



Weekly Checkup

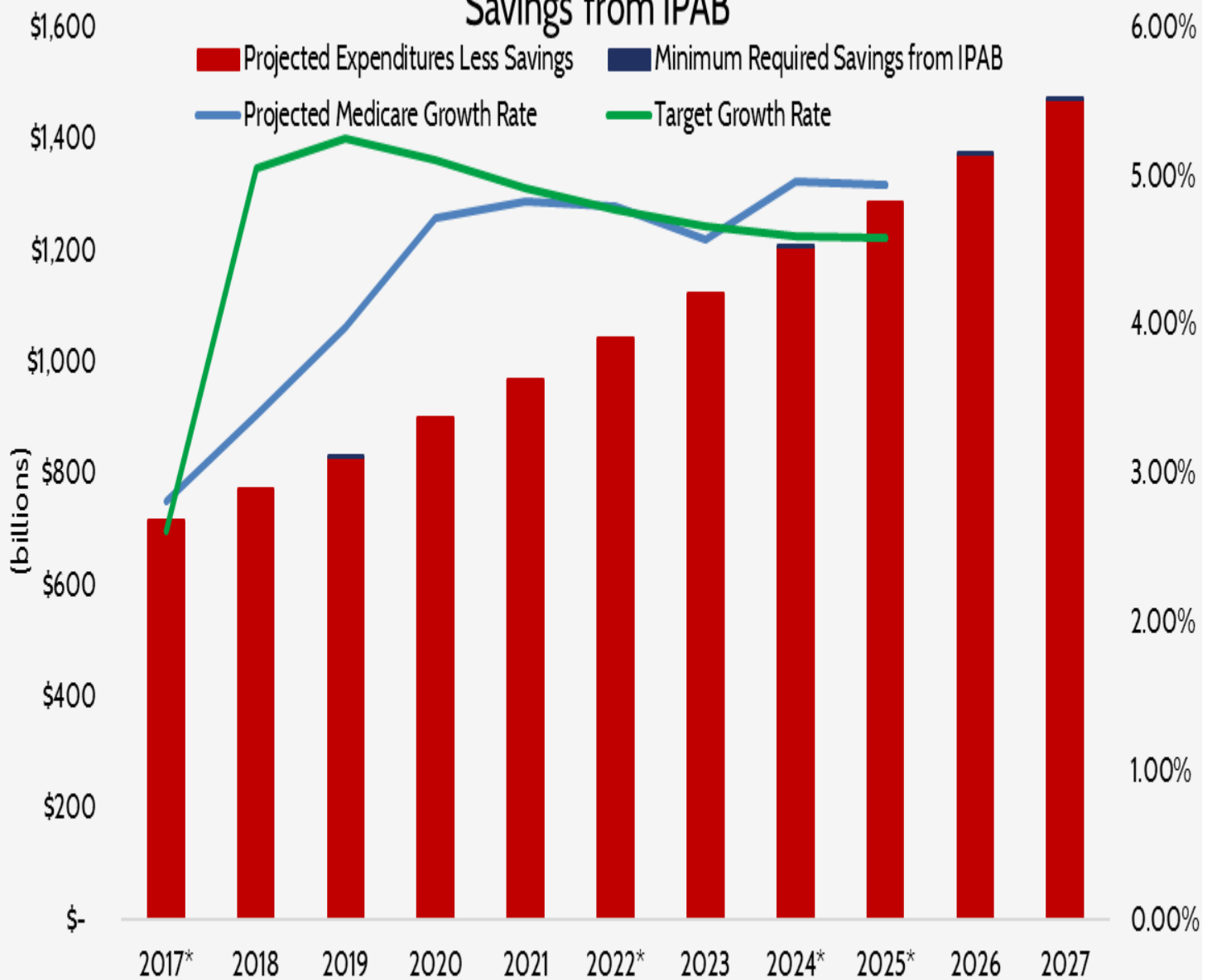
The Potential Impact of IPAB Over the Next 10 Years

TARA O'NEILL HAYES | SEPTEMBER 20, 2016

Included in the most recent [Medicare Trustees Report](#) was a projection that the [Independent Payment Advisory Board \(IPAB\)](#) would likely be triggered for the first time next year. IPAB was included in the Affordable Care Act (ACA) as a mechanism to help reduce Medicare spending if per beneficiary expenditures grew faster than a target growth rate. While Medicare is quickly [going bankrupt](#) and savings are desperately needed, the ACA set [provisions](#) that leave the Board little authority to make changes except to Medicare Advantage and Part D. The statute establishes a minimum amount of savings that must be achieved by IPAB in a given year, if it is determined that the five-year average per capita growth rate will exceed the five-year average target growth rate. Over the next 10 years, IPAB is currently projected to be triggered in 2017, 2022, 2024, and 2025. Based on current estimates, the minimum amount that must be cut from Medicare based on IPAB provisions in the 4 subsequent implementation years is \$11.2 billion, or \$160 per beneficiary over ten years.

Projected Medicare Expenditures and Minimum Required Savings from IPAB

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Figures based on 2016 Medicare Trustees Report. 2026 and 2027 expenditure and savings estimates based on estimates using the average annual enrollment and per capita growth rates projected for the next 10 years.

*Denotes Determination Years IPAB is expected to be triggered.

This post was originally published on July 12, 2016; it has since been updated for accuracy.