



**DEPARTMENT OF SOCIAL SERVICES**

OFFICE OF THE SECRETARY  
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December 13, 2000

Terese Klitenic, Project Officer  
Health Care Financing Administration  
Division of State Children's Health Insurance Programs  
Mail Stop S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Ms. Klitenic:

This letter is in response to correspondence received from Cindy Mann of the HCFA's Central Office. (Copy enclosed for your convenience) HCFA has requested that South Dakota withdraw the request to cover children of State employees from our most recent SCHIP proposal.

As you know, the South Dakota Department of Social Services requested that dependents of state employees be eligible for SCHIP. Since the State does not contribute directly to the cost of the dependent's health insurance premium, we felt HCFA had the opportunity to ensure more uninsured children in South Dakota received health insurance. Unfortunately, HCFA has determined that the State indirectly contributes toward the cost of coverage, in excess of the nominal amount allowed under SCHIP regulations. We are certainly disappointed of HCFA's position, as the opportunity to provide coverage to additional uninsured children in South Dakota was not taken.

However, please accept this letter as notification to withdraw South Dakota's request to cover children of State employees from our SCHIP proposal. Accordingly, enclosed please find an amended page 16 of the South Dakota State Plan, which will effectively address HCFA's position of ineligibility.

Should you have any questions regarding this letter, please feel free to contact me at your convenience. Since this was the only remaining issue, I look forward to receiving notification of approval of the SCHIP state plan amendment in the very near future. Thank you.

Sincerely,

James W. Ellenbecker, Secretary  
Department of Social Services

Cc: Spencer Erickson  
HCFA Regional Office