



November 30, 2021

Members of the Texas Congressional Delegation:

As we all prepare for the holidays, on behalf of our seven comprehensive, not-for-profit children's hospitals, we first want to say how grateful we are for your service to the people of Texas. Your efforts on our behalf are very much appreciated.

We are taking this opportunity to update you on the latest events impacting children's hospitals in Texas.

Texas and CMS continue to negotiate over how the state funds its Medicaid supplemental and directed payment programs, resulting in our member hospitals losing almost \$82 million in Medicaid payments as of today when compared to last year. These losses accrue solely due to CMS's failure to approve the same directed payment program (the Uniform Hospital Rate Increase Program or UHRIP) that the state had last year.

That amount of funding would pay for more than 860 full-time pediatric nurses or for 163 heart transplants for kids with heart failure. While children's hospitals may be able to absorb some of these losses this year, they cannot continue to sustain these losses. As a result of this year's losses, children's hospitals are already facing hard decisions about curtailing, delaying, or abandoning service expansions necessary to serve the growing pediatric population in their areas. If these losses continue, children's hospitals will likely need to take more drastic actions.

Compounding these lost Medicaid payments, CMS has still not implemented the MACPAC hospital-specific limit methodology change contained in the FY 2021 Consolidated Appropriations Act passed on December 22, 2020. Consequently, HHSC continues to count third-party commercial and Medicare payments in calculating the state payment cap, resulting in many children's hospitals continuing to be excluded from receiving any Medicaid DSH funding.

Medicaid DSH and Uncompensated Care pools are the subject of a provision in the "Build Back Better" Budget Reconciliation legislation that recently passed the House. Section 30608 would dramatically reduce Texas' Uncompensated Care pool as well as reduce Texas' DSH allocation by 12.5%. The Medicaid DSH cuts alone would result in an estimated \$250 million reduction to Texas annually. These are unsustainable reductions to critical funding streams for hospitals that treat the most vulnerable patients and constitute further reductions for children's hospitals.

In addition to coping with these financial losses, children's hospitals are seeing greater numbers of children in mental health crisis who are more aggressive and are injuring staff and other patients and their family members.

- One member hospital had **1,934 emergency department (ED)** psychiatric visits in its 2020 fiscal year, increasing to a projected **3,552** in FY 2022 (an **84% increase**).

- Another hospital had **440 patient encounters** for kids with behavioral health issues in October 2021. Just a year and a half earlier, in January 2020, the same hospital had **75 encounters** (a **487% increase**).
- Patients are staying longer in children's hospitals' EDs because they are sick enough to meet psychiatric hospital admission criteria but lack access to a psychiatric bed, among other issues. One member hospital has seen an increase in ED hold hours from **715 in July 2020** up to **1,375 in July 2022** (a **92% increase**). That number has increased to **3,984 in October 2021** (another **190% increase**).
- In the **first two months** of one children's hospital's 2022 fiscal year, the hospital has already seen **three-quarters** of the same number of children who have **attempted suicide** that the hospital saw for **the entire 2021 fiscal year**. And the hospital expects a **70% increase** in children presenting with **suicidal ideation** from fiscal year 2021 to 2022.

Staffing for these kids presents a particular problem for children's hospitals, especially in light of the staffing challenges that the COVID-19 pandemic is already causing. Children with behavioral health issues often require one-to-one nursing, security involvement, and 24/7 sitters. The children needing sitters at one hospital were about **50 in January 2019**. Last month, that same hospital needed **450 sitters** for children with behavioral health issues – an **800% increase**.

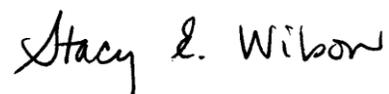
The financial losses our children's hospitals are incurring, which may continue and get even worse, combined with the pediatric behavioral health crises and lingering COVID disruptions, will produce irreparable damage to our hospitals and patients if not ameliorated soon.

We are asking for your help to:

- Remove Section 30608 from the Build Back Better Budget Reconciliation legislation.
- Contact CMS and request implementation of the MACPAC DSH Hospital Specific Limit definition change included in the FY 2021 Omnibus.
- Contact CMS and request that they provide a briefing on their continued delay in approving the same directed payment program (the Uniform Hospital Rate Increase Program or UHRIP) that the state had last year.

Thanks again for what you do for Texans, especially for all the children living here. Please let me know if you have any questions or need additional information.

Sincerely,



Stacy E. Wilson
President