

AMA-RFS Issue Brief

Independent Payment Advisory Board

BACKGROUND

One of the more controversial elements of the Patient Protection and Affordable Care Act (aka health system reform) passed in 2010 was the creation of the Independent Payment Advisory Board (IPAB). The 15-member IPAB is a presidentially appointed board comprised of health care experts and economists who are tasked with developing Medicare spending cuts in years during which spending exceeds a target growth rate (based on the Consumer Price Index). Recommendations of the IPAB will take effect annually beginning in 2015. If Congress fails to act on the recommendations or make its own spending reductions, the IPAB recommendations will automatically take effect.

ISSUES

Many are concerned about the scope of the IPAB. Rate reductions for hospitals and hospices are explicitly excluded until 2020, yet, estimates from the Congressional Budget Office calculate a reduction in Medicare spending of approximately \$15.5 billion from 2010 to 2019, raising concerns that only a few providers, including physicians, will bear the brunt of the cuts. The IPAB is not allowed to make recommendations that limit eligibility, increase premiums or limit coverage. The CMS actuary notes that IPAB target growth rates have only been met 4 times in the last 25 years.² These target growth rates create a situation in Medicare that is analogous to the Sustainable Growth Rate (SGR) – a flawed formula that has repeatedly produced steep cuts in Medicare physician payments, causing Congress to have to act at the 11th hour to avert an access crisis.

THE AMA'S POSITION

The American Medical Association is opposed to the current authority and framework for the IPAB. We have already seen first-hand the ill effects of the flawed sustainable growth rate (SGR) physician target and the steep cuts that Congress has had to scramble each year to avoid, along with the significant price tag of a long-term SGR solution. Physicians should not be subject to double jeopardy through two different expenditure targets and potentially additional multiple payment reductions under the Medicare program in the same year. Further, it is inequitable to subject physicians to two separate expenditure targets while at the same time exempting large segments of Medicare providers who are subject to no target at all.

WHAT YOU CAN DO

- Communicate your concerns about the IPAB to your Congressional representatives
- Get involved with the AMA-RFS Legislative Advocacy Committee and RFS listserv
- Donate to AMPAC to support candidates who challenge the IPAB
- Visit: <http://www.ama-assn.org/ama/rfs>

(1) Letter from Congressional Budget Office director Douglas Elmendorf to Senator Harry Reid, December 19, 2009. (http://www.cbo.gov/ftpdocs/108xx/doc10868/12-19-Reid_Letter_Managers_Correction_Noted.pdf.) (2) Foster RS. Estimated financial effects of the "Patient Protection and Affordable Care Act," as amended. Washington D.C.: Centers for Medicare and Medicaid Services, April 22, 2010. (3) Letter from American Medical Association CEO Michael Maves MD to Senator Harry Reid, January 13, 2010. (<http://www.ama-assn.org/ama1/pub/upload/mm/399/hsr-hr3590-ipab-provision-letter.pdf>)