



June 20, 2019

Nancy Potok, Chief, Statistical and Science Policy  
Office of Information and Regulatory Affairs  
Office of Management and Budget  
Executive Office of the President  
725 17th St., NW  
Washington, DC 20503

**Re: Directive No. 14: Request for Comment on the Consumer Inflation Measures  
Produced by Federal Statistical Agencies, OMB-2019-0002**

Dear Dr. Potok:

On behalf of Trust for America's Health (TFAH), I am writing to comment on proposed changes to consumer inflation measures used to adjust the Official Poverty Measure (OPM). TFAH is a nonprofit, non-partisan organization that promotes optimal health for every person and community and makes the prevention of illness and injury a national priority. To maintain an independent voice, TFAH does not accept any government or industry funds.

The public health community is concerned that adopting a weaker consumer inflation measure to adjust the OPM will limit access to health care and to other necessary services that function as social determinants of health for many Americans. The poverty guidelines used to establish eligibility for many health and social programs are based on the OPM. A change of this magnitude is not a mere technical tweak, but instead has the potential to affect millions of low- and middle-income individuals and populations that bear a disproportionate burden of poverty and poor health outcomes, and therefore any proposed changes should be informed by in-depth research and analysis and solicit public comments regarding the potential impacts of threshold changes on HHS poverty guidelines.

**Background**

The Consumer Price Index for All Urban Consumers (CPI-U) is the current metric used to adjust the OPM for inflation. The OPM is used to derive the poverty threshold, used by the Census Bureau to estimate the population's income and poverty levels, as well as the poverty guidelines developed by the Department of Health and Human Services (HHS), which determine eligibility for a broad range of federal assistance programs.

In its request for comment notice published May 7, 2019, the Office of Management and Budget proposes adopting the Personal Consumption Expenditures Price Index (PCEPI) or the Chained Consumer Price Index for All Urban Consumers (C-CPI-U, or chained CPI) in

lieu of the CPI-U.<sup>1</sup> Because these measures grow more slowly than the CPI-U, using the chained CPI or the PCEPI as a standard measure of inflation would result in a lower and more inaccurate poverty line, and the gap between the current standard of calculating the poverty line and either proposed measure would increase each year.<sup>2,3</sup> The impact of this change would start small and then balloon, affecting a wide swath of federal assistance programs that enable millions of Americans to have access to health care, food, shelter and other basic needs.

### **Impact on Health Care of Americans**

Switching the consumer inflation measure used by federal statistical agencies from the CPI-U to a slower-growing measure would prevent hundreds of thousands of Americans from accessing health care and would limit access for many more.

#### *Impact on Health Care for Seniors and People with Disabilities*

According to a recent Kaiser Family Foundation poll, nearly a quarter (23 percent) of elderly Americans say it is difficult to afford their prescription drugs.<sup>4</sup> The Medicare Part D low-income subsidy (LIS) helps address this issue by offsetting the cost of Part D premiums and cost-sharing for low-income seniors and people with disabilities. Because eligibility for the LIS is determined using the poverty guidelines (which are based on the OPM), adopting a slower-growth inflation measure would reduce access to the LIS for low-income Medicare beneficiaries and would likely lead to a rise in the number of seniors who are unable to afford necessary medication.

According to an analysis by the Center on Budget and Policy Priorities (CBPP), adopting the chained CPI would result in more than 250,000 seniors and people with disabilities losing their current access to this program over a 10-year period. Adopting the PCEPI would result in an even greater number of Medicare beneficiaries losing access to the LIS.<sup>5</sup>

#### *Impact on Health Care for Low-Income Children and Families*

Medicaid plays an essential role in the United States health care system, providing health insurance coverage for low-income Americans, many of whom have complex health care needs. Nearly four in ten of the two million adults in the U.S. with an opioid use disorder

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<sup>1</sup> Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies. 84 Fed. Reg. 19961. (May 7, 2019). <https://www.federalregister.gov/documents/2019/05/07/2019-09106/request-for-comment-on-the-consumer-inflation-measures-produced-by-federal-statistical-agencies>.

<sup>2</sup> Cage, R., Greenlees, J., & Jackman, P. (2003). Introducing the Chained Consumer Pricing Index. U.S. Bureau of Labor Statistics. <https://www.bls.gov/cpi/additional-resources/chained-cpi-introduction.pdf>.

<sup>3</sup> Johnson, N. (2017). A comparison of PCE and CPI: Methodological Differences in U.S. Inflation Calculation and their Implications. U.S. Bureau of Labor Statistics. <https://www.bls.gov/osmr/pdf/st170010.pdf>.

<sup>4</sup> Kirzinger, A., Lopes, L., Wu, B., & Brodie, M. (2019). KFF Health Tracking Poll – February 2019: Prescription Drugs. Henry J. Kaiser Family Foundation. <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-february-2019-prescription-drugs/>

<sup>5</sup> Aron-Dine, A., & Broaddus, M. (2019). Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>.

were covered by Medicaid,<sup>6</sup> an essential tool in the Administration’s strategy to end America’s opioid crisis. Medicaid also covers more than 60 percent of nursing home residents, and 43 percent of Medicaid enrollees are children.<sup>7</sup> Low-income children who are not covered by Medicaid can receive health coverage through the Children’s Health Insurance Program (CHIP). Eligibility for both Medicaid and CHIP are determined using the poverty guidelines, which are currently adjusted for inflation using the CPI-U.

CBPP estimates that in 10 years, more than 300,000 children would lose health coverage through Medicaid and CHIP as a result of adopting the chained CPI as a standard measure of inflation. In addition, more than 250,000 adults who gained Medicaid coverage from the ACA expansion would lose it. Adopting the PCEPI would result in an even greater number of Medicaid and CHIP beneficiaries losing health insurance coverage.<sup>5</sup>

#### *Impact on ACA Marketplace Consumers*

As a result of the Affordable Care Act (ACA), Americans who do not have access to employer-sponsored health insurance, and do not qualify for federal insurance programs like Medicare or Medicaid, are able to purchase health insurance through their state’s Health Insurance Marketplace. In order to increase access to insurance coverage, premium tax credits and cost-sharing assistance are available to people with low and moderate incomes who purchase insurance through the individual marketplace.

Because premium tax credits are calculated using the federal poverty guidelines, adopting a slower-growth inflation measure would result in higher premiums for the millions of Americans who receive premium tax credits for ACA marketplace coverage. Tens of thousands of consumers would lose eligibility for premium tax credits altogether, driving their premiums up, in many cases by thousands of dollars. More than 150,000 consumers who buy coverage through the ACA marketplaces would lose their current access to cost-sharing assistance, increasing their deductibles by hundreds or even thousands of dollars. Adopting the PCEPI would result in an even greater number of ACA marketplace consumers losing access to programs that help lower their out-of-pocket insurance costs.<sup>5</sup>

#### **Impact on Social Determinants of Health**

There is growing recognition that social determinants of health, such as access to housing, education and healthy food, play a significant role in determining a person’s overall health status and health outcomes.<sup>8</sup> Trust for America’s Health is deeply concerned about the negative impact that changing the consumer inflation measure used by federal agencies would have on programs that address social determinants of health, including the Supplemental Nutrition Access Program (SNAP) and school meals.

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<sup>6</sup> Orgera, K and Tolbert, J. The Opioid Epidemic and Medicaid’s Role in Facilitating Access to Treatment. Kaiser Family Foundation Issue Brief, May 24, 2019. <https://www.kff.org/medicaid/issue-brief/the-opioid-epidemic-and-medicaids-role-in-facilitating-access-to-treatment/>

<sup>7</sup> Rudowitz, R., I Garfield, R., & Hinton, E. (2019). 10 Things to Know about Medicaid: Setting the Facts Straight. Henry J. Kaiser Family Foundation. <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>

<sup>8</sup> Centers for Disease Control and Prevention. Social Determinants of Health. <https://www.cdc.gov/socialdeterminants/index.htm>.

According to the U.S. Department of Agriculture (USDA), 40 million people faced food insecurity in 2017.<sup>9</sup> Food insecurity not only a problem in its own right, it is also associated with numerous chronic diseases and other health conditions, ranging from depression to cancer.<sup>10</sup> In order to help low-income Americans access food, people with incomes below 130 percent of the poverty line qualify for SNAP benefits, and children whose parents qualify for SNAP are also able to access free or reduced-cost school meals.

If the annual inflation adjustment for the poverty measure shrinks, fewer students will qualify for free or reduced-price meals. Certain students are considered categorically eligible for free school meals, including those whose households participate in SNAP, TANF, or the Food Distribution Program for Indian Reservations, and students who are homeless, in foster care, head start, or migrant. Students whose families receive SNAP or other benefits will no longer automatically qualify for free school meals if their families' earnings bump them out of eligibility for means-tested programs because of the shrinking poverty measure. There is overwhelming evidence of the importance of adequate nutrition for children for their health, development, and academic performance.<sup>11</sup> This proposal would make proper nutrition for children in school harder for their families to afford.

Access to safe, stable housing is another key social determinant of health. People experiencing housing insecurity and substandard living conditions are more likely to experience poor health; conversely, interventions that improve housing conditions and help keep people in their homes have been shown to improve health and reduce health care costs.<sup>12</sup> In order to help low-income households lower their energy costs and avoid exposure to extreme heat and cold, states can provide low-income families with weatherization assistance and help offset the cost of utilities costs through LIHEAP. Because eligibility for both of these programs is based on the poverty guidelines, adopting a slower-growing inflation metric would shrink eligibility for these programs and result in more Americans living in unsafe conditions and in poorer health.

Finally, early childhood education has been shown to have positive health effects that continue throughout a person's life.<sup>13,14</sup> Participation in Head Start, a federal program that contributes matching funds for institutions that provide preschool, healthcare and nutritional services to children in low-income families, has been associated with improved health status and behaviors during childhood and adulthood.<sup>12</sup> As with the programs mentioned above, eligibility for Head Start is determined using the poverty guidelines. Adopting a slower-

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<sup>9</sup> Coleman-Jensen, A., Rabbitt, M. P., Gregory, C. A., & Singh, A. (2018). Household Food Security in the United States in 2017. U.S. Department of Agriculture, Economic Research Service. <https://www.ers.usda.gov/webdocs/publications/90023/err-256.pdf?v=0>.

<sup>10</sup> Food Research & Action Center. (2017). The Impact of Poverty, Food Insecurity, and Poor Nutrition on Health and Well-Being. <http://frac.org/wp-content/uploads/hunger-health-impact-poverty-food-insecurity-health-well-being.pdf>.

<sup>11</sup> Health and Academic Achievement. May, 2014. Centers for Disease Control and Prevention. [https://www.cdc.gov/healthyyouth/health\\_and\\_academics/pdf/health-academic-achievement.pdf](https://www.cdc.gov/healthyyouth/health_and_academics/pdf/health-academic-achievement.pdf)

<sup>12</sup> Taylor, L. (2018). Housing And Health: An Overview Of The Literature. Health Affairs Health Policy Brief. DOI:10.1377/hpb20180313.396577.

<sup>13</sup> Morrissey, T. (2019). The Effects Of Early Care And Education On Children's Health. Health Affairs Health Policy Brief. DOI:10.1377/hpb20190325.519221.

<sup>14</sup> National Head Start Association. Head Start Facts and Impacts. <https://www.nhsa.org/facts-and-impacts>.

growing inflation metric would therefore result in fewer children experiencing the health gains associated with the program.

**Conclusion**

As outlined above, adopting the chained CPI or PCEPI as the consumer inflation measure to adjust OPM would have a negative impact on our country's health. We urge OMB to reject these measures and consider implementing a strong consumer inflation measure that more accurately reflects the needs of low-income Americans. If you have any questions, please contact Dara Lieberman, TFAH's Director of Government Relations, at [dliberman@tfah.org](mailto:dliberman@tfah.org).

Sincerely,



John Auerbach  
President and CEO  
Trust for America's Health