



NJ For Health Care Coalition  
June 21, 2019

**COMMENTS to the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB)**

**RE: Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies, File Code OMB-2018-0002**

New Jersey Appleseed Public Interest Law Center respectfully submits, on behalf of the NJ for Health Care Coalition, the following comments to the Office of Management and Budget (OMB) in response to its request for comments on changing the methodology for updating the federal poverty line for inflation, which was issued on May 6, 2019. We understand that the administration is considering replacing the Consumer Price Index for All Urban Consumers (CPI-U) with another measure of inflation for purposes of calculating the Census Bureau's official Poverty Measure (OPM), which is, among other things, the basis of the poverty guidelines issued by the Department of Health and Human Services (HHS); and HHS's poverty guidelines are the basis of eligibility for a whole range of programs that assist people satisfy their basic needs.

The NJ For Health Care Coalition is a broad-based alliance of health care, consumer, senior, student, disability, women's, labor, faith-based, civil rights and social justice organizations working to bring guaranteed, high quality, affordable health care to all New Jersey residents. Our more than 70 partner organizations include AARP-NJ, New Jersey Policy Perspective, New Jersey Citizen Action, NJ-PIRG, Statewide Parent Advocacy Network and Latino Action Network. (A list of all participating organizations can be found at <http://njforhealthcare.org/index.html>.) We have been working over the past several years to build strong alliances with patients, providers, small and large businesses and health care and social service agencies across the state in order to ensure that the Affordable Care Act (ACA), including its expansion of Medicaid, is effectively implemented in New Jersey in accordance with our core principles: affordability, transparency, and accountability to all consumers, including immigrants and their families. In the past, we were instrumental in assisting our Legislature in developing a blueprint for a state insurance exchange, a blueprint that is currently being reconsidered and supported by our Governor. And throughout our history, we have been committed to making sure that all children residing in the state have health insurance and, along with their parents, access to health care, nutrition and housing assistance, all of which are

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essential to keeping families together and enabling them to be productive members of our local communities.

As a general matter, the NJ For Health Care Coalition is extremely concerned about the proposed change to update the Census Bureau's poverty thresholds from the current Consumer Price Index (CPI-U) to either the "chained" CPI or the Personal Consumption Expenditures Price Index. Both these measures would result in a lower poverty line, and the gap between the poverty line employing the current CPI-U to account for inflation versus either of the proposed methodologies would widen each year. Accordingly, we believe that either change is likely to make the poverty line less accurate while also increasing the number of people without health insurance and experiencing other forms of hardship. The poverty line is already too low and giving it a lower annual inflation rate will make it even less accurate for measuring the needs of low-income Americans, including low-income New Jersey residents. Secondly, OMB should conduct and publish research and analysis of the impact of any potential changes that will affect eligibility and benefits for working families, who rely on public assistance. This research has to happen before any change is finalized. We explain these two points more fully below:

**The proposed change would not make the poverty line more accurate.**

The OPM poverty line is meant to equal the level of income a family needs to afford the basics. However, it falls far short of such goal. First introduced in the 1960's, any family earning less than three times the United States Department of Agriculture (USDA) estimate for the subsistence food budget is considered poor. This threshold has remained in place over the last half century, and has remained virtually unchanged other than by cost-of-living adjustments. Accordingly, the OPM has faced numerous criticisms, including its failure to consider geographic variations, account for many of the costs families in actuality face (such as medical costs, transit costs, housing costs and childcare), or provide a full picture of families' income. In short, the OPM is too low to capture most people's understanding of poverty, especially in the context of a high cost state such as New Jersey.

Right now, the poverty thresholds are adjusted annually by the CPI-U, which measures inflation by tracking the change in price for a set group of consumer goods across a range of geographic areas. The OMB is proposing switching to a different measure of inflation, although the proposal is not specific on which measure it would use. Nonetheless, the proposal mentions the chained CPI as an alternative, which differs from the CPI-U insofar as it allows for substitution across similar kinds of items in contrast to substitutions within categories. By allowing for these additional substitutions, chained CPI shows a slower rate of inflation; but for many families who are already choosing between paying rent and buying food, it does not reflect people's reality. Low-income people and families do not substitute goods in the same way as those with more financial resources. In this way, the chained CPI would push poverty thresholds further and further down over time without accurately reflecting the various costs actually faced by low-income families. There is also evidence that low-income households disproportionately rely on rental housing, where costs have been growing faster than even the CPI-U, further rendering the chained CPI an inaccurate measure.

Members of NJ For Health Care therefore support efforts to make adjustments to how the OPM is calculated that would result in raising it, not lowering it. Some possible changes that we believe would improve accuracy would include a re-evaluation of the expenses that families experience such as out-of-pocket medical expenses, transit costs and childcare costs. In that vein, the OPM could look to other metrics that are viewed as better measures of current living expenses such as the Census Bureau's Supplemental Poverty Measure based on a National Academy of Science study.

The bottom line is that current OPM thresholds are too low, and adoption of the chained CPI would only make them lower, not more accurate as OPM states is its goal.

**Alternative Measures cannot be adopted prior to analysis of impact.**

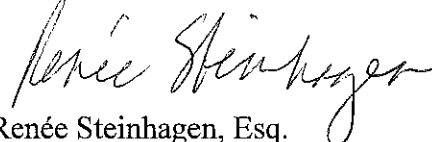
Because OMB has explicitly stated that it is not seeking comment on the impact of changing the HHS poverty guidelines, we are not including estimations of the far-reaching effects that the proposed changes are certain to have. However, was OMB to consider moving forward with a change to the poverty thresholds that affects the HHS guidelines, it would be imperative to first undertake an in-depth analysis into the likely impacts before adopting a policy change that is very likely to harm large numbers of people.

The NJ for Health Care is particularly interested in understanding the likely impact on individuals with disabilities who would lose assistance with prescription drug cost, children who would lose Medicaid and CHIP coverage, adults who would lose coverage through Medicaid expansion, families who would lose cost-sharing assistance and see higher deductibles on the exchange, and the many individuals who would lose premium tax credits upon purchase of health insurance. An analysis must look at the impact of the loss of assistance on the aforementioned individuals as well as on service providers, and must also look at how the impact changes over time.

It is the responsibility of the government to undertake such an analysis before any change in the inflation metric is adopted. We therefore recommend that the CPI-U continue to be used to calculate the OPM until diligent research and analysis of the impact of other potential methods have been published to indicate what measure most accurately reflects the choices of low-income families and renders the OPM threshold a true reflection of families' basic needs.

On behalf of New Jersey consumers, we respectfully request that the federal government refrain from employing statistical tricks simply to lower its budget to the detriment of working families who are unable to meet their needs, including health care needs, without government assistance.

Respectfully submitted,



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