



November 5, 2025

The Honorable Roger F. Wicker
Committee on Armed Services
United States Senate
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
Committee on Armed Services
United States Senate
228 Russell Sente Office Building
Washington, DC 20510

The Honorable Mike Rogers
Committee on Armed Services
United States Congress
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Adam Smith
Committee on Armed Services
United States Congress
2216 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Wicker and Ranking Member Reed & Chairman Rogers and Ranking Member Smith:

As you work to finalize the Fiscal Year (FY) 2026 National Defense Authorization Act (NDAA), we urge you to include a bipartisan solution to ensure the health care needs of children of service members can be adequately addressed. Specifically, we ask that you maintain a House-passed provision, Sec. 723, in the NDAA to provide more appropriate payment adjustments within the TRICARE program for outpatient services delivered to the children of service members by children's hospitals. The provision applies a parallel approach that is used to adjust payments for services to adults when a hospital sees a disproportionate volume of TRICARE patients. This payment adjustment will help ensure that children enrolled in TRICARE continue to have access to the specialized pediatric services they need.

TRICARE covers more than 2 million children of service members under age 18. Current regulations authorize TRICARE beneficiaries to receive care from civilian providers in certain circumstances such as when a military treatment facility does not have the capacity or expertise to provide the care. For children, this care is often provided by children's hospitals, encompassing both inpatient and outpatient services. Children's hospitals provide specialized treatment for a spectrum of concerns, including chronic and complex medical conditions, as well as minor health issues. They play an essential role in the wellbeing of our nation's military families.

In October 2023, the Defense Health Agency began reimbursing for children's outpatient visits using the Medicare Outpatient Prospective Payment System (OPPS). Because Medicare covers only an extremely small percentage of children, OPPS rates do not appropriately capture the true costs of pediatric care. As a result, this reimbursement change has led to a significant decrease in payments for outpatient care provided by

children's hospitals to pediatric TRICARE beneficiaries. While children's hospitals are dedicated to serving our military families, reductions like these jeopardize their ability to maintain access to advanced pediatric care.

The House-passed FY26 NDAA includes a targeted, bipartisan provision (Sec. 723) to ensure such payment adjustments better reflect actual costs of providing pediatric care. This adjustment would be limited to those hospitals that care for a large volume of TRICARE children and will help address a portion of the payment shortfall caused by the October 2023 policy change. Enacting this provision will help provide greater peace of mind and quality of life for our service members—those whose children need specialized care—by more appropriately making adjustments to account for children's hospitals with higher TRICARE volumes.

We urge you to include Sec. 723 in the final FY26 NDAA to help preserve access to care for military families in children's hospitals. If you have any questions or if you would like additional information, please do not hesitate to reach out to us.

Sincerely,

Children's Hospital Association
Children's Hospital Colorado
Children's Hospital of the King's Daughters
Children's Mercy
Kennedy Krieger
MultiCare Mary Bridge Children's Hospital
Nemours Children's Health
Phoenix Children's
Rady Children's Health
Seattle Children's