May 1, 2020

The Honorable Alex Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Azar,

On behalf of the nation’s children’s hospitals, our thanks to you and the Health and Human Services (HHS) staff for your continuing work to address the COVID-19 pandemic and support the health care system through this crisis. We are grateful HHS broadened the relief effort in the second tranche of the Public Health and Social Services Emergency Fund (PHSSEF) to recognize the negative financial impact of the COVID-19 surge response on children’s hospitals and appreciate the time you and your staff took to understand the uniqueness of children’s health care. Children’s hospitals need for relief funding continues at the same levels as all the nation’s hospitals in line with a 50% decline in revenues and losses upwards of $2 billion monthly across the children’s hospital sector.

We appreciate the focus of the second tranche of funding providing more broadly defined support and request this method be continued to support all providers including children’s hospitals. As you know the first tranche of relief allocations were based on Medicare revenues. Children’s hospitals were not supported from this distribution as they do not serve Medicare patients yet are among the highest Medicaid providers in the country, with Medicaid accounting for over 50% of their patients. In basing the second tranche allocations on total revenues, your team in HHS advanced the congressional intent of the legislation to provide coronavirus surge relief to our wider community of pediatric hospitals.

Children’s hospitals require additional COVID-19 relief funding to address their significant current and growing financial losses. Children’s hospitals serve as a key foundation for the health care of all the nation’s nearly 80 million children – nearly 25% of the U.S. population. In standing with America’s national COVID-19 surge response, children’s hospitals deferred pediatric care and experienced significant drops in volumes related to local and federal stay-at-home guidance. As a result, the latest data from children’s hospitals shows patient care revenues losses have grown from 20-40% at the beginning of the crisis to now upwards of 50% and higher resulting in operating losses totaling upwards of $2 billion monthly across the nation’s children’s hospitals. Combined with higher costs to screen, test and protect health care staff, patients and families of up to 10%, the COVID-19 pandemic has created catastrophic financial damage threatening the essential role children’s hospitals play in the future of our country. The typical children’s hospital in our financial monitoring cohort is losing $1 million per day.

The COVID-19 relief allocations provided by HHS this past week to children’s hospitals have mitigated only a portion of this impact. While an essential start, continued relief is needed to offset the growing damage of COVID-19 on children’s hospital operations including personnel cuts and possible reduction of essential clinical and community programs serving children and families. Although many states are working to re-open, this will take time and will not result in immediate relief for children’s hospitals.

Champions for Children’s Health
We stand together with the broader hospital industry and request that HHS provide a higher allocation of relief support to hospitals and health systems. Our hospitals systems, both adult and pediatric, are experiencing the most significant lost revenues and higher costs associated with the COVID-19 pandemic. We ask that HHS rebalance future tranches to ensure that hospitals and health systems, including children’s hospitals, bearing the financial impacts of lost revenues and higher costs continue to be supported as we work to re-engage and serve the nation’s patients and communities.

In the next phases of funding, we also ask that you consider the financial impact and needs of pediatricians who have not received material relief funding to date. Many pediatricians have not been able to access relief funding because they do not participate at all in Medicare fee-for-service. These are the frontline providers for children who are facing dramatic financial challenges leading to substantial layoffs and even practice closures. These challenges threaten children’s access to medically necessary care during and after the public health emergency.

As HHS works to addresses the COVID-19 crisis across all sectors of the national economy, continued and commensurate relief for children’s hospitals and pediatricians from the remaining tens of billions of dollars in PHSSEF is an essential step in preserving the health of our children and the health of the pediatric providers caring for them.

Thank you and your colleagues for all you do, and with very best regards,

Mark Wietecha
President and CEO
Children’s Hospital Association