



## KEY PROVIDER ISSUES IN HEALTH CARE REFORM

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### INDEPENDENT PAYMENT ADVISORY BOARD

The **Independent Payment Advisory Board** will make recommendations to revise payment rates to most providers, health plans, and prescription drug plans to keep Medicare spending in line with targeted growth rates. Beginning in 2014, the 15-member board will issue recommendations on ways to reduce Medicare spending in those years when spending exceeds projected growth. In years where no recommendations are required, the Board will produce an advisory report describing system-wide health care costs, patient access to care, utilization, and quality-of care.

#### Scope of Work

The Independent Payment Advisory Board shall have the power to affect payments to providers and suppliers in those years where spending exceeds growth targets. Unlike the current Medicare Payment Advisory Commission (MedPAC), the IPAB's recommendations will be implemented unless Congress intervenes with alternative proposals. Hospitals and hospices are exempt from proposals to reduce spending in those sectors until 2020.

The Board is also required to submit a biennial report to Congress and the President which contains non-binding proposals to reduce overall spending. Unlike the recommendations that become policy without Congressional intervention, these proposals are intended to slow growth and enhance quality of care through administrative implementation, or federal and state legislative action.

#### Potential Impact

Although some have praised the creation of the Board as an important means to reduce health care costs, many are concerned with the amount of authority being entrusted to a single entity. The Advisory Board's independence is designed to insulate it from political maneuvering and shifts in power. However, critics charge that the board will therefore be unaccountable. With nothing short of legislative action stopping many of its recommendations from taking effect, some members of the health care community are concerned with the possible implications.

Providers and suppliers receiving federal dollars have been the most outspoken against the Board, fearing that any of the binding recommendations will be nothing more than annual pay cuts, eventually resulting in underpayments. Language was included in the final law that protects beneficiaries from rationing of care and unfair changes to coinsurance and premiums.

*For information, visit [www.strategichealthcare.net](http://www.strategichealthcare.net), or contact Marian Lowe, Partner, Strategic Health Care, at 202-266-2606 or at [marian.lowe@shcare.net](mailto:marian.lowe@shcare.net).*