

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Child Support Meeting Invitees (partial) (2 pages)	07/26/97	P6/b(6), b(6)
002. list	WAVES request form (partial) (1 page)	09/29/97	P6/b(6), b(6)

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**COLLECTION:**

Clinton Presidential Records  
 Domestic Policy Council  
 Cynthia Rice (Subject Files)  
 OA/Box Number: 15429

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**FOLDER TITLE:**

Child Support-HHS/IG Report 9/97

rx31

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### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

① Worth doing w/o HCFA ?

④ cancel or

⑥ Alert Treasury + HHS

② Call - HHS Public Health Service

- NIH

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\* Shannon will page me

! Robert C. Harris

\*\* Call Treasury



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## White House Press Release

### Actions Required Of All Executive Agencies To Facilitate Payment Of Child Support

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The White House

Office of the Press Secretary

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For Immediate Release

February 27, 1995

Executive Order  
#12953

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#### Actions Required Of All Executive Agencies To Facilitate Payment Of Child Support

Children need and deserve the emotional and financial support of both their parents.

The Federal Government requires States and, through them, public and private employers to take actions necessary to ensure that monies in payment of child support obligations are withheld and transferred to the child's caretaker in an efficient and expeditious manner.

The Federal Government, through its civilian employees and Uniformed Services members, is the Nation's largest single employer and as such should set an example of leadership and encouragement in ensuring that all children are properly supported.

Now, Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, it is hereby ordered as follows:

#### Part I - Purpose

Section 101. This executive order: (a) Establishes the executive branch of the Federal Government, through its civilian employees and Uniformed Services members, as a model employer in promoting and facilitating the establishment and enforcement of

child support.

(b) Requires all Federal agencies, including the Uniformed Services, to cooperate fully in efforts to establish paternity and child support orders and to enforce the collection of child and medical support in all situations where such actions may be required.

(c) Requires each Federal agency, including the Uniformed Services, to provide information to its employees and members about actions that they should take and services that are available to ensure that their children are provided the support to which they are legally entitled.

#### Part 2 - Definitions

For purposes of this order:

Sec. 201. "Federal agency" means any authority as defined at 5 U.S.C. 105, including the Uniformed Services, as defined in section 202 of this order.

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Sec. 202. "Uniformed Services" means the Army, Navy, Marine Corps, Air Force, Coast Guard, and the Commissioned Corps of the National Oceanic and Atmospheric Administration, and the Public Health Service.

Sec. 203. "Child support enforcement" means any administrative or judicial action by a court or administrative entity of a State necessary to establish paternity or establish a child support order, including a medical support order, and any actions necessary to enforce a child support or medical support order. Child support actions may be brought under the civil or criminal laws of a State and are not limited to actions brought on behalf of the State or individual by State agencies providing services under title IV-D of the Social Security Act, 42 U.S.C. 651 et seq.

Sec. 204. "State" means any of the fifty States, the District of Columbia, the territories, the possessions, and the Commonwealths of Puerto Rico and of the Mariana Islands.

#### Part 3 - Immediate Actions To Ensure Children Are Supported By Their Parents.

Sec. 301. Wage Withholding. (a) Within 60 days from the date of this order, every Federal agency shall review its procedures for wage withholding under 42 U.S.C. 659 and implementing regulations to ensure that it is in full compliance with the requirements of that section, and shall endeavor, to the extent feasible, to process wage withholding actions consistent with the requirements of 42 U.S.C. 666(b).

(b) Beginning no later than July 1, 1995, the Director of the Office of Personnel Management (Opm) shall publish annually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

Sec. 302. Service of Legal Process. Every Federal agency shall assist in the service of legal process in civil actions pursuant to orders of courts of States to establish paternity and establish or enforce a **support** obligation by making Federal employees and members of the Uniformed Services stationed outside the United States available for the service of process. Each agency shall designate an official who shall be responsible for facilitating a Federal employee's or member's availability for service of process, regardless of the location of the employee's workplace or member's duty station. The Opm shall publish a list of these officials annually in the Federal Register, beginning no later than July 1, 1995.

Sec. 303. Federal Parent Locator. Every Federal agency shall cooperate with the Federal Parent Locator Service, established under 42 U.S.C. 653, by providing complete, timely and accurate information that will assist in locating noncustodial parents and their employers.

Sec. 304. Crossmatch for Delinquent Obligor. (a) The master file of delinquent obligors that each State **child support** enforcement agency submits to the Internal Revenue Service for Federal income tax refund offset purposes shall be matched at least annually with the payroll or personnel files of Federal agencies in order to determine if there are any Federal employees with **child support** delinquencies. The list of

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matches shall be forwarded to the appropriate State **child support** enforcement agency to determine, in each instance, whether wage withholding or other enforcement actions should be commenced. All matches will be performed in accordance with 5 U.S.C. 552a(o)-(u).

(b) All Federal agencies shall inform current and prospective employees that crossmatches are routinely made between Federal personnel records and State records on individuals who owe **child support**, and inform employees how to initiate voluntary wage withholding requests.

Sec. 305. Availability of Service. All Federal agencies shall advise current and prospective employees of services authorized under title IV-D of the Social Security Act that are available through the States. At a minimum, information shall be provided annually to current employees through the Employee Assistance Program, or similar programs, and to new employees during routine orientation.

Sec. 306. Report on Actions Taken. Within 90 days of the date of this order, all Federal agencies shall report to the Director of the Office of Management and Budget (Omb) on the actions they have taken to comply with this order and any

statutory, regulatory, and administrative barriers that hinder them from complying with the requirements of part 3 of this order.

Part 4 - Additional Actions

Sec. 401. Additional Review for the Uniformed Services.

(a) In addition to the requirements outlined above, the Secretary of the Department of Defense (Dod) will chair a task force, with participation by the Department of Health and Human Services (Hhs), the Department of Commerce, and the Department of Transportation, that shall conduct a full review of current policies and practices within the Uniformed Services to ensure that children of Uniformed Services personnel are provided financial and medical support in the same manner and within the same time frames as is mandated for all other children due such support. This review shall include, but not be limited to, issues related to withholding non-custodial parents' wages, service of legal process, activities to locate parents and their income and assets, release time to attend civil paternity and support proceedings, and health insurance coverage under the Civilian Health and Medical Program of the Uniformed Services (Champus). All relevant existing statutes, including the Soldiers and Sailors Civil Relief Act of 1940, the Uniformed Services Former Spouses Protection Act, and the Tax Equity and Fiscal Responsibility Act of 1982, shall be reviewed and appropriate legislative modifications shall be identified.

(b) Within 180 days of the date of this order, Dod shall submit to Omb a report based on this review. The report shall recommend additional policy, regulatory and legislative changes that would improve and enhance the Federal Government's commitment to ensuring parental support for all children.

Sec. 402. Additional Federal Agency Actions. (a) Opm and Hhs shall jointly study and prepare recommendations concerning additional administrative, regulatory, and legislative improvements in the policies and procedures of Federal agencies

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affecting child support enforcement. Other agencies shall be included in the development of recommendations for specific items as appropriate. The recommendations shall address, among other things:

(i) any changes that would be needed to ensure that Federal employees comply with child support orders that require them to provide health insurance coverage for their children;

(ii) changes needed to ensure that more accurate and up-to-date data about civilian and uniformed personnel who are being sought in conjunction with State paternity or child support actions can be obtained from Federal agencies and their payroll and personnel records, to improve efforts to locate noncustodial

parents and their income and assets;

(iii) changes needed for selecting Federal agencies to test and evaluate new approaches to the establishment and enforcement of child support obligations;

(iv) proposals to improve service of process for civilian employees and members of the Uniformed Services stationed outside the United States, including the possibility of serving process by certified mail in establishment and enforcement cases or of designating an agent for service of process that would have the same effect and bind employees to the same extent as actual service upon the employees;

(v) strategies to facilitate compliance with Federal and State child support requirements by quasi-governmental agencies, advisory groups, and commissions; and

(vi) analysis of whether compliance with support orders should be a factor used in defining suitability for Federal employment.

(b) The recommendations are due within 180 days of the date of this order. The recommendations are to be submitted in writing to the Office of Management and Budget.

Sec. 501. Internal Management. This order is intended only to improve the internal management of the executive branch with regard to child support enforcement and shall not be interpreted to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its officers, or any other person.

Sec. 502. Sovereignty of the United States Government. This order is intended only to provide that the Federal Government has elected to require Federal agencies to adhere to the same standards as are applicable to all other employers in the Nation and shall not be interpreted as subjecting the Federal Government to any State law or requirement. This order should not be construed as a waiver of the sovereign immunity of the United States Government or of any existing statutory or regulatory provisions, including 42 U.S.C. 659, 662, and 665; 5 Cfr Part 581; 42 Cfr Part 21, Subpart C; 32 Cfr Part 54; and 32 Cfr Part 81.

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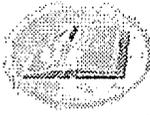
Sec. 503. Defense and Security.

This order is not intended to require any action that would compromise the defense or national security interest of the United States.

William J. Clinton

The White House,  
February 27, 1995.

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**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**GRANTEES AND PROVIDERS  
DELINQUENT IN CHILD SUPPORT**



**JUNE GIBBS BROWN  
Inspector General**

**AUGUST 1997  
OEI-07-95-00390**

# EXECUTIVE SUMMARY

## PURPOSE

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## BACKGROUND

The President signed an executive order on September 28, 1996 requiring government agencies to offset Federal payments to those who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Even before the Executive Order was issued, the Small Business Administration required certification by all principal borrowers that they are not in arrears in child support payments by more than 60 days. If any such arrears are not paid within six months, they will not be eligible for the loan.

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments from them, we matched records of physicians who receive Medicare payments and other health care providers and individual Departmental grantees with the Office of Child Support Enforcement's Tax Intercept File. This file is used to intercept Federal income tax refunds due to delinquent non-custodial parents and apply them towards their child support obligations. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH).

## FINDINGS

### **Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears**

We found that 1,184 Medicare physicians, NHSC medical care providers, and NIH principal research investigators were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. Of these, 1,105 were Medicare physicians. These are records of individuals who owed past due child support on behalf of at least 1,286 children.

**The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

### **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations.**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

### **Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may simply not be filing claims for Medicare. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. Other limits stem from administrative requirements imposed by the Computer Matching Privacy and Protection Act of 1988 and problems with missing or inaccurate Social Security numbers.

## **RECOMMENDATIONS**

The Administration for Children and Families (ACF) should work with the Health Care Financing Administration, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

### **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

### **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

## Status Check of Program Applicants

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## AGENCY COMMENTS AND OIG RESPONSE

### Office of Child Support Enforcement

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

### Health Care Financing Administration

HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.
- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

#### Health Resources and Services Administration

The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

#### National Institutes of Health

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct

payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.

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# INTRODUCTION

## PURPOSE

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## BACKGROUND

The Department of Health and Human Services (HHS) pays physicians for claims submitted for services rendered to Medicare patients. The Department also makes payments to individual grantees for research and other activities as well as for loans and scholarships for certain individuals attending medical schools. As with all groups, it is possible that a percentage of these grantees and providers will be non-custodial parents with an established child support order.

Courts establish orders which require non-custodial parents to provide support to their children. Despite such court orders, arrearage for support payments are significant. For example, as of December 1995, they amounted to almost \$30.8 billion just for those cases which fall under the auspices of the Federal Office of Child Support Enforcement. To address the continuing problem of child support payments not being made, various computer matching programs and other efforts have been initiated by the Federal government.

### Executive Order to Match Federal Personnel Records

In February 1995, the President issued Executive Order 12953, which establishes the Federal government as a model employer in promoting and facilitating the establishment and enforcement of child support. The Order requires that current and prospective Federal employees be informed that cross matches are routinely made between Federal personnel records and State records to identify individuals who are in arrears in their child support payments and to pursue withholding of wages. In addition, employees are to be informed on how to initiate voluntary wage withholding requests.

### Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 (Public Law 104-134) was enacted on April 26, 1996. This legislation is designed to maximize the collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. It permits the matching of debtor records with HHS records to obtain names and addresses of employers, taxpayer identification numbers, and dates of birth. The Act also provides for the garnishment of a debtor's disposable pay provided that the amount does not exceed 15 percent of disposable pay, but could be more with the written consent of the individual.

## **Executive Order Offsetting Federal Payments to Delinquent Parents**

In line with the Debt Collection Improvement Act, the President issued Executive Order 13019 on September 28, 1996 requiring government agencies to offset Federal payments to parents who are delinquent in their child support obligations and to deny them any Federal loans for which they would otherwise be entitled. This Order recognizes the difficulties that States have had in enforcing child support obligations once a parent has moved to another State. It also facilitates the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain Federal payments or Federal assistance.

## **Small Business Administration**

Even before the Executive Order was issued, the Small Business Administration had begun implementing legislation which is designed to require payment of child support obligations by those individuals who apply for loans from the agency. Section 612 of Public Law 103-403, implemented August 31, 1995, requires certification by all principal borrowers, who own 50 percent or more of the voting interests of the business, that they are not in arrears in child support payments by more than 60 days. If such arrearage applies, then one or more of the principals have six months to become current in their arrears if they want the loan. If they become current in their child support payments, and meet the qualifications for the loan, they will be eligible for the loan. If at the end of six months they are not current, they will be ineligible for the loan.

## **Match of Internal Revenue Service Income Tax Refunds**

The Office of Child Support Enforcement (OCSE) acts as an intermediary between the States and the Internal Revenue Service in the operation of the Federal Income Tax Refund Offset program for the collection of past-due child support. The OCSE Tax Intercept File contains a listing of all individuals, by Social Security number, name, case type, State and other identifiers, who are in arrears on their child support obligations. The file is used to intercept and offset Federal income tax refunds to apply against delinquent child support.

## **METHODOLOGY**

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments, we matched the OCSE Intercept File and files for individual Departmental grantees and providers of medical services.

We matched Departmental records of physicians receiving Medicare payments and other health care providers and grantees of certain Departmental programs with the OCSE 1995 Tax Intercept File. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH). We selected these programs because their systems of records identified

individuals as grantees or providers of services and had Social Security numbers upon which the match could be based.

### Medicare

We obtained data from the Health Care Financing Administration's (HCFA) Unique Physician Identification Number File. As of October 1994, physicians who apply for a new identification number have to include their Social Security numbers on the application. We used the October 1995 update of the file. It included 708,830 members of which 391,148 (55 percent) had a Social Security number as part of the record.

### National Health Service Corps

The NHSC file for individuals who have current loans and scholarships included information on 4,902 records, all of which had Social Security numbers.

### National Institutes of Health

The NIH grantee file contained 42,913 records with 39,836 having Social Security numbers. Overall, these 39,836 records were for 26,593 different Social Security numbers.

### Selecting Samples from the Agencies' Matched Files

We matched the records with Social Security numbers that were included in the Departmental files named above with the OCSE 1995 Tax Intercept File. This became our study universe. From it, we extracted a sample for further analysis.

We did this by first dividing the study universe into three strata based on the dollar amounts in arrearage for each case. The highest was for cases over \$45,000 in arrears; the second highest was for those with arrears from \$11,590 to \$45,000; and the lowest was for those with arrears less than \$11,590.

We included all 108 cases that met the dollar threshold for the highest stratum. We randomly selected 51 cases from each of the other two strata, for a total of 210 cases. All three HHS agencies had cases included in the sample. The 210 sample cases covered individuals located in 38 States and Puerto Rico, with 4 States having over half of the sample cases: 55 in California, 21 in Ohio, 18 in Michigan, and 15 in Pennsylvania.

## SELECTION OF SAMPLE CASES

### Strata

	<u>Under \$11,590</u>	<u>\$11,590 to \$45,000</u>	<u>Over \$45,000</u>	<u>Total</u>
<u>Sample Cases by Program</u>				
Medicare	49	48	104	201
NHSC	0	3	3	6
NIH	2	0	1	3
Total	51	51	108	210

### Questionnaires Sent to the States

We requested information from the States and Puerto Rico child support enforcement agencies to validate the data we had obtained for the sample cases. We asked if the names of the non-custodial parents were different from those we furnished them from the HHS agencies. We requested the date of birth, age (if birth date was not available), information on employer's name and address, self-employment name and address, and the date the address was last verified. We also asked if the non-custodial parents were current in making payment on their monthly obligations and arrearage. We considered "current" those situations where non-custodial parents make payments to fulfill their monthly responsibility to meet their child support obligations for current support. We also recorded when partial payments were made on the arrearage.

### Review of Related Laws

We reviewed provisions of the Computer Matching Privacy and Protection Act of 1988 (Public Law 100-503) to determine what effect its provisions would have on a matching program such as the one we were testing.

We conducted our review in accordance with the **Quality Standards for Inspections** issued by the President's Council on Integrity and Efficiency.

## FINDINGS

### **Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears**

We found that 1,184 Medicare physicians or other Departmental grantees or service providers were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. The distribution of these individuals among the three programs we studied is shown in the table below.

<u>Agency</u>	<u>Universe</u>	<u>Individuals in Arrears</u>	<u>Percent in Arrears</u>
HCFA	391,148	1,105	0.3
NHSC	4,902	51	1.0
NIH	26593	28	0.1
Totals	422,643	1,184	0.28

These individuals owed past due child support on behalf of at least 1,286 children.

### **The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

When compared to the general child support population of non-custodial parents, our sample was economically better off and therefore better positioned to make their payments. At the same time, they owed more.

We found that 16.9 percent of the cases in our sample were public assistance cases. This compared with 49 percent for the total population of child support cases.

The 1995 Tax Intercept File had 4,355,239 cases with \$30,795,640,786 in arrears, which amounted to \$7,070 per case. Individuals in our study universe had an average arrearage of \$16,713 per child.

### **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

The following table summarizes the status of all the cases in our sample.

<u>Cases</u>	<u>Status</u>
3	Case closed--paid in full.
50	Current in monthly obligations and in reducing arrears.
46	Current in monthly obligation but not reducing arrears.
9	Reducing arrears, but not current in monthly obligations.
78	Not making any payments.
7	Case closed--e.g., moved, no cooperation from spouse.
17	Unable to determine--incorrect Social Security number.

**Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may avoid filing claims for Medicare altogether. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. The details are found on the next page.

We also found restrictions imposed by the Computer Matching and Privacy Protection Act of 1988 which might make the offset process administratively difficult. This law limits Federal agencies' ability to release employment or payment information for HHS grantees or service providers. The Act regulates computer matches conducted by Federal agencies and the use of Federal records subject to the Privacy Act of 1974. It requires a written agreement between source and recipient agencies and agreement conditions being met before a matching program can be approved. The law also requires notification to individuals of the intent to use the results of the matching process for administrative purposes like offset. While these procedures are clearly necessary to protect privacy, the net effect could well be that the offset process which might result from computerized matching would be no more effective or efficient than the current child support collection process. In any event, the law does establish significant administrative burdens that could hamper the matching process.

Another limitation stems from problems with Social Security numbers. First, not all records have these numbers. In fact we found them for only 58 percent of the records in the files we tried to match with the Tax Intercept File. Medicare has Social Security numbers in only 55 percent of its records and NIH in 93 percent. (There were numbers in 100 percent of the NHSC records, however.) Second, not all the

**EXAMPLES OF POTENTIAL MEDICARE OFFSETS FROM PHYSICIANS  
WITH CHILD SUPPORT ARREARS**

Number	Arrearage Amount	Medicare Reimbursement in 1995	Offset Potential of Reimbursement Against the Arrearage
1	\$5,394	\$128	\$128
2	\$62,090	(Unemployed Physician)	-0-
3	\$304,916	No claims filed	-0-
4	\$124,324	\$108,447	\$108,447
5	\$22,451	\$2,543	\$2,543
6	\$63,188	\$203,441	\$63,188
7	\$12,050	(Bench warrant for arrest)	-0-
8	\$76,997	\$2,017	\$2,017
9	\$119,968	\$11,411	\$11,411
10	\$72,604	No claims filed	-0-
11	\$97,000	\$38	\$38
12	\$78,167	No claims filed	-0-
13	<u>\$1,000</u>	<u>\$58,334</u>	<u>\$1,000</u>
Totals	\$1,040,149	\$386,359	\$188,772

Social Security numbers are accurate. As noted previously, in our sample of 210 cases, 17, or 8 percent, had incorrect numbers.

Finally, many grantees of the Department's programs are not individuals, but rather universities, research laboratories, and other such entities. Thus, no Social Security number would be recorded for these kinds of grantees.

## RECOMMENDATIONS

It seems unacceptable that the Department of Health and Human Services, which is responsible for overseeing the nation's child support enforcement system, should be making what amounts to income payments to individuals whom it knows are not meeting their child support obligations. In some cases, the children of these individuals are receiving public assistance benefits in programs for which the Department also has oversight responsibilities.

The Administration for Children and Families (ACF) should work with HCFA, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

### **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

### **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

### **Status Check of Program Applicants**

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## AGENCY COMMENTS AND OIG RESPONSE

### Office of Child Support Enforcement

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

### Health Care Financing Administration

HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.

- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

### Health Resources and Services Administration

The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

### National Institutes of Health

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.

# APPENDIX

## AGENCIES' COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES  
Office of the Assistant Secretary, Suite 600  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

RECEIVED  
JUN 19 1997  
3:36 PM  
COMMUNICATIONS SECTION

DATE: June 16, 1997

TO: June Gibbs Brown  
Inspector General

FROM: Olivia A. Golden  
Principal Deputy Assistant Secretary  
for Children and Families

SUBJECT: OIG Draft Report "Grantees and Providers Delinquent in  
Child Support," (OEI-07-95-00390)

We appreciate the opportunity to comment on the draft report  
"Grantees and Providers Delinquent in Child Support." If you  
have questions regarding this response, please contact David Ross  
of my staff at (202) 401-9370.

Comments:

Recommendation 1: Implementing the Executive Order: ACF should  
work with the Department of Treasury to iron out the details for  
the offset as soon as possible. However, given the limits which  
we found in the matching process, we also want to recommend other  
approaches that could be used in connection with, or if  
necessary, instead of the computerized matching and offset.

ACF Response: We are making progress with the Department of  
the Treasury regarding implementation of the Executive  
Order. At this point, 11 states have certified their debts  
for the administrative offset program and the Office of  
Child Support Enforcement (OCSE) has forwarded the debts of  
5 states (approximately 178,000 cases) to Treasury's  
Financial Management Service (FMS) for offset. Other states  
are tentatively scheduled to implement on a flow-in basis  
throughout the year.

OCSE continues to work with FMS to resolve program issues  
that may prevent some states from implementing the order.  
Key to implementing the order for some states is having the  
option of excluding certain payment types from offset, i.e.,  
debt is eligible for administrative offset but not federal  
tax refund offset, or vice versa. OCSE is also working with  
FMS on language in Treasury's child support regulations.

Page 2 - June Gibbs Brown

Recommendation 2: One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

ACF Response: Given that this cross-program recommendation would require change in legislation that goes well beyond the authority of ACF, OCSE will look carefully at the recommendation and work with other Departmental divisions (such as the Public Health Service and the Health Care Financing Administration) to see whether legislative changes are in order.

Recommendation 3: ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

ACF Response: We believe the potential for increasing the collection of child support owed through our efforts with the Department of Treasury under the Debt Collection Act (DCA), is likely to surpass the ability of a limited-scope system as recommended. We will consider this recommendation when the data base is fully operational and when we have a reasonable amount of operational experience with Treasury's debt collection system.

## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Public Health Service

Health Resources and  
Services Administration  
Rockville MD 20857

APR 15 P 2:53

APR 11 1997

DIRECTOR  
GENERAL

TO: Inspector General, DHHS

FROM: Acting Deputy Administrator

SUBJECT: OIG Draft Report: "Grantees and Providers Delinquent  
In Child Support," OEI-07-95-00390

301/443-  
2216

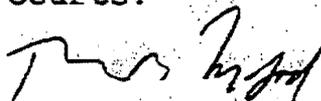
This is in response to your January 29 memorandum to the HRSA Administrator, requesting comments to the subject report. We have reviewed the subject draft report and have the following comments.

We agree with the premise that individuals who are delinquent on their child support obligations should not receive Federal funding and we therefore support the objectives of Executive Orders 12953 and 13019. However, in their present form, these Executive Orders are not applicable to the NHSC scholarship or loan repayment programs. Executive Order 12953, issued on February 29, 1995, addresses wage withholding of Federal employees. Executive Order 13019, issued September 29, 1996, authorizes the denial of "Federal financial assistance," which is defined as "any Federal loan (other than a disaster loan), loan guarantee, or loan insurance." Neither NHSC scholarships nor loan repayment awards fall within the definition of "Federal financial assistance" as contained in Executive Order 13019. Hence, legislation would be needed before the NHSC scholarship and loan repayment programs could deny awards to applicants who are delinquent in their child support payments.

The OIG recommendations are designed not only to prevent new Federal awards/grants to "deadbeat parents," but also to recover a significant amount of the overdue support payments. With respect to the latter goal, we note that NHSC scholarship and loan repayment funds can only be used for the purposes set forth in the authorizing statutes (i.e., payment of tuition, qualifying loans, etc.). Therefore, scholarship and loan repayment funds already awarded to individuals delinquent on child support may not be offset for payment of the delinquent obligation.

Page 2 - Inspector General, DHHS

Assuming that the Department obtains the necessary statutory authorization to make child support delinquency a selection factor for NHSC funding, HRSA agrees that screening applicants would be facilitated by the creation of a centralized child support enforcement data base. We also agree that the Administration for Children and Families should develop a new system that would eliminate the need for agencies to query individual States concerning applicants' compliance with child support orders issued by State courts.



Thomas G. Morford

## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Public Health Service

National Institutes of Health  
Bethesda, Maryland 20892

APR 14 1997

301/ 496-2433  
301/ 496-3271

**TO:** Mr. George Grob  
Deputy Inspector General for Evaluation and Inspections

**FROM:** Deputy Director for Management, NIH

**SUBJECT:** Comments on OIG Draft Report *Grantees & Providers Delinquent in Child Support (OEI-07-95-00390)*

Thank you for the opportunity to comment on the subject report. Our comments will follow the format of the report.

Page 3 of the report states that of 42,913 NIH records, 39,836 had Social Security numbers, of which 26,593 were for "different" social security numbers. There are two reasons that NIH does not have social security numbers in 100 percent of the records. First, provision of the Social Security number is voluntary and thus some principal investigators elect not to provide this information. Second, a small percentage of principal investigators are foreign citizens and thus do not have Social Security numbers. Moreover a large percentage of our records reflect the same Social Security number as other records because many of our principal investigators serve in that capacity on more than one NIH grant. Therefore, we believe that the statement on page 6 of the report should be corrected to indicate that 93 percent of NIH's records have Social Security numbers inasmuch as 39,836 is 93 percent of 42,913.

On page 5 of the report it states that 1,184 or 0.28 percent of a total universe of 422,643 individuals were in arrears in their child support obligations. Of all Health Care Financing Administration (HCFA), National Health Service Corps (NHSC), and NIH providers or principal investigators on grants, 99.72 percent of them have no delinquency in child support payments. This is an extremely high compliance rate, one which we would be pleased to achieve in other areas of compliance. The low percentage in arrears does not suggest that there is sufficient cost-benefit to warrant imposing additional administrative burden (such as a self-certification requirement) aimed at individuals delinquent in their child support payments.

NIH investigators under research grants do not receive direct payment from NIH. The grant award is made to a research institution, which pays the salaries of personnel working on the grant from institutional funds. Thus, grant funds do not constitute "federal payments" which could be offset against their child support obligations. The only awards that NIH makes to an individual

Page 2 - Mr. George Grob

are individual research fellowship awards, which constitute only 7.3 percent of all NIH awards. Consequently we do not believe that it is necessary to implement a compliance intervention in this area.

Thank you again for the opportunity to comment on this document.



Anthony L. Ittelag

cc:

Dr. Baldwin, OER

Dr. Skirboll, OSP

Dr. Lee, OA

Ms. Wax, OLPA

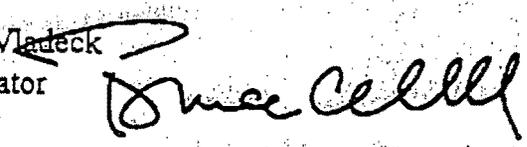


DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

RECEIVED  
JUN 17 1997  
Health Care Financing AdministrationGENERAL The Administrator  
Washington, D.C. 20201

JUN 16 1997

TO: June Gibbs Brown  
Inspector General

FROM: Bruce C. Vladeck  
Administrator 

SUBJECT: Office of Inspector General (OIG) Draft Report: "Grantees and Providers  
Delinquent in Child Support," (OEI-07-95-00390)

We reviewed the above-referenced report regarding the President's Executive Order requiring government agencies to offset Federal payments to physicians who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Our detailed comments on the report recommendations are attached for your consideration. Thank you for the opportunity to review and comment on this report.

Attachment

Comments of the Health Care Financing Administration (HCFA) on  
Office of Inspector General (OIG) Draft Report:  
"Grantees and Providers Delinquent in Child Support," (OEI-07-95-00390)

The Administration for Children and Families (ACF) should work with HCFA, the Health Resources and Services Administration, National Institutes of Health, and other Departmental agencies to ensure that program participants meet their child support obligations.

OIG Recommendation 1

Implement the President's September 28, 1996, Executive Order (E.O.), requiring government agencies to offset Federal payments to those who owe past due child support payments.

HCFA Response

We concur with the intent of the E.O. However, we do not believe computerized matching and offsets are a feasible approach to enforce child support payments. We are concerned that implementation of these activities would not solve the problem permanently; e.g., what provision would there be to prevent a provider identified as delinquent from becoming incorporated to avoid the withholding of payment? If this was pursued, an inter-agency agreement would be needed to ensure operational costs incurred were charged back to ACF.

OIG Recommendation 2

Develop legislation to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of participation, that they are current in their child support obligation.

HCFA Response

We do not concur. The Medicare program is trying to stop using the approach of separate certifications for each specific situation. This type of effort would involve an administrative burden on all Medicare physicians to try to catch the one fifth of one percent who are in violation. We believe this effort would have a poor cost/benefit ratio and be resented by physicians. Further, physicians in arrears may well sign any certification, and investigation is likely to be costly.

**OIG Recommendation 3**

Use new child support enforcement data bases to determine applicants/participants status vis-a-vis child support obligations.

**HCFR Response**

We do not concur. Medicare physicians' program participation generally continues automatically. Terminating participation for non-payment of child support would require legislation and could disrupt patient service when a physician's participation is revoked.



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## White House Press Release

### Executive Order

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The White House

Office of the Press Secretary

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For Immediate Release

September 28, 1996

#### Executive Order

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#### Supporting Families: Collecting Delinquent Child Support Obligations

The Debt Collection Improvement Act of 1996, Public Law 104-134 (110 Stat. 1321-358 et seq.), was enacted into law on April 26, 1996, as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996. While the primary purpose of the Debt Collection Improvement Act is to increase the collection of nontax debts owed to the Federal Government, the Act also contains important provisions that can be used to assist families in collecting past-due child support obligations.

The failure of some parents to meet their child support obligations threatens the health, education, and well-being of their children. Compounding this problem, States have experienced difficulties enforcing child support obligations once a parent has moved to another State. With this Executive order, my Administration takes additional steps to support our children and strengthen American families by facilitating the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain Federal payments or Federal assistance.

Accordingly, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Administrative Offsets. (a)(1) The Secretary of the Treasury ("the Secretary"), in accordance with the provisions of the Debt Collection Improvement Act of 1996 and to the extent permitted by law, and in consultation with the Secretary of Health and Human Services and other affected agencies, shall promptly develop and implement procedures necessary for the Secretary to collect past-due child support debts by administrative offset, and shall issue such rules, regulations, and procedures as the Secretary, in consultation with the heads of affected agencies, deems appropriate to govern administrative offsets by the Department of the Treasury and other executive departments and agencies that disburse Federal payments.

(2) The Secretary may enter into reciprocal agreements with States concerning the collection by the Secretary of delinquent child support debts through administrative offsets.

(b) The Secretary of Health and Human Services shall, within 120 days of the date of this order, implement procedures necessary to report to the Secretary of the Treasury information on past-due child support claims referred by States (including claims enforced by States pursuant to cooperative agreements with or by Indian tribal governments) to the Department of Health and Human Services.

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(c) The head of each executive department and agency that certifies payments to the Secretary or to another disbursing official shall review each class of payments that the department or agency certifies to determine if any such class should be exempt from offset and, if any class is so identified, submit to the Secretary a request for such an exemption together with the reasons therefor. With respect to classes of payments under means-tested programs existing on the date of this order, such submission shall be made within 30 days of the date of this order. With respect to classes of payments other than payments under means-tested programs existing on the date of this order, such submissions shall be made within 30 days of the date the Secretary establishes standards pursuant to section 3716(c)(3) of title 31, United States Code. With respect to a class of payments established after the date of this order, such submissions shall be made not later than 30 days after such class is established.

(d) The head of each executive department and agency that certifies payments to the Secretary shall promptly implement any rule, regulation, or procedure issued by the Secretary pursuant to this section.

(e) The head of each executive department and agency that is authorized by law to disburse payments shall promptly implement any rule, regulation, or procedure issued by the Secretary pursuant to this section and shall:

(1) match, consistent with computer privacy matching laws, the payment certification records of such department or agency with records of persons delinquent in **child support** payments as directed by the Secretary; and

(2) conduct administrative offsets to collect delinquent **child support** payments.

(f) The Secretary shall, to the extent permitted by law, share with the Secretary of Health and Human Services any information contained in payment certification records of persons who are delinquent in **child support** obligations that would assist in the collection of such debts, whether or not an administrative offset is conducted.

Sec. 2. Denial of Federal Assistance. (a) The Secretary shall, to the extent permitted by law, ensure that information concerning individuals whose payments are subject to administrative offset because of delinquent **child support** obligations is made available to the head of each executive department and agency that provides Federal financial assistance to individuals.

(b) In conformance with section 2(e) of this order, the head of each executive department and agency shall, with respect to any individuals whose payments are subject to administrative offset because of a delinquent **child support** obligation, promptly implement procedures to deny Federal financial assistance to such individuals.

(c) The Attorney General, in consultation with the Secretary of Health and Human Services and other affected agencies, shall promptly issue guidelines for departments and agencies concerning minimum due-process standards to be included in the procedures required by subsection (b) of this section.

(d) For purposes of this section, Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee, or loan insurance.

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(e) (1) A class of Federal financial assistance shall not be subject to denial if the head of the concerned department or agency determines:

(A) in consultation with the Attorney General and the Secretary of Health and Human Services, that such action:

- (i) is not permitted by law; or
- (ii) would likely result in valid legal claims

for damages against the United States;

(B) that such action would be inconsistent with the best interests of the **child** or children with respect to

whom a **child support** obligation is owed; or

(C) that such action should be waived.

(2) The head of each executive department and agency shall provide written notification to the Secretary upon determining that the denial of a class of Federal financial assistance is not permitted by law or should be waived.

(f) The head of each executive department and agency shall:

(1) review all laws under the jurisdiction of the department or agency that do not permit the denial of Federal financial assistance to individuals and whose payments are subject to administrative offset because of a delinquent **child support** obligation and, where appropriate, transmit to the Director of the Office of Management and Budget recommendations for statutory changes; and

(2) to the extent practicable, review all rules, regulations, and procedures implementing laws under the jurisdiction of the department or agency governing the provision of any Federal financial assistance to individuals and, where appropriate, conform such rules, regulations, and procedures to the provisions of this order and the rules, regulations, and procedures issued by the Secretary pursuant to section 1 of this order.

Sec. 3. Reports. (a) The head of each executive department and agency shall provide to the Secretary such information as the Secretary may request concerning the implementation of this order, the provisions of the Debt Collection Improvement Act of 1996 applicable to delinquent **child support** obligations, and the rules, regulations, and procedures issued by the Secretary pursuant to section 1 of this order.

(b) The Secretary shall report annually to the President concerning the implementation by departments and agencies of this order and the provisions of the Debt Collection Improvement Act of 1996 applicable to delinquent **child support** obligations.

Sec. 4. Judicial Review. This order does not create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

William J. Clinton

The White House,

September 28, 1996.

###

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**GRANTEES AND PROVIDERS  
DELINQUENT IN CHILD SUPPORT**



**JUNE GIBBS BROWN**  
Inspector General

**AUGUST 1997**  
**OEI-07-95-00390**

# EXECUTIVE SUMMARY

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## PURPOSE

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## BACKGROUND

The President signed an executive order on September 28, 1996 requiring government agencies to offset Federal payments to those who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Even before the Executive Order was issued, the Small Business Administration required certification by all principal borrowers that they are not in arrears in child support payments by more than 60 days. If any such arrears are not paid within six months, they will not be eligible for the loan.

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments from them, we matched records of physicians who receive Medicare payments and other health care providers and individual Departmental grantees with the Office of Child Support Enforcement's Tax Intercept File. This file is used to intercept Federal income tax refunds due to delinquent non-custodial parents and apply them towards their child support obligations. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH).

## FINDINGS

### **Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears**

We found that 1,184 Medicare physicians, NHSC medical care providers, and NIH principal research investigators were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. Of these, 1,105 were Medicare physicians. These are records of individuals who owed past due child support on behalf of at least 1,286 children.

**The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

## **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations.**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

## **Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may simply not be filing claims for Medicare. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. Other limits stem from administrative requirements imposed by the Computer Matching Privacy and Protection Act of 1988 and problems with missing or inaccurate Social Security numbers.

## **RECOMMENDATIONS**

The Administration for Children and Families (ACF) should work with the Health Care Financing Administration, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

### **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

### **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

## Status Check of Program Applicants

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## AGENCY COMMENTS AND OIG RESPONSE

### Office of Child Support Enforcement

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

### Health Care Financing Administration

HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.
- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

#### **Health Resources and Services Administration**

The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

#### **National Institutes of Health**

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct

payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.

MINIMUM DUE PROCESS GUIDELINES:  
DENIAL OF FEDERAL FINANCIAL ASSISTANCE  
PURSUANT TO EXECUTIVE ORDER 13,019

The following minimum due process guidelines are issued by the Attorney General, in consultation with the Secretary of Health and Human Services and the Secretary of the Treasury, and are to be included in the procedures or regulations promulgated by Executive departments and agencies for the denial of federal financial assistance pursuant to Executive Order No. 13,019, 61 Fed. Reg. 51,763 (1996). Existing procedures or regulations may be utilized so long as they comport with these minimum due process guidelines.

Section 1. Purpose.

Executive Order 13,019 provides that Executive departments and agencies shall deny federal financial assistance to any person whose delinquent child support obligations are subject to collection by administrative offset. A person who is determined by a state to have delinquent child support obligations subject to collection by offset shall be denied such assistance pursuant to agency procedures or regulations which comport with these minimum due process guidelines.

Section 2. Definitions.

(a) Agency. Any Executive department, military department or defense agency or other agency of the Executive Branch that provides federal financial assistance as defined in these guidelines.

- (b) Delinquent child support obligations. The amount of support determined under a court order, or an order of an administrative procedure established under state law, for the support and maintenance of a child, or of a child and parent with whom the child is living, which has not been paid.
- (c) Delinquent child support obligations subject to collection by administrative offset. A "delinquent child support obligation" that has been submitted to the Department of the Treasury for collection by offset pursuant to the provisions of 31 U.S.C. § 3716(h) and 31 C.F.R. § 285.1. Before a delinquent child support obligation is submitted, the person owing the obligation is notified, pursuant to 31 C.F.R. § 285.1(h), of the amount owed and the state's intention to submit the obligation for collection by administrative offset. The person is notified of his or her right to an administrative review by the state referring the obligation or, upon the request of the person, by the state with the order upon which the referral was based, of the state's determination that delinquent child support is owed, the amount of such support, as well as any other rights available under state law.

(d) Denying official. An official authorized to deny federal financial assistance as defined in these guidelines. The denying official is either:

- (1) The agency head, or
- (2) An official designated by the agency head.

(e) Federal financial assistance. Federal financial assistance means any federal loan (other than a disaster loan), loan guarantee, or loan insurance.

(f) Notice. A written communication served in person or sent by mail to the last known address of a person, his/her identified counsel, or his/her agent for service of process. Notice shall be considered to have been received by the addressee five days after being properly sent to the last address known by the agency.

(g) Person. An individual who has been ordered to make child support payments.

(h) Respondent. A person who has applied for federal financial assistance or is currently receiving such assistance and who has received a notice of proposed denial of such assistance.

(i) State. Any of the states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency of a state.

Section 3. Coverage.

These guidelines apply to all persons who apply for federal financial assistance or who are currently recipients of federal financial assistance.

Section 4. Policy.

(a) In order to protect the public interest, it is the policy of the Federal Government to deny federal financial assistance to those persons whose delinquent child support obligations are subject to collection by administrative offset.

(b) Denial of federal financial assistance is a serious action which shall be used only in the public interest. Agencies will impose a denial of federal financial assistance for the causes and in accordance with the procedures set forth in these guidelines.

(c) When more than one agency has an interest in the proposed denial of federal financial assistance to a person, consideration shall be given to designating one agency as the lead agency for making the decision. Agencies are encouraged to establish methods and procedures for coordinating their denial actions.

(d) Nothing in these guidelines is intended to imply that a Federal agency has any authority to determine whether a person owes a delinquent child support obligation or the amount of such obligation.

Section 5. Denial of federal financial assistance.

Except as set forth in Section Six, a person whose delinquent child support obligations are subject to collection by

administrative offset shall be denied federal financial assistance so long as his/her obligations are subject to collection by offset.

Section 6. Exceptions.

(a) A person whose delinquent child support obligations are subject to collection by administrative offset will not be denied federal financial assistance when such person falls within a class of persons eligible to receive federal financial assistance where it has been determined by the agency head that denial of federal financial assistance to persons in such a class:

- (1) is not permitted by law; or
- (2) would likely result in valid legal claims for damages against the United States; or
- (3) would be inconsistent with the best interests of the child or children with respect to whom a child support obligation is owed; or
- (4) should be waived.

(b) Upon making a determination as set forth in subsection (a), the head of each agency shall provide written notification of his/her determination to the Secretary of the Treasury.

Section 7. Continuation of existing federal financial assistance.

(a) An agency must continue federal financial assistance extended to a person prior to notification that the person has delinquent child support obligations subject to collection by administrative offset where discontinuance or termination of the

federal financial assistance would likely result in valid legal claims for damages against the United States.

(b) An agency shall not renew or extend federal financial assistance to a person (where such failure to renew or extend would not likely result in valid legal claims for damages against the United States) once the agency has been notified that the person has delinquent child support obligations subject to collection by administrative offset.

Section 8. Denial of federal financial assistance.

The denying official may deny federal financial assistance to a person for the causes set forth in Section Nine, using the procedures set forth in Sections Ten to Twelve.

Section 9. Causes for denial of federal financial assistance.

Federal financial assistance must be denied to a person when:

(a) The agency has obtained from the Secretary of the Treasury, or other authorized source, information that the person has delinquent child support obligations and that these obligations are subject to collection by administrative offset; and

(b) The person does not fall into a class of persons which has been excepted from denial of federal financial assistance as set forth in Section Six.

Section 10. Notice of proposed denial of federal financial assistance.

The denying official shall initiate a denial of federal financial assistance by written notice to the person who has applied for such assistance or who is presently receiving such assistance (hereafter the "respondent"). The notice shall include the following statements or information:

(a) The agency has been informed that the respondent has delinquent child support obligations and that these obligations are subject to collection by administrative offset;

(b) Pursuant to Executive Order 13,019 and other applicable law, the person's application for federal financial assistance must be denied, or that, if the respondent is presently receiving such federal financial assistance, such assistance will not be renewed or extended.

(c) An explanation of the person's opportunity to contest the proposed denial as described in Section Eleven.

Section 11. Opportunity to contest proposed denial.

(a) Within 30 days, or such greater time as permitted by the head of the agency, after receipt of the notice of proposed denial of federal financial assistance, the respondent may submit to the denying official, in person, in writing, or through a representative, information and argument in opposition to the proposed denial.

(b) The respondent shall be afforded an opportunity for a proceeding where the respondent's information and opposition to the proposed denial is reviewed. This review may consist of a "paper" review of the record or may involve an oral hearing. In

determining whether to grant an oral hearing, the agency may consider whether: 1) agency statutes or regulations require an oral hearing; 2) issues of credibility or veracity are involved; 3) other factors make an oral hearing necessary for a complete review of the issues. Unless otherwise required by law, an oral hearing is not required to be a formal evidentiary-type hearing, although the agency should carefully document all significant matters discussed at the hearing.

(c) The sole purpose of such a proceeding, whether "paper" or "oral," shall be to determine:

- (1) Whether the respondent has a delinquent child support obligation subject to collection by administrative offset; and
- (2) If so, whether the respondent belongs to a class of persons excepted from denial of federal financial assistance pursuant to Section Six.

(d) The respondent shall not request a determination by the agency whether the respondent owes a delinquent child support obligation or the amount of such obligation.

Section 12. Denying official's decision.

(a) The denying official shall make a decision on the basis of all the information in the administrative record, including any submission made by the respondent. The decision shall be made within 45 days after receipt of any information and argument submitted by the respondent, unless the denying official extends this period for good cause.

(b) If the denying official decides to deny federal financial assistance to the respondent, the denying official shall give the respondent prompt notice:

- (1) referring to the notice of proposed denial; and
- (2) specifying the reason for denial;

(c) If the denying official decides not to deny federal financial assistance to the respondent, the denying official shall give the respondent prompt notice of that decision. A decision not to deny federal financial assistance shall be without prejudice to a subsequent denial of federal financial assistance by any other agency.

Section 13. Reversal of denial decision.

(a) The respondent may request that the denying official reverse the denial decision. Such a request shall be in writing and supported by documentation. The denying official may grant such a request for the following reasons:

(1) Information received by the agency from the Secretary of the Treasury or other authorized source that the respondent has no child support obligations subject to collection by administrative offset.

(2) Information that the agency head has excepted the class of federal financial assistance recipients to which respondent belongs from the operation of the Executive Order pursuant to Section Six.

Section 14. No private rights created.

These guidelines do not create any right or benefit, substantive or procedural, enforceable at law or in equity by a party against the United States, its agencies, its officers, or any other person, nor shall the failure of an agency to comply with any of these guidelines, or regulations implementing these guidelines, be available to any debtor as a defense.

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JANET RENO  
ATTORNEY GENERAL

THE WHITE HOUSE  
WASHINGTON

September 25, 1997

MEMORANDUM TO INVITED PARTIES

FROM: Cynthia Rice  
Special Assistant to the President for Domestic Policy

SUBJECT: September 29th Child Support Enforcement Meeting

I am holding a meeting on September 29th to review:

1. Implementation of Executive Order 13019 regarding collection of past due child support by administrative offset of federal payments (see attached); and
2. Recommendations made by the HHS Inspector General in the August 1997 report, *Grantees and Providers Delinquent in Child Support* (see attached executive summary).

The meeting will be held on Monday, September 29th from 4:30 - 6:00 in room 476 of the Old Executive Office Building at 17th and Pennsylvania Avenue NW.

As you know, security procedures require that we have the name, date of birth, Social Security number, and citizenship status of all individuals entering the OEOB. Please call Inimai Chettiar of the Domestic Policy Council at 202/456-5523 by 5:00pm on Friday to provide this information for all those who will be attending from your agency. Individuals must bring photo identification to enter the OEOB.

If you would like to discuss these issues prior to Monday's meeting, please call me at 202/456-2846. Thank you.

## DEPARTMENT OF LABOR

- **Hearst Publications Luncheon:** On January 20, Secretary Herman will be honored at the Hearst Publications Luncheon in New York, NY. She will discuss her goals and priorities with approximately thirty editors, reporters, and columnists from various Hearst publications, including Ellen Levine, Jane Bryant-Quinn, Sherry Rollins and Paula Zahn.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Health Education Assistance Loans (HEAL):** On January 20, HRSA will release the names of 1,402 doctors who are being disqualified for Medicare payment because they have repeatedly ignored collection efforts on long past due HEAL loans. On January 21, their names will also be published in the *Federal Register*.
- **United Seniors Association v. Shalala:** On December 30, United Seniors Association, Inc., and four Medicare beneficiaries filed a lawsuit in the U.S. District Court for D.C. challenging the constitutionality of the section of the Balanced Budget Act of 1997 that allows a physician or other practitioner to contract privately with a Medicare beneficiary for the furnishing of otherwise Medicare-covered items or services. Plaintiffs allege that the section violates their right to privacy because it eliminated Medicare beneficiaries' free choice of providers, method of payment, and form of health care services. The government contends that the law expands the provider, payment, and health care choices available to beneficiaries since private agreements previously had no validity.
- **Medical Device Reform:** By January 20, FDA intends to publish three documents in the *Federal Register* on medical device reform pursuant to the FDA Modernization Act of 1997 (FDAMA). One notice will set forth a list of low-risk devices that will be exempted, with certain limitations, from FDA's pre-market notification requirements. A second notice will provide a list of medium-risk devices that will be exempted. The third will announce guidance on implementation of the highest priority provisions of FDAMA.
- **TN Title XXI Proposal:** On Dec. 31, TN submitted a Title XXI proposal that would provide expanded benefits under the State's Medicaid Title XIX Plan. Services would be provided through the current mandatory managed care delivery system for the Title XIX program, which operates as a demonstration entitled TennCare under Section 1115. The current benefit package under the demonstration would be provided. It is more generous than the usual Medicaid package in that most service limits have been removed. Cost sharing is proposed in the form of premiums, deductibles, and copayments on a sliding scale based on income.
- **HIV Protein Target:** The January 16 issue of *Science* has an article about the discovery of new molecular details about an HIV protein that may provide the basis for a new class of highly specific anti-AIDS drugs. The protein, which is bound to the virus' genetic

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Child Support Meeting Invitees (partial) (2 pages)	07/26/97	P6/b(6), b(6)

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

### COLLECTION:

Clinton Presidential Records  
Domestic Policy Council  
Cynthia Rice (Subject Files)  
OA/Box Number: 15429

### FOLDER TITLE:

Child Support-HHS/IG Report 9/97

rx31

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

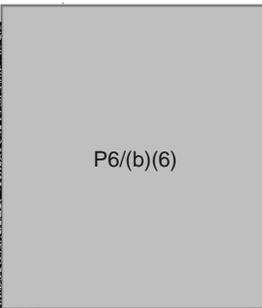
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.



Treasury Diane Dogan Hilliard

P6/B6



Alberta Petty  
-0560

will give Monday

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Treasury	Donald Hammond	622-0550	622-0962		P6(b)(6)	Y
Treasury	James Mills		P6/B6			Y
Treasury	Virginia Harter		P6/B6			
NIH	Dr. Wendy Baldwin (Deputy Director for Extramural Research)	301- 496-1096	301- 402-3469	NOT ATTENDING	SENDING DIANA JAGER	
NIH	Diana Jaeger (Director for Division of Grants Policy)	301- 435-0932	P6/B6		P6(b)(6)	Y
	INTERNAL:					
DPC-WH	Sarah Bianchi	6-5585				
NEC-WH	Emil Parker	6-2809	6-2223			
OMB	Keith Fontenot	5-7757	5-4875			
OMB	Edwin Lau	5-4689	5-4875			

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\*\* Canal Room

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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. list	WAVES request form (partial) (1 page)	09/29/97	P6/b(6), b(6)

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

### COLLECTION:

Clinton Presidential Records  
Domestic Policy Council  
Cynthia Rice (Subject Files)  
OA/Box Number: 15429

### FOLDER TITLE:

Child Support-HHS/IG Report 9/97

rx31

### RESTRICTION CODES

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Freedom of Information Act - [5 U.S.C. 552(b)]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

**Requestor Information**

Requestor Name Rice, Cynthia  
 Requestor Phone 4562846  
 Requestor Pass WHS

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 a:\cynthia\cseig.wav

**Appointment Information**

Appointment With Rice, Cynthia  
 Appointment Date 09/29/97  
 Appointment Room <- Lookup Room Number  
 Appointment Building

Other Information (click here for WAVES appointment number (U #))

UNumber  
 Comments

Monday  
 4:30  
 PM 476

**Visitor Information** (Use Tab key to advance between fields)

P6/136

Time	Last Name	First Name	Date of Birth	SSN (###-##-####)	U.S. Citizen	Country Of Origin
04:30:00 PM	ROSS	DAVID	P6(b)(6)		Y	US
04:30:00 PM	HARRIS	ROBERT			Y	US
04:30:00 PM	KEITH	ROBERT			Y	US
04:30:00 PM	GRABEL	LINDA			Y	US
04:30:00 PM	CLARK	PAUL			Y	US
04:30:00 PM	HAMMOND	DONALD			Y	US
04:30:00 PM	MILLS	JAMES			Y	US
04:30:00 PM	JAEGER	DIANA			Y	US
04:30:00 PM	MONAHAN	JOHN		Y	US	

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Robert C. Harris

## FAX DISTRIBUTION LIST

From: Cynthia Rice  
Special Assistant to the President for Domestic Policy  
Re: September 29th Child Support Enforcement Meeting  
Pages: 11 (including cover)  
To:

AGENCY	NAME	FAX
HHS ACF	Shannon Rudifill (for John Monahan)	401-4678
HHS Public Health Service	James Gearing	301-443-6830
HCFA	Kathy King	690-6262
Treasury	Don Hammond	622-0962
NIH	Dr. Wendy Baldwin	301-402-3469
DPC-WH	Sarah Bianchi	
NEC-WH	Emil Parker	6-2223
OMB	Keith Fontenot	5-4875
OMB	Edwin Lau	5-4875

NOTE: If you have problems with this fax please call Inimai at 456-5523.

THE WHITE HOUSE  
WASHINGTON

September 25, 1997

MEMORANDUM TO INVITED PARTIES

FROM: Cynthia Rice  
Special Assistant to the President for Domestic Policy

SUBJECT: September 29th Child Support Enforcement Meeting

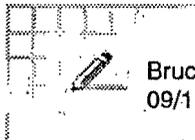
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Bruce N. Reed  
09/11/97 11:22:42 AM

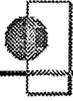
Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: Re: AP Story -- Docs owe child support get \$ from Medicare

excellent idea. suggest it to chris



Cynthia A. Rice

09/09/97 06:04:15 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Cathy R. Mays/OPD/EOP, Laura Emmett/WHO/EOP  
Subject: AP Story -- Docs owe child support get \$ from Medicare

**The HHS IG has found that despite the President's executive order making the federal government a model employer regarding child support, that HHS paid Medicare payments to doctors owing \$21.5 million in child support payments. I'm getting the executive summary.**

**One recommendation -- something we could tie to Medicare fraud package?? -- is for doctors to sign statements swearing they aren't delinquent in child support before they can receive Medicare payments or grants. That may require new legislation punishing doctors if they lied. Three out of every thousand doctors in the sample were in arrears in paying child support.**

Date: 09/09/97 Time: 16:03

CFederal agencies not checking up on doctors' child support

WASHINGTON (AP) The federal department responsible for enforcing child support laws continues to write checks to nearly 1,200 Medicare doctors and medical researchers who owe \$21.5 million in unpaid child support, an internal report finds.

Officials say it may be more trouble than it's worth to go after so few delinquents. But the report argues that the Department of Health and Human Services should try harder to set a good example.

"It is untenable for this department to pay what amounts to income to individuals who it knows are out of compliance with child support obligations," wrote HHS Inspector General June Gibbs Brown.

In 1995, President Clinton made the same argument as he ordered a crackdown designed to make the federal government "a model employer" regarding child support.

"We will find you. We will catch you. We will make you pay," Clinton warned then, as he signed an executive order requiring agencies to withhold past-due child support from payments to federal employees and contractors.

But that order, signed in February 1995, has not been uniformly enforced, said Michael Khafen, spokesman for the HHS agency that handles child support. Some agencies have been more willing than others to garnishee wages and payments, he said.

HHS Secretary Donna Shalala, who supervises all of the agencies involved, could not be reached for comment Tuesday.

Nationwide, parents owe \$34.5 billion in overdue child support.

Just 20 percent of families who are owed child support receive payments.

The inspector general's report focused on a set of doctors and found 1,184 deadbeats who owed \$21.5 million. That was less than 1 percent of the 422,643 cases examined.

Using databases, the report matched child support delinquents with doctors who treat Medicare patients, researchers with grants from the National Institutes of Health and health care professionals who received loans or grants for school through the National Health Service Corps.

Most of the delinquent parents 1,105 of them were doctors serving in the Medicare program for the nation's elderly.

But the inspector general was only able to examine the records of 55 percent of Medicare doctors, so the actual number who owe child support could be much higher.

The report recommends that HHS start enforcing Clinton's executive order, saying it can start by doing the same computer matches that investigators did.

Beyond that, it suggests that agencies require doctors to sign statements swearing they aren't delinquent in child support before they can receive Medicare payments or grants. That would require new legislation punishing doctors if they lied.

Finally, it recommends that HHS cross-check applicants for federal money with a new database of all delinquents that is being created. The department should then deny payments to those not paying child support, it said.

A spokesman for the HHS agency that administers Medicare, Chris Peacock, said the agency "absolutely believes that doctors who are delinquent in child support payments shouldn't be getting Medicare money."

Peacock said Medicare is working to find a solution. But in written comments, the agency objected to every suggestion by the inspector general.

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But \$21.5 million means a lot to the families who have it coming, said Debbie Kline of the Association for the Enforcement of Child Support.

"There isn't really an amount that is too small to overlook," she said. "The federal government should not be paying money to

criminals who are neglecting their children."  
APNP-09-09-97 1604EDT

Message Sent To:

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Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
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**FACSIMILE TRANSMISSION**

**ADMINISTRATION FOR CHILDREN AND FAMILIES  
OFFICE OF THE DEPUTY ASSISTANT SECRETARY  
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**DATE:** 9/9  
**TO:**  
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**Number of Pages (excluding cover):** 8

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**FROM:**

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**MESSAGE:**

Re: The I & O Report we talked  
about

To: David G Ross@OCSE.OD, John Monahan@OAS, Olivia Golden@OAS  
Cc: David H Siegel@OCSE.DCS, Robert C Harris@OCSE.OD  
Bcc:  
From: Michael Kharfen@OPA@ACF.WDC  
Subject: AP story on OIG report  
Date: Tuesday, September 9, 1997 16:57:49 EDT  
Attach:  
Certify: N  
Priority: Normal  
Defer until:  
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Forwarded by:

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Below are the AP wire stories on the OIG report. Please note that I told the reporter that the agencies HAD not uniformly enforced child support orders PRIOR to the President's Executive Order.

Child Support-Glance, 210  
With AM-Child Support, Bjt

Details of a report by the inspector general for the Department of Health and Human Services into child support delinquency by certain medical professionals:

In Medicare, the report examined 391,148 doctors. Another 317,682 Medicare doctors were not included because they did not have Social Security numbers in their files and could not be matched electronically with child support data.

At the National Institutes of Health, the report examined 26,593 researchers who were involved in nearly 40,000 grants.

Inspectors also looked at 4,902 people who were given loans or scholarships for school through the National Health Service Corp.

Absent parents studied were better off economically than those in the general population who owe child support. Still, they owed more than twice as much per child, on average.

Of the 1,184 people who owed child support, 108 owed more than \$45,000.

In Medicare, some of the doctors were paid significantly more by the government than they owed to their children. But others filed no Medicare claims during 1995, the year that was studied, or were paid less than what they owed.

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Child Support, Bjt, 740  
Federal agencies not checking up on doctors' child support

WASHINGTON (AP) The federal department responsible for enforcing child support laws continues to write checks to nearly 1,200 Medicare doctors and medical researchers who owe \$21.5 million in unpaid child support, an internal report finds.

Officials say it may be more trouble than it's worth to go after so few delinquents. But the report argues that the Department of Health and Human Services should try harder to set a good example.

"It is untenable for this department to pay what amounts to income to individuals who it knows are out of compliance with child support obligations," wrote HHS Inspector General June Gibbs Brown.

In 1995, President Clinton made the same argument as he ordered a crackdown designed to make the federal government "a model employer" regarding child support.

"We will find you. We will catch you. We will make you pay," Clinton warned then, as he signed an executive order requiring agencies to withhold past-due child support from payments to federal employees and contractors.

But that order, signed in February 1995, has not been uniformly enforced, said Michael Kharfen, spokesman for the HHS agency that handles child support. Some agencies have been more willing than others to garnishee wages and payments, he said.

HHS Secretary Donna Shalala, who supervises all of the agencies involved, could not be reached for comment Tuesday.

Nationwide, parents owe \$34.5 billion in overdue child support. Just 20 percent of families who are owed child support receive payments.

The inspector general's report focused on a set of doctors and found 1,184 deadbeats who owed \$21.5 million. That was less than 1 percent of the 422,643 cases examined.

Using databases, the report matched child support delinquents with doctors who treat Medicare patients, researchers with grants from the National Institutes of Health and health care professionals who received loans or grants for school through the National Health Service Corps.

Most of the delinquent parents 1,105 of them were doctors serving in the Medicare program for the nation's elderly.

But the inspector general was only able to examine the records of 55 percent of Medicare doctors, so the actual number who owe child support could be much higher.

The report recommends that HHS start enforcing Clinton's executive order, saying it can start by doing the same computer matches that investigators did.

Beyond that, it suggests that agencies require doctors to sign statements swearing they aren't delinquent in child support before they can receive Medicare payments or grants. That would require new legislation punishing doctors if they lied.

Finally, it recommends that HHS cross-check applicants for federal money with a new database of all delinquents that is being created. The department should then deny payments to those not paying child support, it said.

A spokesman for the HHS agency that administers Medicare, Chris Peacock, said the agency "absolutely believes that doctors who are delinquent in child support payments shouldn't be getting Medicare money."

Peacock said Medicare is working to find a solution. But in written comments, the agency objected to every suggestion by the inspector general.

It argued that a doctor caught through a computer match could simply reapply as a corporation and that even if a new computer system worked it would "disrupt patient service" if doctors were kicked out of the program.

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denying grants to a few researchers when 99.72 percent owe no child support.

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But \$21.5 million means a lot to the families who have it coming, said Debbie Kline of the Association for the Enforcement of Child Support.

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# EXECUTIVE SUMMARY

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## PURPOSE

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## BACKGROUND

The President signed an executive order on September 28, 1996 requiring government agencies to offset Federal payments to those who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Even before the Executive Order was issued, the Small Business Administration required certification by all principal borrowers that they are not in arrears in child support payments by more than 60 days. If any such arrears are not paid within six months, they will not be eligible for the loan.

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments from them, we matched records of physicians who receive Medicare payments and other health care providers and individual Departmental grantees with the Office of Child Support Enforcement's Tax Intercept File. This file is used to intercept Federal income tax refunds due to delinquent non-custodial parents and apply them towards their child support obligations. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH).

## FINDINGS

### Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears

We found that 1,184 Medicare physicians, NHSC medical care providers, and NIH principal research investigators were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. Of these, 1,105 were Medicare physicians. These are records of individuals who owed past due child support on behalf of at least 1,286 children.

**The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

### **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations.**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

### **Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may simply not be filing claims for Medicare. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. Other limits stem from administrative requirements imposed by the Computer Matching Privacy and Protection Act of 1988 and problems with missing or inaccurate Social Security numbers.

## **RECOMMENDATIONS**

The Administration for Children and Families (ACF) should work with the Health Care Financing Administration, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

### **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

### **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

## Status Check of Program Applicants

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## AGENCY COMMENTS AND OIG RESPONSE

### Office of Child Support Enforcement

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

### Health Care Financing Administration

HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.
- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

#### **Health Resources and Services Administration**

The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

#### **National Institutes of Health**

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct

payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.