



Leadership Council of Aging Organizations

Debra Whitman, Chair

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Nancy Potok
Chief Statistician
Office of Management and Budget
New Executive Office Building, Room 9257
725 17th Street, NW, Washington, DC 20006

Submitted via www.regulations.gov

Re: Directive No. 14 Consumer Inflation Measures Produced by Federal Statistical Agencies (OMB–2019–0002)

Dear Ms. Potok:

The Leadership Council of Aging Organizations (LCAO) appreciates the opportunity to respond to the Office of Management and Budget's (OMB) Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies and their potential use in the annual adjustment of income measures such as the Official Poverty Measure (OPM). LCAO is a coalition of 69 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. LCAO serves as a source of information about issues affecting older adults and provides leadership and vision as America works to meet the challenges and opportunities presented by our aging society. Our organizations have expertise in health care, economic security, nutrition and food security, housing, and other issues facing older adults and people with disabilities. We are committed to advancing public health and promoting access to affordable medicines to keep older adults healthy and improve their well-being and the well-being of their families.

We strongly urge OMB not to change the inflation measure used to calculate annual adjustments to the OPM without extensive research on the impacts on low-income seniors. The Supplemental Poverty Measure already shows that the OPM is currently undercounting seniors experiencing poverty—according to the SPM, in 2017 over 14% of people age 65 and older were living in poverty, compared to about 9% under the OPM.¹ The proposed change will only exacerbate this problem.

Any proposal that would change the inflation measure to shrink the OPM's annual rate of increase would thereby artificially categorize even more seniors and families living on the margins as having income above the poverty threshold even though their actual income and resources have not increased. Over time, this would cause significant hardship for millions of older adults who would no longer qualify

¹ Liana Fox, U.S. Census Bureau, The Supplemental Poverty Measure: 2017 (Sept. 2018), www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf.

for assistance that helps them meet their basic needs. With 10,000 people turning 65 every day, by 2030 nearly 1 in 5 Americans will be age 65 or older and relying on Social Security and Medicare. About half of older Americans receive 50% or more of their household income from Social Security, while one in four receive 90% or more from Social Security.²

Because OMB is not seeking comment on the impact that would result from the change to the poverty guidelines promulgated by the Department of Health and Human Services (HHS), we are not directly commenting on that issue. However, as any change to the poverty threshold would affect the HHS poverty guidelines, we believe OMB must research, analyze, and seek public input on the impact of such changes. The areas in which LCAO urges OMB to evaluate the ramifications of changes to the OPM include, but are not limited to: the people and households able to access programs that use the poverty guidelines to determine eligibility; low- and middle-income populations in need of the services and supports provided by these programs; the organizations that provide these services; accurately identifying the low and middle-income populations targeted for, and in need of, these programs; and related questions. In addition, the calculation for the inflation measure needs to properly account for health care costs, which have historically risen faster than general inflation. Finally, older people tend to have higher health care costs than younger people, so the calculation needs to account for this disparity.

Numerous federal programs support the basic living standards for millions of seniors, workers and their families with modest and low incomes, including Medicaid, the Medicare Part D low-income subsidy (“Extra Help”), subsidies for health coverage through the Affordable Care Act Marketplace, Community Health Centers, the Supplemental Nutrition Assistance Program (SNAP), the Child and Adult Care Food Program, the Low Income Home Energy Assistance Program (LIHEAP), Weatherization Assistance for Low-Income Persons, Legal Services, the Senior Community Service Employment Program, and Foster Grandparent and Senior Companion Programs. Below, we give examples of ways that an improperly designed measure would fail to protect access to these programs, illustrating the importance of diligent research and analysis before any measure is designed or adopted.

Prescription Drug Subsidies for Low-Income Seniors and People with Disabilities

One example of how a change to the inflation measure would affect older adults is in prescription drug subsidies. Low- and moderate-income Medicare beneficiaries can get help paying for their Part D prescription drug plan premiums, deductibles, and cost-sharing through the Extra Help program, also known as the low-income subsidy or LIS. This program is a financial lifeline for 12 million seniors and people with disabilities living with limited income and resources.³ One in four Medicare beneficiaries have less than \$15,250 in annual income and half have less than \$26,200.⁴ Beneficiaries’ median income

² Social Security Administration, The Importance of Social Security Benefits to the Income of the Aged Population (2017), <https://www.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html>.

³ Kaiser Family Foundation, Medicare Part D in 2018: The Latest on Enrollment, Premiums, and Cost Sharing (May 17, 2018), www.kff.org/medicare/issue-brief/medicare-part-d-in-2018-the-latest-on-enrollment-premiums-and-cost-sharing/

⁴ Kaiser Family Foundation, Income and Assets of Medicare Beneficiaries, 2016-2035 (Apr. 21, 2017), www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2016-2035/.

declines with age and is already lower for beneficiaries under age 65 with permanent disabilities, as well as Black and Hispanic beneficiaries.⁵

The Social Security Administration uses the poverty threshold to determine eligibility for Extra Help. If OMB reduces the poverty measure's annual inflation adjustment, estimates show that over 10 years more than 250,000 Medicare beneficiaries would lose their eligibility for or get less help from the Part D Extra Help program.⁶ This would greatly increase their out-of-pocket prescription drug costs, forcing many to risk their health by skipping doses, meals, or other necessities. In turn, such health impacts could raise costs for the Medicare program and other payers through increased use of acute or emergent care or institutionalization and inhibit individuals' ability to live safely at home and in the community.

Medicaid

Medicaid provides another example showing the need for caution and extensive research prior to changing the OPM. Smaller annual adjustments to the federal poverty threshold would lower Medicaid income eligibility limits more significantly than they otherwise would be, and this effect would grow over time. This would make it harder for seniors and people with disabilities to have access to long-term services and supports, which is not covered by Medicare or private health insurance. Medicaid pays for care for 60% of nursing home residents and is particularly critical to helping people with disabilities, including older adults, live in the community because it covers services and equipment that private health insurance does not such as personal and attendant care services, durable medical equipment, and supportive housing services. Private health and long-term care insurance may not be accessible to people with disabilities. OMB's proposal would effectively impose an automatic cut to eligibility and jeopardize the health and welfare of low-income seniors and people with disabilities by making them ineligible for these necessary Medicaid services.⁷ Cutting access to this vital program endangers the ability of older adults and people with disabilities to live with dignity and age in place, together with their families, and safely in their homes and communities.

Shrinking the poverty threshold would result in at least 150,000 seniors and people with disabilities losing help paying for Medicare Part B premiums through the Medicare Savings Programs. Without this assistance, they would have to come up with more than \$1000 per year in premiums to maintain Medicare coverage that allows them to see the doctor, get lab tests, and receive preventive services.⁸ Thousands would also lose eligibility for the Qualified Medicare Beneficiary program that

⁵ *Id.*

⁶ Aviva Aron-Dine & Matt Broaddus, *Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time*, Ctr. on Budget & Pol'y Priorities (May 22, 2019), <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicare-and-premium-tax>.

⁷ Edwin Park, *Trump Administration Proposes to Make Many Fewer Low-Income Individuals and Families Eligible for Medicaid and CHIP Over Time*, Georgetown U. Health Pol'y Inst. Ctr. For Children & Families (May 9, 2019), <https://ccf.georgetown.edu/2019/05/09/trump-administration-proposes-to-make-many-fewer-low-income-individuals-and-families-eligible-for-medicare-and-chip-over-time/>.

⁸ Aviva Aron-Dine & Matt Broaddus, *Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time*, Ctr. on Budget & Pol'y Priorities (May 22,

protects them from deductibles and cost-sharing for these services, burdening them with even more out-of-pocket expenses.

Millions of adults, including older adults ages 50-64 and people with disabilities who are not eligible for Medicare, are also covered by Medicaid expansion.⁹ OPM's proposal would shrink the inflation adjustment for the poverty measure, resulting in the more than 250,000 adults who were newly covered under Medicaid expansion's higher income eligibility threshold to lose coverage.¹⁰

Affordable Care Act (ACA) Marketplace Health Insurance for Individuals

The ACA Marketplace is another program that demonstrates the breadth of potential harm caused by the proposed changes. Financial assistance in the ACA Marketplace is dependent upon how the poverty threshold is calculated. Over time, shrinking the inflation adjustment for the poverty line would reduce or eliminate the premium tax credits for tens of thousands of low- and moderate-income older adults and families that make insurance accessible. Moreover, by the tenth year, an estimated 150,000 ACA Marketplace consumers would lose cost-sharing assistance and face higher deductibles.¹¹

Supplemental Nutrition Assistance Program (SNAP; formerly Food Stamps)

The examples are not limited to health care. SNAP helps low-income households, including nearly 5 million adults age 60 or older, pay for food.¹² Although 80% of older adults who depend on SNAP live alone, SNAP benefits are also critical for low-income older adult households, which, for the most part, live below the poverty line.¹³ If the adjustment to the poverty line shrinks, gradually fewer of these households would qualify for assistance.

As of 2011, nearly 1 in 12 seniors had limited or uncertain access to adequate food.¹⁴ Having access to nutritious food directly affects a person's health and well-being, and this is no less true for older adults. Seniors who are food insecure are over 50% more likely to report a heart attack and develop asthma, and 40% more likely to experience congestive heart failure.¹⁵ Reducing the number of households that

2019), <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>.

⁹ Larisa Antonisse et al., *The Effects of Medicaid Expansion Under the ACA: Updated Findings from a Literature Review*, Kaiser Family Foundation (Mar. 28, 2018), <https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-march-2018/>.

¹⁰ Aviva Aron-Dine & Matt Broaddus, *Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time*, Ctr. on Budget & Pol'y Priorities (May 22, 2019), <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>.

¹¹ *Id.*

¹² Center on Budget & Policy Priorities, *SNAP Helps Millions of Low-Income Seniors*, (updated Apr. 26, 2017), available at www.cbpp.org/research/food-assistance/snap-helps-millions-of-low-income-seniors.

¹³ *Id.*

¹⁴ Feeding America & Nat'l Foundation to End Senior Hunger, *Spotlight On Senior Health: Adverse Health Outcomes of Food Insecure Older Americans*, available at <https://www.hungernwnc.org/about-hunger/Spotlight%20on%20Senior%20Health.pdf>.

¹⁵ *Id.*

qualify for SNAP assistance is especially dangerous when so many people struggle to afford an adequate diet even under the current eligibility guidelines.

Low Income Home Energy Assistance Program (LIHEAP)

In addition, about 6 million people received LIHEAP assistance in 2018.¹⁶ Most states set eligibility for LIHEAP at 150% of the federal poverty guidelines and 82% of households receiving LIHEAP had annual income below \$20,000.¹⁷ According to a 2018 survey, 46% of LIHEAP households had a senior in the household aged 60 or older and 52% had a disabled household member.¹⁸ Over time, shrinking the inflation adjustment for the poverty measure would cause more of these households to exceed the 150% cutoff, denying this vital assistance to many seniors and people with disabilities.

Conclusion

It is clear that proposals to change the inflation measure to shrink the OPM's annual rate of increase would incorrectly define even more low-income older adults and people with disabilities as not living in poverty. But changing the definition would neither change the needs of these populations, nor eliminate their struggle to pay for essentials. Without careful study, any change to poverty measures could result in many being left ineligible for the critical public benefits that enable them to put food on the table, keep the heat on, afford their medications, see the doctor, and live with independence and dignity. These harms would be borne by communities that already face the greatest barriers to meeting their basic needs, particularly women and Asian and Hispanic Americans because they have higher life expectancy, and people with disabilities who became disabled early in life. The current measure may already be inaccurate for low-income families, who spend a larger percentage of their income on housing than the rest of the general population and are less able to alter spending on necessities when prices increase. For these reasons, we urge OMB not to move forward with any of the proposed changes to the inflation measure used to calculate annual adjustments to the OPM. Instead, OMB should carefully research and analyze the eligibility impact of such changes, publish its findings and provide an opportunity for public comment on whether to move forward in light the changes' impact on the ability to accurately measure the poverty line and on access to vital assistance.

Sincerely,



Debra Whitman, PhD
Chair, LCAO

¹⁶ Nat'l Energy Assistance Directors' Assn., 2018 NATIONAL ENERGY ASSISTANCE SURVEY FINAL REPORT (Dec. 2018), available at <http://neada.org/program-policy-reports/liheapsurvey/>.

¹⁷ *Id.*

¹⁸ *Id.*