Unintended Consequences: Family health and well-being & the SNAP Cliff Effect

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June 2016
Overview

- Intro to Children’s HealthWatch
- Definitions & context
- Cliff effect research – focus on SNAP
- Federal SNAP solutions
- State SNAP solutions
• Non-partisan network of pediatricians & public health researchers → research & policy center

• MISSION: Improve health & development of young children → public policies → alleviate family economic hardships
  • Hunger (Food Insecurity)
  • Unstable Housing (Housing Insecurity)
  • Trouble Keeping Heat or Lights on (Energy Insecurity)

• Evidence to develop policies
Where our data come from:

Emergency Departments & Primary Care Clinics in 5 cities: Boston, Baltimore, Philadelphia, Little Rock and Minneapolis.

- Household survey
- Interviews - caregivers with children 0 to 4 years old
  - “invisible” group – seen mainly by parents & health providers
    - Sometimes forgotten in public policy conversation
  - critical window of time – rapid brain & body development
Human Brain Development

**Most Vulnerable Period: Birth – Age 4 Yrs**

Synapse formation, neural networks – “brain architecture”

Development of Senses, Language, Higher Cognition peaks in first 3 years – even short period of deprivation = big consequences

Source: Thompson & Nelson, 2000
Food Insecurity

Household Food Insecurity:

- When families lack access to sufficient food for all members to lead active, healthy lives because of insufficient family resources.

Child Food Insecurity:

- When children experience reductions in the quality and/or quantity of meals because caregivers can no longer buffer them from inadequate household food resources (the most severe level of food insecurity among children).
Research Context: Food insecurity in childhood

0-3 years:
- Increased risk - poor health, hospitalizations, developmental delays, iron-deficiency anemia

0-5 years:
- Negative impacts - school-readiness; nutrition, stress, mental and emotional health of child and parents
- Also asthma -> poor lung function (lack of vitamins)

6-17 years:
- Increased risk – behavioral problems, trouble relating to peers, suicidal thoughts
- More visits to school nurse – stomachaches, headaches and more...
- Lower bone density (teen boys)
- Low academic achievement & ultimately, educational attainment
- Also asthma -> poor lung function (lack of vitamins)
SNAP – protective public health impact

Children receiving SNAP less likely to be:
• at risk of underweight (indicator of undernutrition)
• at risk of developmental delays
• household or child food insecure

Families receiving SNAP less likely to make health care trade-offs:
• e.g. paying for health care then unable to afford other basic needs
What is the cliff effect?

When a family’s increase in work earnings results in a reduction of subsidies for food, housing, childcare, and other essential benefits, leaving them worse off financially.
One Step Forward Means Two Steps Back as Families Struggle to Economic Independence

Too many families are unable to make ends meet as they try to move off of assistance benefits and toward economic independence. Benefits help buffer the impacts of poverty and hardship on children’s health and development. Yet when family income increases and benefits are reduced or cut-off, the new, higher income may not be enough to offset the loss or reduction of benefits. As a result, children are at increased risk of experiencing hunger and poor health.

**Economic Independence**

- Bills
- Gap $27.34/hr
- Gap $0

**let's do the math...**

- full-time wages + family supports = total resources
- total resources - basic living expenses = monthly gap

- Gap $1,856
- Gap $1,326
- Gap $1,250
- Gap $999

**Based on Pennsylvania data and eligibility**

*Calculations are based on self-sufficiency standards produced by the Center for Women’s Welfare at the University of Washington. Available from: [https://www.selfsufficiencystandard.org](https://www.selfsufficiencystandard.org)*
How does the cliff effect affect family and child health?

- Sample: 21,781 low-income families with children under age four in 5 cities
- 3 groups: **Consistent SNAP, Lost SNAP, Reduced SNAP**

- Consistent SNAP: no change to benefit in past year
- Due to increased income:
  - 14% Lost SNAP
  - 10% Reduced SNAP

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**Percent of Families with an Employed Household Member**

<table>
<thead>
<tr>
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<th>Consistent SNAP</th>
<th>Lost SNAP</th>
<th>Reduced SNAP</th>
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<td>Source: Children’s HealthWatch 1998-2012</td>
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Benefit Loss or Reduction Can Be Harmful to Child & Family Health

Compared to group with Consistent SNAP Benefits

- **Loss Group:**
  - 16% more likely to be in fair or poor child health
  - 77% more likely to be at risk for developmental delays
  - 78% more likely to be child food insecure

- **Reduction Group:**
  - 36% more likely to be in poor health
  - 70% more likely to be at risk of developmental delays
  - 12% more likely to have been hospitalized
  - 55% more likely to be child food insecure
Increased Odds of Poor Child Health and Family Well-being Outcomes

**For some outcomes, the Reduced SNAP group is worse off than the Lost SNAP group**
Wider household impacts

Compared to Consistent SNAP...

- **Lost SNAP:**
  - Household: 80% more likely - trouble paying for food, housing, utilities due to payment of health care costs (health care trade-offs)

- **Reduced SNAP:**
  - Mothers 30% more likely to be in fair/poor health
  - Households: 27% more likely to struggle to keep heat/lights on (energy insecurity)
Why would reduced benefits be worse than lost benefits?

- Counterintuitive? ... for some outcomes – reduced benefits worse
- Cross-sectional data – unable to conclusively determine, however...

- Lost benefits: income high enough to be completely ineligible for SNAP
- Reduced benefits: Increased income but still eligible
  - Making do with less money coming into household
  - Likely means cutting back on/trading off other basic needs
    - Food
    - Health care
  - Also likely increased household stress
Solutions

- SNAP Solutions
  - Federal
  - State

- Broader Context
Federal SNAP solutions

- **Change to Low Cost Food Plan as basis for maximum SNAP benefit**
  - SNAP benefit is inadequate to purchase a healthy diet; calculation base is outdated and does not reflect modern purchasing/constraints

- **Remove limit on shelter costs – currently limited to $504**
  - In high cost markets, limit does not reflect reality

- **Allow medical deduction for all households, not just elder/disabled**
  - Especially children with special health care needs, even if not receiving disability payments

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**Box A - Medical Deduction**

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<th>Medical Expenses</th>
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<td>Threshold = $35</td>
<td>35</td>
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<tr>
<td>Medical Deduction</td>
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</table>

*If medical deduction > $35, enter $155 standard deduction on Item #6. If actual medical expense > $190/month, then use actual less $35.*

**Box B - Shelter Deduction**

- **Rent or home ownership costs**
  - Add SUA amount
  - TOTAL shelter expenses
  - Shelter Standard (Divide PAN by 2)
  - Excess Shelter Deduction

*NOTE: Enter maximum $504 shelter on Item #10 unless elder/disabled person in H/H, then use actual amount.*

**SUA = Standard Utility Allowance:**
- $621/mo - heating or AC costs or fuel assistance
- $381/mo - utilities only (non-heating/cooling)
- $44/mo - telephone/cell phone only

**Adjusted each year at the national level**
State solutions - Massachusetts

- Cliff effect occurs in many public programs, e.g. housing, child care subsidies, health insurance
  - Deliberate examination across programs to determine other unintended consequences -> increasing family income
  - Adjust policy to eliminate cliffs

- Data exchange between programs to eliminate eligibility holes, e.g. “SNAP Gap” between MassHealth & SNAP
  - Common application portal
  - Affordable Care Act funds for IT improvements

![Graph showing SNAP Gap](SNAP Gap, MLRI)
Coordination of reporting on change

- SNAP, TANF, SSI, Housing... all different rules about reporting changes to income
  - Which program requires reporting which change at which interval?!
- Coordinate rules, coordinate technology & data ...
  - Current – multiple offices, multiple reports
  - Streamlining – beneficial to state offices as well as families
Smoothing income volatility

- Common problem in SNAP & other programs
  - E.g. work holiday overtime in December, report last month’s income in January when no longer working extra, benefits cut in Feb, then have to reinstate

- Solution: Count over longer period (6-8 weeks) to smooth temporary increases
Some argue solving the cliff effect would mean people would work less...

- Center on Budget & Policy Priorities - recent work: overall cliffs not an issue in choice to work or take raises; work more hours because
  - Worker hours unstable, not in control of hours
  - Research shows people do not report choosing to work less/forego raises
  - Looking at annual income, more incentive to work than not
  - Report – a response to argument that people are trapped by assistance programs
    - Recommendation from this perspective => get rid of programs, reduce benefits
- BUT... **real** barrier to increased work for families (especially with young children) is child care access/ affordability

Parrott, S & Greenstein R, 2014
Supporting work

1. Recent national legislation – potential model for policy coordination changes
   • Key provisions:
     • Reducing frequency of interim income review – only when decrease 10% or more OR increase 10% or more
     • Rent increases delayed until NEXT annual review to provide transition time for increased earnings
     • **Important to think through any unintended consequences of changes**

   HR 3700 Housing Opportunities Through Modernization

2. Root issues: Early Education and Care – family support across a wider income spectrum*, increased accountability/support for quality programs, and integrated nutrition programs

Albelda, R. 2016
Reaching Economic Independence

- College graduates... immediately stable?
  - Culturally, we allow a transition period

- Transitional period needed for families increasing income

- Gentle off ramp from programs to economic independence
  - More gradual, coordinated decline in benefits
  - Increased support through a higher income range for key assistance like health care and early education & care
For questions or further information, please contact:

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