

United States Senate

WASHINGTON, DC 20510

April 22, 2020

The Honorable Alex M. Azar II
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma,

Thank you for your continued efforts to support the health care system during the COVID-19 pandemic. We worked together to include critical funding for health care providers through the Public Health and Social Services Emergency Fund (PHSSEF) in the Coronavirus Aid, Relief and Economic Security Act (CARES). Now we want to ensure congressional intent is honored and these funds get to affected providers to support urgent needs. Your recent announcement of an immediate funding pathway for Medicare providers excludes those not serving Medicare patients, but instead care for the Medicaid population. Children's hospitals are among the most important of these providers, and we appreciate your acknowledgement that a second phase of the funding will be directed to those essential providers with non-Medicare patients, including children's hospitals. We ask you to move swiftly to get funds out to these critical pediatric providers.

While we are still learning how COVID-19 will impact children, we know the COVID-19 response is producing major negative financial, supply and clinical staff impacts on children's hospitals. Following the first U.S. cases of COVID-19 in January, the Surgeon General and many state governors requested all hospitals cancel elective or deferrable care to create capacity to accommodate the growing COVID-19 volumes. The children's hospitals joined the national effort to support the public health crisis. These deferred volumes have resulted in significant revenue losses. And while deferring surgeries, admissions and outpatient visits has resulted in reduced use of important supplies and equipment in those areas as part of nationwide preservation efforts, the use of PPE has increased overall due to screening and testing of children and testing of patients, families and staff to protect the most fragile children who remain hospitalized – driving up operating costs.

Collectively, the losses for the nation's children's hospitals over the next several months likely will total over \$1 billion per month, representing a monthly impact of tens of millions per hospital with the larger children's hospitals confronted with much higher levels. In Arizona,

Phoenix Children's Hospital recently disclosed their net revenue loss was approximately \$32 million over the last month. Children's hospitals, like Phoenix Children's, cannot sustain financial losses of this magnitude without relief funding.

Most importantly, children's hospitals cannot benefit from the extensive financial remediation provided to date through Medicare, such as the enhanced payments and sequester extension, making relief from the PHSSEF even more essential. Children's hospitals are not-for-profit, community-benefit organizations and Medicaid, not Medicare, is the payer for more than 50% of all patient volumes.

We recognize you are working on allocating additional funding from the CARES package. Per congressional intent, children's hospitals must be included in the distribution and all federal relief packages, reflecting their stand with the nation's efforts to support the health of everyone, children and adults, during the pandemic. Thank you for your attention to our request, and we look forward to hearing from you soon.

Sincerely,



Martha McSally
United States Senator



Kyrsten Sinema
United States Senator