



Insight

The Independent Payment Advisory Board And Access to Health Care

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WASHINGTON – In a new paper out today, American Action Forum President Douglas Holtz-Eakin explains the structural flaws in the Independent Payment Advisory Board (IPAB), a central feature of the Affordable Care Act (ACA), and how it will ultimately ration care for Medicare patients..

Introduction

A controversial feature of the Patient Protection and Affordable Care Act (ACA) is the new Independent Payment Advisory Board (IPAB). This appointed panel will be tasked with cutting Medicare spending, but some of its features appear to be problematic.

First, given its mission, IPAB's mandate is too narrow. The board is prohibited from recommending changes that would reduce payments to certain providers before 2020, especially hospitals. Because of directives and restrictions written into the law, reductions achieved by IPAB between 2013 and 2020 are likely to be limited primarily to Medicare Advantage (23 percent of total Medicare expenditures), to the Part D prescription drug program (11 percent), and to skilled nursing facility services (5 percent). That means that reductions will have to come from segments that together represent less than half of overall Medicare spending.

Second, the IPAB is effectively unaccountable. In practice, the law makes it almost impossible for Congress to reject or modify IPAB's decisions, even if those decisions override existing laws and protections that Congress passed. As a result, it is not in fact an advisory body, despite its name. The system is set up so that IPAB, rather than Congress and the Department of Health and Human Services (HHS) acting under Congress' authority, makes policy choices about Medicare.

Finally, IPAB's time horizon is too short. IPAB's cuts have to be achieved in one-year periods. That effectively rules out long-run quality improvements or preventive programs. Instead, IPAB will be forced to focus on reducing reimbursements to providers due to their short-term nature.

Read the complete study [here](#).