

President Obama's Health "Reform": Bureaucrats Choose, Patients Lose

"The decision is not whether or not we will ration care—the decision is whether we will ration with our eyes open."

— Dr. Donald Berwick, now Medicare Administrator, June 2009¹

The President's recent deficit reduction "plan" has put renewed focus on the Independent Payment Advisory Board (IPAB), a 15-person board of bureaucrats appointed by the President and granted dramatic powers over Medicare. Created in Obamacare to enforce a cap on overall Medicare spending, the IPAB would be required to lower the Medicare cap even further under the President's deficit reduction outline.² However, serious policy and political concerns remain regarding a grant of virtually *carte blanche* power over seniors' health care to a board of unelected bureaucrats:

- Section 3403 of Obamacare grants the IPAB the power to make rulings designed to reduce costs in Medicare. However, the board will be forced to hold Medicare spending to a growth level that the non-partisan Medicare actuary previously called "difficult to achieve in practice."³ The Medicare actuary also believes the IPAB will not meet its spending targets because Obamacare includes assumptions that "are unlikely to be sustainable"—yet the President's deficit plan would make those assumptions even more unsustainable and unrealistic.⁴
- Even Democrats have raised concerns about whether the spending targets established by the IPAB will be achievable. Rep. Pete Stark—a self-described San Francisco liberal—admitted that a voucher program for Medicare could actually be superior to the President's approach: "In theory at least, you could set [Medicare] vouchers at an adequate level...But, in its effort to limit the growth of Medicare spending, the board is likely to set inadequate payment rates for health care providers, which could endanger patient care."⁵
- IPAB's decisions reducing Medicare spending would *automatically go into effect* unless overridden by Congress. Politicians from across the political spectrum have expressed opposition to the idea of unaccountable bureaucrats deciding Medicare payment policy. For instance, Rep. Allyson Schwartz (D-PA) called the IPAB mechanism an abdication of Congress' constitutional duty.⁶
- A recent article in the *New York Times* noted that "in general, federal courts could not review actions to carry out the board's recommendations."⁷ That prohibition on judicial review is one of 14 separate instances where Obamacare blocks patient lawsuits against bureaucrat decisions.⁸ Some may question why the President **OPPOSES enacting reasonable limits on private-sector lawsuits,**⁹ but **SUPPORTS banning patients from suing government bureaucrats outright.**

- A recent *Wall Street Journal* editorial observed that “decades of government faith in omniscient miracle workers”—government bureaucrats micro-managing prices for a \$500 billion program—“has left Medicare in its present shambles.”¹⁰ Specifically, after 45 years of management by federal bureaucrats, the Congressional Budget Office found that Medicare is adding to federal deficits by tens of billions of dollars—and will become insolvent within a decade.¹¹ While the Administration claims that giving unelected bureaucrats even more power over Medicare will “improve” the program, given Medicare’s past track record, it is reasonable to wonder how much more of this kind of “improvement” the program can stand.¹²

Obamacare’s passage has led as many as two-thirds of physicians to drop out of government-run health programs; some locations have already reported doctors dropping out of Medicare “at an alarming rate.”¹³ The Medicare actuary and other experts agree that the unrealistic spending targets placed on the IPAB will likely lead to reductions in reimbursement levels that will harm seniors’ access to care. Rather than relying on a board of unelected and unaccountable bureaucrats to ration seniors’ care arbitrarily, President Obama should instead rely on a better approach to deficit reduction—one that maintains seniors’ choice of options by putting patients, not government bureaucrats, at the center of health care.

¹ “Rethinking Comparative Effectiveness Research,” An Interview with Dr. Donald Berwick, *Biotechnology Healthcare* June 2009, http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2799075/pdf/bth06_2p035.pdf

² <http://www.whitehouse.gov/the-press-office/2011/04/13/fact-sheet-presidents-framework-shared-prosperity-and-shared-fiscal-resp>

³ Memo on Estimated Financial Effects of the “Patient Protection and Affordable Care Act,” as amended by Richard Foster, April 22, 2010, http://www.cms.gov/ActuarialStudies/Downloads/PPACA_2010-04-22.pdf.

⁴ Ibid.

⁵ “Obama Panel to Curb Medicare Finds Foes in Both Parties” by Robert Pear, *New York Times* April 20, 2011, <http://www.nytimes.com/2011/04/20/us/politics/20health.html>

⁶ Ibid.

⁷ Ibid.

⁸ Patient Protection and Affordable Care Act, P.L. 111-148; amended version available at <http://docs.house.gov/energycommerce/ppacacon.pdf>

⁹ Speech to American Medical Association annual meeting, June 15, 2009, http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-the-Annual-Conference-of-the-American-Medical-Association/

¹⁰ “The Other Medicare Cutters,” *Wall Street Journal* April 20, 2011, <http://online.wsj.com/article/SB10001424052748704613504576269582048771132.html>

¹¹ Congressional Budget Office March 2011 Medicare baseline, <http://cbo.gov/budget/factsheets/2011b/medicare.pdf>. CBO found the Medicare Part A (Hospital Insurance) Trust Fund is cash-flow negative, and will be until its exhaustion in 2020; redemption of the federal bonds held in the trust fund thus adds to federal deficits.

¹² “The Facts About the Independent Payment Advisory Board” by Nancy-Ann DeParle, White House blog posting, April 20, 2011, <http://www.whitehouse.gov/blog/2011/04/20/facts-about-independent-payment-advisory-board>

¹³ “Why Physicians Oppose the Health Care Reform Bill” by Daniel Palestrant, *Forbes* April 28, 2010, <http://www.forbes.com/2010/04/28/health-care-reform-physicians-opinions-contributors-daniel-palestrant.html>; “Texas Doctors Opting Out of Medicare at Alarming Rate” by Todd Ackerman, *Houston Chronicle* May 17, 2010, <http://www.chron.com/disp/story.mpl/metropolitan/7009807.html>.