American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN®

CHILDREN'S HOSPITAL ASSOCIATION

April 6, 2020

The Honorable Alex M Azar II
Secretary
US Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

Submitted electronically: secretary@hhs.gov

Dear Secretary Azar,

On behalf of the American Academy of Pediatrics, the Children's Hospital Association, and the patients and families we serve, we would like to thank you and the Health and Human Services (HHS) staff for your tireless work to address the COVID-19 pandemic. Ensuring an accessible and high-functioning health care system will be essential throughout and following this crisis. As you begin to allocate and distribute the Public Health and Social Services Emergency funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, we ask that you prioritize pediatric providers, including pediatric practices and children's hospitals facing financial crisis, in recognition of the impact of COVID-19 on, and the continued importance of, the health care system serving children.

Pediatric practices and children's hospitals are an essential part of our nation's public health and health care infrastructure. Pediatricians must be able to continue to vaccinate children to prevent an outbreak of another infectious disease such as measles at the same time COVID-19 is threatening the lives of families. They must be able to continue to screen and treat mental and behavioral health issues to stem the rise in adolescent suicide.[1] Frontline pediatric providers must be able to continue treating children so children aren't forced to seek care in overburdened emergency departments. Children's hospitals must be able to continue to treat children with chronic diseases and medically complex conditions, providing needed inpatient care while playing a broader role in hospital wide COVID-19 response. Children with special health care needs and their families count on pediatric subspecialists and children's hospitals to provide the specialty care that keeps them healthy or addresses acute medical needs.

The current crisis threatens the continued viability of pediatric providers and children's access to care. Pediatric practices and children's hospitals are rapidly adapting to the COVID-19 pandemic to

[1] Twenge, J. M., Cooper, A. B., Joiner, T. E., Duffy, M. E., & Binau, S. G. (2019). Age, period, and cohort trends in mood disorder indicators and suicide-related outcomes in a nationally representative dataset, 2005–2017. *Journal of Abnormal Psychology*, *128*(3), 185–199. https://doi.org/10.1037/abn0000410

maintain essential and safe access to care and working to make surge capacity available to the adult-facing health care system through innovative care modalities, reorganizing practice workflows, rapid workforce training, expanding the age range of patients treated, and taking on additional pediatric patients to free up capacity for adults in other settings. At the same time, pediatric providers are experiencing the same financial hardships as adult-focused health systems due to the elimination of elective or deferrable care and higher supply and costs of personal protective equipment (PPE). Nonetheless, recently announced advanced and accelerated payment through Medicare and the 20 percent increase in Medicare payments leave pediatric providers behind.

Pediatric practice managers are reporting seeing only 20-30% of their normal case loads due to the pandemic. As a result, they are reducing staff hours, halting vaccine orders, and cutting their own salaries to cover fixed costs. More than 95 percent of office-based pediatricians practice in small businesses with very small staffs; these practices are operating with very narrow margins and less than two weeks of cash flow on hand at any given time. As pediatricians transition as many sick and well-child visits to virtual care as possible, the absence of uniform telehealth policies and adequate payment rates by Medicaid programs and commercial payers presents challenges in providing access to care.

Children's hospitals have similarly reported their initial experience and projected results over the coming few months. For the most part, these hospitals are the leading providers of the most complex pediatric cancer, cardiovascular, trauma and lifelong chronic care in their regions. All are academic teaching and research hospitals, governed as charitable, community benefit organizations. Their experience, while larger due to their size, paints the real challenges the broader children's hospital community faces. Patient care revenues have immediately declined in the range of 20 – 40 percent with some institutions reporting even higher losses of volume. Data is now showing that collectively as children's hospitals continue to respond to the national COVID-19 crisis, from lost revenue to increase costs, children's hospitals are collectively losing roughly $1 billion per month. The large majority of this loss is being incurred by children's hospitals operating without access to relief provided through the Medicare program, and without support through membership in larger health care systems with full access to all levels of federal support.

Pediatric providers, as the nation's medical safety net for all children, face unique challenges now and in the period after the COVID-19 pandemic. Medicaid is the major payer for children's coverage and more than half of the patient care provided by children's hospitals is for children who rely on Medicaid. Medicaid pays below Medicare rates—a fact that held true even before the temporary 20% Medicare increase for treating adults with COVID-19. With rising unemployment numbers and a likely economic downturn, the number of children enrolled in the Medicaid program is likely to increase, placing additional financial strains on the children's hospitals and pediatric practices providing their care. The financial impacts of this crisis increase the likelihood that independent practices across the country will close temporarily or permanently while children's hospitals may be forced to eliminate or scale-back key programs. This could mean children will face delays getting needed care and miss out on the positive outcomes associated with the pediatric medical home such as improved health care utilization patterns, better parental assessment of child health, and

increased adherence with health-promoting behaviors.[2] Furthermore, our nation's health care infrastructure relies heavily on pediatricians for vaccine administration. While some pediatric vaccines are administered in public health departments or similar venues, the vast majority are administered by primary care pediatricians.[3] As such, the closure of many pediatric practices would have severe consequences on the ability to administer a COVID-19 vaccine once available.

We strongly recommend that lost revenues, increased supply and PPE costs and special consideration of Medicaid providers be included in your methodology for allocating funds. The CARES Act specified that this emergency funding include consideration of lost revenues. Children's hospitals are experiencing large revenue losses resulting from cancelling deferrable procedures. Pediatric practices are experiencing revenue losses as a result of forgone visits and poorly compensated remote care. Any allocation methodology heavily weighted towards Medicare-based metrics or direct COVID-19 care will not work for pediatricians or children's hospitals.

Importantly, the reporting required to be eligible for the CARES emergency funding must consider pediatric providers who have little to no Medicare business and do not participate in the program's reporting processes. The Medicare data reporting will not be transferable to demonstrate the impact on children's health care providers, including the pediatricians and children's hospitals filling in gaps in the adult health care workforce and system.

We appreciate your consideration of these financial realities for pediatric providers as you finalize the provision of emergency funding. Our members have proudly stepped up to meet the call of the nation, have sacrificed financially to do so, and should receive relief as intended by the CARES Act. If you have any further questions, please contact Aimee Ossman (Aimee.Ossman@childrenshospitals.org) and Stephanie Glier (sglier@aap.org).

Sincerely,

Sara H. Goza, MD, FAAP
President
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Mark Wietecha
President and CEO
Children's Hospital Association

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[2] The Value of the Medical Home for Children Without Special Health Care Needs Webb E. Long, Howard Bauchner, Robert D. Sege, Howard J. Cabral, Arvin Garg: Pediatrics Jan 2012, 129 (1) 87-98; DOI: 10.1542/peds.2011-1739: https://pediatrics.aappublications.org/content/129/1/87#ref-12

[3] Pediatricians' Experiences With and Perceptions of the Vaccines for Children Program, Sean T. O'Leary, Mandy A. Allison, Tara Vogt, Laura P. Hurley, Lori A. Crane, Michaela Brtnikova, Erin McBurney, Brenda L. Beaty, Nathan Crawford, Megan C. Lindley, Shannon K. Stokley, Allison Kempe: Pediatrics Mar 2020, 145 (3) e20191207; DOI: 10.1542/peds.2019-1207: https://pediatrics.aappublications.org/content/145/3/e20191207