



THE SECRETARY OF HEALTH AND HUMAN SERVICES

WASHINGTON, D.C. 20201

March 06, 2012

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Henry Waxman  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Upton and Ranking Member Waxman:

I am writing today to express the Administration's strong opposition to H.R. 452, the Medicare Decisions Accountability Act of 2011. Repealing the Independent Payment Advisory Board (IPAB) would add billions of dollars to the Federal budget deficit, leave seniors and people with disabilities to shoulder rising health care costs, and eliminate an important tool that will help further strengthen Medicare in the years ahead.

Over the past two years, HHS has focused on working with Congress and our other partners across the country to implement the Affordable Care Act quickly and effectively, including steps to fill gaps in Medicare coverage, improve care for program beneficiaries, and make the program more sustainable for future generations while preserving its guarantees to the beneficiaries it serves. Because of the Affordable Care Act, 3.6 million beneficiaries have already saved \$2.1 billion on prescription drug costs while 32.5 million have already taken advantage of free preventive services that will help keep them healthy and out of the hospital. Medicare Advantage enrollment is up, and Medicare premiums are down. HHS has partnered with physicians and hospitals to reduce Medicare's costs by improving patient safety and encouraging health care providers to better coordinate care with one another. We have already engaged 50,000 doctors and hospitals and beneficiaries in all 50 states through the Center for Medicare & Medicaid Innovation. And the Administration's anti-fraud efforts have returned a record \$10.7 billion to taxpayers over the last three years.

When it comes to Medicare's fiscal future, we should not take any chances. That is why the Affordable Care Act created IPAB as a backstop to help ensure Medicare remains solvent for future generations. IPAB will be composed of fifteen experts including doctors, consumers, and patient advocates recommended by Congressional leaders, nominated by the President, and confirmed by the Senate. It will recommend policies to Congress to help Medicare provide better care at lower costs. IPAB is explicitly prohibited from recommending cutting benefits, increasing cost-sharing, or rationing care. Starting in 2015, if Medicare cost growth per beneficiary exceeds a growth rate target, IPAB recommendations would take effect only if Congress were to fail to act on them, including by making other changes to strengthen Medicare.

Leading economists including Nobel Prize winners as well as the non-partisan Congressional Budget Office (CBO) have highlighted IPAB as an important contributor to Medicare's long-term sustainability. IPAB will help lower costs and strengthen traditional Medicare – in sharp contrast to the last major Medicare bill passed by the House of Representatives which would shift costs to seniors and end Medicare as we know it.

By repealing IPAB, H.R. 452 would eliminate an important safeguard that will help protect and strengthen Medicare. This bill would raise Medicare costs and the deficit by billions according to an estimate last year by CBO. The Administration strongly opposes this proposed legislation which would erode this important provision of the Affordable Care Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Sebelius". The signature is written in a cursive, flowing style with some loops and flourishes.

Kathleen Sebelius

Cc:

The Honorable Joe Pitts

The Honorable Frank Pallone