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Secretary

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November 10, 2011

Cynthia Mann
Deputy Administrator and Director
Center for Medicaid and CHIP Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Director Mann:

Attached is a proposed 1115 Demonstration Project that truly is one of national significance. The impact of many of the Medicaid and state Children's Health Insurance Program (CHIP) provisions in the Patient Protection and Affordable Care Act (PPACA) as amended is untested and unknown. Without dramatic changes to PPACA, millions of Americans in households with income between 100 and 200 percent of the federal poverty level will soon enter a new system for the marketing and sale of private health insurance without knowing whether they will be eligible for federal tax credits or Medicaid or not eligible at all because of federal policies. Neither the federal government nor the states fully understand the impact of these changes on individuals and families at this income level.

Wisconsin is uniquely situated to test the impact of these federal changes which is the very essence of an 1115 Demonstration Project. The new federal law creates inequities among individuals and families that should be better understood before the law goes into effect nationwide.

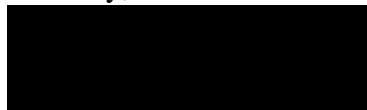
Approval of this Demonstration is also a matter of equity to the state. Federal law imposed a maintenance-of-effort (MOE) requirement on the states in P.L. 111-5 in exchange for enhanced federal funding. The additional funding was subsequently extended but expired as of July 1, 2011. Yet, while the federal funds have ended, the MOE continues and states are locked into past eligibility policies that were adopted in times of growing state revenues. Wisconsin is being required to continue policies that in the past were entirely at the discretion of the state. It is important to emphasize that while we are asking that past authorities be restored, we are not asking to lower eligibility based on income thresholds.

As you know, the state previously expanded Medicaid eligibility to certain individuals whose income exceeds 133 percent of the federal poverty level (FPL) and federal mandates. The state clearly has the authority to reduce eligibility to this level. However, choosing this option would likely have the illogical effect of preserving eligibility for individuals at higher income levels while individuals at lower income levels would lose their coverage. The changes we seek in this proposed Demonstration Project and in our state plan amendments represent a more equitable approach.

To adequately plan for the implementation of alternative choices should this application not be approved, we request approval by December 31, 2011. As these proposed changes are well known as a matter of policy and by definition will not increase federal expenditures above current law spending, we believe this timeframe is adequate for federal review.

Thank you for your consideration of this important initiative that can inform policymakers about the impact of pending federal changes on individuals and families. We are available to meet with you to discuss further at your earliest convenience.

Sincerely,

A black rectangular redaction box covering the signature of Brett Davis.

Brett Davis
Medicaid Director
State of Wisconsin