total cost of coverage with child(ren) included (refer to Questions 18 and 19). The employee may contact the FOC and request a review of whether the insurance is provided at a reasonable cost.

**37. IS IT MY RESPONSIBILITY TO NOTIFY THE FOC OFFICE WHEN THE INSURANCE PREMIUMS INCREASE?**

No, it is the employee's responsibility to inform the FOC office of the change and to possibly request a modification based on the increase in premiums. However, when coverage terminates, or if you can no longer withhold the insurance premium due to withholding limits, it is your responsibility to notify the FOC office that issued the NMSN.

Also consider notifying the employee if you cannot withhold per the withholding limits – the employee has a responsibility to inform the FOC of a change in circumstance.

### **38. WILL THE INSURANCE COMPANY ALLOW ME TO ENROLL THE CHILD(REN) IF IT IS NOT DURING OPEN ENROLLMENT?**

The NMSN constitutes a “significant life change” and the insurance company must accept enrollment of the child(ren) at any time without regard to any enrollment period restrictions.<sup>48</sup> Refer insurance company questions or disputes regarding enrollment to the FOC office that issued the NMSN.

### **39. WHAT DO I DO IF THE EMPLOYEE IS NOT ENROLLED IN A HEALTH INSURANCE PLAN?**

The child(ren) subject to the order must be enrolled in a health insurance plan available to the employee even if the employee is not enrolled. When the plan administrator reports to the FOC that more than one plan is available, the FOC will consult with the custodial parent and select from the available options.

### **40. HOW MUCH CAN AN EMPLOYER WITHHOLD FOR HEALTH COVERAGE?**

Limitations to the enrollment are met if the employee’s cost for providing cash support and private health care coverage exceeds 50 percent of the employee’s disposable income. For more information on limits for withholdings, refer to Questions 18-20.

The NMSN will specify a reasonable cost percentage or dollar amount. If the NMSN does not, employers should contact the issuer for the reasonable cost.

If your employee disagrees with the enrollment that is directed through the NMSN, (s)he must contact his/her FOC office. The employee may contest/object to the NMSN. However, you must proceed in accordance with the NMSN until otherwise directed by the FOC/court. In the event the employee disputes the NMSN with the FOC/court, the FOC office/court that enforces that individual’s court order must make a reasonable cost determination for the individual.

### **41. HOW MAY I OBTAIN A COPY OF THE NMSN?**

Blank copies of Michigan’s version of the NMSN (FEN302) as well as Michigan’s addendum to the NMSN (FEN302A) can be viewed online at:  
<http://www.mfia.state.mi.us/ChildSupport/policy/alphaTopics.asp#M>.

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<sup>48</sup> Ref: MCL 552.626a.

#### **42. WILL I HAVE TO TELL THE EMPLOYEE WHEN A NMSN IS RECEIVED?**

Michigan sends an informational letter about the NMSN to the employee at the same time that the NMSN is sent to the employer. This letter is called the “Parent Health Care Coverage Explanation Sheet” (FEN303) and informs the employee that the NMSN has been sent to the employer. It also includes instructions on how the employee may contest/object to the NMSN. The employer may need to contact the employee, as indicated in the instructions of the NMSN; however, a copy of the NMSN does not need to be provided to the employee.

#### **43. I AM CONCERNED THAT THE NMSN PROCESS WILL ADD ADMINISTRATIVE COSTS TO MY BUSINESS. MAY I CHARGE A FEE TO THE EMPLOYEE?**

If the employee’s principal place of employment is in Michigan, you may not charge an administrative fee. Michigan law does not allow you to charge employees fees for processing the NMSN unless the employer has full, free, and written consent of the employee, obtained without intimidation or fear of discharge for refusal to permit the withholding.<sup>49</sup> Otherwise, follow the law of the state of the employee’s principal place of employment.

#### **44. WHEN WILL HEALTH CARE COVERAGE WITHHOLDING STOP?**

The NMSN remains in effect until you are notified by the issuing child support agency or receive a court order regarding any changes. However, even if the child support agency terminates the NMSN, the employee may still elect to continue coverage.

Because the NMSN remains in effect and is binding until further notice by the issuing agency, you are required to keep a record of the NMSN and enforce it if the employee who left employment with you returns to work for you.

#### **45. WHAT IF THE EMPLOYEE TERMINATES HIS/HER EMPLOYMENT?**

If the employee terminates his/her employment, you must promptly notify the FOC or the issuer of the NMSN or IWN. The NMSN and IWN identify the information that you must provide to the FOC or the issuer of the NMSN or IWN. The NMSN and IWN remain in effect and are binding upon the employer until further notice from the court or the issuing agency. Therefore, you are required to keep a record of the NMSN and enforce it if the employee who left employment with you returns to work for you. You are also required to report the employee as a new hire if (s)he returns to work.

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<sup>49</sup> Ref: MCL 408.477(1).

#### **46. WHAT IF THERE ARE MULTIPLE PLANS AVAILABLE TO THE EMPLOYEE AND HIS/HER DEPENDENTS? WHICH PLAN DO I ENROLL THEM IN?**

Plan selection criteria are as follows:

- Employee already enrolled:

If the employee is enrolled in a health benefit plan that offers dependent coverage, that plan must be selected.

- Employee not enrolled, multiple plans available to children:

If the employee is not enrolled in a health benefit plan or is not enrolled in a plan that offers dependent coverage, and if more than one plan with dependent coverage is offered, the plan administrator must enroll the dependents and if necessary, the employee, in the health benefit plan selected by the issuing agency. The plan administrator can contact the issuing agency to determine what plan should be selected. If the issuing agency does not respond within 20 days, enroll the dependents in the default plan.

#### **47. WHAT SHOULD I DO IF A UNION PROVIDES HEALTH CARE COVERAGE?**

You should consider the union the plan administrator and forward Part B of the NMSN to the union, unless you've checked Box 1, 2, or 3 in the "Employer Response" (Part A) of the NMSN. The union, like a plan administrator, must respond to the employer and FOC within 40 days.

#### **48. OUR COMPANY DOES NOT OFFER GROUP HEALTH CARE COVERAGE. DO WE HAVE TO PURCHASE GROUP HEALTH CARE COVERAGE FOR THE NMSN?**

No. Your employee would be required to provide health care coverage for a dependent if it were available at a reasonable cost and accessible to the child(ren). If the employee belongs to a class of employees for which you do not offer this coverage, you are not obligated to provide it for this purpose.

Within 20 business days of the date of the NMSN, you must check Box 1 in the "Employer Response" (Part A) of the NMSN and mail Part A to the issuing agency shown on the NMSN.

#### **49. WHAT IF THE CHILD IS COVERED BY MEDICAID?**

Medicaid programs are not considered a substitute for health care coverage. You must still comply with the NMSN until the FOC provides further direction.

## **50. WHAT INSURANCE INFORMATION MAY I BE ASKED TO PROVIDE THAT IS NOT LISTED ON THE NMSN?**

You may be asked to provide the policy number, group number and the address of the provider.

## **51. WHO SHOULD I CONTACT IF I NEED ADDITIONAL INFORMATION?**

For additional information or assistance regarding payment remittance, employers may contact the MiSDU Employer Assistance Line at (800) 817-0805.

For additional information or assistance regarding a specific IWN or NMSN, an employer or employee may contact the issuer of the IWN or NMSN. The issuer's contact information is provided on the IWN and the NMSN. A list of the FOC offices' Interactive Voice Response (IVR) phone numbers is available on the Michigan Department of Human Services' Web site (click the "Child Support" link under Quick Links) at: <http://www.michigan.gov/childsupport/>.

Employer questions regarding policy or general operations may be directed to the contact listed in the *State Contact and Program Information* matrix that is located on OCSE's Employer Services Web page at: [http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/contact\\_map.htm](http://www.acf.hhs.gov/programs/cse/newhire/employer/contacts/contact_map.htm).