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# The Facts About the Independent Payment Advisory Board

APRIL 20, 2011 AT 5:46 PM ET BY [NANCY-ANN DEPARLE](#)



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## Summary: Learn more about health care cost growth and the Independent Payment Advisory Board

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Last week, the President outlined a framework for reducing our deficits and debt that is based on the values of shared responsibility and shared prosperity. We know we can't reduce our deficit without reducing the growth of health care spending. But we also cannot bring down health care cost growth by simply raising costs for seniors and States and ending Medicare as we know it. That's why the President opposes any plan that would simply place the burden of deficit reduction on seniors and undermine Medicare.

The President's framework instead builds on the improvements made by the Affordable Care Act. It tackles Medicare fraud and excessive payments for prescription drugs, proposes a stronger Federal-State partnership in Medicaid, and includes a series of health care reforms that would save \$340 billion by 2021, \$480 billion by 2023 and at least an additional \$1 trillion in the following decade.

Key to these savings is a proposal to strengthen the Independent Payment Advisory Board - IPAB, which was created by the Affordable Care Act. Here's how IPAB works:

- 15 experts including doctors and patient advocates would be nominated by the President and confirmed by the Senate to serve on IPAB.
- IPAB would recommend policies to Congress to help Medicare provide better care at lower costs. This could include ideas on coordinating care, getting rid of waste in the system, incentivizing best practices, and prioritizing primary care.
- IPAB is specifically prohibited by law from recommending any policies that ration care, raise taxes, increase premiums or cost-sharing, restrict benefits or modify who is eligible for Medicare.
- Congress then has the power to accept or reject these recommendations. If Congress rejects the recommendations, and Medicare spending exceeds specific targets, Congress must either enact policies that achieve equivalent savings or let the Secretary of Health and Human Services follow IPAB's recommendations.

IPAB is a backstop – it would only take effect if Medicare costs grow too fast. We're already implementing a series of reforms that will improve the quality of care and reduce costs. In fact, according to Congressional Budget Office projections, Medicare spending won't hit the targets that would cause IPAB's recommendations to take effect in the next decade. But independent experts agree that IPAB will offer constructive ideas and help keep Medicare cost growth per enrollee affordable in the long run:

- Experts including former Bush Administration Medicare Official Mark McClellan called for "[strengthening] and [clarifying] the authority and capacity of the Independent Payment Advisory Board (IPAB)."
- Former Congressional Budget Office Director Former CBO Director Robert Reischauer called IPAB a "big deal" that "could generate substantial savings."
- Experts from the Commonwealth Fund wrote "the Affordable Care Act includes important provisions that will finally begin to control unchecked health care costs, such as...the creation of the Independent Payment Advisory Board. Building on and extending these provisions across the health system has the greatest promise of slowing the growth of government health care budget outlays, private insurance premiums, and underlying health care cost trends."

- A coalition of economists including three Nobel laureates said “the Affordable Care Act contains essentially every cost-containment provision policy analysts have considered effective in reducing the rate of medical spending” including an Independent Payment Advisory Board.

Under the President’s framework, seniors will have their guaranteed Medicare benefits. People on Medicare won’t be saddled with thousands of dollars in additional health care costs. And Medicare beneficiaries will be able to choose the health care plan and doctor that work for them.

The same can’t be said for the Republican plan. Under their proposal, a typical 65-year-old who becomes eligible for Medicare would pay an extra \$6,400 for health care, more than doubling what he or she would pay if the plan were not adopted. Guaranteed Medicare benefits would be eliminated. Big health insurance companies would decide which benefits and insurance plans are available and could limit seniors’ choice of doctor. And in some cases, seniors might not have any health care choices at all.

As with deficit reduction, there is a right way and a wrong way to strengthen Medicare. The wrong way is to simply slash benefits, leave seniors with higher premiums and hope for the best.

The right way is to identify and implement what works on an ongoing basis to lower costs and improve care, set spending goals, and have a way to ensure that they are met – which is what IPAB does. Reducing our deficit and debt is a goal we all share, and we can achieve that goal and ensure our seniors get the quality, affordable health care they need and deserve.

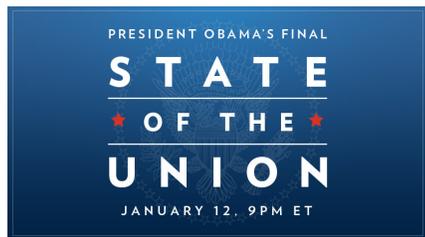
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