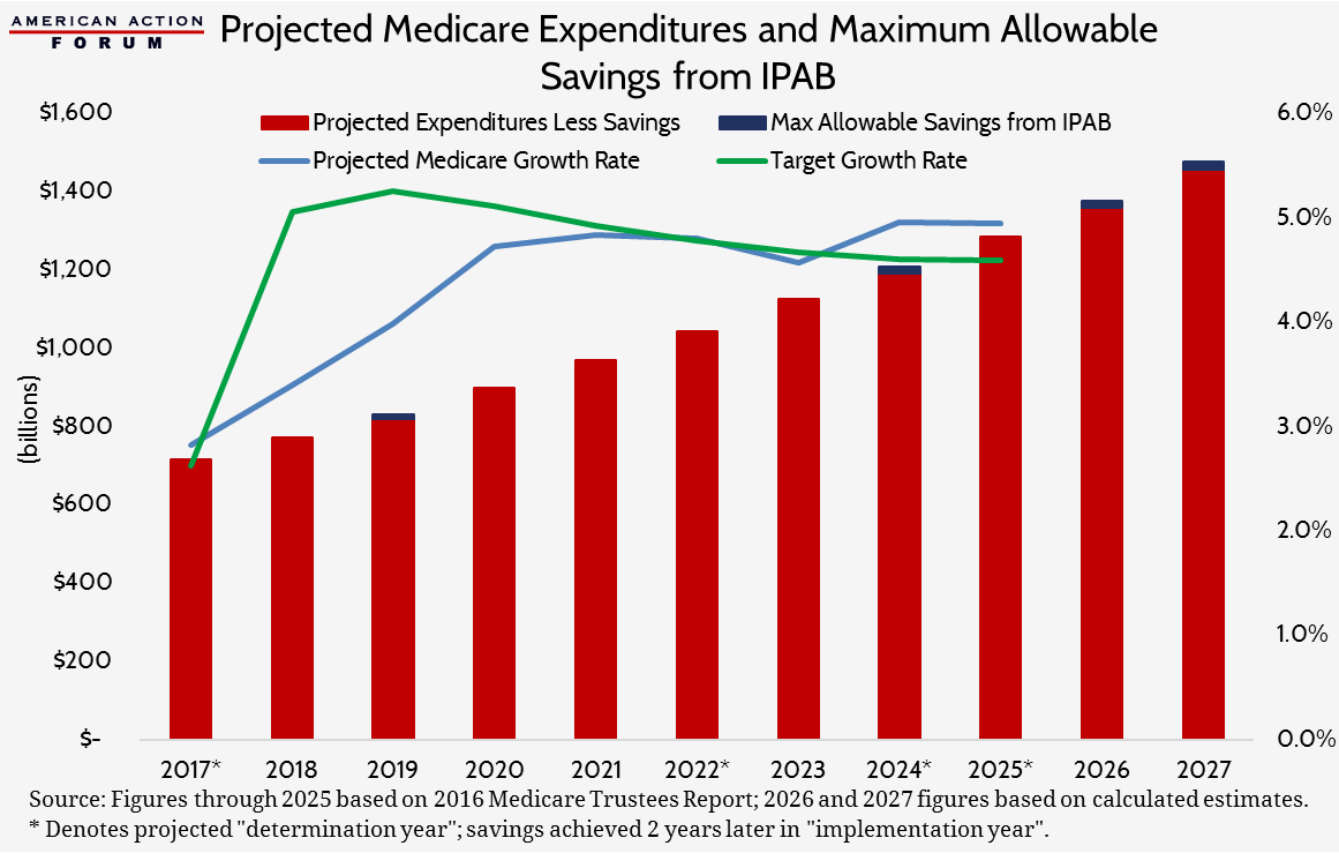
The Potential Impact of IPAB Over the Next 10 Years

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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 limit the maximum amount of savings that may be achieved by IPAB in a given year to no more than 1.5 percent of total Medicare expenditures in the "proposal year". (If IPAB is triggered in a given year, that is known as the "determination year". The following year, when IPAB must submit their proposals is the "proposal year", and the year when the proposals are implemented and savings are actually achieved is the "implementation year".) Over the next 10 years, IPAB is currently only projected to be triggered in 2017, 2022, 2024, and 2025. The maximum amount that could be cut from Medicare based on IPAB provisions in the 4 subsequent implementation years is $68.4 billion, or $945 per beneficiary.



Source: Figures through 2025 based on 2016 Medicare Trustees Report; 2026 and 2027 figures based on calculated estimates.
* Denotes projected "determination year"; savings achieved 2 years later in "implementation year".