



Mr. Herb Kuhn  
Centers for Medicare and Medicaid Services  
August 12, 2008  
Page 2

Despite California's view that the August 17 letter is legally unauthorized, MRMIB participated in two conference calls with CMS staff this year to determine the extent to which CMS would conclude that existing HFP operations and California data are congruent with the terms of the Directive. California held these conversations after CMS requested that all identified states work with CMS to permit enrollment of additional children in families with gross incomes over 250 percent FPL if CMS found that the standards in the Directive were met. California staff remains available to discuss these issues with CMS.

Nevertheless, we are writing to communicate that, at present, California will continue to operate the HFP, including eligibility, benefits, and cost-sharing, in conformance with its CMS-approved Title XXI state plan and will continue to claim federal funds accordingly.

California will continue to work with CMS to provide quality health care to children through SCHIP. If you or your staff has any questions, please contact me at 916-324-4695.

Sincerely,



Lesley Cummings  
Executive Director

cc: Ms. Kathleen Farrell, Acting Director  
Family and Children's Health Programs Group  
7500 Security Blvd  
Baltimore, MD 21244

Ms. Gloria Nagle  
Associate Regional Administrator for San Francisco  
75 Hawthorne Street, Room 401  
San Francisco, CA 94105