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Dear \_\_\_\_\_ :

On November 6, citizens across the state and country voted to reelect President Obama. Elections have consequences. The implementation of federal health care reform will move forward.

While I may disagree with the federal health care law, a health insurance exchange will now be built. To do so, federal reform provides states three options: 1) create a federally run exchange; 2) create a state-run exchange; 3) establish a partnership plan requiring the state to administer the exchange for the federal government.

The most important consideration for me in deciding which option is best for our state is protecting Wisconsin's current and future taxpayers.

Today, I informed 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. You can find the letter attached.

Here are the facts influencing this decision:

1. **The long-term risk to Wisconsin taxpayers is too high.** If a state takes on the task of running the exchange, it also commits to long-term spending obligations from uncontrolled costs that are not fully funded. When federal funding dries up, costs for Wisconsin taxpayers would skyrocket under a state-run exchange. Putting state taxpayers on the hook for a program we cannot control is simply not responsible governance.
2. **No matter who sets up and administers the exchange, the federal government makes all the decisions and the final product is the same.** The federal health care law dictates to Wisconsin and to our health care providers exactly what policies and products may be offered in the exchange and elsewhere. Decisions regarding eligibility, minimum standard of coverage, and all other important details will be determined by our federal government. For instance, the U.S. Health and Human Services Secretary defines "qualified health plans" and the Secretary of the U.S. Department of Labor issues "best practices of plain language writing" for qualified health plans.
3. **The federal government's demonstrated lack of cooperation and detail increases the burden and risk to our state.** While there has been ongoing rhetoric that states will have flexibility in creating a state-based exchange, we have seen very little cooperation from the federal government on issues related to the implementation of federal reform. Thus far,

HHS has provided little to no guidance on the impact of the U.S. Supreme Court ruling on the Medicaid elements and implementation.

4. **PPACA does not allow for a uniquely Wisconsin option.** In Wisconsin, we have been successful in providing health insurance coverage to over 90 percent of state residents without the creation of an exchange. Other states moving forward with state-operated exchanges have nowhere near our level of coverage. To preserve this, we would all like to build a uniquely Wisconsin exchange, but the reality is the federal health care law simply doesn't allow it. Whether an exchange is administered by the state or the federal government does not change the fact the federal government will set uniform policies for all states. Utah's state insurance exchange further demonstrates this point. Utah had an established insurance exchange prior to the enactment of federal reform. As a result, the state has submitted their exchange to the federal government in an effort to meet the insurance exchange requirement. Rather than demonstrating a willingness to work with the State of Utah, the federal government simply directed the state to go back to the drawing board.

In the end, the only difference between the three options is the potential cost to taxpayers, which made our choice clear. As a result of our decision, Wisconsin taxpayers and consumers will have access to the same products without the risk of having an extra burden placed upon them at a time when they can least afford it.

