



*Advocacy & Benefits Counseling for Health, Inc.
Serving Wisconsin Families Since 1994*

Milwaukee County Must Eliminate Birth Cost Recovery, aka The Birth Tax

Eliminate the Birth Tax. ABC for Health, Inc. supports the Milwaukee County Board resolution to discontinue the discretionary practice of pursuing birth cost recovery collections in county child support cases. Dane County and most other states in the nation have rejected this practice we call “the Birth Tax,” concluding that it is not in the best interest of infants, parents, and families. Wisconsin is among a small handful of states that continues this policy, and is the most aggressive in collecting from low income families. Importantly, Governor Evers’ 2019-2021 budget proposal called for the elimination of birth cost recovery, statewide. Unfortunately, the Joint Finance Committee removed this proposal from the budget, leaving the birth tax intact in its current state, and at county discretion.

1. **Birth Cost Recovery is NOT Child Support.** Birth Cost Recovery is NOT child support; **none** of the recovered dollars go to support the low income child, mother, or family. The policy does not support children; rather it supports child support offices. The Birth Tax is a collections process directed by the State of Wisconsin and implemented by County Child Support Agencies that aggressively pursues the recovery of Medicaid-supported birthing costs from unmarried fathers.
2. **Disparity Populations in Milwaukee Endures the Brunt of the Problem.** The Birth Tax disproportionately affects low income black and other minority families and could contribute to infant mortality and morbidity.
 - a. **Race Disparities.** The policy only applies if a pregnant woman is enrolled in Badgercare Plus/Medicaid and is not married to the child’s father. In Milwaukee County, 78% of all Medicaid covered births in 2015 were to unmarried mothers. Whereas only 22% of births to white mothers were covered by Medicaid, the rate jumps to 74% and 77%, respectively, for births to Hispanic and African-American mothers. This policy is harming Milwaukee County’s works to address systemic racism, reduce black infant mortality, and lift families out of poverty.
 - b. **Prenatal Care Deterrence.** Our research identifies that Medicaid birth cost recovery may cause mothers to forego prenatal care, discourages voluntary establishment of paternity, and reimburses the State at the expense of additional support that might go to the child.
 - c. **Infant Mortality.** Medicaid birth cost recovery policies may contribute to Wisconsin having the nation’s highest infant mortality rates for African-American babies and the nation’s largest gap in mortality rates between white and black infants. That association has been acknowledged by the public health departments for Madison and Dane County. In fact, the Milwaukee Health Department has explicitly recommended the repeal of Medicaid birth cost recovery as a strategy to improve birth outcomes. (Milwaukee Health Dept., City of Milwaukee 2015 Infant Mortality Rate (IMR): Data Brief 4, (June 14, 2016) and 2016 Infant Mortality Rate (IMR): Data Brief 4 (May 22, 2017).)
3. **Dane County has eliminated birth cost recovery collections.** Effective January 1, 2020, Dane County no longer collects birth costs from families whose birth was funded by Medicaid. In his 2020 budget message, County Executive Parisi said that “the racial disparities in Birth Cost Recovery are stark....Too often, institutional barriers to success go unaddressed, and those barriers usually disproportionately impact people living in poverty and people of color....One of those barriers is the



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Birth Cost Recovery (BCR) system. BCR by definition impacts poor people, families, and children by taking money out of the pockets of people who can least afford it. It can serve as a disincentive to receive needed healthcare benefits and creates additional stress and tension in already stressful situations. Eliminating BCR is the right thing to do for families, and I hope others in the state will follow our lead.”

4. **Equal Protection Violations?** ABC for Health is in discussions with attorneys at the ACLU in Wisconsin and nationally to review equal protection guarantees that the birth cost recovery practice could violate.
5. **CMS Recoupment?** CMS may seek recoupment on funds inappropriately collected by the state as enhanced matching, in light of the guidance shared in response to Michigan’s inquiry.

More information on the Birth Tax is available at

<https://safetyweb.org/healthwatchwi/Birth%20Cost%20Recovery.html>