State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
DIRECTOR'S OFFICE
P.O. BOX 039
TRENTON, NEW JERSEY 08625-0039

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
Acting State Treasurer

March 31, 2008

Ms. Valerie Schnefke, VP of Finance
Correctional Medical Services
12647 Olive Boulevard
St. Louis, Missouri 63141-9052

Re: Contract #: T2296
Description: Medical Services for the Department of Corrections
Inmate Healthcare Services

Dear Ms. Schnefke:

I am in receipt of a copy of your letter dated March 14, 2008, directed to Mr. Peter Roselli, Assistant Commissioner for the Department of Corrections, regarding CMS' offer to extend the referenced contract for a period of one year conditioned upon a 4.73% increase in the State inmate rate from $1,935.76 to $2,079.69 per inmate per year and an increase in the County rate from $686.88 to $719.37. CMS also requested a 4.73% increase in the annual compensation (not to exceed) amount from $41,497,651 in contract year 3 to $43, 460,490 in contract year 4. Upon consideration, the State has determined not to accept your extension offer. Rather, the State has decided that it is in its best interest to contract with the University of Medicine and Dentistry (UMDNJ) to provide all of the inmate health care services.

In the interest of providing for a smooth transition of services from CMS to UMDNJ, we are invoking the Transition Clause, Section 5.5 of the contract. Section 5.5 states as follows:

> In the event services end by either contract expiration or termination, it shall be incumbent upon the contractor to continue services, if requested by the Director, until new services can be completely operational. The contractor acknowledges its responsibility to cooperate fully with the replacement contractor and the State to ensure a smooth and timely transition to the replacement contractor. Such transitional period shall not extend more than a hundred and eighty (180) days beyond the expiration date of the contract, or any extension thereof. The contractor will be reimbursed for services during the transitional period at the rate in effect when the transitional period clause in invoked by the State.

The State is invoking the Transition Clause, effective April 1, 2008, for a period of one hundred and eighty (180) days. CMS will be reimbursed for the services provided during this transition period in accordance with the prices submitted by CMS for the contract year ending on March 31, 2008.

Thank you very much for your anticipated cooperation.

Sincerely,

Alice K. Small
Acting Director

c. Debra Bell, Deputy State Treasurer
Peter Roselli, Assistant Commissioner, DOC
Susan Roop, AAG
Margaret J. Quinn, Assistant Director, DPP
Christine Weiland, Manager, DPP