



Testimony of

American Congress of Obstetricians and Gynecologists

Hearing

How the Independent Payment Advisory Board (IPAB) Will Impact
The Medicare Program, Its Beneficiaries, And Health Care Providers

House Committee on Ways and Means

Subcommittee on Health

March 6, 2012

The American Congress of Obstetricians and Gynecologists (ACOG), representing 57,000 physicians and partners in women's health, welcomes the opportunity to submit written testimony to the House Committee on Ways and Means Subcommittee on Health in support of repealing the Independent Payment Advisory Board (IPAB). IPAB, an unaccountable entity, will erode physician support for the Medicare program, limit patient access to needed care, and limit physicians' ability to continue to provide high quality care.

For these reasons, ACOG strongly supports swift passage of H.R. 452, the Medicare Decisions Accountability Act, a bi-partisan bill introduced by Rep. Phil Roe to repeal IPAB.

What IPAB Does

IPAB's sole job is to recommend Medicare cuts to Congress to reduce the per capita rate of growth in Medicare spending, if a yearly spending target is not met. In its first five years, beginning in 2015, IPAB can only recommend cuts to physicians and a few other provider types, while hospitals, nursing homes, and most other providers are exempt.

IPAB cannot, by law, recommend increasing Medicare premiums, co-pays, or deductibles, and can't recommend benefit changes or eligibility restrictions. IPAB's recommendations become law each year unless Congress can block or make changes to them by a short deadline, while overcoming significant procedural hurdles, and come up with other cuts of the same magnitude from within the Medicare program.

IPAB Will Harm Patients

IPAB will hurt our patients by restricting access to care. Fewer physicians will accept Medicare patients, and many more physicians capping the number of Medicare patients they will treat. IPAB recommendations will have far reaching consequences in the private insurance market as insurers use Medicare reimbursements as a benchmark for their own payments. IPAB will only make recommendations based on a yearly target, precluding thoughtful, longer-term solutions.

Power in the Hands of 15 Unelected Bureaucrats or in the Hands of 1

In the Affordable Care Act (ACA), the US Congress punted responsibility for Medicare cost-saving decisions to the IPAB. Beginning in 2015, the 15 unelected IPAB members would have tremendous power to cut Medicare payments to physicians and other health care providers.

Some assert that IPAB may never become a reality, given few volunteers to serve on the Board and the likelihood of difficult nomination fights. These assertions miss the point. Under the ACA, even if the Board never comes into being, these cuts will still be made, and still outside of the hands of our elected representatives. If not made by the 15 unelected bureaucrats, they'll be made by one: The Secretary of the Department of Health and Human Services.

Addressing Health Care Costs without IPAB

Without a doubt, our Nation's health care costs must be addressed. We recommend a serious, thoughtful, meaningful approach.

- Congress' challenge, and the challenge faced by our nation as a whole, is to reduce the rate of growth in health care costs while increasing access to high quality effective health care, getting better outcomes for our health care dollars. Many factors contribute to rising health care costs. Using IPAB to cut only a small segment of these factors is the wrong approach and will undermine innovation.
- Opportunities for cost savings must be identified across all parts of the health care system and throughout the Medicare program. In 2010, services reimbursed under the Medicare physician fee schedule only accounted for 12% of the total \$514 billion in Medicare spending. Hospital in-patient services were more than double physician costs, 27% of Medicare spending.
- Alternative approaches to health care delivery that will result in better health outcomes for our health care dollars must be fully explored and tested in order to achieve true long term cost-effectiveness. The Centers for Medicare and Medicaid Innovation (CMMI) and medical societies, including ACOG, are hard at work in identifying practice and payment model innovations that reward quality and result in better access to care and better care outcomes. Testing, evaluation and implementation of these alternatives takes time. Arbitrary annual cuts in Medicare physician payments will quickly undermine this work.
- The physician Medicare experience must improve, not be further eroded. The Medicare sustainable growth rate (SGR) formula must be repealed and replaced by a reliable method of appropriately paying physicians. Health information technology is needed to implement quality measures that include high-quality, risk-adjusted data. This requires investments in individual physician practices, again requiring resources and time. Arbitrary annual IPAB cuts will cause physicians to lose faith in the Medicare program.

ACOG thanks the Subcommittee for the opportunity to provide this statement to the House Committee on Ways and Means, Subcommittee on Health on the Independent Payment Advisory Board. For questions or concerns, please contact Anna Hyde, ACOG Federal Affairs Manager, at 202-863-2512 or ahyde@acog.org