



SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. Box 7863
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November 16, 2012

Dear Secretary Sebelius:

Please accept this letter as official notification to the U.S. Department of Health and Human Services that Wisconsin will not build a state-based health insurance exchange and will defer to the federal government's insurance exchange.

The Patient Protection and Affordable Care Act (PPACA) gives states three options in building health insurance exchanges: an exchange built and managed by an individual state subject to federal mandate; a partnership plan requiring the state to perform functions on behalf of the federal government; or a federal exchange developed by the federal government. While the three options differ in who initially builds and operates the exchange, all three options are identical in that they are governed and controlled by federal policy. No matter which option is chosen, Wisconsin taxpayers will not have meaningful control over the health care policies and services sold to Wisconsin residents. If the state option is chosen; however, Wisconsinites face risk from a federal mandate lacking long-term guaranteed funding.

In Wisconsin, we have been successful in providing health insurance coverage to over 90 percent of state residents without the creation of an exchange and absent federal regulation. We have a long history of being a leader on health reform issues, and with more guidance and greater state flexibility, our competitive market system would have ensured health insurance coverage to the most vulnerable Wisconsinites without federalization of our market. Unfortunately, operating a state exchange would not provide the flexibility to meet our state's unique needs or to protect our state's taxpayers.

Therefore, after much consideration and outreach with citizens across the state, and in the best interest of the taxpayers of Wisconsin, we have determined Wisconsin will not develop a partnership or state-based exchange.

Sincerely,

Scott Walker
Governor of Wisconsin