May 18, 2020

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

Dear Secretary Azar:

As the leaders of America's preeminent children's hospitals, we thank you for your work in support of the health care system during this challenging time. We write to request that allocations of the remaining relief from the Public Health and Social Services Fund (PHSSEF) fully reflect the contribution made by children's hospitals to fighting the pandemic and reflect the indispensable role we play for the patient populations we serve. Specifically, we ask that an immediate tranche is released to support the continued viability of the health care infrastructure for children.

We are grateful that the second tranche of PHSSEF reached our hospitals and still, the economic impact incurred by our institutions as a result of our response to COVID-19 continues to create catastrophic losses. The damage the crisis is creating cannot be reversed without the continued support and certainty that only the federal government can provide.

Like our adult hospital counterparts throughout the country, we positioned our institutions to meet the challenges posed by COVID-19 both from the outset and in the years prior to the outbreak of the pandemic. We made strategic investments in research, biocontainment units, disaster preparedness, and community health engagement. Following federal and state guidelines, we cancelled non-essential procedures, transformed our hospitals to prepare for an influx of pediatric and adult patients from our communities, and took all efforts to mitigate the risk to our physicians, nurses, staff, patients, and families. We did this at considerable cost. America's children's hospitals have experienced an over 40% decline in revenues and are currently incurring approximately \$2 billion in losses per month.

We stand shoulder-to-shoulder with our adult hospital counterparts and share many of the same burdens, yet children's hospitals are unique in the health care ecosystem. Our hospitals serve as the health care safety net for all the children in our communities, regions, and the nation, and represent global centers for excellence, serving children from around the world. We are teaching hospitals, training the nation's pediatricians and pediatric subspecialists who serve patients across the country now and for decades to come. Our researchers make, and will continue to make, revolutionary breakthroughs. Therapies and treatments for pediatrics are often very different from adults and treating children is expensive. Treating children also gives our hospitals a very different payer mix from hospitals primarily focused on adult care.

Most of our revenues comes from the Medicaid program and necessitates that any formula or metric used to calculate relief funding reflect our service to disproportionate numbers of Medicaid patients. All the national relief benefits advanced through the Medicare program cannot reach or support our children's hospitals. Failure to provide immediate relief to children's hospitals will weaken our infrastructure and risk our current capability to care for all the nation's children.

To sustain this critical infrastructure for our nation's children, we ask you to release a further immediate tranche of funding that includes relief for our children's hospitals. Our losses continue to grow and our ability to contain the damage to children's programs decreases with every day that passes. We appreciate the need to review data

and are ready to support you in this, but we believe continued delays in relief allocations are having very real repercussions for the children and families we serve.

Our hospitals, doctors, nurses, staffs, patients, and patient families desperately need your administrative team to be champions of children's health by providing children's hospitals with the financial relief and greater certainty this funding can provide to weather this storm. We look forward to working with you to maintain our capacity and further guarantee the groundbreaking, world-leading children's health care that our nation deserves.

Thank you for your work and assistance on behalf of the nation's children's hospitals.

Sincerely,

Michael R. Anderson, MD

President

UCSF Benioff Children's San Francisco, California

Nathaniel S. Beers

President – HSC Health Care System

HSC Pediatric Center Washington, D.C.

John Bishop

CEO

Miller Children's and Women's Hospital Long Beach

Long Beach, California

Stevan Buy

Steven Burghart

President

SSM Health Cardinal Glennon Children's Hospital

Saint Louis, Missouri

Michael D. Aubin

Hospital President

Wolfson Children's Hospital of Jacksonville

MILLIN Bell

Michael D. anhini

Jacksonville, Florida

Madeline Bell

President and CEO

Children's Hospital of Philadelphia

Philadelphia, Pennsylvania

Christopher Born

President

Dell Children's Medical Center

My Bust - Marone

Austin, Texas

Amy Bush-Marone **Chief Operating Officer**

WVU Medicine Children's

Morgantown, West Virginia



Dawn M. Buskev

President, ProMedica Metro Acute Care Division President, Russell J. Ebeid Children's Hospital Russell J. Ebeid Children's Hospital Toledo, Ohio

Patrick Cawley

Patrick J. Cawley, MD

CEO

Shawn Jenkins Children's Hospital

Medical University of SC Charleston, South Carolina

James D. Dahling President & CEO

Children's Hospital of The King's Daughters Norfolk, Virginia

Parisia De Pongei

Patricia DePompei

President

UH Rainbow Babies & Children's Hospital Cleveland, Ohio

mallhe Marcella L. Doderer

President and CEO Arkansas Children's Little Rock, Arkansas

Lisa Carter **CEO**

Niswonger Children's Hospital Johnson City, Tennessee

Kimberly Chavalas Cripe President and Chief Executive Officer

CHOC Children's Orange, California

Cris Daskevich

Chief Executive Officer

The Children's Hospital of San Antonio

susan Desector

San Antonio, Texas

Susan Distefano

Sr. Vice President & CEO

Children's Memorial Hermann Hospital

Houston, Texas

James R. Downing, MD President and CEO

St. Jude Children's Research Hospital

Memphis, Tennessee

Ronald Dreskin Chief Executive Officer St. Christopher's Hospital for Children Philadelphia, Pennsylvania

Michael J. Farrell

President

Advocate Children's Hospital

Oak Lawn, Illinois

Sandra L. Fenwick Chief Executive Officer Boston Children's Hospital

Boston, Massachusetts

Patricio A. Frias, MD President and CEO

Rady Children's Hospital and Health Center

San Diego, California

Guy Giesecke

CEO

Children's of Mississippi Jackson, Mississippi

Christopher J. Durovich President and CEO Children's Health

Dallas, Texas

bud a. Felle Deborah A. Feldman

Christopher Durick

President and CEO Dayton Children's Hospital Dayton, Ohio

Michael Fisher President & CEO

Cincinnati Children's Hospital Medical Center Cincinnati, Ohio

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Michael Gewitz, MD

Executive Director

Maria Fareri Children's Hospital at WMCHealth

Valhalla, New York

Keith Goodwin

President & CEO

East Tennessee Children's Hospital

Knoxville, Tennessee



Marc H. Gorelick, MD President and CEO Children's Minnesota Minneapolis, Minnesota

Jena Hausmann

Jena Hausmann President and Chief Executive Officer Children's Hospital Colorado Aurora, Colorado

Donna Hyland CEO

Children's Healthcare of Atlanta Atlanta, Georgia

Barbara Joers

Barbara Joers President and CEO Gillette Children's Specialty Healthcare Saint Paul, Minnesota

Paul King President & CEO Lucile Packard Children's Hospital Palo Alto, California Kgrogn.

Kevin J. Grady, MD Chief Medical Officer Ascension St. John Children's Hospital Detroit, Michigan

Lisa Hutchings
Chief Financial Officer
Children's Hospital of Michigan

Detroit, Michigan

Allegra Jaros President John R. Oishei Children's Hospital Buffalo, New York

Paul D. Kempinski, MS, FACHE President and Chief Executive Officer Children's Mercy Kansas City, Missouri

Thomas Kmetz President Johns Hopkins All Children's Hospital St. Petersburg, Florida



Trisha M. Lollo President

St. Louis Children's Hospital

ith & Land

St. Louis, Missouri

Keith J. Loud, MD, MSc

Physician-in-Chief

Children's Hospital at Dartmouth-Hitchcock

Lebanon, New Hampshire

Stephanie Meier Vice President

NYU Langone Health

Mineola, New York

Robert L. Meyer

President and CEO

Phoenix Children's Hospital

Kobut Meyer

Phoenix, Arizona

Don Mueller, FACHE Chief Executive Officer

Children's Hospital at Erlanger

for Mueller

Chattanooga, Tennessee

Lohig hyper

Rodrigo Lopez

Interim President & CEO

Children's Hospital & Medical Center

Omaha, Nebraska

Matthew A. Love

President & CEO

Nicklaus Children's Health System

Miami, Florida

Rick W. Merrill

President & CEO

Cook Children's Health Care System

Fort Worth, Texas

MOSS

R. Lawrence Moss, MD

President and Chief Executive Officer

Nemours Children's Health System

Jacksonville, Florida

Jeffrey Murphy, DNP, RN, NE-BC

Vice President, Comer Children's Hospital

University of Chicago Comer Children's Hospital

Chicago, Illinois

flu Wrail

John D. Nash President and CEO Franciscan Children's Brighton, Massachusetts

Kut D. Newman, M.D.

Kurt Douglas Newman President and Chief Executive Officer Children's National Hospital Washington, D.C.

Scott Perryman
Senior Vice President and Administrator
Loma Linda University Children's Hospital

Timothy C. Robinson
Chief Executive Officer

Nationwide Children's Hospital

Columbus, Ohio

Loma Linda, California

Henry T. Sachs III, MD President and Chief Medical Officer Emma Pendleton Bradley Hospital East Providence, Rhode Island aggley

Elias Neujahr CEO

Children's Hospital of Richmond at VCU Richmond, Virginia

John Nickens CEO

Children's Hospital New Orleans New Orleans, Louisiana

Emmett Ramser

Emmett Ramser Chief Administrative Officer Norton Children's Hospital Louisville, Kentucky

Margaret Russia

Margaret G. Rush, MD, MMHC President Monroe Carell Jr. Children's Hospital at Vanderbilt Nashville, Tennessee

Bradley L. Schlaggar, MD, PhD

President & CEO

Kennedy Krieger Children's Hospital

Baltimore, Maryland

Charles L. Schleien, MD, MBA SVP of Cohen Children's Medical Center & Pediatric Services Cohen Children's Medical Center New Hyde Park, New York



Mark Sevco President UPMC Children's Hospital of Pittsburgh Pittsburgh, Pennsylvania

Thomas P. Shanley, MD President & CEO Ann & Robert H. Lurie Children's Hospital of Chicago Chicago, Illinois

Jim Shmerling, DrHA, FACHE President and Chief Executive Officer Connecticut Children's Medical Center Hartford, Connecticut

Martha B. Smith Chief Executive Officer, Kapi'olani Medical Center Kapi'olani Medical Center for Women and Children Honolulu, Hawaii

Cynthia N. Sparer **Executive Director** Yale New Haven Children's Hospital New Haven, Connecticut

Colle J Ho

Jeff Sperring, MD **CEO** Seattle Children's Seattle, Washington

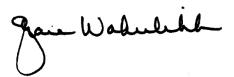
Sheldon Stein President/CEO Mt. Washington Pediatric Hospital Baltimore, Maryland

Stephen R. Stephenson, MD President/COO, Blank Children's & Women's Services Chief Executive Officer Blank Children's Hospital – UnityPoint Health Des Moines, Iowa

Cindy Stout El Paso Children's Hospital El Paso, Texas

Peggy Dray

Peggy Troy President & CEO Children's Wisconsin Milwaukee, Wisconsin



Grace Wakulchik President and CEO Akron Children's Hospital Akron, Ohio

Mark A. Wallace President and CEO Texas Children's Hospital Houston, Texas

Katy Welkie Chief Executive Officer, VP Children's Health Primary Children's Hospital Salt Lake City, Utah Pues Vinns

Paul S. Viviano President and Chief Executive Officer Children's Hospital Los Angeles Los Angeles, California

Robert L. Walker
President/CEO
Scottish Rite for Children
Dallas, Texas

Wm. Michael Warren, Jr. President and Chief Executive Officer Children's of Alabama Birmingham, Alabama

Ke Ukman

Michael Wiggins President and CEO Le Bonheur Children's Hospital Memphis, Tennessee