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President Joseph R. Biden
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Biden:

On behalf of the nation's children's hospitals, congratulations on your first 60 days of progress and we wish you the best as you continue to pursue a bold agenda. The American Rescue Plan Act of 2021 will support millions of families and their children affected by this pandemic in meaningful ways. We understand the many challenges the nation faces and ask you to give special attention to the urgent needs of children in this crisis and beyond. As their trusted providers, we stand ready to work with you to ensure the best outcomes for our nation's 74 million children.

Children's mental and physical health have fared worse than expected a year ago. Families have been cautious in taking their children for routine and chronic health care appointments. When children do arrive at children's hospitals and pediatrician offices, they are sicker and more expensive to care for as a result. Our pediatric hospitals pride themselves on being the most well-equipped and experienced place for a child to receive care, and as high Medicaid providers, they are proud to be a fundamental component of the safety net infrastructure for children. Many children from the most diverse communities rely on children's hospitals and their associated providers for their care. We are a partner in addressing racial disparities and ensuring health equity for children.

Because of these critical roles they serve and the added impact of the pandemic, pediatric providers are experiencing substantial financial distress. The clinical revenue losses that began a year ago coupled with the increased expenses in care have left children's hospitals in financial distress. Medicaid is the largest insurer of our nation's children, and children's hospitals and pediatricians rely on Medicaid for their patients. Children's hospitals and pediatricians have not received support through the Medicare provisions advanced to providers caring for adults. At the same time, children's hospitals have taken higher levels of financial damages in the pandemic than their hospital counterparts caring for adults. We are worried the pediatric safety net that has been built over decades of dedicated work is permanently damaged, resulting in poor health outcomes for millions of children and families to greater health risks and reducing children's prospects for thriving futures.

There is also a major behavioral health crisis, with suicide rates spiking, pediatric emergency departments overrun and pediatricians overwhelmed with limited community resources available to support their patients. Before the pandemic, our nation's children faced an escalating and severe behavioral health crisis and COVID-19 introduced additional and dramatic stress for children and families. Race and socio-economic conditions contribute to significant disparities in crisis care and COVID-19 has exacerbated this inequity. These issues are compounded by a health care system for children that is already stretched thin and heavily dependent on the Medicaid program. Until vaccines are available for all children and the provider system, normalcy is many months away.

We need your help.

Champions for Children's Health

We need to build on the broad-based economic support provided in the American Rescue Plan and advance policies specifically addressing the pandemic's impact on children and their health care providers. We ask you to:

- Prioritize a strong and stable Medicaid program for children
- Ensure a sustainable pediatric health care safety net by providing immediate additional relief funding for pediatric providers who are all high Medicaid providers for the nation's children
- Prioritize agency support to address our growing and tragic children's behavioral health crisis now
- Support critical pediatric workforce training through the Children's Hospital Graduate Medical Education Program (CHGME)
- Lead a strong nationally coordinated vaccine plan for children, where we have over 40 million children under the age of 12, and have yet to advance vaccines for this large group of kids

Prioritize a strong and stable Medicaid program for children

Thank you for your early efforts to protect and strengthen the Medicaid program. This is critical to the over 40 million children who receive their health coverage from Medicaid and the Children's Health Insurance Program and the providers who care for them. During this pandemic, it is more important than ever to provide the necessary federal investments to mitigate detrimental program cuts at the state level that can and will affect children. We thank you for the public health emergency extension and ask you to support additional federal matching funds for states, including specific increased federal investments to address children's behavioral health needs now and into the future. We support your efforts to roll back policies that threaten children's coverage under the program, including rescinding changes to the definition of public charge and block grant guidance.

Medicaid includes important national protections for children to ensure high levels of coverage and access to medically necessary benefits (Early and Periodic Screening, Diagnoses and Treatment) based on their unique health care needs. These national protections are critical for all children and especially for children with complex medical conditions. We ask you to safeguard these policies for kids and ensure they are implemented in a way that ensures medically necessary services are received, particularly behavioral health services. Also, we would like to explore how EPSDT could more effectively support early intervention, well-child visits, parental/caregiver support and education that can have a tangible impact on children's well-being and prevent later problems. This may be an area for further enhanced state and/or health plan support to better incentivize actions that can advance children's long-term health.

Children's hospitals are major Medicaid providers with over 50% of their patients covered by the program. Children's hospitals are also hubs of care for children in general and for children enrolled in Medicaid with their associated specialists and community reach beyond their walls. This pediatric safety net relies on Medicaid program payments, base rates and supplemental payments to meet their missions and adopt innovative practices that improve care and reduce costs for children and their families. Even with supplemental payments, children's hospitals only receive 84% of the cost of care from Medicaid. We ask you to maintain these essential payment streams as we work together to address Medicaid underpayment.

We are also natural partners as you develop innovative payment models and delivery reforms as major providers of care for children enrolled in the Medicaid program. Children's hospitals, working with other children's health stakeholders, championed the Advancing Care for Exceptional Kids Act of 2019 (ACE Kids) and are committed to work with you to deliver on the law's promise to improve care for children with complex medical needs. The law allows for tailored health homes for children with medically complex conditions and provides for better national data and quality metrics to improve care and reduce costs. We have shared expert recommendations with HHS to inform implementation guidance. We ask you to ensure a consistent definition of ACE Kids eligible children across states to enable critical care and cost improvements for this population.

Ensure a sustainable pediatric health care safety net

Children's hospitals play a critical role for all children by providing supports and reach into some of our most socially and economically challenged communities. On average, they provide twice the amount of community benefit as other hospitals, bringing key social supports beyond their walls. These supports for children and their families have been critical during this pandemic. We want to work with you to ensure this infrastructure remains strong for our most vulnerable children and all children beyond the pandemic.

Children's hospitals and pediatricians continue to experience the impact of the pandemic. It is threatening their financial sustainability and ability to fulfill their missions for children. Although the volumes at children's hospitals have increased since the national shutdown in the spring of 2020, many still lag behind pre-COVID levels. With vaccinations for children still undergoing testing, we expect volumes to be affected for months to come.

For acute care, independently governed and financially independent children's hospitals, their ability to sustain their resource intensive research and teaching missions while continuing to provide clinical care for children with serious and complex conditions is still under duress. Our data shows children's hospitals are experiencing greater financial damages than other hospitals. Unlike adult hospitals, as high Medicaid providers, children's hospitals do not have access to the substantial relief provided through Medicare, such as the advanced payment loans and reimbursement bumps associated with COVID-19 patient care. For children's hospitals, the Provider Relief Fund (PRF) is the only material federal relief funding opportunity.

We ask that your administration immediately release additional PRF funding and ensure that children's hospitals can access needed relief to sustain their missions for children. The relief funding provided to date has mitigated the financial damages, but more relief is needed, especially for high Medicaid providers like children's hospitals. High Medicaid providers are already operating at a loss, which is compounded by the pandemic. A weakened pediatric safety net puts all children at risk, especially those already facing socioeconomic challenges.

Prioritize agency support for children's behavioral health

The pandemic has hit children's well-being hard and directly, exacerbating what was already a growing national crisis: rising and increasingly severe behavioral health challenges for children and youth due to traumatic stress such as social isolation and family unemployment. Many of the children facing behavioral health challenges come from lower-income families and communities of color. While longer term investments in children's health and well-being are necessary, immediate steps must be taken to better use existing provider capacity and telehealth to more effectively address the crisis. Telehealth supports, particularly support for audio only and extending the flexibilities allowed under the Medicaid program more broadly, should be extended post-pandemic to address early access-to-care challenges before children reach a crisis point and present in emergency departments.

Current streams of funding within HHS agencies, including recently congressionally approved funding for mental health programs, could be used to support capacity and safe placement needs. We support this investment and urge you to direct programs within the Substance Abuse and Mental Health Services Administration (SAMHSA) and Health Resources and Services Administration (HRSA) to prioritize the health needs of children in allocating funding, and that funding be made available to pediatricians, pediatric behavioral health providers and children's hospitals to carry out these activities. The two most recent COVID-19 relief laws, including your American Rescue Plan, provided over \$7 billion to address behavioral health needs, and it is imperative funding is directed to immediately address capacity and care for children in crisis, including the \$100 million provided for behavioral health workforce and \$50 million in new funding to support community-based mental health care.

Include funding for pediatric workforce training through CHGME

The future of children's health in our nation is tied directly to the robustness of the pediatric workforce. The CHGME program supports the training of pediatric providers who go on to care for children living in every state. This program has received continuous bipartisan support since its inception, and Congress has a demonstrated track record of providing program funding through the appropriations process. Strong support in your initial budget in office would send a positive signal to the children's health community. We urge you to include funding for CHGME at a level of \$485 million in the President's FY 2022 budget.

The CHGME program is the most vital investment we make as a nation in strengthening our pediatric workforce and access to care for children. CHGME-recipient hospitals—only 1% of all hospitals—train 50% of the nation's pediatricians and the majority of pediatric specialists—more than 7,000 annually. It represents just 2% of total federal spending on GME. Since the program's inception in 1999, CHGME has significantly increased the numbers of pediatric residents and pediatric specialty residents, and children's hospitals have developed training programs in highly specialized disciplines to meet the unique needs of children, such as pediatric neurology, pediatric pulmonology, pediatric cancer and specialized pediatric surgery. For most of these disciplines, only a small number of institutions provide training. Unfortunately, despite progress, we are at risk of falling behind on children's health.

Multiple indicators suggest a crisis is looming for children's access to care. Ongoing workforce shortages persist, most acutely among pediatric specialties such as developmental pediatrics, child and adolescent psychiatry, and pediatric genetics and genomics. Furthermore, the current level of support provided for training kids' doctors through CHGME is declining against levels provided per trainee through the Medicare GME program. The funding gap between the cost of training and CHGME support is not sustainable, as it is being made up through the clinical operations of our children's hospitals, which already have some of the nation's highest Medicaid payor mixes. Sustaining and growing pediatric training programs at children's hospitals to meet the needs of children requires an increased national commitment. Increased funding for pediatric workforce training programs is even more important as we respond to novel infections like COVID-19 within our communities.

Lead a nationally coordinated vaccine plan for children

Achieving a rapid vaccination phase for school-age children is essential to their returning to more normal social, academic and community interactions. Public concerns about a national approach to vaccinating all children are only going to intensify over the next few months. As you advance your vaccination planning for children, we stand ready to partner with you to encourage vaccines among kids in harder-to-reach communities, support distribution, and help advance national guidance on how children will be prioritized based on health status, age, race and social circumstances.

We look forward to working with you to ensure all children, regardless of where they live and their socioeconomic status, have the coverage and access to care they need to meet their full health potential.

Thank you for everything you are doing, and with very best wishes,



Mark Wietecha
Chief Executive Officer
Children's Hospital Association