

June 21, 2019

Nancy Potok,
Chief Statistician
Office of Management and Budget (OMB)
9257 New Executive Office Building
725 17th St. NW, Washington, DC 20006

Re: Directive Number 14, Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Ms. Potok,

The Adventist Health Policy Association (AHPA) is pleased to provide comments in response to the OMB's proposal regarding Consumer Inflation Measures Produced by Federal Statistical Agencies. Our organization is the policy voice of five Seventh-day Adventist affiliated health systems that include 85 hospitals and more than 300 other health care facilities in 17 states. We represent a major segment of the U.S. hospital sector with diverse facilities, populations served and geographic locations.

In the rule, the OMB proposes to change how the Census Bureau's Official Poverty Measure (OPM) is adjusted annually for inflation. Instead of the current Consumer Price Index for All Urban Consumers (CPI-U), the OMB would use the chained Consumer Price Index (CPI) or the Personal Consumption Expenditures Price Index (PCEPI), which are adjusted for cost of living at a slower rate than the CPI-U. Because the OPM is used to determine income eligibility for programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP), we are concerned of the proposal's impact on eligibility and benefits. Research has shown that social determinants of health, such as a person's access to housing and healthy food, can significantly impact patient's health and wellbeing. Therefore, any change that results in individuals losing access to essential public services would have an adverse effect on health care outcomes and ultimately increase health care costs.

According to an analysis by the Congressional Budget Office (CBO), increases in the chained CPI may understate growth in the cost of living for some age and income groups. That is because the chained CPI reflects prices paid for the goods and services purchased by an average

household, not by the average person in certain age or income groups.¹ It assumes that when the cost of a service or product increases, individuals will change their buying patterns and seek a cheaper service or product. However, there are services such as health care or child care that may not have a readily available substitute that is cheaper. Moreover, we are concerned that any measure index that rises slower than the cost of living would fail to accurately capture the costs incurred by individuals. For example, the chained CPI fails to consider the rising costs of health care, rental housing and child care.

Adopting a consumer inflation measure that makes cost of living adjustments at a slower rate than the CPI-U will not only be inaccurate but also have an adverse effect on vulnerable populations, including seniors, children and people with disabilities. The Center on Budget and Policy Priorities predicts that adopting either the chained CPI or the PCEPI would lower the federal poverty line, limiting eligibility and reducing access to critical public benefits such as health care coverage, housing and nutritional assistance. After ten years, the Center estimates that:²

- Approximately 6 million individuals would see reductions in their premium tax credits received through the Health Insurance Exchanges. Adopting the chained CPI or PCEPI could lower the eligibility threshold for the tax credits from 400 percent to 392 percent of the federal poverty line.
- More than 250,000 adults who gained coverage from states' Medicaid expansion would become ineligible for benefits because the proposal could lower the income threshold from 138 percent to about 135 percent of the federal poverty line.
- More than 150,000 low-income seniors and people with disabilities could lose eligibility for assistance with their Medicare Part B premium.

We urge the OMB to consider the potential impact of any alternative consumer inflation measure prior to making any changes. As mentioned earlier, access to healthy food, housing and health

¹ Congressional Budget Office. [How Does Growth in the Cost of Goods and Services for the Elderly Compare to That for the Overall Population?](#)

² Center on Budget and Policy Priorities. [Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time.](#)

care can have a significant impact on a patient's health. This notion was recognized by Alex Azar, the Secretary of the Department of Health and Human Services (HHS), when he stated: "Social determinants are closely integrated into the priority I've laid out to move toward a value-based healthcare system—one that delivers better outcomes at a lower cost." He added, "How can someone manage diabetes if they are constantly worrying about how they're going to afford their meals each week? How can a mother with an asthmatic son really improve his health if it's their living environment that's driving his condition?" Therefore, adopting an inflation measure that could result in many individuals losing access to services essential to their health would run contrary to HHS' goals. Moreover, it could lead to increased costs in the future as individuals become sicker and require more intensive and expensive care.

Thank you for the opportunity to provide comments on this proposed rule. Should you have any questions, please do not hesitate to contact me at Carlyle.Walton@AdventistHealthPolicy.org or Julie Zaiback-Aldinger, Director of Public Policy and Community Benefit, at Julie.Zaiback@AdventHealth.com.

Sincerely,

A handwritten signature in black ink that reads "C. Walton". The signature is written in a cursive, flowing style.

Carlyle Walton, FACHE
President
Adventist Health Policy Association