Points and facts for commenting on OMB Directive No. 14 for Health Organizations: “Consumer Inflation Measures Produced by Federal Statistical Agencies”

This guide contains a template comment with program areas we believe pertinent to health organizations as well as suggested areas where you can add more information. We’ve also included points about inflation measures as well as points about better measures of poverty that can be used to determine eligibility.

> ***Please note:*** The framing of these comments is important. OMB’s notice specifies that it is not seeking comment on how its proposal would affect the poverty guidelines that HHS develops and that govern the eligibility limits in programs like Medicaid. This shows that the agency is considering making a change that would affect millions of people without even considering those effects. So instead of giving OMB the comments it directly said it doesn’t want, we have framed this comment in a way that addresses OMB’s request that comments not discuss how the proposal would affect eligibility limits in programs: “Because you said you were not seeking comment on the impact of changing the HHS poverty guidelines, we are not commenting on that issue. However, were you to consider moving forward with a change to the thresholds that affects the guidelines, it would be imperative to first undertake in-depth research and analysis, and solicit public comments, regarding…..” We strongly suggest your comment stick to this framing.

We’ve included sample text about the inflation measures as well as points about better measures of poverty as well. **Here are some further suggestions:**

1. Include background on who you are and why you are commenting.
2. Feel free to elaborate based on your own experience or provide your own evidence.
3. You should open up your own document in a text editor and copy and paste our sample comment there.
4. Once your comment is submitted, we recommend contacting your elected representatives in Congress as well. Let them know you have left a comment on this issue, and that they ought to oppose any change to the way poverty is calculated that would harm people who depend on benefits.

If you use the Coalition on Human Needs comment portal, copy and paste your comment into the box used for writing your letter. Once you press “Send”, your comment will be submitted to the email address provided by OMB. It is critical you do not change the subject of the email we have provided—otherwise, your comment will not be counted. **Important note:** By using this portal, your name and email address will become part of the public record. If you would like to comment anonymously, use this link here.

Regardless of how you submit your comment, the text of all comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Proprietary information or sensitive personal information, such as account numbers, Social Security numbers, or names of other individuals, should not be included. Comments will not be edited to remove any identifying or contact information by the government.

If you have difficulty with submitting a comment, contact Nicolai Haddal: nhaddal@chn.org or by calling 202-223-2532 x115.

SAMPLE COMMENT FOR HEALTH ORGANIZATIONS

[DATE]

Chief Statistician Nancy Potok
Office of Management and Budget
Re: Directive No. 14, "Consumer Inflation Measures Produced by Federal Statistical Agencies"

[I/we] are writing regarding the Office of Management and Budget's request for comments on switching to a different measure of inflation for recalculating the poverty line each year.

[FILL IN INFORMATION ABOUT your organization, including its work, mission, location, population served, etc. Include a description of your role, if appropriate.].
______________________________ __________. ________________________.

Because you said you were not seeking comment on the impact of changing the HHS poverty guidelines, we are not commenting directly on that issue. However, were you to consider moving forward with a change to the thresholds that affects the guidelines, it would be imperative to first undertake in-depth research and analysis, and solicit public comments, regarding the potentially negative impact a change in the thresholds would have on low income and other vulnerable populations.

A change to the thresholds would affect the following programs of concern to organizations such as [YOUR ORGANIZATION]:

[WHAT FOLLOWS ARE EXAMPLES OF PROGRAMS THAT MAY BE RELEVANT TO YOUR ORGANIZATION'S WORK. YOU CAN USE SOME OR ALL OF THESE EXAMPLES, AND/OR MENTION OTHER PROGRAMS THAT MAY BE AFFECTED BY THE PROPOSED CHANGE.]

Medicaid & CHIP:

With smaller annual adjustments to the federal poverty line, the income eligibility limits for Medicaid and the Children's Health Insurance Program (CHIP) (that is, the maximum amount of income a family can earn for a household of that size) will be lower than they otherwise would be in any given year, with the reductions growing larger over time. In other words, the Administration is effectively proposing to impose an automatic cut to eligibility, adversely affecting low-income children (as well as parents, pregnant women, seniors and people with disabilities), with the magnitude of the cut becoming sharper each year. It is estimated that after 10 years, more than 300,000 children would lose Medicaid or CHIP coverage if the poverty measure's inflation adjustment shrinks. More than 250,000 adults would lose coverage in the states that have implemented Medicaid expansion.

Because of expanded access to health coverage through Medicaid and CHIP, the proportion of uninsured children declined from 9.7 percent in 2008 to 4.7 percent in 2016. However, the proportion of uninsured children rose to 5 percent in 2017, or about 300,000 more children without health coverage. Government policies, including the refusal of some states to expand Medicaid, have contributed to undoing some of the progress that had been made. The federal government should not make this worse by shrinking the poverty measure so fewer children and families qualify for Medicaid or CHIP.

Similarly, the expansion of Medicaid in 37 states plus the District of Columbia has resulted in increased health care coverage for millions of adults with incomes below the income-eligibility cutoffs. Shrinking the inflation adjustment for the poverty measure will undo some of this progress, causing more people to be uninsured.

https://ccf.georgetown.edu/2019/05/09/trump-administration-proposes-to-make-many-fewer-low-income-individuals-and-families-eligible-for-medicaid-and-chip-over-time/

https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-march-2018/

[Insert your own organization's experience with Medicaid and CHIP and/or include statistics or other supporting evidence on how Medicaid and CHIP assist people in your state or community]

Prescription Drug subsidies for low-income seniors and people with disabilities:
Seniors and people with disabilities who receive Medicare can get help paying for prescription drugs if their incomes are low enough to qualify. If the poverty measure's annual inflation adjustment is reduced, by the 10th year it is estimated that more than 250,000 people would lose or get less help from prescription drug subsidies.

[Insert your own organization's experience with prescription drug subsidies and/or include statistics or other supporting evidence on how prescription drug subsidies assist people in your state or community]

Affordable Care Act (ACA) Marketplace Health Insurance for individuals:
Because eligibility for cost-sharing assistance and premium tax credits are dependent on the relationship of people's incomes to the poverty level, shrinking the inflation adjustment for the poverty line would over time reduce or eliminate subsidies that make insurance more affordable. It is estimated that by the 10th year, more than 150,000 ACA marketplace consumers would lose cost-sharing assistance and be required to pay higher deductibles. Tens of thousands of people would lose premium tax credits.

[Insert your own organization's experience with the ACA and/or include statistics or other supporting evidence on how the ACA assists people in your state or community]

Explanation of Chained CPI, how it differs from CPI-U: The Office of Management and Budget has requested comments on its proposal to change the methodology for updating the federal poverty line for inflation. Instead of using the Consumer Price Index for All Urban Consumers (CPI-U), which is now used extensively, the proposal suggests switching to the "Chained CPI for all Urban Consumers" (C-CPI-U) or a similar index. The Chained CPI assumes that as prices of goods rise, individuals substitute less expensive items, thereby reducing their overall expenses. However, there is evidence that low-income people cannot as readily take advantage of such substitutions, since they are already doing without the more expensive items (and even without moderately priced items). Research suggests that costs may rise more rapidly for low-income households than for the population as a whole. They pay a greater percentage of their income for housing and utilities, for instance.

Over the nine years from the third quarter of 2004 through the third quarter of 2013, average inflation accumulates to 33% for households with incomes below $20,000 but to just 25% for households with incomes above $100,000.

Because low-income households experience more inflation in the goods they purchase than households with higher incomes, and do not have as much opportunity to switch to less expensive items, the Chained CPI is not an appropriate means of calculating the poverty line. It will inaccurately define low-income working or retiree individuals or households as out of poverty when they are struggling to pay for necessities. Denying them eligibility for benefits such as health coverage, prescription drugs, heating or cooling assistance, or nutrition assistance will increase hardship and threaten health, child development, and family stability, contrary to the intent of Congress in establishing these programs.

Better Measures of Poverty

OMB has said it is not seeking comment on the impact of changing the HHS poverty guidelines. However, if OMB is considering going forward with a change to the poverty thresholds that would affect the guidelines, it should certainly not be undertaken without in-depth research and analysis, and should solicit public comments regarding impacts such as the number of individuals losing assistance and a demographic profile of those individuals and families, how service providers would be affected, and how the impacts would change over time. The onus should be on the federal government to conduct these kinds of extensive analyses before suggesting a policy change that would harm large numbers of people.

It has long been understood that the Official Poverty Measure is incomplete and outdated. It was first set during the Johnson Administration after research showed that low-income families at the time spent about one-third of their income on food. Since then, it has basically been increased for inflation, but without a serious revision based on current spending patterns. Today's families with children, for example, spend a high percentage of their income on housing and child care. Similarly, not all income sources are included in the Official Poverty Measure (also known as the Poverty Threshold).

Changing one small aspect of the poverty measure (the annual inflation adjustment) is certain to result in further inaccuracies. Any change should build on existing research that suggests the official poverty measure is too low for most types of households, and that shrinking the inflation adjustment will make it less accurate, not more. The Bureau of the Census has begun this kind of research, developing the Supplemental Poverty Measure, which does count income sources such as SNAP and refundable tax credits, as well as taking into account more accurately expenditures such as housing, child care, and out of pocket medical expenses. The Supplemental Poverty Measure shows a somewhat higher poverty level and rate for most types of households, as compared to the official measure.

We know that households just above the official poverty line report higher than average rates of food insecurity and difficulty paying rent and utilities. They are more likely to be uninsured. These facts suggest that shrinking the annual rate of increase in the Official Poverty Measure will artificially push people over the poverty line even though they struggle to make ends meet. Such a change would be unsupported by the evidence, and would have unfortunate impact of increasing hardships for people who work at low and volatile wages, and for retirees whose earnings were never high and who were unable to build adequate savings.

OMB should not ignore all the evidence of low-income worker and retiree spending and income patterns and simply shrink the annual inflation adjustment for the poverty measure. Far from making the annual assessment more accurate, it will make the current flaws worse. People who would be most adversely affected by this unsupported change include children, single mothers, people of color, people with disabilities, and low-income retirees. [CONSIDER CHANGING THIS LIST TO REFLECT SPECIFIC POPULATION GROUPS YOU WORK WITH.] They need programs such as Medicaid, Medicare Part D prescription drug subsidies, SNAP, LIHEAP, Weatherization, and Head Start. [CONSIDER CHANGING THIS LIST TO REFLECT THE NEEDS OF PEOPLE YOUR ORGANIZATION SERVES, IF APPROPRIATE.] Denying them benefits by making the poverty line a less accurate reflection of their circumstances is contrary to Congressional intent and the national interest.

Some alternate measures of poverty include:

Asset Limited, Income Constrained, Employed (ALICE)
As an alternate measure of households' ability to meet basic needs, the United Way of Northern New Jersey has developed the Asset Limited, Income Constrained, Employed standard (ALICE). This is a new way of defining and understanding the struggles of households that earn above the Federal Poverty Level, but don't make enough to afford a bare-bones household budget. The ALICE research team develops a Household Survival Budget that estimates a county's total cost of all household essentials, plus taxes and a ten percent contingency. The team then develops a threshold minimum income level that covers this basic household budget. An income assessment then measures the income households need to reach the threshold, the income a household actually earns, the amount of public and nonprofit assistance provided, and develops an "unfilled gap" that estimates the shortfall between the threshold and the combined value of a household income and public and nonprofit assistance provided. [TO SEE IF THERE IS AN ALICE REPORT FOR YOUR STATE, SEE THIS LIST HERE.]

Self-Sufficiency Standard
Another alternate measure of poverty is the Center for Women's Welfare Self-Sufficiency Standard. This standard, developed by Dr. Diana Pearce, is another budget-based measure of the real cost of living for a household. The Self-Sufficiency Standard determines the income required for a working family to meet basic needs (including taxes), taking into account family composition, ages of children, and geographic differences in costs. The Self Sufficiency Standard shows that it takes income well beyond the poverty line to meet basic needs. The standard aims to be as consistent and accurate as possible while accounting for differences among family types and cost of living in different regions. Costs are calculated for over 700 family types, including one adult with no children, one adult with one infant, one adult with one preschooler, and so forth up to three-adult families with six teenagers. There are special weighted standards for families with seven to children or four to ten adults. So far, this measure has been calculated for 41 states. [TO SEE IF A STANDARD HAS BEEN CALCULATED FOR YOUR STATE, SEE THIS LIST HERE.]

Further points you may wish to include

Points/Facts about Eligibility/People Served for Some of the Affected Programs:

Programs that Use Poverty Guidelines: The HHS poverty guidelines, or percentage multiples of them (such as 125 percent, 150 percent, or 185 percent), are used as an eligibility criterion by many federal programs, including those listed below. The proposal being floated by the Office of Management and Budget would change the way the poverty thresholds are adjusted for inflation, shrinking them over time so that more people would fall above the income-eligibility cutoffs. The poverty thresholds are a research tool used in estimating the number of people living in poverty. They are used in developing the poverty guidelines; if the thresholds grow more slowly because of a change in the adjustment for inflation, it would result in people losing some or all assistance from programs they would otherwise have qualified for.

The following is a list of programs in which eligibility and/or benefits are determined at least in part through the use of the Official Poverty Measure (aka the poverty thresholds):

- **Department of Health and Human Services:**
    - Community Services Block Grant
    - Head Start
    - Low-Income Home Energy Assistance Program (LIHEAP)
    - PARTS of Medicaid (31 percent of eligibles in Fiscal Year 2004)
    - Hill-Burton Uncompensated Services Program
    - AIDS Drug Assistance Program
    - Children's Health Insurance Program
    - Medicare – Prescription Drug Coverage (subsidized portion only)
    - Community Health Centers
    - Migrant Health Centers
    - Family Planning Services
    - Health Professions Student Loans — Loans for Disadvantaged Students
    - Health Careers Opportunity Program
    - Scholarships for Health Professions Students from Disadvantaged Backgrounds
    - Job Opportunities for Low-Income Individuals
    - Assets for Independence Demonstration Program
    - Breast/Cervical Cancer Early Detection
    - Maternal and Child Health Block Grant
- **Department of Education:**
    - Federal TRIO Program
    - College Access Challenge Grants
    - Preschool Development Grants
- **Department of Agriculture:**
    - Supplemental Nutrition Assistance Program (SNAP) (formerly Food Stamp Program)
    - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
    - National School Lunch Program (for free and reduced-price meals only)
    - School Breakfast Program (for free and reduced-price meals only)
    - Child and Adult Care Food Program (for free and reduced-price meals only)
    - Expanded Food and Nutrition Education Program
    - Summer Food Service Program
    - Commodity Supplemental Food Program
    - Food Distribution Program for American Indians
    - Nutrition Program for the Elderly
- **Department of Energy:**
    - Weatherization Assistance for Low-Income Persons
- **Department of Labor:**
    - Job Corps
    - National Farmworker Jobs Program
    - Senior Community Service Employment Program
    - Workforce Investment Act Youth Activities
- **Department of the Treasury:**
    - Low-Income Taxpayer Clinics
- **Corporation for National and Community Service:**
    - Foster Grandparent Program
    - Senior Companion Program

- **Legal Services Corporation:**
    - Legal Services for the Poor

Supplemental Nutrition Assistance Program (SNAP; formerly called Food Stamps):

Households are ineligible for SNAP if their gross income exceeds an amount that is tied to the federal poverty guidelines (between 130 percent and 200 percent, depending on the option the state adopts). For example, for a household of four people, the current gross monthly income cannot exceed $2,720. Each year, that figure is adjusted for inflation. If the adjustment shrinks, over time fewer households will qualify for assistance. Working families with small earnings gains over time will find themselves ineligible despite high housing and child care or other work-related expenses. While the SNAP program allows households with gross income below the 130 percent of poverty cutoff to qualify for higher benefits if they have high shelter costs, if their income exceeds the gross income standard, they will be denied assistance altogether. The U.S. Department of Agriculture found that 15 million households with 40 million people faced food insecurity in 2017 – that is, they experienced difficulty in affording food. For people below 185 percent of the poverty line, more than 30 percent were food insecure. We should not be increasing the number of households that do not qualify for SNAP assistance when so many beyond even the current guidelines find it difficult to afford an adequate diet.

School Meals:

Students in households with incomes at or below 130 percent of the poverty line are eligible for free school breakfasts or lunches. A student from a household with income between 130 – 185 percent of the poverty threshold is eligible for a reduced-price meal. 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 migrants. 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. They will be doubly hit by having to pay for school meals. There is overwhelming evidence of the importance of adequate nutrition for children for their health, development, and learning. This proposal would make proper nutrition for children in school harder for their families to afford.

WIOA Youth Training:

Under the Workforce Innovation and Opportunity Act (WIOA), in-school youth of 14-21 years or out-of-school youth (16-24) can qualify for job training if they are defined as low-income. One of the ways they can meet that definition is if they live in a high poverty area (one that has a poverty rate of at least 25 percent). If the inflation adjustment for poverty shrinks, fewer areas will qualify as high poverty, and so youth in those areas will not automatically qualify for training. The shrinking poverty measure will also over time disqualify young people whose families are bumped over the eligibility line. If fewer youth are able to get training, they will be less likely to secure stable jobs with above-poverty wages.

Low Income Home Energy Assistance Program (LIHEAP):

About 6 million people received LIHEAP assistance in 2018. Most states set eligibility for LIHEAP at 150 percent of the federal poverty guidelines. (Under law, states can choose to set a lower eligibility level, but not less than 110 percent of the poverty guidelines.) A 2018 survey conducted by the National Energy Assistance Directors' Association (NEADA) found that

- 46 percent of LIHEAP households had a senior in the household aged 60 or older.
- 52 percent had a disabled household member.
- 36 percent had a child 18 or younger.
- 82 percent had annual household income below $20,000.

The NEADA survey found that one-third of low-income American households who received LIHEAP help last year to pay utility bills received shut-off notices that caused many families to go without food or medicines to pay them, and 15 percent had their heat and light shut off before receiving LIHEAP assistance. The poor are hit hard by energy bills, which take about 12 percent out of a low-income paycheck, but only 2.7 percent from households with higher wages. In winter the heating bill can cost a poor family 25 percent of its income.

Over time, shrinking the inflation adjustment for the poverty measure will mean more households will exceed the 150 percent cutoff, so that they will be denied LIHEAP assistance.

[To find information about LIHEAP utilization by state, use the table at this link here. This table has statistics on the types of vulnerable households that utilize LIHEAP (children, the disabled, and the elderly), the percentage of vulnerable households compared to all households that use LIHEAP, and how many eligible households actually use the program.]

Weatherization:

While states vary in the eligibility levels they set for this program to improve the energy efficiency of low-income households, the federal government sets the maximum income for eligibility at below 200 percent of the poverty guidelines. Weatherization assistance is cost-effective, in that it can reduce annual heating or cooling costs. Near-poor households, either working or with retirement income, struggle to pay high housing costs, including utilities. Weatherization will help fewer near-poor households over time if a shrinking inflation adjustment makes some of them ineligible. If fewer households are able to save on energy costs through weatherization, more of them may be forced to make unhealthful trade-offs, cutting back on medicine or food in order to pay heating bills. Such choices would threaten the health of vulnerable children, seniors, and people with disabilities.

Head Start:

Children from birth to age five who are from families with incomes below the poverty guidelines are eligible for Early Head Start and Head Start services. 82 percent of children in Head Start, and 81 percent of children in Early Head Start, live in families below the poverty line. About 1 million children were served in 2018. About 31 percent of eligible children aged 3-5 have access to Head Start; only 7 percent of children under age 3 have access to Early Head Start. We should be expanding access to Head Start and Early Head Start. Shrinking the annual inflation adjustment will make some families ineligible to enroll their children in the programs. What is needed is more funding so that a greater proportion of eligible children can receive Head Start and Early Head Start services, without denying eligibility to struggling working families whose earnings would be just enough to exceed shrinking poverty guidelines, but who do not have enough money to afford preschool for their children.