

October 16, 2003

Mr. Matthew D. D'Oria
Acting Director
State of New Jersey Department of Human Services
Division of Medical Assistance and Health Services
P.O. Box 712
Trenton, NJ 08625-0712

Dear Mr. D'Oria:

We are pleased to inform you that your State Children's Health Insurance Program (SCHIP) State plan amendment submitted July 22, 2003, with additional information submitted on September 17, 2003, has been approved. This amendment revises the SCHIP plan to increase premiums for children in families with incomes above 150 percent of the Federal poverty level (FPL). This amendment also includes an annual increase in premium amounts in accordance with the change in the FPL.

We would like to advise you, however, that the premium increase was implemented without timely approval from the Centers for Medicare and Medicaid Services (CMS). Federal regulations at 42 CFR §457.65(b) require that a SPA that increases cost-sharing not be in effect for longer than a 60-day period, unless an amendment is submitted to CMS before the end of that 60-day period. Because increased premiums were collected starting February 1, 2003, and New Jersey submitted its amendment 172 days later, the State failed to conduct the program in accordance with the approved state plan for a period of nearly 4 months. Such a failure is subject to compliance remedies, including withholds. In this case, submission of the state plan amendment in July will be considered appropriate corrective action. However, the State may be subject to sanctions for future instances of noncompliance.

Your title XXI project officer is Ms. Jennifer McGuigan Babcock. She is available to answer questions concerning this amendment and other SCHIP-related issues. Ms. Babcock's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-7219
Facsimile: (410) 786-5882
Email: jbabcock@cms.hhs.gov

Page 2 – Mr. Matthew D. D’Oria

Official communications regarding program matters should be sent simultaneously to your project officer and Ms. Sue Kelly, Associate Regional Administrator in our New York Regional Office. Ms. Kelly’s address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
26 Federal Plaza, Room 3811
New York, NY 10278-0063

If you have additional questions, please contact Ms. Jean Sheil, Director, Family and Children’s Health Programs Group, Center for Medicaid and State Operations at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,

/s/

Thomas A. Scully

cc: CMS Region II, New York

