June 21, 2019

Nancy Potok
Chief, Statistical and Science Policy
Office of Information and Regulatory Affairs
Office of Management and Budget

Re: Comments to OMB-2019-0002-0001
Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Ms. Potok:

As organizations dedicated to promoting the health of our nation's children and pregnant women, we write to offer feedback on the Office of Management and Budget's Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies. 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 households, particularly those with children. A change to those thresholds would affect many programs that promote children's health.

To protect crucial programs for children, we strongly recommend that consistent with longstanding law and practice and Congressional intent, the Census Bureau's Official Poverty Measure (OPM) should continue to be annually adjusted by the Consumer Price Index for All Urban Consumers (CPI-U). We are concerned that adopting another measure of inflation, such as the chained CPI, should it have the effect of lowering the federal poverty line (which is based on the OPM), would detrimentally impact tens of millions of low-income individuals and families enrolled in federal programs that rely on the federal poverty line in determining eligibility and benefits.

We urge you to undertake in-depth research and solicit public comments regarding the impact such a change would have on low-income and other vulnerable populations, including children, prior to making any changes to the index.

Alternative Measures of Inflation Would Not Result in More Accurate Measures of Poverty

The Request for Comment discusses other measures of inflation that would replace CPI-U to adjust the OPM, including C-CPI-U (known as “chained CPI”). The chained CPI generally results in lower estimates of annual inflation than the CPI-U. Replacing the CPI-U with the chained CPI would therefore result in a lower measure of poverty than would otherwise be the case, with the reductions growing larger each year, relative to current law. Another measure discussed in the Request for Comment — the Personal Consumption Expenditures Price Index (PCEPI) — would result in even lower annual inflation estimates.

Yet the research literature indicates that other lower measures such as chained CPI would likely not be more accurate than CPI-U, especially for purposes of measuring poverty. For example, two studies suggest that in recent years, inflation has actually risen faster for low-income households than for households overall. That may be due to rising costs for rental housing, on which low-income households disproportionately rely, which have recently been growing faster than CPI-U.

In fact, if the Office of Management and Budget (OMB) is to consider any changes to how the OPM is determined in order to make it more accurate, it should make adjustments that would effectively raise it. For
example, it should fully account for expenses that many low-income families incur such as child care and be fully adjusted for out-of-pocket medical costs, neither of which is the case today. It could adopt the Census Bureau’s Supplemental Poverty Measure, which researchers developed based on a National Academy of Sciences study, which better measures the cost of current basic living expenses and produces a poverty threshold that is higher than the OPM for most household types. Notably, the Request for Comment includes no analysis from the Census Bureau itself on these key questions such as how using another measure of inflation would likely affect the accuracy of the OPM or what a review of the relevant research literature finds.

**No Federal Law or Regulation Requires OMB to Review or Change Use of CPI-U**
In addition, no statute or regulation requires OMB to review or change the use of CPI-U for the poverty measure. This is a potential change that is entirely discretionary and yet the Request for Comment includes no detailed legal and policy analysis justifying such a change from the longstanding use of CPI-U. In fact, Congress has demonstrated a strong intent in favor of using CPI-U. For example, the latest OPM is used to determine the annual HHS poverty guidelines, after it is adjusted by CPI-U (as required by 42 U.S.C. § 9902(2)), with the guidelines formally announced in the Federal Register each year.

**No Analysis and Estimates of Impact on Federal Low-Income Programs**
The Request for Comment acknowledges that the HHS poverty guidelines (generally known as the federal poverty line) are based on the OPM and that such guidelines are used to determine eligibility and benefits for numerous federal, state and local government programs. That includes, among others, federal low-income programs such as Medicaid and the Children’s Health Insurance Program (CHIP), as well as the Affordable Care Act (ACA) marketplace subsidies, the Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and school breakfast and lunch, which enroll tens of millions of low-income children. As a result, it is essential that if OMB is considering any change to calculating the OPM — which, in turn, would affect determination of the federal poverty line — it must also include detailed legal and policy analysis and estimates of the likely effects including how it would affect eligibility, benefits, and access to needed services to all federal programs that rely on the federal poverty line. Such analysis and estimates should be conducted not just by OMB but by the various federal agencies administering the affected low-income programs. It must also solicit extensive public comments through formal rulemaking. The Request for Comment, however, includes no such analysis and even explicitly states that “OMB is not currently seeking comment on the poverty guidelines or their application.”

The kind of detailed estimates that would need to be conducted include, among others, the expected enrollment losses in Medicaid and CHIP that would result from a lower measure of inflation as well as the percentage of children and pregnant women losing Medicaid and CHIP coverage who would become uninsured. The Request for Comment includes no such estimates or other needed discussion and analysis that would be essential for any proposal to make a major policy change to the OPM and the federal poverty line. The Request for Comment merely states that resulting “changes in the poverty thresholds, including how they are updated for inflation over time, may affect eligibility for programs that use the poverty guidelines.”

Programs targeting low-income children and families lift families out of poverty and can improve long-term health and developmental outcomes. Today, about 1 in 5 children, 18%, live in poverty, and nearly half of all children live in low income households. Poverty and related social determinants of health can lead to adverse health outcomes in childhood and across the life course, negatively affecting physical health, socioemotional development, and educational achievement. Children who live in poverty experience disproportionate health issues including increased rates of asthma, obesity, dental caries, injuries, mental health diagnosis, H.I.V. infections, and tobacco exposure. Additionally, most children in poverty live in food insecure homes, without consistent access to adequate food. Children who live in households with any level of food insecurity are likely
to be sick more often, recover from illness more slowly, and be hospitalized more frequently. All of these factors negatively impact a child’s development and long-term health outcomes.

**Medicaid/CHIP**

Medicaid and CHIP, for example, are key programs that improve child health. Medicaid’s core mission is to provide comprehensive health coverage to low-income people for the health care services they need. Children make up the single largest group of people who rely on Medicaid; nearly 37 million children receive Medicaid coverage, including children with special health care needs and those from low-income families. Medicaid also provides comprehensive prenatal care to pregnant women, allowing millions of pregnant women to have healthy pregnancies and helping millions of children get a healthy start. Medicaid expansion coverage has been shown to lower skyrocketing levels of both maternal and infant mortality rates by 1.6 fewer maternal deaths per 100,000 women and by a 50 percent greater decline in infants.

If a change is made that slows the adjustment of the poverty line over time, children would not just lose access to Medicaid, they would also lose the long-term health benefits and outcomes that Medicaid is shown to produce. Unlike many private health insurance plans, Medicaid guarantees specific benefits designed especially for children. Medicaid’s Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefits are the definitive standard of pediatric care, covering an array of services like developmental, dental, vision and hearing screenings, and allowing health problems to be diagnosed and treated appropriately and as early as possible. Simply put: Medicaid works for America’s children. In fact, children in Medicaid are more likely to get medical check-ups, attend more days at school, graduate and enter the workforce than their uninsured peers.

Women must be able to access health care consistently throughout the prenatal and postpartum periods. Gaps in coverage could cause them to miss important appointments or be unable to receive services critical to the health of their pregnancy and baby. Medicaid must provide consistent, reliable coverage to women of childbearing age. The best time to help a woman ensure a healthy pregnancy is before she is pregnant. Women need regular care to manage both acute and chronic conditions that could impact the health of future pregnancies. When women have coverage only sporadically, they cannot access the care they need to maintain good health or address new conditions. The objective is to seek to minimize churn, not increase it, thereby promoting consistent coverage for all women of childbearing age. Medicaid should work sensibly with other assistance programs to promote the health and wellbeing of families. All too often though, women and families face arbitrary, inconsistent thresholds and requirements for eligibility for various programs. The proposed change to the official poverty measure would only serve to perpetuate these kinds of arbitrary eligibility requirements that do not reflect the need to maintain access to critical health care services before, during, after pregnancy.

Low-income parents will also lose health coverage if this barrier to Medicaid is allowed to occur. Whether or not a parent has health care coverage can have a profound effect on the health and well-being of their children. Parents with health problems may be impeded in their ability to care for their children, particularly if they suffer from depression or other mental-health or substance-use disorders. A change lowering the federal poverty line could lead to parents losing Medicaid coverage and, as a result, their children losing coverage as well. We know that parents who are enrolled in coverage are more likely to have children enrolled in coverage, and parents with coverage are also more likely to maintain their children’s coverage over time. In fact, from 2013-2015, 710,000 children gained coverage, despite the fact that children’s eligibility for coverage did not change under the Affordable Care Act.

The Center on Budget and Policy Priorities estimates that if a lower inflation measure was used to calculate annual adjustments to the poverty line, in ten years, more than 300,000 children would lose comprehensive
coverage through Medicaid and CHIP, as would some pregnant women. In addition, more than 250,000 adults who gained Medicaid coverage from the Affordable Care Act’s expansion would lose it.

Other critically important child health and social support programs rely on the OPM for their eligibility thresholds. These include WIC, SNAP and school meals. The added health care costs associated with changes in eligibility levels that would lead to decreased access to these vital programs, such as the costs of a preterm birth that might have been avoided as a result of WIC participation, should be carefully evaluated before making any changes to the inflation index and poverty threshold. A lower inflation rate would also likely lead to increased food insecurity for more families as they would likely lose their SNAP benefit. We know that children who are hungry and live in households where food is scarce have difficulty learning, and are more likely to experience educational, health, and behavioral problems as a result. That is why it is essential for OMB to undertake thorough research and solicit input from researchers and the public through formal rulemaking before making a change to the OPM.

Thank you for the opportunity to provide feedback on this request. All low-income families with children deserve to grow and develop outside of poverty. Thank you for your willingness to consider our comments. If you would like any additional information, please contact Tamar Magarik Haro, Senior Director, Federal & State Advocacy of the American Academy of Pediatrics at tharo@aap.org or 202-347-8600.

Sincerely,

American Academy of Pediatrics
Children’s Defense Fund
Children’s Dental Health Project
Children’s Hospital Association
Family Voices
First Focus on Children
March of Dimes
National Association of Pediatric Nurse Practitioners

---


