



April 4, 2020

Good Afternoon:

I am writing to request your help securing financial relief for California's children's hospitals, who are facing significant losses due to the Covid-19 pandemic and yet are not the target of most of the relief being directed to hospitals at this time.

We have heard that the guidance being crafted by the U.S. Secretary of Health and Human Services (the Secretary) regarding the \$100 billion included in the CARES Act for hospitals will largely tie this funding to Medicare payments to hospitals treating Covid-19 patients. However, children's hospitals see very few Medicare patients, as only children with end-stage renal disease are eligible for Medicare, and children, mercifully, do not appear to get as sick from the virus as adults, meaning our hospitals are treating fewer Covid-19 positive patients.

At the same time, though, children's hospitals are taking the same negative financial hit as their adult hospital counterparts, due to the need to cancel elective-surgeries and visits to protect families and health care workers, create additional bed capacity to prepare for the surge of Covid-19 positive patients, and preserve personal protective equipment (PPE). Children's hospitals, like adult hospitals, are also expanding their screening procedures for all staff, patients and families, as children are still able to pass the virus on to adults and vulnerable children, even if they are not symptomatic. In addition, children's hospitals are incurring higher personnel costs to accommodate the necessary self-quarantines, furloughs and housing needs of their health care providers, and paying substantially more to purchase scarce PPE.

Based on data from the last few weeks, our eight member-hospitals each estimate that they have lost between 20%-35% in total operating revenue. If these losses continue, which we fully expect they will, this will result in a net financial loss of \$685 million - \$1.2 billion over a six-month period, just for our eight children's hospital members (\$105 - \$184 million per month).

As you can see from these numbers, \$100 billion in aid for all hospitals in the country will be nowhere near enough to address the need. Furthermore, unless children's hospitals receive a significant portion of the financial relief made available over the next few months, the Covid-19 pandemic could impose lasting damage to the nation's pediatric specialty care system, forcing many children's hospitals to shutter lines of service, or even close their doors entirely.

You and your Representative/Senator can help make sure this does not happen in two ways:

1. Urge the Secretary to ensure the guidance related to the \$100 billion included in the CARES Act for hospitals includes all hospitals, not just those serving large numbers of Medicare patients with Covid-19.
2. Ensure that the next Covid-19 relief package includes substantially more relief for hospitals, and specifically calls out children's hospitals' need for relief.

I have attached two letters that provide additional information regarding our needs from the guidance currently being developed by the Secretary, one from the AAMC and one from the Children's Hospital Association. All of our member-hospitals are teaching hospitals, and many are academic medical centers.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Mira Morton". The signature is written in a cursive, flowing style.

Mira Morton
Director of Government Relations
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