



**House Ways and Means General Fund Reported  
Substitute for HB177**

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A BILL  
TO BE ENTITLED  
AN ACT

Relating to Medicaid; to require that a child who is approved for Medicaid receive health care coverage through a parent's insurance in certain circumstances, or that a parent under a child support order provide health care coverage; and to further provide for the right to reimbursement for Medicaid for benefits paid on behalf of a child who would be eligible for coverage under a parent's employer-provided insurance.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) For the purposes of this section, the following terms have the following meanings:

(1) AGENCY. The Medicaid Agency of the State of Alabama and any contractor of the agency.

(2) APPROVED CHILD. An individual who is under 19 years of age and is approved for health coverage under Medicaid.

(3) CUSTODIAL PARENT. A natural or adoptive parent of an approved child who shares the same household with the child as reported on an application for health coverage approved by the agency.

(4) EMPLOYER-PROVIDED HEALTH COVERAGE. Health coverage that is made available by an employer to an employee.



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29           (5) HEALTH COVERAGE. Any plan, policy, or contract  
30 issued, delivered, or renewed in this state that provides  
31 health coverage, including payment for hospital or physician  
32 care, treatment, therapy, drugs, equipment, or any other  
33 medical expense, and which is offered as a benefit of  
34 employment, regardless of whether the plan, policy, or  
35 contract is provided by a health care insurer, health  
36 maintenance organization operating pursuant to Chapter 21A of  
37 Title 27, Code of Alabama 1975, health care service plan  
38 operating pursuant to Article 6, Chapter 20 of Title 10A, Code  
39 of Alabama 1975, or any other person that pays for, purchases,  
40 or reimburses health care services.

41           (6) NONCUSTODIAL PARENT. A natural or adoptive parent  
42 of an approved child who is subject to a court order to  
43 provide child support.

44           (b) A custodial parent of an approved child shall elect  
45 employer-provided health coverage of the child when it is  
46 available to the parent and the terms of the employer-provided  
47 health coverage so provide, unless the approved child is the  
48 subject of a court order to provide health coverage.

49           (c) A court having jurisdiction over a noncustodial  
50 parent, in its discretion, may order the parent to provide  
51 health coverage to an approved child when the court determines  
52 from the State of Alabama Unified Judicial System  
53 Child-Support-Obligation Income Statement/Affidavit form, or  
54 other evidence, that the parent is receiving income in an  
55 amount sufficient to include the approved child under  
56 available employer-provided health coverage or under health



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57 coverage purchased through the federal Health Insurance  
58 Marketplace.

59 (d) (1) A parent of an approved child shall report a  
60 change in status to the agency, as appropriate, when one of  
61 the following occurs:

62 a. Commencement of eligibility of the approved child  
63 for employer-provided health coverage and the parent's  
64 election of the coverage.

65 b. Discontinuation of coverage of the approved child  
66 caused by a change in the terms of the employer-provided  
67 health coverage.

68 c. Separation of the parent from employment for any  
69 reason which results in a discontinuation of employer-provided  
70 health coverage of the approved child.

71 d. Commencement or termination of a court-ordered  
72 obligation that a noncustodial parent provide health coverage  
73 for an approved child.

74 (2) Nothing in this section shall be construed to  
75 require a custodial parent to continue health coverage for an  
76 approved child under the federal Consolidated Omnibus Budget  
77 Reconciliation Act when the parent is separated from  
78 employment.

79 (3) Nothing in this section shall be construed to  
80 disqualify an approved child from coverage under Medicaid when  
81 a noncustodial parent fails to comply with a court order under  
82 subsection (c).

83 (e) If an approved child has employer-provided health  
84 coverage through a custodial parent, or health coverage



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85 through a noncustodial parent under court order, the agency  
86 shall administer claims made on behalf of the approved child  
87 consistent with the status of Medicaid as payor of last resort  
88 under the respective rules, policies, and practices in force.

89 (f) (1) If Medicaid pays for hospital or physician care,  
90 treatment, therapy, drugs, equipment, or any other medical  
91 expense on behalf of an approved child who would be covered  
92 under available employer-provided health coverage or under  
93 other court-ordered health coverage that has not been elected  
94 by a parent, the agency may pursue reimbursement, if  
95 permissible pursuant to state and federal law, from the parent  
96 of the amounts paid as a collectible debt, up to civil suit in  
97 a court of competent jurisdiction in the county in which the  
98 parent resides.

99 (2) In addition to any means provided by law for  
100 recovery and satisfaction of a civil judgment, in a case in  
101 which a judgment is entered in favor of the agency, monies  
102 subject to garnishment shall include any amount owed by the  
103 State of Alabama to the parent for overpayment of personal  
104 income tax.

105 (3) In any civil action brought by the agency to  
106 recover amounts paid, a parent may assert as a defense that  
107 the available employer-provided health coverage or other  
108 court-ordered health coverage would not have paid for the  
109 specific hospital or physician care, treatment, therapy,  
110 drugs, equipment, or any other medical expense that Medicaid  
111 paid.

112 (g) Any parent of an approved child, including a



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113 noncustodial parent, is deemed to authorize any employer to  
114 release to the agency all information necessary to enforce  
115 this section.

116 (h) The agency and the Department of Revenue may adopt  
117 rules necessary to implement and enforce this section.

118 Section 2. This act shall become effective on October  
119 1, 2025.