525 Clinton Street
Bow, NH 03304
Voice: 603-228-2830
Fax: 603-228-2464

BI-STATE PRIMARY CARE ASSOCIATION
SERVING VERMONT & NEW HAMPSHIRE
Improving Access to Health Care for 33 Years
bistatepca.org

61 Elm Street
Montpelier, VT 05602
Voice: 802-229-0002
Fax: 802-223-2336

June 21, 2019

Chief Statistician Nancy Potok
Statistical and Science Policy
Office of Information and Regulatory Affairs
Office of Management and Budget
Executive Office of the President

RE: Directive No. 14, "Consumer Inflation Measures Produced by Federal Statistical Agencies"

Submitted via www.regulations.gov

Dear Dr. Potok:

Bi-State Primary Care Association appreciates the opportunity to comment on the Office of Management and Budget (OMB)'s consideration of various consumer price indices, and how they might influence the estimation of the Official Poverty Measure (OPM) and other income measures produced by the Census Bureau. We believe that any such change could have a cascading effect on Americans' ability to access health care and other essential services, affecting both individuals' wellbeing and the viability of the many organizations (our members included) established to serve our most vulnerable populations.

Established in 1986, Bi-State is a nonpartisan, nonprofit 501(c)(3) charitable organization promoting access to effective and affordable primary care and preventive services for all, with special emphasis on underserved populations in Vermont and New Hampshire. Bi-State's combined Vermont and New Hampshire membership includes 30 Community Health Centers, delivering primary care at over 120 locations in medically underserved regions for over 300,000 patients.

Bi-State provides these comments because Federal poverty measures are important to us and the over 300,000 patients our members serve. Across the nation, over 1/5 of the population participates in a means-tested government program that relies on these federal guidelines. Thisis no different in New Hampshire and Vermont. Our members are open to all patients, however because our members focus on offering services to underserved populations, the proportion of their patients engaged in programs tied to federal poverty measures is higher. Approximately 22% of our patients are on Medicaid and CHIP with an additional 8% uninsured and many others receive subsidies for Marketplace plans – all programs for which eligibility is determined by how the applicant's income compares to FPG. The FPG impacts our older adults, children, and individuals with disabilities.

Our member organizations accept all patients, regardless of ability to pay, and this means that they provide discounts and waive charges to their patients. The amount of discount a patient receives is based on how their household income compares to the FPGs. Any changes to how poverty is measured will directly impact how our members are reimbursed for the care provided. Changes, especially reductions, in reimbursement will impact our patient's ability to access care. Additionally, our member organizations recognize that social determinants, such as access to healthy food and adequate housing, affect overall health and so they work closely with community partners to ensure eligible patients participate in programs like the Supplemental Nutrition Program for Women, Infants, and Children (WIC); Low-Income Home Energy Assistance Program (LIHEAP); and Weatherization Assistane for Low-

Income Persons. Access to these programs is also affected by FPG and so there is a significant indirect impact in addition to the direct impact on reimbursement for health care services. Our patients rely on all of these services to ensure they can have the access to necessary health services and provide them with the ability to work.

We begin with a summary of our comments, and then discuss each in detail.

Bi-State Primary Care Association's Summary of Comments

1. The OMB should examine the "base" OPM before examining the inflation adjustor applied to it.
2. Applying a lower inflation adjustor would widen the gap between poverty thresholds and the minimum level of financial resources needed to meet basic needs.
3. Decreasing the number of individuals who are eligible for Medicaid, CHIP, and Marketplace subsidies will increase financial demands on safety net providers, and out-of-pocket costs for their patients.
4. Any change that could impact the poverty guidelines would require extensive analysis, as well as public notice and comment.

Detailed Comments

1. OMB should examine the "base" OPM before examining the inflation adjustor applied to it.

We support data-driven and regular review of key statistical measures to ensure that they incorporate the most appropriate data and research to approximate the condition that they are intended to measure (e.g., poverty, inflation). We think the OMB should examine the "base" OPM – the initial estimate of the minimum level of financial resources needed to meet basic needs – to which the inflation adjustor is applied prior to examining the inflation adjustor.

The base OPM was established in 1965 -- 13 years prior to the use of the current inflation adjustor (CPI-U). The base OPM has never been examined or recalculated in the manner that OMB is now proposing for the inflation adjustor update. Federal poverty thresholds depend more significantly on the base OPM than the inflation adjustor and therefore we recommend that any review of poverty-related measures start by examining the base OPM.

There is broad consensus that the base OPM needs to be reexamined[1]. Policy analysts, academics, and statisticians have widely agree that the base OPM understates the minimum level of financial resources needed to meet the basic needs of a family unit. This gap between the base OPM and the amount required to meet basic needs has grown over time, as financial demands on families have evolved:

- The 1965 base OPM does not reflect the cost of paid child care because significantly fewer women participated in the workforce compared to 2019.
- The mix of goods and services included in the base OPM does not mirror current spending patterns for the cost of basic needs. The OPM significantly understates the percentage of a family's income that is spent on housing, while overstating the percentage needed for food. Given that housing costs are rising much faster than general inflation, while food costs generally

[1] For example, see: 1. Michael, Robert M. *(Chair, Panel of Poverty and Family Assistance)*. Measuring Poverty: A New Approach. 1995. National Academy of Sciences. Accessed June 11, 2019. Retrieved from: https://www.census.gov/library/publications/1995/demo/citro-01.html 2. Cauthen, N. K. & Fass, S. Measuring Poverty in the United Stated. National Center for Children in Poverty. June 2008. Accessed June 11, 2019. Accessed June 11, 2019. Retrieved from: http://www.nccp.org/publications/pdf/text_825.pdf

rise more slowly, this imbalance further expands the gap between the OPM and the actual costs of meeting basic needs.

- Unlike the General Services Administration (GSA) guidelines, which account for geographic cost variation, the OPM is the same across the continental United States. There are significant differences in the cost of living across states and between urban and rural areas. Additionally, the base OPM does not account for differences in health care coverage across states -- such as whether a state expanded Medicaid – which can have a major impact on the cost of living.

Due to the changes like these, the current research suggests that an average family needs an income of about twice the federal poverty level to afford basic expenses.[2]

These examples highlight the importance of first examining the underlying measure before examining inflation updates to that measure.

2. Applying a lower inflation adjustor would widen the gap between poverty thresholds and the minimum level of financial resources needed to meet basic needs.

As discussed above, researchers broadly agree that the current OPM understates the minimum level of financial resources needed to meet basic needs. Switching the annual inflation update from CPI-U to a measure that generally produces smaller updates would widen this gap, allowing the annual thresholds to fall even further behind over time.

3. Decreasing the number of individuals who are eligible for Medicare premium assistance, Medicaid, CHIP, and Marketplace subsidies will increase financial demands on safety net providers, and out-of-pocket costs for their patients.

Numerous federal programs rely on the Federal Poverty Guidelines, as do charitable organizations and private companies. As safety net health care providers, our members work closely with their patients to offer access to affordable health care services. Many of their patients are on Medicaid, CHIP, receive Marketplace subsidies, or are dually-eligible for Medicare and Medicaid. Any changes to the OPM that result in fewer people being eligible for these programs will increase the number of Granite Staters and Vermonters who are uninsured and underinsured. Federally-Qualified Health Centers, Rural Health Centers, Free Clinics, and other safety net providers are required – both by law and mission – to ensure that every person can access high-quality care. Our members will continue to care for these individuals, regardless of their ability to pay. However, this will increase financial stress on these organizations—and other safety net providers who care for underserved patients – as they will no longer receive insurance reimbursement for these services. In rural regions, FQHCs and RHCs are often the principle (sometimes the only) provider of primary and preventive care, so stress on these organizations impacts the entire community.

4. Any change that could impact the poverty guidelines would require extensive analysis, as well as public notice and comment.

The RFI states that "OMB is not currently seeking comment on the poverty guidelines or their application," therefore we are not addressing those issues directly in our comments. However, if OMB were to consider moving forward with a change to the inflation factor for the OPM, it should first undertake in-depth analysis and solicit public comments regarding the potentially negative impact a change in the thresholds would have on low income and other vulnerable populations. As these changes would have the impact of effectively changing eligibility standards established by Congress and State governments, OMB lacks the authority to make such changes unilaterally.

[2] http://www.nccp.org/topics/measuringpoverty.html

Bi-State Primary Care Association thanks you for the opportunity to submit these comments. If you have any questions, please contact *Georgia Maheras at gmaheras@bistatepca.org.*

Sincerely,

Tess Kuenning

Tess Stack Kuenning, CNS, MS, RN
President and Chief Executive Officer