

# The Birth Tax

## An Overview



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## What is the Birth Tax?

Birth Cost Recovery or "the Birth Tax" is a medical collections process coordinated by state agencies and carried out on the county level to recover birth expenses. A portion of the cost of birth and delivery is collected by the county from the non-birthing parent (often the father) if: 1) The birth was covered by Medicaid; and 2) The couple is unmarried.



## The Birth Tax is NOT Child Support

Child support agencies are the designated collectors of the Birth Tax. However, **the birth tax is not child support** and none of the collections go to the mother or child. Nearly all states have abolished the birth tax based on the inequities created by this collections process. However, some states, such as Wisconsin, continue to collect and enforce the birth tax on the county-level.

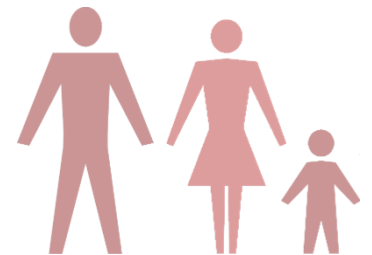
## How Does the Birth Tax Work?

Counties use different methods to calculate how much a non-birthing parent is required to pay, usually based on income or regional average birth costs. The non-birthing parent may not have to pay the birth tax if the couple already had a child together or the couple informed the Medicaid agency that the father was living in the home prior to the birth and their income was included when applying for benefits.



## What if You Do Not Comply?

The birth tax creates a "catch-22" for pregnant people enrolled in Medicaid. Birthing parents are forced to cooperate with child support agencies by identifying the paternity of their baby so that a collections action can be initiated against the other parent. A birthing parent's failure to cooperate may result in the loss of their Medicaid coverage despite being otherwise eligible for benefits.



## What Problems Does the Birth Tax Create?

The birth tax creates dangerous and unnecessary stress for pregnant people that may lead to poor birth outcomes and infant mortality. Additionally, the birth tax deters pregnant people from seeking prenatal care, discourages non-birthing parents from playing an important supportive role in their child's life, and deters compliance with child support orders. All of the problems disproportionately impact families of color.



## What is Good Cause?

In counties that collect the birth tax, birthing parents may be required to disclose the identity of their child's other parent so that child support agencies can initiate collections. Failure to comply with these requests may result in sanctions including a loss of Medicaid coverage for the birthing parent. However, filing out and proving a "Good Cause" claim **exempts birthing parents from the cooperation requirement** and prevents sanctions.



## How Do You Prove Good Cause?

Good cause can be shown if one of the following four is proven:

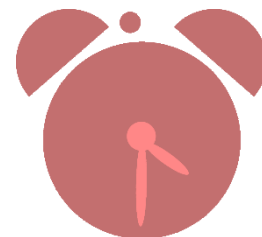
- (1) Cooperation could result in physical and/or emotional harm to you or your child
- (2) Cooperation makes it difficult to escape domestic abuse or risk of abuse
- (3) Your child was born as a result of incest or sexual assault
- (4) A petition for adoption of your child is filed or you are working with an agency that is helping you decide if you will place your child up for adoption

## How Do You Submit a Good Cause Claim?

To submit a good cause claim:

1. Tell your income maintenance worker that you have a "good cause reason" for not identifying the paternity of the child.
2. Ask for a Good Cause Claim form to fill out: <https://dcf.wisconsin.gov/files/forms/doc/2019.docx>
3. Forms may need to be signed or notarized in the presence of the income maintenance worker.

Once a claim is filed, the child support agency must stop any action to establish paternity, and your Medicaid eligibility should not be denied or delayed as long as you cooperate in providing evidence of your good cause claim. Evidence of good cause must be submitted within 20 days of filing the good cause claim. Evidence may include written statements, medical records, law enforcement records, or records indicating steps towards adoption.



The income maintenance agency has 45 days to decide if there is good cause. If good cause is found, the child support agency will be ordered to stop attempting to establish paternity or collect child support. If good cause is not found, there is a 10-day period to request a hearing.