



June 21, 2019

The Honorable Nancy Potok
Chief Statistician, Office of Management and Budget
725 17th St. NW
Washington, DC 20006
Submitted via Regulations.Gov; Reference OMB-2019-0002

RE: Request for Comment on Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Dr. Potok:

On behalf of the Coalition of State Medical Societies, we respectfully offer the following comments on the Office of Management and Budget's Request for Comment on Consumer Inflation Measures Produced by Federal Statistical Agencies. Representing physicians from coast to coast, the Coalition of State Medical Societies comprises 10 state medical associations with more than 180,000 physician and medical student members.

According to the notice published on May 7, 2019, OMB seeks comments on its proposal to use an alternative index of inflation, such as the Chained Consumer Price Index (C-CPI) or Personal Consumption Expenditures Price Index (PCEPI), to adjust the Census Bureau's Official Poverty Measure (OPM) each year. At the same time, OMB's notice specified it is not seeking input on how the adoption of an alternative inflation index might impact programs that rely on the OPM to establish eligibility.

As physicians, we are not experts on the various inflation indices, but we do know what is good for our patients. Soliciting public comments on potential revisions to the inflation index without simultaneously soliciting comment on the implications of such a change is like taking a patient into surgery without discussing the potential complications beforehand. As such, we strenuously urge OMB to suspend further discussion of adopting a new index until the agency researches and seeks input on the wider, long-term implications such a change would have on communities across the United States.

Currently, the OPM is annually adjusted using the Consumer Price Index for All Urban Consumers or CPI-U. OMB proposes to instead use C-CPI or other indices. Already, the current index does not adequately reflect the needs of low-income populations. Yet, according to the Congressional Budget Office (CBO), C-CPI (as well as other indices) results in lower estimates of inflation by about 0.25 percentage points compared with the traditional CPI. Furthermore, CBO analysts note that the disadvantages of using C-CPI for indexing purpose include the fact that C-CPI may "understate growth in the cost of living for some groups," including the elderly.

Other research indicates that low-income families and children also would be disproportionately disadvantaged by the adoption of an alternative index.

As physicians, we care about this technical issue because of the likely consequences a new index will have on the health and well-being of our patients. Numerous federal programs that provide health care coverage, food and housing assistance, and health insurance premium support rely upon federal poverty guidelines to determine eligibility. The programs that would be impacted by a lower poverty level include:

- Medicaid,
- Children's Health Insurance Program (CHIP),
- National Breast and Cervical Cancer Early Detection Program,
- Maternal and Child Health Block Grant,
- Medicare Part D prescription drug subsidy for low-income seniors,
- Supplemental Nutrition Assistance Program, and
- School meals.

By implementing smaller annual adjustments to the federal poverty line, the income eligibility limits for these programs will be cut automatically each year. Estimates indicate that over the next decade, adoption of C-CPI or other alternative measures could mean hundreds of thousands of children, seniors, and people with disabilities will lose health care coverage. Already, the rate of uninsured is growing across the country and within our own states. CBO estimates that the number of uninsured will be at least 7 million higher in 2029 than it was in 2016. Recent data from the Census Bureau also show that the number of children on Medicaid and CHIP fell by 840,000 between 2017 and 2018, with most of them likely now uninsured.

Rising rates of uninsured will affect not only our patients and practices but also employers and the broader communities in which we live. Patients without health care coverage have poorer health outcomes, lower economic productivity, and less financial security. That in turn harms the ability of employers, particularly small ones, to remain competitive. Declining rates of health care coverage increase physicians' uncompensated care costs. That is a financial strain for all practices, but more so for those in rural and underserved areas that already struggle to recruit and retain physicians. When underserved communities cannot recruit physicians, that in turn jeopardizes the viability of their local hospitals, typically one of the largest local employers. Taxpayers will be asked to bear the brunt, picking up the costs of higher indigent care costs and social services.

The poverty index is undoubtedly outdated. No meaningful adjustments to how it is calculated have occurred in decades. Indeed, the official poverty guidelines do not adequately reflect the needs of many individuals and families in our communities who earn too much to qualify for many poverty-related programs yet who earn too little to obtain services on their own. We welcome a robust discussion about how to make the federal poverty guidelines better reflect what families and patients need to be productive and healthy members of our communities.

At the same time, OMB's decision to reject comments on the direct and indirect impact of a new inflation index puts the cart before the horse. Undoubtedly such a change will have far-reaching consequences that require further analysis and discussion. We urge OMB to pause any revisions to the way in which the Census Bureau measures poverty while it undertakes a deliberate, thorough evaluation of the potential consequences of such revisions, including soliciting broad public comment.

Sincerely,

The Coalition of State Medical Societies

These state medical associations comprise the Coalition of State Medical Societies:

Arizona Medical Association ★ California Medical Association
Florida Medical Association ★ Louisiana State Medical Society
Medical Society of New Jersey ★ Medical Society of the State of New York
North Carolina Medical Society ★ Oklahoma State Medical Association
South Carolina Medical Association ★ Texas Medical Association