



**State of New Jersey**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

ADMINISTRATIVE OFFICES  
QUAKERBRIDGE PLAZA—BUILDING 5 & 7 & 12  
QUAKERBRIDGE ROAD  
TRENTON, NEW JERSEY 08619

ADDRESS REPLY TO:  
CN-712  
TRENTON, NEW JERSEY 08625

**MEDICAID COMMUNICATION: 89-10**

**DATE: March 8, 1989**

**TO:** County Welfare Agency Directors  
County Welfare Agency Fiscal Officers

**SUBJECT:** Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Program

This is a follow-up to our discussion at the County Welfare Agency Director's meeting on December 2, 1988 regarding federal Medicaid claims for the cost of the EPSDT program.

The Health Care Financing Administration (HCFA) has withheld payment of enhanced federal financial participation (FFP) for EPSDT costs effective July 1, 1986. HCFA cited a regulatory revision and the subsequent lack of State compliance as the basis for their disallowance which equals the difference between the 75% and the 50% federal matching funds. The Division of Medical Assistance and Health Services (DMAHS), with documentation provided by the Counties, contested HCFA's policy. However, our efforts have proven to be unsuccessful.

As a result of HCFA's disallowance, federal funds already received by the counties may be subject to recovery. However, a policy decision regarding this matter is currently under review by the Department of Human Services. You will be advised of any decisions in this regard as soon as possible.

In addition, the federal action mentioned above prompted a review of the overall effectiveness of the EPSDT program. The results of this review indicate that improvements in the EPSDT program are needed. As a result, DMAHS is planning to modify the EPSDT program to assure that high quality services are provided to our recipients and to obtain any enhanced FFP that may be available under the revised regulations.

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Future communications will be provided to update EPSDT program operations and to advise you of our continuing efforts to obtain enhanced FFP for this program. In the meantime, if you have any questions or require additional information, please contact Ronald J. Kavas, Assistant Director at (609) 588-2688.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Russo", with a stylized flourish at the end.

Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:Lg