

# Health System Reform INSIGHT



July 14, 2011

Given the new direction for the nation's health system, the AMA has developed *Health System Reform Insight* to help you understand what this new direction means to you and your patients.

## Opposition to the IPAB escalates

A controversial provision of the Affordable Care Act (ACA) that has been highlighted recently in the media calls for establishing an [Independent Payment Advisory Board](#) (IPAB). The purpose of this 15-member panel would be to extend Medicare program solvency through the use of a spending target system and an expedited congressional process for approving Medicare cost savings.

Throughout the congressional debate leading up to passage of the ACA, the AMA expressed opposition to the IPAB's broad authority, the lack of flexibility in its mandate and the fact that it would effectively subject physicians to double-jeopardy for Medicare payment cuts so long as the sustainable growth rate formula remains in place.

As ACA refinements were being crafted in the form of a reconciliation bill, the AMA worked with leaders in the U.S. House of Representatives to address these issues, but all recommended changes were ruled out of order by the Senate parliamentarian. The AMA has continued to recommend changes and, ultimately, last month during the [Annual Meeting of the AMA House of Delegates](#), the AMA adopted policy calling for full repeal of the IPAB.

In addition to the double-jeopardy issue, the AMA has expressed other concerns about the IPAB,



## KEY DATES

### July 16

An AMA seminar in Durham, N.C., will highlight the AMA's strategy for achieving physician payment improvements in Medicare, Medicaid and the private sector as well as new federal regulations regarding accountable care organizations. Online registration is closed, but participants can register on-site. [Learn](#) more.

### July 21

Learn about new developments in medicine and with the AMA by joining AMA President Peter W. Carmel, MD, for his first [Office Hours with Dr. Carmel](#) conference call at 7 p.m. Eastern time. [Register](#) today.

### July 28

Join AMA President-elect Jeremy Lazarus, MD, at 7 p.m. Eastern time for an AMA webinar covering new initiatives and pilot programs being tested in Medicare and the private sector. AMA members can participate for free. [Register](#) today.

## IMPORTANT LINKS

[AMA comments on proposed rules covering accountable care](#)

including the following:

- The IPAB may not consider changes in benefit structure, beneficiary eligibility, beneficiary cost-sharing or revenue increases, leaving no discernable option for controlling costs or ensuring program solvency other than cutting provider payments.
- For several years, the law provides exemptions from cuts for hospitals and other providers, translating into potentially steeper cuts for physicians.
- IPAB members will be appointed by the president to full-time positions, leaving no possibility for representation by practicing physicians.
- Important health care payment policy decisions will be placed in the hands of a panel that has far too little accountability, leaving elected members of Congress with little input or control over important policy decisions affecting health care for millions of patients.
- The formula for calculating allowed expenditure growth is rigid, with no flexibility for errors in actuarial projections or the impact that pandemics or technological changes may have on demands for care.

Legislation that would repeal the IPAB was introduced earlier this year in the [U.S. House of Representatives](#) (H.R. 452) by Rep. Phil Roe, MD, R-Tenn., and the [Senate](#) (S. 668) by Sen. John Cornyn, R-Texas.

The AMA sent letters expressing support for both the [House](#) and [Senate](#) bills on July 6, and the [House Budget Committee](#) and the [House Energy and Commerce Committee](#) held hearings about the IPAB this week.

## Outlook

Although there are critics of the IPAB on both sides of the political aisle, the issue of its repeal has been caught up in partisan rhetoric. There are specific provisions prohibiting the IPAB from submitting proposals to ration care, but opponents loudly proclaim this will be the likely effect. This seems to deter rather than encourage bipartisan support for a repeal of the IPAB. At the same

[organizations](#) 

[AMA letter on developing pathway toward reforming the Medicare physician payment system](#) 

[Letter in support of HEALTH Act to repair nation's medical liability system](#) 

[Advocating for improvements to the Affordable Care Act](#) 

[AMA comments on ACA implementation regulations](#)

[New HHS Web portal to help consumers buy health insurance](#)

[Pathways for physician success under health care payment and delivery reforms](#) 

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time, there are IPAB supporters who, in public at least, continue to ignore its structural flaws.

While reports have circulated recently that efforts are under way to identify potential IPAB appointees, cuts under the spending targets outlined in the law cannot occur until 2015. This will provide some time for rhetoric to cool and allow for productive efforts to build support for the panel's elimination.

Watch *Health System Reform Insight* for more about the IPAB as new developments emerge.

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**Feedback**

If you have specific comments on this edition of *Health System Reform Insight* simply reply to this message. For more general feedback on *Health System Reform Insight*, send an e-mail to [hsr@ama-assn.org](mailto:hsr@ama-assn.org) to alert the editor of your comments and concerns.

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