



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850

November 9, 2000

Mr. James W. Ellenbecker
Secretary
Department of Social Services
700 Governors Drive
Pierre, SD 57501-229

Dear Mr. Ellenbecker:

Thank you for your proposal, dated August 30, 2000, to amend your State Children's Health Insurance Program (SCHIP) under Title XXI, and your subsequent letter dated November 3, 2000. As you are aware, your proposal has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, we find it necessary to seek further information. Our concern relates to the following issue:

- ◆ Section 4.4.3, relating to eligibility for children of State government employees. The definition of targeted low-income child in section 2110(b)(2)(B) of the Social Security Act excludes a child who is a member of a family that is eligible for health benefits coverage under a State health benefits plan on the basis of a family member's employment with a public agency. The Notice of Proposed Rulemaking published on November 8, 1999, specifies that this exclusion applies when a more than nominal contribution is made by the State toward the cost of the coverage of any dependent in the family.

While South Dakota does not contribute directly to the cost of the dependent's health insurance premium, the State provides a more than nominal contribution to the cost of dependent coverage. Therefore, children of State employees eligible for health benefits coverage under the State's health benefits plan can not be considered eligible as targeted low-income children. Please withdraw your request to cover children of State employees from your SCHIP proposal.

As you know, under Section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan within ninety days. This constitutes our notification that specified additional information is needed in order to assess fully the concerns raised in this letter. The 90-day review period has been stopped by this request and will resume as soon as the State's response to this question is received. The members of the review team will be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response.

Please send your response, either on disk or electronically, as well as in hard copy, to Terese Klitenic, project officer for the South Dakota Title XXI proposal, with a copy to the HCFA Region V office. Ms. Klitenic's Internet address is: Tklitenic@hcfa.gov. Her mailing address is:

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

We appreciate the efforts of your staff and share your goal of providing health care to low-income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Klitenic at (410) 786-5942 or Cheryl Harris, Associate Regional Administrator for the HCFA Region V Division of Medicaid, at (312) 886-2702. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Cindy Mann
Director
Family and Children's Health Programs Group

Cc: Cheryl Harris
HCFA Region V