



April 13, 2020

The Honorable Governor Tony Evers
East Wing, State Capitol
P.O. Box 1879
Madison, WI 53701

Dear Governor Evers:

Thank you for your leadership and the assistance you and your Administration have given to Children's Wisconsin (Children's) during this pandemic. We appreciate all you have done for the citizens of our State and we are especially appreciative of the strong partnership with the Department of Health Services and Department of Children and Families on many issues for kids and families. Everything from removing barriers to telehealth so that patient care can continue safely and conserve PPE supply to facilitating child care resources for essential workers as well as the much needed guidance for child welfare work during this time of crisis. We are also grateful for the critically important stay at home order and appreciative of your call for state financial assistance to hospitals in your recent proposals to the Legislature.

Federal funding considerations and your important role

Children's appreciates the recent and ongoing efforts of the federal government in providing funding through the CARES Act to states in order to address needs in various critical areas. However, at the federal level the majority of the direct provider focused funding has been distributed to providers through the Medicare program or based on Medicare claims. **That's why it is critically important that a portion of the funding directed to the states, roughly \$1.9 billion for Wisconsin, be targeted to safety net Medicaid providers, like Children's, who are not getting as much of those direct to provider focused federal funds.**

Just like hospitals that serve the Medicare population, Children's has been on the frontline of the crisis and experiencing very real financial challenges in order to respond to the pandemic while continuing to provide high-quality care to our state's most vulnerable children. At Children's, in order to prevent the spread of COVID-19 and reserve capacity of personal protective equipment (PPE), we have cancelled or rescheduled all non-time-sensitive procedures and consolidated clinic operations. This has resulted in significant decreases in patient volumes, such as an 80% reduction in surgery cases; 75% reduction in Emergency Department visits; and 80% reduction in primary care visits. As a result, our current estimate is a \$35 million loss in revenue for one month.

At the same time, we are caring for COVID positive patients, supporting COVID positive employees, working with state and local emergency management on surge planning and other efforts, and managing the critical care for existing complex care kids. In addition we are making investments to respond to this crisis and making sure patients who need to see a provider are still able to do so, but in the safety of their home. This includes investments in additional resources towards PPE & testing supplies; redeploying & training workforce and implementing new telehealth strategies to meet the needs of our patients. As you may know, Children's offered our electronic health record technology platform and fiber bandwidth for the Alternative Care Facility and appreciate the collaboration with your legal team, DOA and EPIC on all it takes to get this up an running.

As you consider the priorities for distributing the \$1.9 billion in federal funds coming directly to Wisconsin please consider some of the longer term challenges Children's predicts we will face. In addition to our current significant losses, one of the critical challenges will be an increase in our payer mix from commercial insurance to Medicaid as unemployment increases and families find themselves without health insurance.

Children's historically sees approximately 50% of our patients covered by Medicaid which pays significantly less than commercial payers. Given the COVID-19 impact we expect that loss to grow as the number of individuals without commercial insurance receiving Medicaid benefits will grow. For every 1% shift in our payer mix from commercial insurance to Medicaid, it reduces our net revenue approximately \$6.2M. If this looks like the shifts from past unemployment spikes, we would expect this to result in a multiple percentage shift.

Additional funding opportunities in the CARES Act for mental and behavioral health

There are also additional federal funding opportunities flowing to the states through the CARES Act beyond the \$1.9 billion in direct funding. Children's is interested in partnering with other community stakeholders including schools to reach kids and families during this critical time in order to address their mental and behavioral health (MBH) needs. I want to flag one of those funding opportunities where the Wisconsin Fiscal Bureau estimates our state will receive \$174.8 million available to school districts for COVID-19 response activities which includes providing MBH services and supports.

Reaching more kids and families with MBH needs has been a large system priority for Children's over the past year and will continue to be a long term effort over the next five years to improve access to this critical care where shortages exist across the state. That work has not stopped because of COVID-19 and in some cases has accelerated rapidly as a result, but we will need increased partnership and support now more than ever to be able to address those critical needs. I thought it might be helpful to share more on Children's MBH work since the COVID-19 crisis has unfolded including examples of how Children's is continuing our focus on this priority.

Over the last four weeks, we have been working especially hard to prioritize video visits for our patients and training our MBH providers on the new video visit platform. It is our goal that we will be offering video visits in lieu of a regularly scheduled visit with most providers including MBH providers for the foreseeable future. Our providers have been doing priority visits by phone for the past couple of weeks. And, starting late last week, we piloted video visits with several different types of MBH providers, including therapists, psychologists, psychiatrists and school-based providers. We believe this is crucial to continue to see kids who have established a relationship with one of our school-based providers, especially while school is out of session. We believe we can offer a video option for the majority of our current patients, but that has not come without substantial cost.

We believe, now more than ever, our patients with mental and behavioral health concerns will need us, and new patients will be seeking care. For that reason, we have accelerated our work in another area to expand access to care by contracting with a tele-psychiatry firm. Our goal in doing so, is we can expand access to our current (and growing) waiting list for psychiatry. Reimbursement won't fully cover the cost of this service, Children's will be covering those losses, which will grow as more patients require access. I urge you to help us find solutions with the Department of Health Services to connect access payments to all of our telehealth capability.

While we are advocating for additional funding for Medicaid at the federal level, high volume Medicaid providers like Children's will need your help. **As you and your Cabinet look to prioritize please keep in mind two key areas, 1) allocating part of the \$1.9 billion to direct hospital funding that factors in Medicaid volume in any distribution method and 2) utilizing some of those additional federal program revenue streams to increase access to youth MBH services.** I look forward to continuing our work together to make sure the needs of Wisconsin's kids and families are at the forefront. Please reach out if you have any questions.

Sincerely,



Peggy Troy