

The wrong way to reform entitlements

By ROBERT B. BLANCATO | Special Correspondent

<http://www2.tbo.com/news/opinion/2011/may/06/MEOPINO2-the-wrong-way-to-reform-entitlements-ar-205148/>

May 06, 2011

House Budget Committee Chairman Paul Ryan's 10-year, \$6.2 trillion budget plan pushes for significant overhauls of Medicare and Medicaid to bring down soaring entitlement costs.

Without question, Democrats will be expected to have their own plans on the future of entitlement spending. The focus on entitlements is inevitable, and without addressing the pros or cons of proposals, one simple fact is clear: All entitlement reform should be done by the elected members of Congress.

So, during this entitlement reform debate it is also time for Congress to reassess the need for the Independent Payment Advisory Board (IPAB), adopted as part of the new Affordable Care Act.

IPAB becomes unnecessary if Medicare reform is achieved through annual budget reconciliation bills. It was created by Congress to develop ways to reduce Medicare's short- and long-term costs — and created with the expectation that entitlement reform would not be considered before IPAB was to begin in 2014.

IPAB's fatal flaws are that it is largely unaccountable to Congress and the American public and could make major cuts to Medicare, directly affecting patient care

The president will appoint 15 voting members to IPAB, subject to Senate confirmation. Starting in 2013, a government actuary will estimate the trajectory of Medicare spending. If spending is growing too quickly, IPAB will be triggered to make cost-cutting recommendations.

IPAB is not allowed to ration care, increase premiums, restrict eligibility or cut benefits. However, it is allowed to cut reimbursement rates to participating doctors.

A growing number of physicians have stopped accepting new Medicare patients. If IPAB cuts payment rates even further, more doctors will flee Medicare, and patients will face even longer wait times before receiving treatment.

Certain types of health care providers, including hospitals, are exempt from payment cuts, at least for the next few years. However, these providers will very likely contribute to the overall increase in Medicare spending that triggers IPAB action. But the resulting cuts can fall on only a small slice of participating providers, and this minority will likely have to bear the punishment for cost increases driven by other, exempted providers.

And once IPAB releases its recommendations, there's little the three branches of government can do to change them. The judicial branch is completely shut out of the

process; courts cannot review the panel's decisions. And patients can't take legal action to appeal them.

Congress can replace IPAB's recommendations with its own set of cuts, but they must generate the same amount of savings. Alternatively, the Senate can outright block the panel's proposals via a difficult, three-fifths supermajority vote.

Otherwise, IPAB's cuts automatically become law. The president and secretary of Health and Human Services are legally bound to implement them. In other words, huge changes to Medicare can be enacted without the input of any elected official.

This is unprecedented. In the past, the government has used independent panels to do politically difficult work. But none had the amount of power IPAB will have. Pete Stark, a Democratic congressman who supported the health care law, has best articulated the problems with the panel. "It is a mindless rate-cutting machine that sets [Medicare] up for unsustainable cuts that will endanger the health of America's seniors and people with disabilities," he testified last year. "It is an unprecedented abrogation of Congressional authority to an unelected, unaccountable body of so-called experts."

We need entitlement reform. But elected representatives, sensitive to the needs of the American public, should be charged with controlling spending in programs like Medicare. This is the way Medicare policy has been handled throughout its 47-year history. Handing that power over to distant, unaccountable "experts" is a recipe for disaster.

As Congress moves forward with entitlement reform it should also shut down the IPAB before it opens.

Robert B. Blancato is the executive director of the National Association of Nutrition and Aging Services Programs.