



October 30, 2021

Sent via email

To the Members of the Texas Congressional Delegation:

On behalf of our seven comprehensive, not-for-profit children's hospital members, the Children's Hospital Association of Texas wants to point out a serious concern we have about the loss of Medicaid DSH and UC funding for non-expansion states proposed under Section 30724 *Adjustments to Uncompensated Care Pools and Disproportionate Share Hospital Payments*, beginning on page 547 of HR 5376 Rules Committee Print 117-17. Section 30724 is attached.

Children's hospitals will experience reductions in Medicaid DSH and UC funding under Section 30724 without receiving offsetting reimbursement. Under provisions in HR 5376, the Medicaid "savings" produced from reducing children's hospitals' payments under DSH and UC are directed towards paying for ACA exchange subsidies for adults. While coverage of the family and caregivers is generally important to kids, children's hospitals don't serve those adult populations. In short, funding currently serving children will be used to subsidize adult ACA exchange coverage.

Children's hospitals are heavily dependent on Medicaid, as 4 million kids – about half the kids in Texas – are enrolled in Medicaid. And children's hospitals generally do not receive any Medicare payments to help offset Medicaid losses, as Medicaid payments do not cover the cost of care. Thus, children's hospitals are especially vulnerable when **any** Medicaid funding, including DSH and UC, is cut.

Children's hospitals in Texas are essentially under siege. The proposed funding reductions in Section 30724 come at a time when children's hospitals, like all other Texas hospitals, are incurring losses due to CMS's failure to approve any directed payment program funding, including the funding that the agency said it would extend over two months ago. ***These cumulative losses are going to adversely impact the kids that children's hospitals serve, as hospital leaders are going to be faced with stark choices.***

Thus, we would respectfully ask that language be added to Section 30724 to ***hold children's hospitals harmless from these reductions.*** We would like to work with you to avoid these reductions in funds that serve the Children of Texas.