



600 13TH ST., NW, SUITE 500
WASHINGTON, DC 20005
p | 202-753-5500
f | 202-347-5147

16011 COLLEGE BLVD., SUITE 250
LENEXA, KS 66219
p | 913-262-1436
f | 913-262-1575

WWW.CHILDRENSHOSPITALS.ORG

June 5, 2025

The Honorable John Thune
Majority Leader
United States Senate

The Honorable Charles Schumer
Democratic Leader
United States Senate

The Honorable Mike Crapo
Chairman
Committee on Finance
United States Senate

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

Dear Majority Leader Thune, Democratic Leader Schumer, Chairman Crapo, and Ranking Member Wyden,

On behalf of the more than 200 children's hospitals and the children and families we serve, the Children's Hospital Association (CHA) urges you to **protect Medicaid for children as you consider H.R. 1**. We are concerned that several of the provisions in H.R. 1 would negatively impact access to vital care for children and the sustainability of the amazing work that children's hospitals do every day.

We ask you to protect Medicaid for children. Medicaid and CHIP provide essential health care coverage to nearly 37 million children, including coverage for almost half of all U.S. children with special health care needs, nearly three million children in military-connected families, and almost half of the children from small towns and rural areas. Children's hospitals are the highest Medicaid hospitals with, on average, half of their patients relying on the program for their health insurance coverage and in some cases 70-80 percent. Medicaid support is critical to children's hospitals' ability to continue the variety of services and supports they provide to children every day.

The Medicaid cuts currently included in H.R. 1 are very significant with broad implications for the program and the children and families who rely on it. We appreciate your intent to safeguard children but note that several provisions in the bill directly impact children by threatening critical support for pediatric providers, including children's hospitals, and their ability to sustain specialty services and life-saving treatments for **all children**:

- **The changes to state directed payments threaten access to care for children.** Today, state directed payments (SDPs) are a critical source of financial support for children's hospitals, accounting for 39% of their Medicaid funding and 15% of overall operating resources. These payments help mitigate the Medicaid shortfall between the base payments and the cost of care. The provisions in H.R. 1 reduce new SDPs to Medicare levels that do not work for pediatrics and lock in existing payments at current levels reducing their value by 31% at the 10-year period.
- **The provider tax moratorium would not allow states the flexibility to address urgent needs in their states, including any access to care gaps for children.** All but one state relies on provider taxes to fund their programs generally and to specifically support high Medicaid providers, including children's hospitals. Children's hospitals participate in provider taxes in most states as critical foundational support for children's access to needed care and the care specifically provided at their hospitals.
- **Reducing retroactive coverage impacts children.** We are concerned about the impact of this policy on children and their families. Our hospitals have shared that this would impact some newborns in the Neonatal Intensive Care

Champions for Children's Health

Units, children coming to the hospital after a trauma, and children with medical complexity. We do not want families to have to worry about paperwork when their child has urgent health care needs.

We are deeply concerned that the reductions in Medicaid support included in H.R. 1 will directly impact pediatric providers, including children's hospitals, in their ability to sustain all of the current services that they provide to our nation's children. **If services are stopped or reduced as a result, this affects all children.**

We support the bipartisan Accelerating Kids Access to Care Act and the delay in the DSH cuts that were included in H.R. 1. However, the success of these policies is significantly affected by the foundational support provided by the Medicaid program, including the policies highlighted above.

We believe every child deserves a safe and healthy childhood. Medicaid is the foundation for providing various types of preventive and specialty care, and we look forward to collaborating with you to support and strengthen this vital program. On average, Medicaid covers over half of all inpatient days and emergency visits at children's hospitals. Therefore, Medicaid support is vital to children's hospitals' ability to provide care to every child who needs it.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matthew R. Cook". The signature is fluid and cursive, with the first name "Matthew" being the most prominent part.

Matthew Cook
President and Chief Executive Office
Children's Hospital Association