

REASONABLE COST CALCULATOR INSTRUCTIONS

Use the Reasonable Cost Calculator to determine whether enrollment of a child in an employer-sponsored insurance plan is affordable under the reasonable cost definition. Reasonable cost is defined in Idaho Code as a cost to the obligated parent that does not exceed five percent (5%) of his or her gross income (Section 32-1214B).

The Reasonable Cost Calculator is available as a Microsoft Excel document on the Child Support homepage. Save a copy of the calculator onto your personal hard drive to access each time you need to use it. The form is designed to be printed after each use and then "cleared out" to be used again. If you need to save your work, choose "save as" and save the file under another name on your personal hard drive so that you can clear out and re-use the original calculator.

Employers:

You may print a copy of the calculations for your records. If after using this calculator you find that your employee's earnings do not meet the criteria to requires the child's enrollment, please fax or mail a copy of the calculation to Child Support Services.

CALCULATING REASONABLE COST

1. Client Information

Enter the date that the calculation is being done.

Enter the first and last name of the parent who is obligated to provide medical support.

Enter the client number(s) for the child or children on the support order. If there are multiple support orders for the obligated parent, complete separate copies of the calculator for each order.

Enter the number of support orders for the obligated parent and the filing order of the support order being considered. For example, if the obligated parent has two separate child support orders, enter "1 of 2" for the first order, and "2 of 2" for the second order. If there is only one support order, enter "1 of 1".

Enter the name of the employer who is providing the insurance coverage.

2. Income Calculation

Enter average monthly salary if the obligated parent is not paid by the hour. Leave this box empty if the obligated parent is paid hourly wages.

Enter the regular hourly wage, average number of hours worked per week, overtime hourly wage, and average number of overtime hours worked per week if the obligated parent is paid by the hour. Leave the overtime boxes empty if the obligated parent does not work overtime.

3. Medical Insurance Cost

Enter the total cost of providing medical insurance for the children included on the support order being considered. Only include the cost of providing insurance coverage for children for whom medical support is ordered. Do not include the costs of providing coverage for the obligated parent, his or her spouse, or any children that are in the home and are not covered under a medical support order.

When the obligated parent has multiple children on more than one support order, use a separate copy of the calculator for each order. First, determine the cost of covering the children on the NMSN/NMSO that was sent to the employer first. If the first NMSN/NMSO is enforceable under the reasonable cost rule, use another copy of the calculator to determine the cost of covering the children on the NMSN/NMSO sent to the employer next. The cost used in the calculator for the second order is the cost of covering the children in the first order plus the cost of adding the additional children. Under some insurance plans, there will be no additional cost after coverage is provided for one or two children. In this case, the amount entered for the cost of medical insurance will be the same as the amount used in the calculator for the first NMSN/NMSO.

Two lines are provided for notes. Use this section to record information that will help clients, employers or other Child Support workers to understand how the cost of medical insurance coverage was determined.

REASONABLE COST RESULTS

After income and medical insurance cost information have been entered into the calculator, the box labeled "Reasonable Cost Determination" displays the following results:

Gross Monthly Income – equal to average monthly salary or calculated based on weekly wages and hours

Maximum Allowable Cost – calculated as 5% of gross monthly income

Cost of Providing Medical Support – equal to the cost entered in the form

Below these three calculations, a statement of whether the cost to provide medical support exceeds five percent (5%) of gross monthly income is displayed.

Note: The information displayed in this box is derived from formulas built into the Excel worksheet. Do not type anything in the box.

MAXIMUM AMOUNT OF WITHHOLDING

If the cost of providing medical support is less than five percent (5%) of gross monthly income, determine whether the amount of child support withheld plus the cost of providing medical support exceeds fifty percent (50%) of disposable

earnings. Section 32-1210(3), Idaho Code prohibits employers from withholding more than 50% of disposable earnings for payment of child support.

1. Child Support Withholding

Enter the amount of monthly child support that is withheld. Include the total amount withheld for all child support orders.

2. Deductions

Enter the amount withheld for FICA, federal taxes and state taxes. Depending on how often the obligated parent is paid, and/or the documentation you are using to complete the form, enter this information on a monthly, semi-monthly, bi-weekly or weekly basis.

MAXIMUM WITHHOLDING RESULTS

After withholding information has been entered into the calculator, the box labeled "Maximum Amount of Withholding" displays the following results:

Gross Monthly Income – equal to average monthly salary or calculated based on weekly wages and hours

Total Monthly Deductions – calculated as the sum of FICA, federal taxes and state taxes (if entered on a bi-weekly or weekly basis, the data is converted to a monthly amount)

Monthly Disposable Earnings – equal to gross monthly income less total monthly deductions

Maximum Amount of Withholding Allowable – calculated as 50% of monthly disposable earnings

Total Withholding – calculated as the sum of child support withheld and the cost of providing medical support

Below these calculations, a statement of whether the total amount of withholding exceeds fifty percent (50%) of disposable earnings is displayed.

Note: The information displayed in this box is derived from formulas built into the Excel worksheet. Do not type anything in the box.