

RESEARCH SUMMARY

Failure to Launch: The Institutional Defects of the Independent Payment Advisory Board

Created as part of the Affordable Care Act, the Independent Payment Advisory Board (IPAB) was intended to reduce the increasing growth of Medicare spending. IPAB was designed to be set apart from the political process, which has for decades proved itself unable to control Medicare costs. Yet President Obama did not appoint any members, congressional Republicans slashed its funding, and a broad coalition in Congress supports its elimination.

In “[Failure to Launch: The Institutional Defects of the Independent Payment Advisory Board](#),” Jay Cost and Bobbi Herzberg argue that its poor design is the reason why IPAB has been left alone by both sides in Congress. IPAB will remain in its current idle state until Congress alters or abolishes it.

KEY POINTS

IPAB has been an institutional failure for three key reasons:

- IPAB is supposed to leverage expert knowledge to generate efficiencies within Medicare, but the more likely outcome is that its determinations will create winners and losers in the medical services industry. This is the same industry whose lobbying pressure has been used to thwart previous efforts to control costs. The neutral expertise assumed in this reform does not exist, nor does anything in the structure of IPAB—a 15-member panel—suggest that it can be created, because IPAB would not represent the broad range of interests impacted by its policy decisions.
- While IPAB is nominally an independent body, its rules—specifically what it may and may not consider—are systematically biased toward the progressive vision of Medicare and against the conservative one. Because of this, Republicans in the Senate lack an incentive to confirm IPAB appointees, and many Democrats fear upsetting a core constituency—senior citizens.
- IPAB does nothing to change the problems in Congress that structurally led to Medicare overspending in the first place. If IPAB is to be effective, it will continually need to override the short-term political interests of members of Congress.

CONCLUSION

While IPAB appears to employ a typical congressional strategy of delegation to solve the kinds of collective action problems that frequently stymie legislative action, it does not in fact solve that problem. The same incentives that keep members from reforming Medicare also motivate them not to appoint members. IPAB also privileges cost-control decisions by experts over decisions of patients, families, and doctors.