April 25, 2011

Congressman Phil Roe
419 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Roe:

The undersigned members of the Coalition for Affordable Health Coverage are writing to endorse H.R. 452, the Medicare Decisions Accountability Act. The Coalition for Affordable Health Coverage (CAHC) is a broad-based group with a diverse membership including organizations representing consumers, physicians, manufacturers, small businesses, large employers, insurers, brokers and agents. The Coalition maintains a singular focus: making health coverage more affordable for all.

By eliminating the Independent Payment Advisory Board (IPAB), this bill would forestall the possibility of arbitrary Medicare payment reductions that shift costs onto the private sector, reduce household living standards and undercut health system access for Medicare beneficiaries.

Briefly, IPAB is an appointed panel whose role is to cut Medicare spending by reducing reimbursement rates. Beginning in 2014, whenever program costs have increased faster than inflation during the previous fiscal year, IPAB will recommend to Congress cuts designed to realign program growth with the inflation rate. IPAB's recommendations will automatically take effect if Congress does not pass spending cuts of at least the same amount.

We have serious concerns about the workability of this process. While the amount of IPAB cuts would be based on total Medicare spending, greater than 50 percent of Medicare spending is exempt from IPAB's purview until 2020. This can lead to system instability when, for example, reimbursement to IPAB exempt providers increase, which would then trigger reductions in payments to those subject to IPAB recommendations. More broadly, we are concerned that because of inadequate reimbursement in Medicare, costs would be shifted onto private payers and consumers.

Finally, IPAB has limited tools at its disposal to make fundamental and necessary changes to the Medicare program. For example, the kinds of changes likely to be proposed by IPAB include continued ratcheting down on provider payment rates that would preclude a serious dialogue about Medicare modernization, including redesign of fee-for-service to more adequately reflect new care models and improved services that are ubiquitous in the private market. The constrained time frame for consideration of IPAB's recommendations with Congress also leads many to believe a constructive debate about the IPAB's endorsements will not occur.

While Congress must find ways to reduce Medicare's costs, giving unelected and unaccountable officials the authority to unilaterally reduce Medicare reimbursement rates, without strengthening the ability of private payers to resist cost-shifting, risks doing more harm than good. Accordingly, we support the repeal of IPAB, and will work with you to ensure the passage of H.R. 452 this year.

Sincerely,

American Osteopathic Association
Healthcare Leadership Council
International Franchise Association
National Association for the Self Employed
National Association of Manufacturers
National Retail Federation
U.S. Chamber of Commerce