



AMERICA'S ESSENTIAL HOSPITALS

June 11, 2019

Mick Mulvaney
Director
Office of Management and Budget
New Executive Office Building
725 17th St. NW
Washington, DC 20503

Ref: OMB-2019-0002: Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Mr. Mulvaney:

America's Essential Hospitals appreciates the opportunity to submit to the Office of Management and Budget (OMB) these comments on updating the consumer inflation index used in estimating the official poverty measure and other income measures. These measures are used to determine eligibility for many federally funded programs, including Medicaid. America's Essential Hospitals is concerned changes to the inflation index will negatively impact vulnerable populations' access to Medicaid coverage and other critical, poverty-based programs.

America's Essential Hospitals is the leading champion for hospitals and health systems dedicated to providing high-quality care to all. Filling a vital role in their communities, our 300 member hospitals provide a disproportionate share of the nation's uncompensated care and three-quarters of their patients are uninsured or covered by Medicare or Medicaid. Through their integrated health systems, members of America's Essential Hospitals offer primary care through quaternary care, outpatient care in ambulatory clinics, public health services, mental health and substance abuse services, and wraparound services vital to disadvantaged patients—especially for patients facing social, linguistic, and economic obstacles.

Essential hospitals also play a unique and vital role in the Medicaid delivery system. Given their largely low-income, vulnerable patient populations, essential hospitals are distinctly positioned to make a real and lasting impact on the lives and well-being of the most disadvantaged among us. Consistently, members of America's Essential Hospitals find increasingly innovative and efficient strategies for providing high-quality, complex

care to their patients, all while facing high costs and limited resources. But with their patient mix and margins, our members utterly depend on Medicaid funding to carry out their missions and remain viable.

In addition to providing comprehensive, life-saving health care services, many essential hospitals connect patients to other income-based programs, such as the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) program. Essential hospitals know firsthand how important these services are for vulnerable populations to meet their basic needs. Medicaid, the Children's Health Insurance Program (CHIP), SNAP, TANF, and other poverty-based programs are critical parts of our nation's safety net. This safety net was created to help Americans who struggle to make ends meet; safety-net programs help our nation's vulnerable escape poverty, which has numerous adverse effects on health and overall well-being.

The proposed update to the consumer inflation index will impact poverty guidelines used to determine eligibility and benefits for safety net programs at the federal, state, and local levels. Moving from the Consumer Price Index for All Urban Consumers (CPI-U) to some other measure of inflation would result in less accurate measures of poverty and lower eligibility thresholds for these programs, ultimately jeopardizing access to vital safety-net programs for those at the edge of eligibility thresholds. We are concerned this proposal would push vulnerable people out of these programs without any real sense or determination of whether or not support is still needed. In addition, essential hospitals, which serve a disproportionate share of individuals at the poverty line, will shoulder additional uncompensated care costs as beneficiaries lose Medicaid and CHIP coverage.

The request for comment explicitly states OMB is not seeking comment on the poverty guidelines or their application at this time and does not include analysis of the proposed change. However, poverty-based programs that use the official poverty measure and other income measures are too vital for our nation's vulnerable people to be changed without careful deliberation and consideration of potential impact. Any change to the official poverty measure calculation would affect determination of the federal poverty line. Before considering such a change, OMB must work with other federal agencies that administer income-based programs to thoroughly analyze and estimate potential legal and policy effects. Such an analysis must include how the change would affect eligibility, benefits, and access to needed services through all federal programs that rely on the federal poverty line. In particular, the analysis should include projected coverage losses for different eligibility groups in Medicaid and CHIP relative to the use of the current inflation index, as well as projected impact of increased uncompensated care for providers serving those individuals. Further, OMB should propose changes to the consumer inflation index only after the opportunity for and evaluation of extensive public comments through formal rulemaking. The stakes for beneficiaries and providers participating in these programs cannot be overstated and must be considered before any changes are implemented.

As such, we urge OMB to thoroughly examine and solicit comment on the affect applying a different consumer inflation index will have on poverty-based

programs; the agency also should consult the relevant federal agencies that implement these programs before considering such a change. Without a comprehensive analysis, adjustments to these income measures could undermine our country's safety net and the ability of those truly struggling to access vital programs without improving the accuracy of poverty measures.

America's Essential Hospitals appreciates the opportunity to submit these comments. If you have questions, please contact Erin O'Malley, senior director of policy, at 202-585-0127.

Sincerely,

Bruce Siegel, MD, MPH
President and CEO