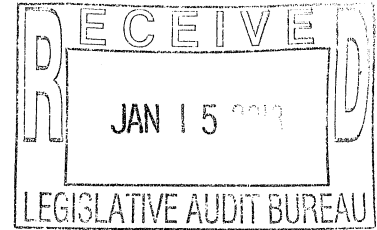




State of Wisconsin  
Department of Health Services

Scott Walker, Governor  
Dennis G. Smith, Secretary



January 14, 2013

Senator Robert Cowles  
Co-Chair Joint Legislative Audit Committee  
Room 118 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Representative Samantha Kerkman  
Co-Chair Joint Legislative Audit Committee  
Room 315 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708

Dear Senator Cowles and Representative Kerkman:

In its 2011 audit for the Medicaid program, the Legislative Audit Bureau recommended that the Department report to the Joint Legislative Audit Committee by January 14, 2013, on how implementation of the federal Patient Protection and Affordable Care Act (PPACA) will affect participation and costs in Wisconsin's Medicaid program.

Over the past year, there have been a number of developments, most notably the June 2012 Supreme Court decision that struck down the requirement that states expand Medicaid to all eligible individuals below 133% of the federal poverty level. In addition, the federal government has been slow to issue rules and policy guidance to implement the law, and states are still waiting for guidance on certain key components. As a result, the Department is still in the process of analyzing the impact of PPACA on the Wisconsin Medicaid program, including possible enrollment increases due to the individual insurance mandate and new eligibility rules, costs resulting from benefit changes and provider taxes, and administrative cost increases for Medicaid eligibility systems.

The Governor's 2013-15 biennial budget will include all these factors in re-estimating the Medicaid program for the coming biennium. I would be happy to discuss the assumptions once the budget is submitted to the Legislature.

Please contact me if you would like any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Dennis G. Smith".

Dennis G. Smith  
Secretary