



# IPAB Sharpens Its Teeth

*A Second Obama Term Would Take A Bigger Bite Out Of Medicare*

**DURING LAST WEEK'S PRESIDENTIAL DEBATE, OBAMA DOUBLED DOWN ON HIS DEFENSE OF IPAB**

**Obama: "Now, So What This Board Does Is Basically Identifies Best Practices And Says, Let's Use The Purchasing Power Of Medicare And Medicaid To Help To Institutionalize All These Good Things That We Do."** (President Barack Obama, [Presidential Debate](#), Denver, CO, 10/3/12)

***The Independent Payment Advisory Board's Best Practice Is To Make Cuts To Medicare***

**ObamaCare Created IPAB "To Cut Medicare."** "That's the job description for the 15 members of the Independent Payment Advisory Board — the new panel created by President Barack Obama's health care law to come up with ways to cut Medicare spending if it grows too fast." (David Nather, "Medicare Cost-Cutting Job Could Be Worst In D.C.," [Politico](#), 5/14/11)

- **The Nonpartisan Congressional Budget Office Found That IPAB Will Be Required To Recommend Changes To Medicare Spending.** "The legislation also would establish an Independent Payment Advisory Board, which would be required, under certain circumstances, to recommend changes to the Medicare program to limit the rate of growth in that program's spending." (Congressional Budget Office, [Letter To Majority Leader Harry Reid](#), 12/19/09)
- **IPAB Will Advocate For Medicare Payment Cuts To Doctors.** "The 15-member board will recommend cuts in Medicare payments to doctors, which will take effect automatically unless Congress votes to block them." (Sam Baker, "Sebelius: Congress Can Avoid IPAB By Addressing Medicare Costs," [The Hill's Health Watch](#), 7/12/11)

**If Congress Fails To Act On IPAB's Recommendations, HHS Is Required To Implement IPAB's Cuts To Medicare.** "If Congress fails to act, the secretary of health and human services is required to implement the cuts." (Bara Vaida, "The IPAB: The Center Of A Political Clash Over How To Change Medicare," [Kaiser Health News](#), 3/22/12)

***IPAB Exists In Addition To Obama's \$700 Billion Cut To Medicare***

**The Nonpartisan Congressional Budget Office: ObamaCare Cuts \$716 Billion From Medicare.** (Congressional Budget Office, [Letter To Speaker John Boehner](#), 7/24/12)

- **ObamaCare Cut Medicare By 6 Percent.** “If the debt committee hits a dead end, the agreement between President Barack Obama and congressional leaders decrees an automatic 2 percent cut to Medicare providers. That’s on top of a 6 percent cut already enacted to finance the president’s health care law, according to the nonpartisan Kaiser Family Foundation. And the earlier cut is still being phased in.” (Ricardo Alonso-Zaldivar, “Debt Ceiling Deal Paves Way For Medicare, Medicaid Budget Fight,” [The Associated Press](#), 8/2/11)

**Medicare Actuary Richard Foster On ObamaCare’s Medicare Cuts: “It’s Pretty Hard To Imagine That They Could Be Sustainable.”** FOSTER: “And the figures you quoted were correct. And that assumes that again, the private health insurance can’t do something comparable to these mandated reductions in growth rates that are part of current law now for Medicare. In looking at those, it’s pretty hard to imagine that they could be sustainable, because when you think about it, the providers have to pay certain input cost increases. They have to pay somewhat more next year than they do this year. They have to pay higher energy costs. They have medical supplies. They have rent or leases that go up.” ([Testimony Before The House Committee On The Budget](#), U.S. House Of Representatives,, 7/13/11)

- **CBO: Obama’s Medicare Payment Cuts To Physicians And Providers May “Be Difficult To Sustain” Over The Long Term.** “For Medicare, CBO assumed that three policies that would restrain cost growth might be difficult to sustain over a long period—ongoing reductions in payment updates for most providers in the fee-for-service program, the sustainable growth rate mechanism for payment rates for physicians, and the IPAB—would not continue.” (Congressional Budget Office, [“The Long-Term Budget Outlook,”](#) June 2012, p. 57)
- **Centers For Medicare & Medicaid Services: ObamaCare’s Physician Fee Reductions Are “Clearly Unworkable” And Barring Changes, Payment Rates “Would Become Inadequate In The Long Range.”** “The immediate physician fee reductions required under current law are clearly unworkable and are almost certain to be overridden by Congress. The productivity adjustments will affect other Medicare price levels much more gradually, but a strong likelihood exists that, without very substantial and transformational changes in health care practices, payment rates would become inadequate in the long range. As a result, actual Medicare expenditures are likely to exceed the projections shown in the 2012 Trustees Report for current law, possibly by considerable amounts.” (John D. Shatto and M. Kent Clemens, “Projected Medicare Expenditures Under Illustrative Scenarios With Alternative Payment Updates To Medicare Providers,” [CMS](#), 5/18/12)

### ***Obama’s Unsustainable Cuts Will Hurt Seniors And Limit Access To Care***

**Medicare Payment Cuts “Could Jeopardize Medicare Beneficiaries’ Access To Mainstream Medical Care.”** “...it is equally hard to imagine cutting only Medicare spending while spending by the commercially insured under age sixty-five continues to grow at historic rates, which would lead to a marked divergence between what providers are paid for treating the commercially insured relative to what they are paid for Medicare beneficiaries. This gap could jeopardize Medicare beneficiaries’ access to mainstream medical care.” (Newhouse, Joseph P. (July 22, 2010) “Assessing Health Reform’s Impact on Four Key Groups of Americans,” *Health Affairs* 29:9, pp. 1-11)

- **Obama’s HHS Secretary Then Admitted That IPAB Recommendations To Cut Dialysis Payments Would Threaten Seniors’ Access To Necessary Treatment.** SEBELIUS: “If Congress accepted the recommendations and made the decision that cuts in dialysis were appropriate, I assume there could be some providers who would decide that would not be a service they would any longer deliver...” (Committee On Energy And Commerce, U.S. House Of Representatives, [Hearing](#), 7/13/11)

- **IPAB's "End Game" Will Limit Patient Care.** "The only alternative, and the IPAB's true end game, is harsher and more arbitrary price controls and eventually limits on the care patients are allowed to receive. The New England Journalists (of Medicine) deny this reality because ObamaCare has a clause that prohibits 'rationing,' even as the law leaves that term undefined. But reducing treatment options will be inevitable as government costs explode." (Editorial, "Independent Payment Advisory Revolt," [The Wall Street Journal](#), 3/9/12)

## **OBAMA DOESN'T THINK IPAB GOES FAR ENOUGH IN CUTTING MEDICARE**

### ***Obama Has Repeatedly Called For Giving IPAB More Teeth***

**Obama Has Continually Pushed For Strengthening IPAB And An Additional \$248 Billion Cut From Medicare.** "The plan calls for strengthening a controversial piece of the health care reform law, and it includes proposals state governments have strongly opposed. It also would require seniors to pay more for certain Medicare benefits, according to a summary of the proposal, which would cut \$248 billion in Medicare funding and \$73 billion to Medicaid and other health programs." (Sam Baker, "Obama Health Cuts To Spark Fights With States, GOP, Industry Groups," [The Hill's "Health Watch"](#), 9/19/11)

- **IPAB Will "Kick In" Earlier According To Obama's Deficit Reduction Plan.** "The plan proposes strengthening the Independent Payment Advisory Board (IPAB) — a cost-cutting panel created by health care reform that Republicans have said will 'ration' care. Obama's proposal would allow the IPAB to kick in earlier." (Sam Baker, "Obama Health Cuts To Spark Fights With States, GOP, Industry Groups," [The Hill's "Health Watch"](#), 9/19/11)

**Obama's 2013 Budget: "Strengthen the Independent Payment Advisory Board (IPAB) to Reduce Long-Term Drivers of Medicare Cost Growth."** ("Fiscal Year 2013 Budget Of The U.S. Government," [OMB](#), 2/13/12)

- **Obama's Budget Lowers The Threshold For IPAB To Make Payment Changes To Medicare And Provides IPAB With "Additional Tools" To Control Spending.** "To further moderate the rate of Medicare growth, this proposal would lower the target rate from the GDP per capita growth rate plus 1 percent to plus 0.5 percent. Additionally, the proposal would give IPAB additional tools like the ability to consider value-based benefit design." ("Fiscal Year 2013 Budget Of The U.S. Government," [OMB](#), 2/13/12)

## **IF OBAMA IS RE-ELECTED, WILL LIKELY MOVE FORWARD IN MAKING CUTS TO MEDICARE**

### ***Obama Will Have The Authority To Recess Appoint Partisan Members To The Board***

**The Non-Partisan Congressional Research Service (CRS): Obama "Could Fill Member Position On The IPAB By Recess Appointment During Any Period."** "There is no constitutional or statutory qualification on the President's 'Power to fill up all Vacancies ...' Because the President's recess appointment authority is unqualified, it appears that he could fill member positions on the IPAB by recess appointment during any period when he could otherwise make such appointments. Under certain circumstances, such appointments might be subject to pay restrictions, but the analysis of such a possibility is beyond the scope of this memorandum." (Christopher M. Davis and Henry B. Hogue, [Memo To Senator Tom Coburn \(R-OK\)](#), 3/18/11)

### ***Obama Will Be Able To Appoint His Political Allies To Follow-Through On Obama's Unsustainable Cuts To Medicare***

**CRS: Obama Will Have The Power To Recess Appoint Members Of His Own Party To Form A Democrat Majority On The Board That Will Follow-Through On Its Responsibility To Cut Medicare.**

“Were the President to make recess appointments to the IPAB, he could fill whichever positions on the board he chose to, consistent with the statutory requirements described above with regard to consultation, qualifications, and term specifications. He need not ensure that the result of his appointments is a politically balanced board. It is possible that he could, in fact, make recess appointments only to those membership slots that are likely to be filled by members of his own party: the three filled in consultation with the Senate majority leader, the three filled in consultation with the House minority leader, and the three filled without consultation.” (Christopher M. Davis and Henry B. Hogue, [Memo To Senator Tom Coburn \(R-OK\)](#), 3/18/11)

- **CRS: Obama Can Designate A Democrat Ally To Lead IPAB In All Its Capacities.** “In addition, he could use his recess appointment power to appoint one of these nine members as chair. Inasmuch as the chair is empowered to ‘exercise all of the executive and administrative functions of the Board,’ this act would facilitate managerial activities such as the hiring of personnel and expenditure of funds, that would be necessary to start up the agency.” (Christopher M. Davis and Henry B. Hogue, [Memo To Senator Tom Coburn \(R-OK\)](#), 3/18/11)