

# ABC for Health: Merchants of Debt: Wisconsin counties and the birth tax

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Madison, WI – Wisconsin counties hold \$106 million of medical debt judgments for the birth of a baby over unmarried parents that were enrolled in Medicaid. This finding is shared by ABC for Health, Inc. in a new report titled “Merchants of Debt: Wisconsin Counties & The Birth Tax.”

“The holiday season should be one of joy and happiness for Wisconsin families, not a season rife with worry about medical debt and collections. Yet, merchants of debt, including certain counties, zealously seek payments,” says Brynne McBride, Public Interest Attorney at ABC for Health. For some families, collections are due to an archaic child support policy called birth cost recovery. McBride says, “We call it ‘The Birth Tax.’” McBride explains this is not child support, but rather a medical collections process coordinated by state agencies and run by counties to recover birth expenses for unmarried people on Wisconsin Medicaid. In fact none of the money collected supports the direct care or protection of the child. It is instead put toward federal and county government budgets. “There is a racial disparity in the data as well,” continues McBride. The report highlights: 66% of Medicaid-covered deliveries in Wisconsin in 2020 were to unmarried persons. For white Wisconsinites, 58% of deliveries were to unmarried families. For black Wisconsinites, 88% of Medicaid deliveries were to unmarried families.

Not all counties vigorously pursue unmarried parents, but many in our most racially diverse regions pursue legal judgments against parents ill equipped to fight back. Many county child support agencies, the designated collectors, have aggressively pursued these orders for many years, even during the COVID pandemic. Over several decades, certain counties like Milwaukee and Dane insist the revenue is essential to support Child Support Agency staff and attorneys, and reimburse the state Medicaid program. Even as the state shows a current budget surplus of over

\$6.5 billion, the judgments continue in most counties.

The report pays special attention to Dane County, where with much fanfare the County Executive announced that as of January 1, 2020 the county would not engage in any new collection actions, citing the racial disparities and inequities of the practice. “Unfortunately, the data shows Dane County, too, continued collecting and in fact accelerated aggressive actions on older judgments,” says McBride.

The report includes recommendations for change and outlines next steps. McBride concludes, “Wisconsin needs to end this archaic policy and work on strategies to keep families together, eliminate these unnecessary and harmful stressors, and reduce these obviously avoidable disparities.”

ABC for Health, Inc., is a Wisconsin-based, nonprofit, public interest law firm that promotes health equity and social justice. ABC for Health helps clients impacted by health disparities due to income, race, or poverty to connect to health care coverage and services in Wisconsin. ABC for Health’s mission is to provide information, advocacy tools, legal services, and expert support needed to obtain, maintain, and finance health care coverage and services.