

**BEFORE THE UNITED STATES EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

**Notice of Solicitation of Comments: Request for)
Comment on the Consumer Inflation Measures)
Produced by Federal Statistical Agencies)**

OMB–2019–0002

*Submitted via [Statistical Directives@omb.eop.gov](mailto:Statistical_Directives@omb.eop.gov)
Subject: Directive No. 14*

COMMENTS OF WHITMAN-WALKER HEALTH

Whitman-Walker Health (WWH or Whitman-Walker) submits these comments in response to the Office of Management and Budget’s (OMB) request for comment published on May 7, 2019, 84 Fed. Reg. 19961. We strongly oppose the substitution of inflation measures that fail to accurately account for the costs and expenditures of low-income families. We urge the Government to focus on inflation adjustments, for the Official Poverty Measure and also for the poverty guidelines issued by the Department of Health and Human Services, that accurately reflect the costs actually borne by lower-income individuals and families.

EXPERTISE AND INTEREST OF WHITMAN-WALKER HEALTH

Whitman-Walker Health is a community-based, Federally Qualified Health Center offering primary medical care and HIV specialty care, mental health and addiction treatment, dental care, community health services, and legal services to residents of the greater Washington, DC metropolitan area. WWH has a special mission to the lesbian, gay, bisexual and transgender (LGBT) members of our community, as well as to all Washington-area residents of every gender and sexual orientation who are living with or otherwise affected by HIV. In calendar year 2018, more than 20,700 individuals received health services from Whitman-Walker. As an essential element of our holistic health-related services, WWH’s Legal Services Department and Public Benefits and Insurance Navigation Department work with several thousand individuals and

families every year to help them navigate numerous federal, state and local means-tested programs. Our attorneys and paralegals have considerable understanding of, and expertise in using, the federal poverty guidelines and differing cost of living adjustments affecting lower-income persons.

Poverty disproportionately affects Whitman-Walker's patients. In 2018, 49% of our health care patients had incomes no greater than the HHS-issued Federal Poverty Level; and 63% had incomes no greater than 200% of the FPL. Of our 2018 Legal Services and Insurance Navigation clients, 55% had incomes below the FPL, and 80% had incomes less than 200% of the FPL. Of our patients, 64% earned less than \$30,000 per year, which is 25% of the median family income in the greater Washington, DC metropolitan area.

Whitman-Walker provides health care to more than 25% of the District of Columbia's reported HIV-positive population. Our patients and legal clients who are living with HIV are particularly likely to be living in poverty or in danger of falling into poverty. HIV prevalence is inversely related to annual household income: the lower the income, the greater the HIV prevalence. HIV prevalence in poor urban communities is 20 times higher than prevalence in the general population.¹ People living with HIV face substantial medical expenses, and access to public benefits that pay for life-saving medications is predicated on a low-income status determined by federal poverty guidelines. Higher income thresholds and lower inflation adjustments will increase barriers to critically important care for this population, as well as for those living with other chronic, expensive medical conditions.

Whitman-Walker's interest in fair and accurate federal poverty guidelines also stems from our special mission to the LGBT community. LGBT people are more likely to live in poverty and

¹ Paul Denning, MD, MPH and Elizabeth DiNenno, PhD, Communities in Crisis: Is There a Generalized HIV Epidemic in Impoverished Urban Areas of the United States?, <https://www.cdc.gov/hiv/group/poverty.html>.

earn less than their heterosexual peers (25% vs 18% respectively) due to the confluence of widespread discrimination in employment, education, and housing.²

COMMENTS

OMB's request for comment seeks information on the strengths, weaknesses, and best practices for the application of five consumer inflation measures. OMB acknowledges that the measure(s) employed for particular federal programs should "reflect consumers' actual experiences over time" (84 Fed. Reg. at 19961) and that "[i]n cases where Congress has not required a specific methodology, agencies should use the measure of inflation most appropriate for the purpose of the program" (*id.*). With those principles in mind, we offer comments on two of the inflation measures identified by OMB: (1) the Consumer Price Index-Urban (CPI-U) and (2) the Chained Consumer Price Index-Urban (C-CPI-U).

Consumer Price Index-Urban (CPI-U). The Consumer Price Index for Urban Consumers, the primary inflationary measure employed by the Federal Government, fails to accurately measure the impact of inflation on the costs of basic essential goods for people living in poverty. The CPI-U does not take into account the actual costs of low-income families' basic needs.

Research suggests that inflation affects low-income people differently than people with higher incomes. Many living costs tend to rise more rapidly for low-income households than for the population as a whole. From September 2004 through September 2013, costs of essential commodities increased 33% for households with incomes less than \$20,000, as compared to 25% for households with incomes above \$100,000.³ Poor families pay a greater percentage of their

² LGBT Demographic Data Interactive. (January 2019). Los Angeles, CA: The Williams Institute, UCLA School of Law.

³ G. Kaplan, S. Schulhofer-Wohl / Journal of Monetary Economics 91 (2017) 19–38. Accessed via https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf.

income for housing, utilities, and food than others. The CPI-U also excludes necessities like childcare that are increasing in cost and that are essential to a family's ability to work.

Low-income urban families pay more for lower quality food. Low-income communities frequently live in “food deserts;” their neighborhoods lack large grocery stores offering a wide range of fresh, reasonably-priced vegetables, fruits, meats and other foods, and residents rely disproportionately on “convenience stores” and “carry-outs” whose offerings are less nutritious and frequently overpriced. An FDA analysis based on national-level data found that in 1997, vegetables food prices in small markets, which are more likely to be accessible to the urban poor, are an average of 10% higher than suburban grocery stores.⁴ Twenty years later, a 2018 analysis demonstrated that the gap has widened. The analysis found that prices are 37% higher at small markets and 102% higher at convenience stores than in suburban grocery stores.⁵

Decreasing the CPI-U would have a significant, disproportionate and harsh impact on individuals and families living near or below the poverty line. Current poverty calculations based on the CPI-U already are too low, because they significantly understate the cost of living for lower-income people. Alternative inflationary measures being considered by the Administration would make federal poverty thresholds even less reflective of the actual cost of basic necessities for low-income families, and would threaten to eliminate benefits for many low-income individuals and families who depend on lifeline programs for medical care, food, housing and other necessities.

⁴ Do the Poor Pay More for Food? Item Selection and Price Differences Affect Low-Income Household Food Costs. By Phillip R. Kaufman, James M. MacDonald, Steve M. Lutz, and David M. Smallwood. Food and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture. Agricultural Economic Report No. 759.

⁵ Gosliner, W., Brown, D. M., Sun, B. C., Woodward-Lopez, G., & Crawford, P. B. (2018). Availability, quality and price of produce in low-income neighbourhood food stores in California raise equity issues. *Public health nutrition*, 21(9), 1639–1648. doi:10.1017/S1368980018000058.

Chained Consumer Price Index-Urban (C-CPI-U). OMB suggests alternative inflationary measures, most notably the Chained Consumer Price Index for Urban Consumers. However, the C-CPI-U substitution modeling does not accurately describe the spending decisions or conditions of poor families. The C-CPI-U's assumptions create a slower growth of inflation for the basket of goods than the CPI-U measures, and therefore is an even less accurate measure of inflation.

The C-CPI-U employs a formula that attempts to model the substitutions that consumers make in markets when responding to price changes. The assumptions employed by the model of the C-CPI-U are not accurate for low-income consumers. The model may be more accurate for price sensitive consumers with flexibility in their spending, but fails to accurately model the experiences of poor families who have little or no flexibility in price-related substitution.

Low-income households experience more inflation in the goods that they purchase than households with higher incomes, and have less opportunity to switch to less expensive items. Two important examples, discussed above, are higher food prices in "food deserts" (small markets served by convenience stores and carry-outs, lacking in large grocery stores with diverse offerings), and steep housing costs in lower-income urban markets with limited lower-cost housing options. The C-CPI-U, therefore, is an inaccurate measure of actual living costs for lower-income persons; employing that measure for poverty-related public programs would threaten to deny access to low-income workers and retiree individuals and households struggling to pay for necessities.

Policy Impacts of Changes to Inflation Measures. OMB states that it "is not currently seeking comment on the poverty guidelines or their application" (84 Fed. Reg. at 19963). Nevertheless, changes to the Official Poverty Measure will doubtless affect future changes to

federal poverty guidelines, and therefore, access by lower-income individuals and families to essential public programs and services. OMB acknowledges that “[b]ased on the comments received and internal discussions with experts, OMB will consider ... the need for guidance to Federal agencies to communicate the strengths, weaknesses, and best practices for selecting and using the different indexes” (84 Fed. Reg. at 11961). Federal poverty calculations directly or indirectly establish the thresholds for access to numerous public programs. Changes in those calculations that further understate actual costs would deny eligibility to many individuals and families for essential health care, prescription drugs, heating or cooling assistance, housing, and nutrition assistance. Eliminating access to lifeline benefits will have immediate and detrimental impact on low-income individuals and families, increasing hardship, threatening health and safety, harming child development, and de-stabilizing families, undermining the intent of Congress in establishing these programs. Whitman-Walker submits that any changes to the federal poverty guidelines that serve as thresholds for access to medical, food, income, housing and other essential programs must be based on careful research and analysis, and opportunity for public comments, on the effects on the program beneficiaries and whether the proposed changes align with the statutory purposes of the programs in question. The measures proposed by OMB fail these requirements.

CONCLUSION

Thank you for this opportunity to submit comments. We would be happy to provide any additional information that might be helpful.

Respectfully submitted,



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