July 16, 2020

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  

The Honorable Charles Schumer  
Minority Leader  
United States Senate  

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

On behalf of children’s hospitals and the patients and families we serve, we applaud Congress for the measures taken to date to respond to the current public health emergency. Thank you for your work. As you consider additional COVID-19 relief legislation, we ask you give special attention to the needs of children. Protecting children’s health care in this crisis environment requires investments to support pediatric providers and simultaneously avoid policy changes undermining our pediatric health care infrastructure. We also need to bolster struggling state Medicaid programs while pursuing policy initiatives to increase access to needed services, in particular mental, emotional, and behavioral health for children and families. We ask you as our leaders in Congress to:

- Provide $10 billion in funding across a range of initiatives to support the continued care of children, including support for children’s hospitals and pediatricians
- Avoid disruptions in core Medicaid funding by:
  - Blocking implementation of the Medicaid Fiscal Accountability Regulation (MFAR)
  - Enacting the Medicaid and CHIP Payment and Access Commission’s (MACPAC) recommendation on Medicaid disproportionate share (DSH) third-party payments
  - Deferring additional Medicaid DSH cuts scheduled to take effect later this year
- Increase investments in state Medicaid programs to support the care of half the nation’s children—40 million children—covered through the program by increasing the federal match to states
- Expand rapid access to mental, emotional, and behavioral (MEB) health services in response to the growing needs of children and families, focused in particular on fortifying and expanding telehealth coverage and services
- Enact legislation to facilitate treatment of children on Medicaid and CHIP by out-of-state providers

All of these policies are essential to buffer the significant negative impact of this COVID-19 disaster on children’s health and the ability of children’s hospitals to continue to provide vital services and supports for our nation’s children

Provide $10 billion in COVID-19 relief funding for children’s hospitals and children’s health – During this crisis, children’s hospitals have stood shoulder to shoulder with their adult hospital counterparts to ensure timely care for adult patients and shared many of the same burdens. Yet children’s hospitals are unique in the health care ecosystem, representing the foundation of care for the nation’s 80 million children—nearly 25% of the U.S. population—and doing so heavily via the Medicaid program, where so much funding is at risk. Children’s hospitals serve as the pediatric health care safety net for all children.

Champions for Children’s Health
The COVID-19 pandemic has created catastrophic financial damage threatening the essential role children’s hospitals play in the future of our country. Children’s hospitals across the country are struggling under the weight of financial losses resulting from significant drops in volumes related to the local and national response, and increased costs for screening, testing and personal protective equipment. Mounting revenue losses have been well documented at $1 million per children’s hospital per day and collectively for children’s hospitals at upwards of $2 billion per month. Even as some deferred care has been gradually rescheduled, volumes are down significantly across the board with families still reluctant to bring their children in for care due to infection fears. As a result, many children’s hospitals have had to institute furloughs and lay-offs at a time when more children are testing positive for COVID-19 and there are countless unknowns for children about the trajectory this fall as school systems re-engage and the normal seasonal flu begins, compounding COVID-19 challenges.

Charged with the care of children facing illness and supporting all children’s health, children’s hospitals have reached a tipping point—one they cannot surmount without relief funding through the balance of 2020 and into the future. The COVID-19 relief allocations provided by Congress and HHS to date have mitigated a minor portion of this negative impact. While an essential beginning, continued targeted relief is needed to offset the growing cumulative 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.

Substantial resources intended to support the entire U.S. hospital industry have not reached children’s hospitals in proportional levels to date, especially those operating independently and materially outside the Medicare system. Medicaid, not Medicare, is the payor for more than 50% of all patient volumes in children’s hospitals. As such, children’s hospitals do not significantly benefit from remediation provided through Medicare, either in the form of relief from the sequester, increased reimbursement for COVID-19 patients or, most significantly, access to Medicare advance payments that provided critical liquidity to the majority of the nation’s hospitals and physicians but wasn’t material to pediatric providers not caring for Medicare patients.

Children’s hospitals cannot sustain losses of this magnitude without additional and continued relief funding over the balance of this year. Based on the financial impact we anticipate across children’s hospitals nationwide and the need to address emerging aspects of children’s health, we recommend Congress designate funding specifically for children’s hospitals within this next legislative round of national relief provisions. This specific support is essential to ensure children’s hospitals aren’t left at even greater risk and ensuring the pediatric health care infrastructure remains viable during and after this pandemic.

Avoid Medicaid supplemental payment disruption during the COVID-19 crisis and block implementation of MFAR – As Congress considers policies to support the stressed health care delivery system and protect children’s access to care, it is critical that harmful cuts not be simultaneously enacted risking further damage to the pediatric infrastructure in which children’s hospitals serve as cornerstone providers. We ask Congress to block implementation of the pending MFAR. As major Medicaid providers, we support the goals of accountable, transparent public programs delivering optimal care. However, MFAR as currently scoped goes well beyond reporting requirements and has the potential to dramatically reduce the resources available to states at a time when they have never been more needed. Pursuing this policy threatens to restrict access to care for children and impede states’ ability to support care at this crucial moment.

Enact MACPAC recommendation related to Medicaid DSH Third-party Payments – We ask Congress to enact the MACPAC recommendation on “Medicaid shortfall/third-party payment.” This recommendation would address a CMS policy that has eliminated or significantly reduced children’s hospitals’ DSH payments, threatening their ability to continue serving their communities and undermining children’s access to care. MACPAC recommends Congress change the definition of “Medicaid shortfall” in statute to exclude costs and payments for all Medicaid-eligible patients for whom Medicaid is not the primary payer. We support the MACPAC recommendation and ask Congress to do the same, ensuring further damage to children’s hospitals is minimized and continued patient access is protected.
Defer Medicaid DSH cuts scheduled to take effect later this year – As significant Medicaid providers, children’s hospitals rely on DSH payments that recognize the shortfall between what Medicaid pays for care and the costs of that care. DSH payments are critical to children’s hospitals’ ability to continue to provide vital services and supports for children in their communities. There is never a good time to reduce critical resources for the pediatric safety net, and during this national crisis it is even more essential that these cuts are stopped. We ask Congress to prevent the DSH cuts scheduled to take effect later this year.

Increase financial resources for state Medicaid programs – Congress should substantially increase the Federal Medicaid Assistance Percentage (FMAP) to mitigate state pressure to cut payments to health care providers, which would hurt children who rely on Medicaid and threaten the sustainability of the health care workforce during the public health and economic crises. The risk of additional state cuts to Medicaid payment rates, which are already below Medicare rates for the same service, is significant given growing state budget shortfalls resulting from the economic recession COVID-19 has spurred. We thank Congress for enacting a temporary 6.2% increase to the FMAP earlier this year. Given the scope of the challenges facing the health care system, we support the recommendation of the National Governors Association and other organizations for a further temporary increase of at least 12% in each state’s FMAP.

Expand access to MEB health services in response to the growing needs of children – Even before the pandemic, our nation faced a severe MEB crisis, driven by a shortage of pediatric behavioral health services, and we now see escalating demand as America’s children and their families are caught in a worsening economic environment. This is characterized by an alarming trend of child depression, despair, and disengagement, risking their immediate lives and setting the stage for costly lifelong health problems. The COVID-19 pandemic has introduced additional and dramatic stress for children and families, including parental unemployment and social isolation. As the next round of relief is defined by Congress, you have an opportunity to step forward for children and families and mitigate the disastrous COVID-19 behavioral health impact on their lives. We propose Congress commit funding to accelerate access for children in need of MEB health support at the community level through more effective use of existing and new networks, including specifically telehealth, allowing for expanded access to coordinated tiers of services where children are in schools and day care as they re-open. To advance a rapid national response to this MEB crisis, we propose a commitment to at least three years of $1 billion annual support of telehealth to accelerate the spread and impact of existing systems and practices of behavioral health care to increase access for all children. Federal support of local needs is required to achieve this.

We applaud the recent flexibilities that federal agencies have granted around telehealth allowing for the continuance of care, especially during these uncertain times. We encourage Congress to work with the administration to continue these telehealth flexibilities post-COVID-19 to ensure needed health care services, and particularly MEB services, can be delivered. While these policies should apply to all payers, we recommend Congress enact the following reforms initially within the Medicaid program:

- Require states to relax cross-border telemedicine restrictions by accepting the Office of Civil Rights’ position on health care privacy and security
- Relax or eliminate referral and prior authorization requirements for telehealth visits
- Payment should be the same for telehealth as for a comparable in person encounter
- Require states to mandate that managed care organizations follow the same rules as fee-for-service (per above four points)
- Allow patient and clinician residences as originating and distant sites
- Allow audio-only telehealth for certain services

Enact legislation to facilitate treatment of children on Medicaid and CHIP by out-of-state providers – As part of the Public Health Emergency, CMS has provided states with flexibility regarding certain provider screening requirements. This has enabled children’s hospitals to treat critically ill children transferred to them because the child’s care needs were best met, and in many cases could only be met, by specialized out-of-state pediatric providers. Bipartisan legislation (H.R. 5900, the Accelerating Kids’ Access to Care Act) would permanently address this issue by establishing a streamlined screening and
enrollment pathway for providers being asked to care for children on Medicaid or CHIP from other states if certain program integrity requirements are met. By enacting this legislation, Congress will help facilitate access to care and remove burdens on providers while at the same time ensuring program integrity needs are met.

While COVID-19 infection mortality among children continues to be low, the emergence of inflammatory complications such as MIS-C represents additional disease threat children’s hospitals are treating, tracking, and researching vigorously. The longer-term impact of COVID-19 on child health is unknown, underscoring the need to support additional pediatric research related to COVID-19 to ensure appropriate focus on the long-term impact of the pandemic on children. We ask your help in supporting further COVID-19 research on behalf of children.

Children’s hospitals are the essential providers of the most complex pediatric cancer, cardiac, trauma and care for chronically and acutely ill infants and children, and often, children’s hospitals are the final and best hope for millions of children and families at the most distressed moments in their lives. As the academic hubs of pediatric training and research discovery, children’s hospitals impact the health and well-being of every child in the nation. Thank you for your consideration of these requests to protect and strengthen children’s health care and standing up for our next generation of Americans who must lead our communities, companies, and country. We look forward to working with Congress to ensure continued access to care is possible for all children and working together for a better future.

Very best regards,

Mark Wietecha
President and CEO
Children’s Hospital Association

CC: Chairman Grassley
Ranking Member Wyden
Chairman Pallone
Ranking Member Walden
Chairman Neal
Ranking Member Brady
Chairman Alexander
Ranking Member Murray
Chairman Shelby
Ranking Member Leahy
Chairman Lowey
Ranking Member Granger
Chairman Scott
Ranking Member Foxx