March 30, 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 children’s hospitals across the country, we would like to thank you and the Health and Human Services (HHS) staff for your unrelenting work to address the COVID-19 pandemic and support the health care system through this crisis.

As you advance the criteria to provide the Public Health and Social Services emergency funding in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, we strongly urge you to recognize the impact of COVID-19 on the critical health care system for children. While the focus of the pandemic’s impact has necessarily been on the health care system treating adults—where most of the infected patients are hospitalized—children’s hospitals are very significantly affected.

Children’s hospitals are taking the same negative financial impact as adult-focused health systems to support our national response. Children’s hospitals are cancelling elective admissions, procedures and visits to preserve personal protective equipment (PPE), and working closely within our communities to create additional bed capacity to address the COVID-19 surge. Children’s hospitals are working closely with partner hospitals to accept additional pediatric patients to free up beds for adults with COVID-19 and are expanding the age range of patients we treat to 30-40 years of age whenever possible. As a result, children’s hospitals are absorbing the same negative financial impact—in lost revenues, in increased costs for PPE, screening and testing of all child-patients and their families. The negative financial impact of COVID-19 on children’s hospitals is substantial.

Children’s hospitals are experiencing significant costs and importantly revenue losses attributable to COVID-19. The legislative language for the emergency funding includes consideration of lost revenues. Children’s hospitals are experiencing large revenue losses resulting from cancelling deferrable procedures, but they will receive little-to-none of the volume increases for adult COVID-19 cases reimbursed through the Medicare program. Children’s hospitals do not see elderly patients and cannot benefit from the increased funding provided through the Medicare program as a criteria. Similarly, children’s hospitals have taken on added expenses along comparable terms as adult-focused hospitals, including but not limited to:

- canceling or rescheduling all deferrable procedures and appointments

Champions for Children’s Health
- adding substantial costs to test thousands of children with routine flu to rule out COVID-19
- expanding screening procedures for all staff, patients and families in all sites
- paying increasing supply costs, especially for PPE crucial to protecting staff, children and their families
- setting up new isolation areas and reorganizing our hospital space to protect everyone on site
- implementing new telehealth strategies to care for children and families on a remote basis
- supporting increased in-home care to keep medically fragile children out of the hospital
- incurring higher personnel costs related to self-quarantines, furloughs and housing

Children’s hospitals, as the nation’s medical safety net for all children, face unique challenges now and in the period after the COVID-19 pandemic. Medicaid is the major payer for children and over 50% of the patient care provided by children’s hospitals is for children who rely on Medicaid. Medicaid reimburses below Medicare rates—a fact that held true even before the temporary 20% Medicare increase for treating COVID-19 adults. Further, with rising unemployment numbers and a likely economic downturn, the number of children enrolled in the Medicaid program is likely to increase, placing additional financial strains on the children’s hospitals providing their care. The current uncertainties around possible future reductions or reallocations of Medicaid funding through proposed rulemaking such as the Medicaid Fiscal Accountability Regulation risk making the current financial picture for children’s hospitals even less clear and still more challenging.

Importantly, the reporting required to be eligible for the CARES emergency funding must consider pediatric providers who have little to no Medicare business and do not participate in the program’s reporting processes. The Medicare data reporting will not be transferable to demonstrate the impact on children’s hospitals, including thousands of pediatricians who are an integral part of the nation’s health system.

We appreciate your consideration of these financial realities for children’s hospitals as you finalize the provision of emergency funding. Our specialized hospitals proudly stepped up to meet the call of the nation, have sacrificed financially to do so, and should receive relief as intended by the CARES Act. We stand ready to provide any additional information or assist you in your work on COVID-19, and we ask for time with your team to discuss the unique situation of the nation’s children’s hospitals and how best to support them. Please contact me or Aimee Ossman (571-327-6689) as you regroup your sense of next steps, and thank you again for all you and HHS are doing for everyone in the nation.

Very best regards,

Mark Wietecha
President and CEO
Children’s Hospital Association