



Social Services

Social Services Board

Tara L. Fikes, DPA, Chair
Commissioner Wendy Jacobs, Vice Chair
William Edward Kunz
Monique Holsey-Hyman, EdD, LCSW R
Janice Perrin Paul, J.D.

William Rose

DSS Director

June 6, 2019

To: Durham County Board of Commissioners

From: Ben Rose, Director

Re: Federal Poverty Rule Change Impacts

The Office of Management and Budget is proposing to potentially change how the methodology for calculating the federal poverty line for inflation is computed. It is thought this would greatly reduce the actual federal poverty levels and potentially limit households from qualifying for certain federally means tested programs. Critical points include:

1. It is widely held that the current federal poverty guidelines do not even reach the levels it takes to provide for a household and are generally seen as much lower than cost of living.
2. The current methodology uses the Consumer Price Index method. Should a rule change be implemented using the "chained CPI", it is reported this method is a lower measure of inflation and would potentially lower the current rate and continue to lower it over time, growing the impact over time.
3. More than 250,000 seniors and people with disabilities would potentially lose or receive less assistance for Medicare's Part D Low Income Subsidy, resulting in higher out of pocket expenses for them with prescription drugs.
4. More than 300,000 children could lose coverage through Medicaid or the Children's Health Insurance Program.
5. For states that have expanded Medicaid, more than 250,000 adults would lose coverage through the Medicaid Expansion program.
6. Affordable Care Act consumers could potentially have higher premiums and deductibles.
7. It is projected a significant number of low-income working families and households would lose eligibility for federal nutrition assistance programs, including SNAP, WIC, and free school meals.
8. Such losses would also potentially place families in financial crisis with rising costs of child care, energy, and housing.

In 2017, 15% of North Carolina residents were considered living in poverty, and the SNAP program provided benefits to 1.2 million citizens, many of them working families, seniors, and

disabled. Removal of benefits that are already not reaching all in need could further food insecurity, family well-being, and health/safety of children.

We appreciate your review of this potential impact and consideration of this rule proposal that is open for public comment currently.

Sources:

Center on Budget and Policy Priorities, “FAQ: The Trump Administration’s Proposal to Lower the Federal Poverty Line”

NC Policy Watch