Immediate Additional Relief Needed to Children’s Hospitals

We urge HHS to provide immediate additional relief from the Public Health and Social Services Emergency Fund (PHSSEF) to children’s hospitals, comparable to the second tranche of funding announced on April 22.

- Children’s hospitals are experiencing catastrophic financial damage from the COVID-19 crisis. Beginning in March, children’s hospitals deferred pediatric care as part of the national response to the pandemic and experienced significant drops in volumes related to local and federal stay-at-home guidance. Children’s hospitals received none of the substantial relief provided all hospitals via Medicare Part A advance payments and Medicare sequester relief. The COVID-19 “tranche 2” relief allocations provided to children’s hospitals to date have mitigated some damage, but overall CARES Act support to children’s hospitals have amounted to less than 1% of total disaster relief provided to the hospital industry. Children’s hospitals have experienced an over 40% decline in revenues and are currently incurring upwards of $2 billion in losses per month, with a projected $10 billion in negative cash flow over the course of recent months and the coming summer at current rates. Even as health care begins to reopen across the country, recovery is expected to be slow. Combined with higher costs to screen, test and protect health care staff, patients and families, the COVID-19 pandemic threatens the essential role children’s hospitals play in the future of our country.

- Children’s hospitals cannot sustain losses of this magnitude without additional relief funding. Children’s hospitals are not-for-profit, community-benefit organizations, and Medicaid is the payor for more than 50% of all patient volumes. Pediatricians and pediatric specialists have been unable to access provider relief. Children’s hospitals do not provide care for older adults and cannot benefit from remediation through Medicare, either in the form of relief from the sequester, increased reimbursement for COVID-19 patients, or access to Medicare advance payments.

- Continued financial damage to children’s hospitals will adversely impact the health and well-being of all children. Children’s hospitals care for the most acutely ill children. As the only providers of the most complex pediatric cancer, cardiac, trauma and care for chronically and acutely ill infants and children, children’s hospitals are effectively the provider for millions of children in need. As academic hubs of pediatric training and research discovery, children’s hospitals impact access to care for all children. Children’s hospitals are unique institutions, making educational and life-saving contributions that cannot be replaced.

To protect children’s access to care, further immediate relief from the PHSSEF is needed for children’s hospitals, and for pediatricians and pediatric specialists.