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## Obama Proposal to Create Medicare Panel Meets With Resistance

By [ROBERT PEAR](#)

WASHINGTON — As chairman of one of the more obscure federal agencies, Glenn M. Hackbarth is little known outside the world of health care and his hometown, Bend, Ore. If [President Obama](#) has his way, Mr. Hackbarth could become one of the most important people in government, with the power to say how [Medicare](#) spends more than \$450 billion a year.

But the president's proposal to create a potent rate-setting body modeled on Mr. Hackbarth's agency, the [Medicare Payment Advisory Commission](#), is meeting resistance from lawmakers, doctors, [hospitals](#) and even some advocates for older Americans.

Mr. Obama's proposal would transform the agency, known as Medpac, which has just 36 employees and a budget of \$10.5 million, and typically holds seven meetings a year in a nondescript conference room in the [Ronald Reagan](#) Building on Pennsylvania Avenue.

In annual reports to Congress, the existing commission recommends Medicare payment rates for hospitals, doctors, [nursing homes](#) and other health care providers. Recommendations of the proposed new entity, like those of military-base closing commissions, could take effect unless blocked by Congress.

Under the White House plan, the new agency would also propose broader "reforms to the Medicare program." Mr. Obama even suggested, [in a recent speech to the 50-and-over advocacy group AARP](#), that the new agency could compare the effectiveness of treatments for particular conditions. The agency, he said, could "provide recommendations about what treatments work best and what gives you the best value for your health care dollar."

So far, Mr. Obama's proposal has been welcomed by health economists and fiscal hawks eager to reduce the [federal budget](#) deficit and slow the growth of Medicare. But the proposal has received a cool reception in Congress.

Many lawmakers say Mr. Obama's proposal would take away their power to set Medicare payment policies, which may involve, for example, steering extra payments to rural hospitals and teaching hospitals.

Doctors and hospital executives are lobbying against the plan, fearful that the new agency would cut their Medicare payments.

The existing commission is made up of 17 members, including doctors, hospital executives, a labor union official, an [AARP](#) officer, an actuary, academics and health policy experts.

Some of its recommendations have been simple: "Congress should update payments for physician services in 2010 by 1.1 percent." Others deal with technical topics like the wage index or "resident-to-bed ratio" at hospitals. The discussions often sound like college seminars, so it is easy to forget that tens of billions of dollars are at stake.

The new agency would have far more power than the current commission, headed for the last eight years by [Mr. Hackbarth](#), a former executive at the Harvard Community Health Plan and a former Medicare official.

One goal is to save money in an apolitical, technocratic way. But lawmakers are concerned that Mr. Obama's proposal would turn what is now an independent Congressional agency into an executive branch body, with members appointed by the president. And if the panel tried to translate judgments about the effectiveness of various medical treatments into Medicare payment policy, Congress's ability to tamp down any political outcry might be limited.

Even some advocacy groups who speak for older Americans and the disabled — the beneficiaries of Medicare — are uneasy. Judith A. Stein, director of the [Center for Medicare Advocacy](#), a nonprofit group, said she worried about the possible effects on beneficiaries. "The proposal," she said, "would hand off important authority to

unelected officials.” At the least, Ms. Stein said, Congress should be able to disapprove individual recommendations, without having to accept or reject an entire package, as Mr. Obama proposed.

The White House says its proposal “would free Congress from the burdens of dealing with highly technical issues such as Medicare reimbursement rates,” and some health economists back the idea.

Lawmakers question whether the proposed new agency would be insulated from politics. They also say Congress should not delegate so much power to a group that is not politically accountable. In a letter to Speaker [Nancy Pelosi](#) last week, 75 House members from both parties and all parts of the country criticized Mr. Obama’s proposal and similar bills, saying they could threaten the ability of patients to get access to the care they need.

“The idea that we should forfeit or outsource our constitutional responsibility over Medicare is ill-considered,” said Representative Richard E. Neal, Democrat of Massachusetts.

If Congress gave the commission rate-setting or decision-making power, it would almost surely change the culture of the agency, which is widely admired for its technical expertise.

Jack L. Ashby, a former research director at the Medicare payment commission, said: “One of the keys to Medpac’s success is that it is advisory. Its deliberations have been open and honest; the members are straight shooters. I fear that if it was given regulatory power, the nature of the deliberations would change. Lobbying would be very heavy, much heavier than it is now.”

Members of the current commission are appointed by the comptroller general of the United States, who serves a 15-year term as head of the nonpartisan [Government Accountability Office](#). Under Mr. Obama’s proposal, members of the proposed new agency, the Independent Medicare Advisory Council, would be appointed by the president, subject to Senate confirmation.

Health policy experts also doubt that lawmakers would keep their distance from the new agency.

“I don’t think Congress will ever get its fingers out of the pie,” said Christopher Hogan, who has worked for the Medicare commission as an employee and a research consultant. “There are too many goodies to be given away.”

Lobbyists said they would devote much more attention to the commission if it could make decisions, not just recommendations. Moreover, even if Congress established such an agency today, it could not bind a future Congress, which could pass laws to alter or supersede those decisions.

Mr. Obama praises the existing agency, but says its reports too often molder on the shelf.

In fact, many of the commission’s recommendations have ultimately been adopted by Congress and the [Department of Health and Human Services](#), and not all of them saved money.

The [Congressional Budget Office](#) said the commission proposed by Mr. Obama might save \$2 billion over the next 10 years, but it saw a high probability that “no savings would be realized.”

Paradoxically, the attributes needed to secure greater savings are also likely to weaken support for the proposal on Capitol Hill.

[Douglas W. Elmendorf](#), director of the [Congressional Budget Office](#), said, for example, that the legislation could save more money if Congress authorized the commission to set explicit goals to cut Medicare spending, with “an across-the-board reduction in payments” if the goal was not met.

In June, Senator [John D. Rockefeller IV](#), Democrat of West Virginia, introduced a bill that would transfer the Medicare commission to the executive branch and give it more power than even Mr. Obama has proposed.

“Medicare payment policy should be determined by experts, using evidence, not by the undue influence of special interests,” Mr. Rockefeller said.

