November 9, 2020

Honorable Mitch McConnell
Majority Leader
United States Senate

Honorable Chuck Schumer
Minority Leader
United States Senate

Honorable Nancy Pelosi
Speaker
United States House of Representatives

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 write to urge you to advance key policies during the post-election session that will protect children’s health and stabilize the pediatric health care system in these challenging times. As our leaders in Congress, we ask you to:

- Provide additional COVID-19 relief funding with support for children’s hospitals and pediatricians, including those with high Medicaid patient populations, and increased investment in state Medicaid programs.
- Avoid disruptions in core Medicaid funding supporting children’s access to care by:
  - Enacting the Medicaid and CHIP Payment and Access Commission’s (MACPAC) recommendation on Medicaid shortfall/third-party payments.
  - Eliminating devastating Medicaid DSH cuts scheduled to take effect later this year. These critical DSH provisions address a major share of Medicaid underpayments to providers of care for children and families, and both these actions are essential for continued access to care for children who rely on Medicaid and CHIP.
- Pass enhanced funding for the Children’s Hospital Graduate Medical Education (CHGME) program, including the one-time increase of $250 million included in the HEALS Act.
- Enact the Accelerating Kid’s Access to Care Act to facilitate treatment of children on Medicaid and CHIP by out-of-state providers.

These policies are essential to counter the impact of the COVID-19 disaster on children’s health and protect the ability of children’s hospitals to provide vital services and supports for our nation’s children.

**Provide additional COVID-19 relief to support children’s hospitals and children’s health** – The COVID-19 pandemic has created significant 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 losses resulting from drops in volumes and increased costs for screening, testing and personal protective equipment. Additional uncertainty and compounding challenges loom as more children are testing positive for COVID-19, and there are unknowns related to the trajectory of COVID-19 this fall and winter as school systems re-engage and the normal seasonal flu begins. These challenges are only exacerbated for safety net providers that rely heavily on Medicaid for financial stability.

We are grateful to Congress for the COVID-19 relief provided to date, which has mitigated a significant portion of this negative impact, though recovery continues to be a challenge, especially in areas of the country with high levels of community

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spread. We urge lawmakers to continue to work with HHS on policies regarding previously allocated funding, including provider reporting requirements, that will secure and protect the full relief intended by Congress.

**Continued additional provider relief funding is needed** to offset the damage of COVID-19 on children’s hospital operations. We also recommend Congress include clear legislative intent within any relief provisions specifying the importance of directing strong funding to providers caring for children, including high-Medicaid providers. Establishing this congressional intent is essential to ensure children’s hospitals are not left at even greater risk and ensuring that pediatric health care infrastructure remains viable during and after this pandemic.

**Congress should also increase the Federal Medicaid Assistance Percentage (FMAP)** to mitigate pressure on state Medicaid programs to cut payments to providers, which would hurt children and threaten the sustainability of the health care workforce during the public health and economic crises. States are struggling to manage increased demands and unprecedented operational challenges resulting from the current pandemic. The risk of additional state cuts to Medicaid payment rates, which are already below Medicare rates for the same services, 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 by the National Governors Association for a temporary increase of at least 12% in each state’s FMAP.

**Enact MACPAC recommendation related to Medicaid shortfall and third-party payments** – In 2017, CMS released a final rule on how the Medicaid DSH program determined uncompensated care costs for Medicaid-eligible patients who also have a third-party source of coverage, including private insurance or Medicare. This policy has eliminated or significantly reduced many children’s hospitals’ DSH payments, threatening their ability to continue serving their communities and undermining children’s access to care. The nonpartisan 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. The MACPAC recommendation would ensure fairness and transparency by solely focusing on patients for whom Medicaid is the primary payer and the uninsured – the patients the DSH program is designed to address. Further, the MACPAC Medicaid shortfall recommendation has no financial cost to the federal government and will help children’s hospitals weather the storm of financial losses that are occurring now. We urge Congress to enact MACPAC’s recommendation before the end of the year, ensuring continued patient access is protected.

**Eliminate scheduled Medicaid DSH cuts** – Without congressional action, devastating cuts to the Medicaid Disproportionate Share Hospital (DSH) payment program will go into effect Dec. 11, 2020, starting with $4 billion in cuts for FY 2021. The cuts increase to $8 billion per year for FY 2022-25. Children’s hospitals rely on DSH payments to help address the shortfall between what Medicaid pays for care and the costs of that care—they are critical to 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 with the added uncertainty around our future financial stability due to the pandemic, we urge Congress to eliminate scheduled DSH cuts.

**Enact enhanced CHGME funding** – 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. But as the nation’s children’s hospitals suffer significant financial damages, the future of the pediatric workforce pipeline is at risk. The Children’s Hospital Graduate Medical Education (CHGME) program is the most important federal investment in training the next generation of pediatric providers. Unfortunately, CHGME has historically been funded at half of the level provided by the Medicare GME program on a per-resident level, and as a result, every CHGME training slot represents added financial stress on children’s hospitals. The funds used to close this training gap are provided by patient care revenue, and these are under continued distress due to current events and the long-term pressure on Medicaid and supplemental payments to children’s hospitals.

Earlier this year, the Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act included a one-time additional increase to CHGME of $250 million for FY 2021. This additional funding would help reduce the large gap in funding for training, protecting access to care for children and families at a time when the need for a strong pediatric
workforce has never been greater. We urge Congress ensure this critical additional funding is enacted this year, in addition to providing strong funding for CHGME in any final FY 2021 appropriations legislation.

**Pass the Accelerating Kids Access to Care Act** – 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, the Accelerating Kids’ Access to Care Act (S. 4717/H.R. 5900), would address this issue permanently 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.

Children’s hospitals appreciate the efforts of leaders in both the Senate and House to work together to preserve the viability of this country’s pediatric health care system, of which children’s hospitals are the backbone. Thank you for your consideration of these requests, and we look forward to working together to ensure a better future for all children.

Very best regards,

Mark Wietecha  
President and CEO  
Children’s Hospital Association

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