

Release and Settlement Agreement

The parties are “All children residing in Missouri and who are receiving or who will receive health coverage [from MO HealthNet for Kids, formerly known as MC+ for Children] and are required to pay a premium under Mo. Rev. Stat. § 208.640” (hereinafter “Plaintiff Class”) and Deborah E. Scott, Director of the Missouri Department of Social Services, Janel Luck, Director of the Family Support Division and Ian McCaslin, Director of the MO HealthNet Division, and their successors in office (hereinafter “Defendants”).

The “lawsuit” referred to in this agreement is the lawsuit styled *J.W.M. v. Scott et al.*, No. 07-4036-CV-C-NKL in the United States District Court for the Western District of Missouri, Central Division. The “court” referred to in this agreement is the United States District Court for the Western District of Missouri, Central Division. Missouri Senate Bill 577 amended state statutes concerning Medicaid and various medical assistance programs to refer to “recipients” of program benefits as “participants.” Wherever the term ‘participant’ is used in this agreement, “participant” shall be understood to have the same meaning as the term “recipient.” Plaintiffs bring the lawsuit on behalf of themselves and a class of Missouri children who were receiving or in the future will receive MC+ health coverage and are required to pay a premium under Mo. Rev. Stat. §208.640. Plaintiffs enter into this agreement by and through their attorneys Marc Cohan, Petra Tasheff, and Laura Redman of the National Center for Law and Economic Justice and Steve Hitov of the National Health Law Program. Defendants enter into this agreement by and through their attorney, Emily A. Dodge, Assistant Attorney General of the State of Missouri.

For due and good consideration recited herein, the parties agree and state as follows:

1. **The Lawsuit.** Plaintiffs’ complaint alleged that the Department of Social Services was not notifying MC+ participants of their right to an appeal and to notice and provision of aid continuing pending a hearing before terminating coverage for non-payment of a premium. In their complaint, Plaintiffs also claimed Defendants were not performing ex parte reviews to determine participants’ eligibility under another eligibility category prior to terminating MC+ coverage for non-payment of a premium. On June 25, 2007, the district court certified the Plaintiff Class. On July 9, 2007, the district court entered a preliminary injunction enjoining Defendants from terminating the MC+ coverage of any Plaintiff Class member due to non-payment without mailing a notice ten days prior to terminating coverage

informing the participant of the right to request a hearing within ten days and to receive continued benefits pending the outcome of the hearing. The preliminary injunction order further enjoined Defendants to conduct ex parte reviews of individual recipients' eligibility under any other Medicaid program, as required by 42 C.F.R. §435.930, a regulation applicable to Medicaid expansion programs such as MC+ under Title XIX, prior to terminating MC+ benefits for non-payment of a premium. The parties agree that Missouri's State Children's Health Insurance Program (SCHIP) for participants over 150% of the Federal Poverty Level ("FPL") is now administered and operated by Defendants under Title XXI of the Social Security Act, thus, the portion of the district court's July 9, 2007, preliminary injunction order requiring Defendants to conduct ex parte reviews for class members prior to terminating benefits due to non-payment of a premium does not now apply to those persons.

2. **Scope of Agreement.** This agreement embodies the entire agreement and understanding of the parties with respect to the subject matter contained herein. The parties hereby declare and represent that no promise, inducement, or agreement not herein expressed has been made, and the parties acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

3. **Non-Admission.** No actions taken by the parties hereto, or any of them, either previously or in connection with this agreement shall be deemed or construed to be an admission of the truth or falsity of any matter pertaining to any claim or defense alleged in the pleadings filed on behalf of the parties in the lawsuit, or an acknowledgment by any of the parties hereto of any liability to the other parties or to any person for any other claim, demand, or action, all liability being expressly denied by the parties.

4. **Approval of Class Settlement and Dismissal of Claims**

A. The parties hereto stipulate and agree that under Federal Rules of Civil Procedure 23(e) and 41(a)(2) the United States District Court for the Western District of Missouri, Central Division, must approve any settlement and dismissal of Plaintiffs' claims.

B. Immediately upon the Court's approval of this Agreement, the parties will seek an Order from the Court dismissing Plaintiffs' claims in their entirety under Rule 41(a)(2) of the Federal Rules of Civil Procedure with prejudice for all acts or omissions covered by those claims. The Court shall retain jurisdiction through October 15, 2008, for

the sole purpose of permitting the parties to seek enforcement of the terms of this agreement. In the event Plaintiffs move for enforcement pursuant to Paragraph 16 herein, the Court shall continue to retain jurisdiction with regard to issues related to the enforcement of this Agreement for so long as necessary to enforce the terms of this agreement.

C. The parties hereto stipulate and agree that this agreement becomes effective and binding when and only when the United States District Court for the Western District of Missouri, Central Division, approves this agreement and enters an order retaining jurisdiction for purposes of enforcement as agreed in subparagraph 4(B) of this agreement, and unless the parties agree to any changes to this agreement sought by the Court.

D. The parties further agree that the notices attached to this Agreement as Exhibits A through C will be sent to participants of benefits under Missouri's Title XXI SCHIP as set forth in Paragraph 5 of this Agreement, and that notification of such participants as provided in Paragraph 5 fulfills Defendants' notice obligations under the terms of the Preliminary Injunction Order.

5. Notice to SCHIP participants.

A. Defendants will take all steps needed to program all pertinent computer systems to implement the generation and sending of the notices attached as Exhibits A through C to this Agreement by regular mail to SCHIP participants above 150% of FPL as set forth in Paragraphs 5(B) and 5(C) of this Agreement. Defendants stipulate that the implementation of these notices occurred on January 14 and 15, 2008. Defendants provided Plaintiffs' counsel with written notification of that implementation on January 22, 2008.

B. Failure to Pay Notice. Beginning on the date of implementation of the notices attached as Exhibits A through C as set forth in Paragraph 5(A) of this Agreement, the "Failure to Pay Notice LOC 2" attached as Exhibit A to this Agreement and incorporated herein by reference shall be sent to all SCHIP participants above 150% of federal poverty level ("FPL") and at or below 225% of FPL whose premium payment has not been received 15 days after payment was due. Beginning on the date of implementation of the notices Exhibits A through C as set forth in Paragraph 5(A) of this Agreement, the "Failure to Pay Notice LOC 3" attached as Exhibit B to this Agreement and incorporated herein by reference shall be sent to all SCHIP participants above 225% of FPL whose premium payment has not been received 15 days after payment was due.

C. Notice of Case Action. For any SCHIP participant to whom Defendants have sent a Failure to Pay Notice as provided in Paragraph 5(B) and from whom Defendants have not received a premium payment within 20 days after sending the Failure to Pay Notice, Defendants will send the Notice of Case Action in the form attached as Exhibit C.

D. The parties agree that Exhibit C of this Agreement adequately notifies SCHIP participants whose premium payments have not been received by Defendants of their right to hearing and to continuing benefits ("aid continuing") pending hearing outcome, and that, except as otherwise provided in Paragraph 5(A) through 5(C) of this Agreement, Defendants may continue to use existing notices and forms concerning SCHIP premium payments. Notices may be modified to remain consistent with applicable law, or changed as needed for efficient program administration as long as changes are consistent with due process.

E. On the 15th day of the months of February, March, April, May, June, and July, 2008, Defendants will provide:

1. The number of LOC 2 Failure to Pay Notices ("Exhibit A") sent in the previous month; and
2. The number of LOC 3 Failure to Pay Notices ("Exhibit B") sent in the previous month; and
3. The number of Notices of Case Action ("Exhibit C") sent in the previous month

to Laura Redman, attorney for Plaintiffs, by facsimile transmission or electronic mail. Defendants will owe no duty to report numbers of notices sent after July 15, 2008. Information that Defendants are required to report concerning notices during the months of February through July 2008 shall be limited to information concerning numbers of notices sent, as described in Paragraph 5(E), and shall not include any individually identifying information or personal information of any participant to whom a Failure to Pay Notice or Notice of Case Action was sent. The parties stipulate and agree that nothing in the reports concerning numbers of notices during the months of February through July 2008 shall constitute a presumption as to the efficacy of the SCHIP program or how well the SCHIP program is functioning.

6. **Reports of Hearing and Aid Continuing Requests.**

On the 15th day of the months of April, June, and August, 2008, Defendants will provide:

A. The number of hearings requested concerning nonpayment of a SCHIP premium in the previous two months; and

B. The number of hearing requests identified in Paragraph 6(A) of this Agreement in which aid continuing was requested; and

C. The number of individuals for whom aid continuing was provided pending the requested hearing

to Laura Redman, attorney for Plaintiffs, by facsimile transmission or electronic mail. For purposes of this Agreement, aid continuing shall mean the continuation of SCHIP benefits uninterrupted until the issuance of a decision by the Department of Social Services after a hearing where participant's hearing request was timely under applicable state and federal law.

The parties further agree that for the purposes of the June 2008 report, and for the purposes of the August 2008 report, concerning hearing and aid continuing requests, in the event that Defendants receive more than 125 hearing requests, Defendants will not be obligated to provide information to Plaintiffs' counsel concerning requests beyond the first 125 hearing requests received during the applicable two month reporting period. The information Defendants will report to Plaintiffs' counsel concerning hearing requests and aid continuing requests is limited to information concerning the number of hearing requests and the number of instances in which aid continuing was provided, as described in Paragraph 6, and shall not include any individually identifying information or personal information of any participant who has requested, or on whose behalf a hearing has been requested, concerning nonpayment of a SCHIP premium. The parties stipulate and agree that nothing in the reports of numbers of hearings requested or of aid continuing requests shall constitute a presumption as to the efficacy of the SCHIP program or how well the SCHIP program is functioning.

7. Notice to Participants who Transitioned to a Premium-Paying Category following July 9, 2007. The parties agree that if any participant lost SCHIP coverage due to non-payment of a premium while in transition from LOC 1 to LOC 2 or LOC 3 between July 9, 2007, and the implementation date of Exhibits A through C, Defendants will reinstate SCHIP coverage for any such participants, will send those participants the notice

attached hereto as Exhibit D to notify them of such reinstatement, and will reimburse such participants for covered medical expenses incurred during the period such participants were not covered by MC+, SCHIP or another Medicaid program, in accordance with the MO HealthNet fee schedule and with MO HealthNet coverage policies.

8. **Ex parte Review.** A. On or before February 20, 2008, Defendants will mail by regular mail a copy of the notice attached as Exhibit E to this Agreement to each MO HealthNet for Kids or MC+ or SCHIP participant who between September 1, 2005, and January 16, 2008: 1) had a MO HealthNet for Kids or MC+ or SCHIP case closed due to non-payment of a premium and 2) did not become covered under another Medicaid program, MO HealthNet for Kids, or SCHIP within ninety days following MO HealthNet for Kids or MC+ or SCHIP case closure due to non-payment.

B. For those participants who respond to the notice attached as Exhibit E, Defendants will perform an ex parte review to determine whether the responding participant was in fact eligible for any Medicaid program administered by the State of Missouri on the date or dates that participant's case was closed due to non-payment of a premium and other coverage was not obtained within ninety days as set forth in Paragraph 8(A) of this Agreement. In the event that a participant had multiple MO HealthNet for Kids, MC+ or SCHIP case closures between September 1, 2005, and January 16, 2008, after which the participant was not covered by MO HealthNet for Kids, MC+, SCHIP, or a Medicaid program for more than ninety days, Defendants will perform an ex parte review for each such case closure. In performing ex parte reviews under Paragraph 8 of this Agreement, Defendants will only review information available to Defendants in the participant's case file, and through Defendants' computer records, on the date of the case closure due to non-payment of premium. Defendants further agree that if a responding participant indicates he or she was disabled on the date of case closure, Defendants will consult Social Security Administration records to which the Department has access to determine whether the Social Security Administration has found that participant to be disabled. A Social Security Administration finding of disability will be information used by Defendants to determine participant eligibility for programs in the ex parte review determination performed as provided in Paragraph 8 of this Agreement.

C. If, as a result of an ex parte review performed pursuant to Paragraph 8 of this Agreement, Defendants determine that a participant was eligible for coverage under any Medicaid program administered by the State of Missouri on the applicable date of case closure under Paragraph 8(B), Defendants will reinstate coverage under that program for the individual effective the date of the applicable case closure, and will reimburse such participants for covered medical expenses incurred during the period such participants were not covered by MO HealthNet for Kids, MC+, SCHIP, or another Medicaid program, in accordance with the MO HealthNet fee schedule, and with MO HealthNet coverage policies.

9. **Premium Collection Unit Telephone Number.** Beginning on February 13, 2008, on each business day for thirty consecutive days, a district court staff member designated by Judge William A. Knox will attempt to make contact at a random time between 8:00 a.m. and 5:00 p.m. with one of Defendant MO HealthNet's Premium Collection Unit staff members whose regular job duties involve answering the 1-877-888-2811 telephone number. The Premium Collection Unit will maintain its existing procedures for answering the 1-877-888-2811 telephone number during the thirty day testing period. If Judge Knox's designee calls and is unable to get through to one of these Premium Collection Unit staff within five minutes, the Judge's designee will make one additional attempt at a random time before 5:00 p.m. that day. If the designee makes contact with one of the five individuals on that day, the attempt will be deemed successful. If no contact is made after two attempts, the attempt will be deemed unsuccessful.

If, on March 13, 2008, the Judge's designee made successful contact with one of the Premium Collection Unit staff listed in Paragraph 9 of this Agreement on at least 75% of the days attempts were made, Defendants will have no further obligation under Paragraph 9 of this Agreement. If the Judge's designee makes successful contact with one of the Premium Collection Unit staff listed in Paragraph 9 of this Agreement less than 75% of the days attempts were made, Defendants agree to reassign one additional full-time equivalent staff member to answer the 1-877-888-2811 phone number.

10. **Release.** Plaintiffs do hereby release, acquit, and forever discharge Defendants, the State of Missouri, and any employee or former employee of the State of Missouri of all and from any and all liability, claims, actions, causes of action, demands, rights, damages, cost, interest, loss of service, expenses, and compensation whatsoever,

whether or not now known or contemplated, which Plaintiffs now have, or which may hereafter accrue, against Defendants, the State of Missouri, and any employee or former employee of the State of Missouri based on or arising out of conditions, incidents, or occurrences taking place before the date of this Agreement that relate to notice, or lack of notice to MO HealthNet for Kids, MC+ or SCHIP participants of their right to a hearing and aid continuing prior to termination of MO HealthNet for Kids, MC+ or SCHIP benefits or coverage due to non-payment of premium. This release does not prevent participants from requesting or pursuing administrative hearings concerning non-payment of SCHIP premiums, including any appeals filed pursuant to the notices referenced in Paragraphs 5 and 6 of this Agreement, nor shall it have any effect on the decision of the merits of any such hearing. Plaintiffs agree that any claim by any member of the Plaintiff Class arising from any failure or alleged failure of Defendants to comply with this Agreement shall be pursued only through an action to enforce this Agreement. Nothing in this release shall preclude any member of the Plaintiff class from challenging Defendants' determination of a Plaintiff's individual eligibility for any Medicaid or SCHIP program to the extent permitted by law. Plaintiffs specifically acknowledge that they are forever barred from suit against the Defendants, the State of Missouri, and any employee or former employee of the State of Missouri based on any matter released by this agreement.

11. **Attorney's Fees and Expenses.** In exchange for payment of \$165,000.00, representing all fees through the date of signing of the Settlement Agreement, and \$866.00, representing all expenses through the date of signing of the Settlement Agreement, it is agreed between and among the parties to this agreement that no party is a "prevailing party" within the meaning of 42 U.S.C. § 1988, or any other statute, rule, or other provision of law which is or may be in any way applicable thereto in connection with their representation of any party in the lawsuit. All other attorney's fees, costs, and expenses are hereby waived. Plaintiffs specifically recognize that they shall not be entitled to seek attorney's fees in connection with: a) any fairness hearing required by the Court pursuant to Rule 23(e), or b) the monitoring provided in Paragraphs 5(E) and 6 of the Settlement Agreement. Defendants specifically recognize that they will pay Plaintiffs' reasonable expenses incurred in connection with any fairness hearing required by the Court pursuant to Rule 23(e). Plaintiffs specifically recognize that Defendants will have no responsibility to pay any of Plaintiffs'

expenses relating to the monitoring plaintiffs will engage in as provided in Paragraphs 5(E) and 6 of the Settlement Agreement.

A check in the amount of \$165,866.00, in payment of Plaintiffs' fees and expenses prior to the date of signing of the Settlement Agreement shall be delivered to Plaintiffs' counsel within thirty days of the signing of this agreement or as soon thereafter as is reasonable possible. A check in payment of Plaintiffs' reasonable expenses incurred in connection with any fairness hearing required by the Court will be requested promptly after such hearing, and shall be delivered to Plaintiffs' counsel within thirty days of the signing of this agreement or as soon thereafter as is reasonably possible. Defendants shall in no way be responsible for the division or allocation of any payments. Defendants shall be deemed to have fully performed its duties under this Agreement upon the delivery to Plaintiffs' counsel of good and valid checks in payment of the fees and expenses Defendants have agreed to pay under Paragraph 11 of this Settlement Agreement.

12. **Court Costs.** Each party to the lawsuit is to bear its own court costs:

13. **Non-Assignment.** On the date of this Agreement's execution, counsel for the parties certify that they do not know of any plaintiff class member who has assigned any claims or reimbursement rights based on or arising out of the allegations contained in the lawsuit. Prior to reimbursing each individual class member for medical expenses as provided in Paragraphs 7 and 8 of this Agreement, each individual class member, or his or her parent or legal guardian, shall state whether he or she has assigned any claim for payment or reimbursement of said medical expenses to any other party. If the class member has assigned a claim for reimbursement of medical expenses under Paragraph 7 or 8 of this Agreement, Defendants will reimburse the assignee, rather than the class member. If Defendants, after reimbursing any individual class member as provided in Paragraph 7 or Paragraph 8 of this Agreement, subsequently discovers that the class member had assigned a claim for payment or reimbursement of a covered medical expense and an assignee presents an assignment of such a claim to Defendants, Defendants and the State of Missouri will have a right to indemnification from the class member who made the assignment of his or her reimbursement claim.

14. **Binding Effect.** The persons signing this agreement represent that they have the authority to enter into this agreement on behalf of the respective parties that they

represent and that this agreement shall be binding upon, and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties hereto.

15. **Preparation of Documents.** This agreement is the joint work product of the parties hereto and, in the event of any ambiguity herein, no inference shall be drawn against a party by reason of document preparation.

16. **Forum Selection.** The parties may enforce this Agreement in the United States District Court for the Western District of Missouri, Central Division, by application therefor filed no later than October 15, 2008. Within fifteen days of the final report that Defendants will provide as set forth in Paragraph 6 of this Agreement, Plaintiffs will notify Defendants in writing of any objections to Defendants' performance of the terms of this Agreement, and will allow Defendants thirty days to respond to any such objections and to take action to cure any asserted non-performance or non-compliance with this Agreement prior to filing a motion to enforce this Agreement with the Court based on such objections.

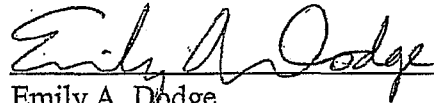
17. **Further Execution.** Each party hereto shall execute any and all documents as are necessary or desirable to consummate the transactions contemplated hereby.

18. **Execution in Counterparts.** This agreement may be executed in two or more counterparts, each of which shall constitute an original instrument and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be deemed executed as of the date the agreement is signed by all parties hereto.

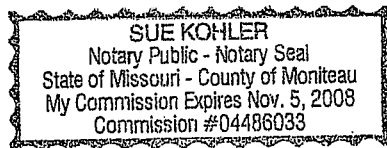
State of Missouri)
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County of Cole) SS

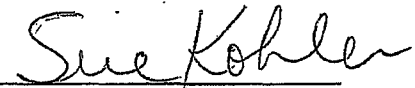
Before me, a notary public for the State of Missouri, personally appeared Emily A. Dodge, who did upon her oath state that she is an attorney for the Defendants with respect to the matter set forth in this Agreement, that she is authorized to execute this Agreement on behalf of the Defendants, and that she executed this Agreement as her free act and deed.



Emily A. Dodge

Subscribed and sworn to before me this 6th day of February, 2008.






Notary Public

My commission expires on 11-5-08

I, Petra T. Tasheff, am an attorney for the Plaintiff Class with respect to the matter set forth in this Agreement. I am authorized to execute this Agreement on behalf of the Plaintiff Class, and I execute this Agreement on behalf of the Plaintiff Class.

A handwritten signature in black ink, reading "Petra T. Tasheff", written over a horizontal line.

Petra T. Tasheff

Bar # 31719

February 8, 2008.

**FAILURE TO PAY NOTICE
LOC 2**

Our records show that we have not received your premium payment of _____, which was due on [date] to pay for your children's MO HealthNet for Kids health care coverage for the period of [date] to [date]. The reason we are sending you this notice is because the law requires you to pay a premium to continue to receive health care coverage through the MO HealthNet Healthcare Program, 208.640, 208.631-208.657 RSMo and 13 CSR 70-4.080

We must get your late payment or a response to this notice no later than [20 days from date of notice] or coverage will STOP on [DATE] MO HealthNet will not pay for any medical bills after that date. However, if we receive your payment after [date], coverage will begin on the day we receive your payment

HOW TO PAY THE PREMIUM

1. Write a check or money order out to MO HealthNet Division for _____.
2. Write your case/policy number on the check or money order.
3. Tear off the invoice below. Mail the invoice with your check or money order to Premium Payments at the address listed on the invoice. Allow 5-7 days for the post office to deliver your payment.

Future premium amounts may change if your monthly income or family size changes. Report changes in income, family size, or address to your Eligibility Specialist at the local Family Support Division (FSD) Office. Report any changes within 10 days. Be sure FSD has your correct income, family size, and address.

Automatic Withdrawal: You can have future premium amounts taken out of your bank account each month. This is called automatic withdrawal and will help make sure your payment is received on time. Until you receive notice that the automatic withdrawal is in place, you should continue making payments by check. You can get the automatic withdrawal form on-line at www.dss.mo.gov/mhd.

For payment and automatic withdrawal questions, call the Premium Collections unit toll free: 1-877-888-2811.

If you believe you have already paid your premium or that we are wrong for some other reason, please call the Premium Collections Unit toll free at 1-877-888-2811.

Exhibit A, 1

Before we stop coverage due to your failure to pay the premium you have the right to show that

- your family's income has changed, and/or
- there has been a change in the number of people in your household

If you have one of these changes please report these changes to your eligibility specialist with the Family Support Division within 10 days of the date of this letter. The Family Support Division will review the information you have provided and decide whether the premium amount needs to be changed. FSD may ask you to provide additional information to decide if you are eligible.

[premium payment slip]

Exhibit A, 2

**FAILURE TO PAY NOTICE
LOC 3**

Our records show that we have not received your premium payment of _____, which was due on [date] to pay for your children's MO HealthNet for Kids health care coverage for the period of [date] to [date]. The reason we are sending you this notice is because the law requires you to pay a premium to continue to receive health care coverage through the the MO HealthNet Healthcare Program, 208.640, 208.631-208.657 RSMo and 13 CSR 70-4.080

We must get your late payment or a response to this notice no later than [20 days from date of notice] or coverage will STOP on [DATE] MO HealthNet will not pay for any medical bills after that date and you children will not have coverage for (6) months if full payment is not received by [date].

HOW TO PAY THE PREMIUM

1. Write a check or money order out to MO HealthNet Division for ..
2. Write your case/policy number on the check or money order.
3. Tear off the invoice below. Mail the invoice with your check or money order to Premium Payments at the address listed on the invoice. Allow 5-7 days for the post office to deliver your payment.

Future premium amounts may change if your monthly income or family size changes. Report changes in income, family size, or address to your Eligibility Specialist at the local Family Support Division (FSD) Office. Report any changes within 10 days. Be sure FSD has your correct income, family size, and address.

Automatic Withdrawal: You can have future premium amounts taken out of your bank account each month. This is called automatic withdrawal and will help make sure your payment is received on time. Until you receive notice that the automatic withdrawal is in place, you should continue making payments by check. You can get the automatic withdrawal form on-line at www.dss.mo.gov/mhd.

For payment and automatic withdrawal questions, call the Premium Collections unit toll free: 1-877-888-2811.

If you believe you have already paid your premium or that we are wrong for some other reason, please call the Premium Collections Unit toll free at 1-877-888-2811.

Exhibit B, 1

Before we stop coverage due to your failure to pay the premium you have the right to show that

- your family's income has changed, and/or
- there has been a change in the number of people in your household

If you have one of these changes please report these changes to your eligibility specialist with the Family Support Division within 10 days of the date of this letter. The Family Support Division will review the information you have provided and decide whether the premium amount needs to be changed. FSD may ask you to provide additional information to decide if you are eligible.

[premium payment slip]

Exhibit B, 2

NOTICE OF CASE ACTION

According to our records you have not paid the premium amount of \$ _____, which was due on [date] to pay for your child's MO HealthNet coverage for _____ to _____.

On _____ medical coverage for the children listed below will STOP. The reason for this action is that you have not paid your premium as required by MO HealthNet. See §208.631-657 and 208.640 RSMo. and 13 CSR 70-4.080.

If you disagree with this decision you have a right to ask for a hearing. If you ask for a hearing by [date 10 days], your benefits will continue until a decision has been made after your hearing. If the hearing decision shows that MO HealthNet Division's decision to stop your coverage was correct, your household will be responsible for repaying the cost of any services you received and were not entitled to receive while your hearing was pending. On the other hand, if you elect to discontinue receiving benefits while your hearing is pending and the hearing decision is ruled in your favor, any benefits you were eligible to receive will be restored to you after you pay any premium that you owe.

If you want a hearing you can ask for a hearing by mail, in person or by telephone. To ask for a hearing call 1-877-888-2811; write to the MO HealthNet Division at , P.O. Box 6500, Jefferson City, MO 65102; or visit your local Family Support Division (FSD) and talk with your eligibility specialist.

If you ask for a hearing, we will schedule it for you and notify you of the time of the hearing. At the hearing, you may present your information yourself; you may be represented by your own attorney or by other persons who know your situation. If you do not have an attorney or cannot afford one, and live in an area serviced by Legal Aid or Legal Services, call: _____. You have the right to present witnesses in your own behalf and to question witnesses who appear at the request of the MO HealthNet Division. You also have the right to look at your case file. Your records relating to the premium payment issue are kept by the Mo HealthNet Division. If you would like to arrange to look at your records with the Mo HealthNet Division you can call the MO HealthNet Division at 1-877-888-2811

If you agree with this decision, you do not have to request a hearing.

Exhibit C

REINSTATEMENT NOTICE

MO HealthNet for Kids health care coverage for the child/children listed below has been reinstated for the time periods listed below:

Take this notice and the children's red Medicaid or MC+ card(s) with you to the children's health care provider the next time the children need MO HealthNet services so that you can show that the children are covered.

If you live in a managed care area the child/children listed above will have MO HealthNet coverage until they go into a managed care health plan.

If you received medical services for the above child/children during the period(s) listed above thru the date of this notice MHD can pay for the services at MO HealthNet approved rates if the service was the kind the MO HealthNet covers. We can pay for a covered service at MO HealthNet rates even if you have not yet paid the bill. If you have a bill that you have not paid, you can tell your provider that you have MO HealthNet coverage and tell your provider to send the bill to MO HealthNet. We have sent you two copies of this notice so you can send one to your provider if you decide to do that by mail. If you have already paid the bill, please send a legible copy of the bill(s) and the paid receipt(s) and one copy of this notice to:

MO HealthNet Division
Participant Services Unit
P.O. Box 6500
Jefferson City, MO 65102

The MO HealthNet Division may contact you if additional information is needed. Please include a phone number and address where you can be reached.

If you have questions regarding this notice or other MO HealthNet issues, please contact the Participant Services Unit toll free at 1-800-392-2161 or you can call 573-751-6527 at your expense.

Sincerely,

Participant Services Unit

Exhibit D

Proposed exparte letter for Julie M v Scott Case(2)

On Month Date, Year, the child(ren) listed below lost coverage/eligibility for MC+ for Kids (MO HealthNet for Kids) because the premium payment was not received:

Name	DCN

The child(ren) listed above may have been eligible for another MO HealthNet healthcare program if any of the following applied at the time healthcare coverage was lost because:

- A child(ren) had a physical or mental disability;
- A child(ren) was pregnant; or
- A child(ren) age 18 up to age 19 was blind.

If you would like us to review your file to see if any of the children may have been eligible for another kind of MO HealthNet coverage at the time the case was closed, please call your eligibility specialist or write to the address shown above by _____ to have your child(ren)'s eligibility reviewed. Any written response must be postmarked by _____. If we do not hear from you we will not review your file.

What we will do: If you ask us to review your case, your eligibility specialist will review your case file to see if one or more of the children may have been eligible for another kind of MO HealthNet coverage at the time the case was closed and for how long the child may have been eligible for coverage. When we review your case, you will be notified if one or more of the children were eligible and for how long.

If the children were eligible and received medical services during the time we determine the children were eligible for coverage, MO HealthNet Division can pay the services at MO HealthNet approved rates if the service was the kind that MO HealthNet covers. MO HealthNet can pay for a covered service at the MO HealthNet rates even if you have not yet paid the bill. If you have a bill that you have not paid and you are determined eligible for MO HealthNet coverage, tell the provider to send the bill to MO HealthNet. If you have already paid the bill, send a legible copy of the bill(s) and paid receipt(s) and a copy of your approval notice to:

MO HealthNet Division
Participant Services Unit

Exhibit E, 1

PO Box 6500
Jefferson City, MO 65102

Exhibit E, 2

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI
CENTRAL DIVISION

JULIA M, on her behalf and on behalf of her minor
child, J.W.M., and all others similarly situated,

Plaintiffs,

v. Case No. 07-4036-CV-C-NKL

DEBORAH E. SCOTT, as the
Director of the Missouri Department of Social
Services, JANEL R. LUCK, as the Interim Director of
the Missouri Family Support Division, and
STEVE RENNE, as the Interim Director of the
Missouri Division of Medical Services,

Defendants.

PROPOSED ORDER

Having reviewed the Release and Settlement Agreement, having conducted a fairness hearing pursuant to Fed. R. Civ. P. 23(e), and having heard the argument of plaintiffs' and defendants' counsel, and being fully advised in the premises, this Court finds that the proposed release and settlement is fair, reasonable, and adequate. On June 25, 2007, this Court certified a class consisting of "All children residing in Missouri and who are receiving or who will receive MC+ health coverage and are required to pay a premium under Mo. Rev. Stat. § 208.640."

On July 9, 2007, this Court granted plaintiffs' motion for a preliminary injunction against defendants, enjoining defendants from terminating the MC+ coverage of any plaintiff class member due to non-payment without mailing a notice ten days prior to terminating coverage, informing the participant of the right to request a hearing within ten days, and to receive continued benefits pending the outcome of the hearing. The preliminary injunction order further enjoined defendants

to conduct ex parte reviews of individual recipients' eligibility under any other Medicaid program prior to terminating MC+ benefits for non-payment of a premium.

This Court further finds that the proposed settlement agreement executed by the attorneys for the parties protects the interests of members of the class and that the interests of the members of the class would not be prejudiced by the proposed settlement and release.

NOW, THEREFORE, IT IS:

ORDERED that the proposed settlement with defendants by plaintiffs in the manner set forth in the Release and Settlement Agreement is fair, adequate, and reasonable, and the same is hereby authorized and approved; it is further

ORDERED that under Fed. R. Civ. P. 41(a)(2) the claims of the plaintiffs are dismissed in their entirety with prejudice; it is further

ORDERED that this Court retains jurisdiction until October 15, 2008, or such later date as may be necessary under Paragraph 16 of the Settlement Agreement, for purposes of enforcement of the Settlement Agreement. Each party to bear its own costs beyond those already apportioned by the settlement agreement.

DATED: _____

The Honorable Nanette Laughrey
U.S. District Court Judge