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Nancy Potok, Chief Statistician
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Re: Comments on Consumer Inflation Measures Produced by Federal Statistical Agencies,
OMB-2019-0002

Dear Dr. Potok:

As Secretary of the Executive Office of Health and Human Services, thank you for the opportunity to comment on the proposed alternative methodologies that may be used to measure consumer inflation and that are in turn used to adjust the official poverty measure (OPM). Both of the two alternative methodologies under consideration, Chained – CPI and the Personal Consumption Expenditure Price Index understate the rate of inflation and thus artificially lower the OPM. I oppose these proposed alternative methodologies because they impact eligibility standards for crucial safety net programs, making it harder for the poor and low income residents of Massachusetts to qualify for the services they need and rely on.

The Executive Office of Health and Human Services (EOHHS) administers vital programs relied on by more than one in four Massachusetts residents. Many of these programs use the OPM to establish financial eligibility limits. For example, EOHHS directly administers the Commonwealth's Medicaid and CHIP program (MassHealth) which provides health insurance for almost 1.8 million children, seniors, individuals with disabilities and working poor individuals and families. The Department of Transitional Assistance and the Department of Public Health, two EOHHS constituent agencies, administer the Commonwealth's SNAP program which provides one in nine Massachusetts residents with access to healthy, nutritious food and the WIC program, which ensures that young mothers, infants and children have access to infant formula and baby food. In addition, I sit as Chair of the Board of the Massachusetts Health Connector, the state based Marketplace under the Affordable Care Act. The Connector provides subsidized health insurance to almost 300,000 Massachusetts residents.

Each of these public agencies and programs have provided specific comments and concerns regarding the adverse impact the OMB's proposed change would have on the programs they administer. Because many individuals struggling with poverty qualify for more than one program, the changes that OMB proposes will impact Massachusetts residents in multiple ways, affecting their access to basic services including health care, housing, and food, all at the same time. For thousands of Massachusetts residents, including vulnerable

children and seniors, whose current incomes rest just below the upper income limit for current eligibility, this means becoming ineligible over time under the proposed formulas.

Unfortunately, OMB's proposal, which changes the definition of poverty, does not solve the very real problems facing low income Massachusetts residents who struggle to make ends meet. Indeed, it is important to note that the current method for calculating the OPM is already widely considered to be insufficient in reflecting the cost of living for low-income households.¹ Using either of the measures under consideration would only exacerbate the problem. Research has consistently found that low-income households experience a higher inflation rate than higher-income households.² In this way, the current Consumer Price Index for All Urban Consumers (CPI-U) methodology already underestimates the experience of inflation for low-income households. Use of Chained Consumer Price Index for All Urban Consumers (C-CPI-U) or Personal Consumption Expenditure Price Index (PCEPI) would result in a further understatement of inflation relative to CPI-U, and widen the divide between the inflation measure and a low-income household's experience.

I urge OMB to consider the impact of this proposed rule on the core social service, health care and safety net programs that use OPM to establish eligibility and to instead consider changes to the CPI that accurately consider inflationary factors faced by low income individuals.

Sincerely,


Marylou Sudders

¹ See *Measuring Poverty* at 24-31 for a detailed critique of the OPM formula. See also Benjamin Bridges & Robert Gesumaria, *The Supplemental Poverty Measure (SPM) & Children: How & Why the SPM & Official Poverty Estimates Differ*, Soc. Sec. Bulletin Vol. 75, No. 3 (2015), available at <https://www.ssa.gov/policy/docs/ssb/v75n3/v75n3p55.html#mn5>.

² Argente, D., Lee, M. (2016.) Cost of Living Inequality During the Great Recession. University of Chicago. https://www.economicdynamics.org/meetpapers/2015/paper_1372.pdf; Kaplan, G. and Schulhofer-Wohl, S. (2017). Inflation at the Household Level. *Journal of Monetary Economics*. <https://doi.org/10.1016/j.jmoneco.2017.08.002>