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Too much power for new Medicare agency

By Scott Tittle

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Last week, Congress heard testimony on a lawsuit that challenges the constitutionality of a controversial component of the new federal health-care reform law: the Independent Payment Advisory Board. The IPAB is a new federal agency composed of 15 members appointed by the president and confirmed by the Senate, and its sole purpose is to reduce Medicare spending in years that the projected Medicare growth rate exceeds the targeted amount. Despite any outcome of the pending IBAP lawsuit, Congress should act now to repeal this dangerous provision that stands to threaten the quality of health care to Medicare beneficiaries.

While IPAB won't necessarily have the power to make any structural changes to Medicare, it will have the ability to reduce direct reimbursement rates to health-care providers. Current rates are already causing many doctors to restrict the number of Medicare patients they accept or to refuse to accept any at all. Further reductions will only worsen this situation and will likely force some physicians out of business, leaving Medicare patients with fewer and fewer options, especially in rural areas. In addition, IPAB's reach could impact payment rates for skilled nursing facilities in 2015, diminishing the quality of care available to seniors in Indiana and across the nation.

Furthermore, there is little to prevent IPAB's authority from becoming absolute as its cost-cutting actions will be automatically implemented unless Congress is able to act and adopt alternative proposals that result in an equivalent level of savings. The short four-month congressional review period and super three-fifths majority veto requirement in the House and Senate will mean that virtually none of the IPAB acts would be overturned.

In theory, an independent group designated to help cut Medicare spending would seem to be a productive step. In its current form, however, the IPAB has the power to do more harm than good as it places a great deal of authority in an insulated and unelected board that will make decisions at the expense of Medicare recipients that have no recourse or opportunity to appeal the panel's draconian acts.

The future of Medicare should not be secured in the hands of a panel of Washington, insiders at the expense of Medicare beneficiaries.

I hope that Indiana's congressional delegation will join in a bipartisan way to either eliminate IPAB altogether or revamp it such that it is forced to function in a much more accountable, responsible and transparent way.

Tittle is president of the Indiana Health Care Association.