

Medical Support Coverage Review

1 Determining Reasonable Cost

FC Section 3751 (a) (2): Defines health insurance as reasonable if the cost does not exceed 5% of the obligor’s gross income.

The obligor should provide health insurance cost, income and other expense documentation (i.e., tax returns, paystubs, insurance carrier’s document, insurance quotes... document from employer). The case manager should review the information to determine if cost is reasonable using the 5% standard for child (ren) subject to the support order.

Reasonable Cost Calculation:

- ❖ Determine obligor’s gross monthly income
- ❖ Multiply by 5%
- ❖ Review health insurance document to determine cost to insure obligor (self)
- ❖ Review health insurance documents to determine cost for family coverage
- ❖ The 5% factor is the difference of between self only and family coverage
- ❖ If the cost to add coverage for the child (ren) is greater than 5%, the cost would be considered unreasonable

Sample chart to determine “reasonable”

Obligor’s gross income	\$2000.00
5% of gross monthly income	\$100.00
The cost to insure self only	\$50.00/month
Cost for family coverage	\$250.00
Difference between self only and family coverage	\$200.00
The additional cost exceeds 5% of gross monthly income – cost to add coverage for child (ren) would be considered unreasonable	\$200.00 > \$100.00