

SENATE BILL No. 249

March 26, 2015, Introduced by Senator HUNE and referred to the Committee on Insurance.

A bill to amend 1982 PA 295, entitled
"Support and parenting time enforcement act,"
by amending section 25a (MCL 552.625a), as amended by 2009 PA 193.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25a. (1) The amount of past due support that accrues
2 under a judgment as provided in section 3 or under the law of
3 another state ~~constitutes~~ **IS** a lien in favor of the recipient of
4 support against the real and personal property of a payer,
5 including, but not limited to, money to be paid as a distribution
6 from a decedent's estate; as the result of a claim for negligence,
7 personal injury, or death; under an arbitration award; under a
8 settlement of or judgment issued in a civil action; or as
9 compensation under a worker's compensation order, settlement,
10 redemption order, or voluntary payment. The lien is effective at
11 the time that the support is due and unpaid and continues until the

1 amount of past due support is paid in full or the lien is
2 terminated by the title IV-D agency.

3 (2) Liens that arise in other states shall be accorded full
4 faith and credit when the requirements of section 25b or 25c are
5 met.

6 (3) A lien created under subsection (1) is subordinate to a
7 prior perfected lien. All liens that arise under subsection (1) and
8 described in subsection (2) have equal priority.

9 (4) A lien shall not be perfected or levied under this act
10 unless the title IV-D agency has provided a notice to the payer
11 that liens exist by operation of law and that the payer's real and
12 personal property can be encumbered or seized if an arrearage
13 accrues in an amount that exceeds the periodic support payments
14 payable under the payer's support order for the time specified in
15 this act. Notice has been provided if it is in the payer's support
16 order or if it was mailed to the payer at any time.

17 (5) The title IV-D agency or another person required to
18 provide notice under this section or sections 25b to 25i shall
19 provide notice by paper, unless the person to be notified agrees to
20 notice by other means. The title IV-D agency or other person
21 providing notice under this section or sections 25b to 25i shall
22 complete and preserve proof of service of the notice in a form that
23 substantially conforms to the requirements for proof of service
24 under the Michigan court rules.

25 (6) A lien under subsection (1) does not arise against any of
26 the following:

27 (a) A financial asset pledged to a financial institution as

1 collateral.

2 (b) A financial asset to which a financial institution has a
3 prior right of setoff or other lien.

4 (c) Property or an allowance described in part 4 of article II
5 of the estates and protected individuals code, 1998 PA 386, MCL
6 700.2401 to ~~700.2404~~.700.2405.

7 (d) Fifty percent of the amount of compensation due to a payer
8 under a worker's compensation order, settlement, redemption order,
9 or voluntary payment.

10 (e) That portion of money to be paid as a distribution from a
11 decedent's estate; as the result of a claim for negligence,
12 personal injury, or death; under an arbitration award; under a
13 settlement of or judgment issued in a civil action; or as
14 compensation under a worker's compensation order, settlement,
15 redemption order, or voluntary payment that is owed for any of the
16 following:

17 (i) Attorney fees.

18 (ii) Court costs and other litigation costs, including, but not
19 limited to, medical examination costs, expenses for reports,
20 deposition fees, court reporter fees, and record copy fees.

21 (iii) The medicaid program under the social welfare act, 1939 PA
22 280, MCL 400.1 to 400.119b, unless medicaid is subordinated to
23 child support under federal law.

24 (iv) Medical services or a reimbursement for a payment made for
25 medical services either to or by an insurer, health maintenance
26 organization, or nonprofit health care corporation. For the
27 purposes of compensation under a worker's compensation order,

1 settlement, redemption order, or voluntary payment, as used in this
2 subparagraph, "medical services" means services as described and
3 regulated under sections 315 and 319 of the worker's disability
4 compensation act of 1969, 1969 PA 317, MCL 418.315 and 418.319, and
5 the rules promulgated under those sections.

6 (v) An amount to reimburse an insurance company for the
7 expense incurred by the insurance company in responding to a lien
8 and levy under sections 25b to 25i. A reimbursement amount under
9 this subparagraph shall not exceed the actual expense or \$50.00,
10 whichever is less, for each lien and levy or for each payment under
11 a lien and levy.

12 (vi) Other costs related to the arbitration, civil action, or
13 worker's compensation order, settlement, redemption order, or
14 voluntary payment.

15 (vii) ~~For reimbursements~~ **REIMBURSEMENTS** to which an employer or
16 carrier is entitled under section 827 of the worker's disability
17 compensation act of 1969, 1969 PA 317, MCL 418.827.

18 (viii) ~~For vocational~~ **VOCATIONAL** rehabilitation costs,
19 reimbursements, or credits incidental to long- or short-term
20 disability programs or to pension or welfare benefit funds.

21 (ix) ~~For a medicare~~ **A MEDICARE** set aside account for future
22 medical care or for future ~~medicaid~~, **MEDICAID**, unless ~~medicare or~~
23 ~~medicaid~~ **MEDICARE OR MEDICAID** is subordinated to child support
24 under federal law.

25 (f) Money to be paid under an insurance policy for the repair
26 or replacement of real or tangible personal property.

27 (g) Money to be paid for allowable expenses that are payable

1 as benefits under section 3107(1) (a) or ~~(e)~~-(D) of the insurance
2 code of 1956, 1956 PA 218, MCL 500.3107.

3 (7) The title IV-D agency does not have the authority to alter
4 an amount itemized in a redemption order. A lien that arises under
5 this act and a levy of that lien only affect that portion, as
6 prescribed in this section, of the payment due the payer under a
7 redemption order. A carrier shall not use the enforcement of a lien
8 and levy under this act as the basis for freezing or otherwise
9 refusing to pay out an amount itemized in a redemption order that
10 is not affected by the lien and levy under this act.

11 (8) As used in this section and sections 25b to 25i:

12 (a) "Carrier" means any of the following:

13 (i) "Carrier" as that term is defined in section 601 of the
14 worker's disability compensation act of 1969, 1969 PA 317, MCL
15 418.601.

16 (ii) A fund created under section 501 of the worker's
17 disability compensation act of 1969, 1969 PA 317, MCL 418.501.

18 (iii) The property and casualty guaranty association required to
19 be maintained by section 7911 of the insurance code of 1956, 1956
20 PA 218, MCL 500.7911.

21 (b) "Insurer" means that term as defined in section 106 of the
22 insurance code of 1956, 1956 PA 218, MCL 500.106.

23 Enacting section 1. This amendatory act takes effect 90 days
24 after the date it is enacted into law.

25 Enacting section 2. This amendatory act does not take effect
26 unless Senate Bill No. 248

27 of the 98th Legislature is enacted into law.