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**CRFB Praises Proposal to Create
BRAC-Like Commission for Medicare
July 17, 2009**

Today, the White House urged Congress to institutionalize a process of reviewing Medicare changes as part of overall health care reform. The proposal would create an Independent Medicare Advisory Council (IMAC), which would be comprised of technical experts and health care professionals and would make recommendations on payment rates and other policy reforms.

The Committee for a Responsible Federal Budget strongly supports any efforts to bring down health care costs, and believes setting up a BRAC-like commission, or increasing the independence and authority of the Medicare Payment Advisory Commission (MedPAC), as Senator Rockefeller has proposed, would be useful in doing so.

“Given that huge deficits the country faces, slowing the growth of health care costs is the most important objective of health care reform,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. “Changes to the process to help bring the spending curve down are in order and this proposal would definitely be an improvement over the process we have now. Given what we are seeing come out of Congress so far, policymakers may end up with legislation that would bend the curve, but in the wrong direction!”

Proposals to empower an outside body with making recommendations for cost savings could help reduce political pressures surrounding some of the difficult and controversial health care and Medicare reforms ahead. This, in turn, could lead to both larger and more rational cost-reducing policies – policies which are absolutely necessary to ensure the country’s long-term fiscal sustainability.

The Medicare Payment Advisory Commission (MedPAC)

As a part of the Medicare reforms included in the Balanced Budget Act of 1997 (BBA), Congress created MedPAC to make recommendations for improving Medicare and in particular, to advise Congress on the Medicare payment rates to physicians and hospitals. MedPAC holds public hearings on Medicare and issues two reports per year which include its recommendations. However, it does not have any authority to implement these changes.

Over the past decade, MedPAC has issued a number of recommendations for improving Medicare and those recommendations have had varying success on Capitol Hill.

The Base Realignment and Closure Commission (BRAC)

Unlike MedPac, which is only advisory, the BRAC commission's recommendations take effect unless Congress acts to stop them. Under the BRAC process – set up in 1990 – the secretary of defense submits a list of proposed closures to Congress, the BRAC Commission, and the public for review. The commission, made up of former military officers and defense experts, then recommends base closures based upon cost and strategic defense needs. Once the administration presents the commission's recommendations to Congress, Congress is required to pass a joint resolution of disapproval on the entire package, or else the recommendations go into effect.

This approach has been quite successful. Since the BRAC process was initiated, Congress tried only three times to overturn the commission's recommendations and each time, it failed to get sufficient votes.

A BRAC for Health Care?

The BRAC approach gave members of Congress the political protection (and courage) to vote to close bases in their own districts by allowing them to tell special interest groups, and their constituents, that they voted for an entire list of recommended base closures based on the defense needs of the nation. Given the political sensitivity of health care payment decisions, a similar approach could work for health care. Below we have compared the two existing proposals to establish such a system with each other and the BRAC approach, itself.

Fig. 1: MedPAC, IMAC, and BRAC proposals

	Rockefeller Proposal (MedPAC-Plus)	Obama Proposal (IMAC)	BRAC Commission
Vehicle for Recommendations	<ul style="list-style-type: none"> ▪ MedPac recommendations implemented automatically. ▪ Congress and President can reverse decisions through normal political process. 	<ul style="list-style-type: none"> ▪ IMAC recommendations submitted to the President and Congress. ▪ Automatically implemented unless Congress and the President enact legislation to block entire package within 30 days. 	<ul style="list-style-type: none"> ▪ BRAC Recommendations submitted to the President and Congress. ▪ Automatically implemented unless Congress and the President enact legislation to block the entire package within 45 days.
Congressional/Executive Branch Role	MedPAC – comprised of health care experts – would become an independent agency similar to Federal Reserve, and have the authority to make decisions regarding changes to Medicare.	IMAC –comprised of health care experts – could make changes to Medicare which do not increase the “aggregate level of net Medicare expenditures.”	BRAC – comprised of experts – made recommendations for base closures. Congress and/or the President were able to block the group’s recommendations only as a package.
Disadvantages	Might move lobbying from Congress to independent agency.	Might politicize the new group and would minimize legislative control over Medicare policy.	Weakened legislative control over defense policy.
Success	---	---	Implemented multiple rounds of base closures; Congress voted only three times to stop the package and failed each time.