Federal Policy Update: Opportunities and Challenges

AAP Resident’s Day
April 16, 2021
Agenda

Current environment

Policy priorities and status:
- Congress
- Administration

Discussion/questions
Current Context

COVID-19 top of mind for policymakers and us
- Highlight impact on kids and children’s hospitals
- Balance short term and longer term

Democrats control government with slim margins, no filibuster-proof majority
- Likelihood of bipartisanship unclear

Kids not necessarily the focus

State budget challenges and growing federal deficits/debt
Top Policy Priorities

- **Immediate support for pediatric health care system** suffering financial damages and work on a **more strategic platform** to differentiate and support sustainability

- **Immediate funding support for mental health for kids** to decompress the inpatient bed emergency and work on **longer term solutions** improving the health of children at a broader community level

- **Immediate support for Medicaid** via FMAP and related support to states, maintain critical existing supports

- Advancing **ACE Kids, CHGME funding and protect 340B**, etc.
Medicaid

• 36 million children rely on Medicaid for health coverage

• Includes benefits tailored to their needs – Early and Periodic, Screening, Diagnostic and Treatment (EPSDT)

• Medicaid is the backbone of the pediatric health care system
  – Children’s hospitals, pediatricians and many other pediatric providers
• 1 in 5 children and adolescents experience a mental health condition in a given year
• 50% of mental illnesses begin by age 14

• From April-October 2020:
  – 24% increase in mental health ER visits for ages 5-11, 31% increase for ages 12-17
COVID-19 Impact

Many pediatric Medicaid providers, still experiencing significant financial impact of COVID, much of the federal relief focused on Medicare providers.

• Recent study on impact on children’s hospitals shows:
  – Almost all children’s hospitals took negative financial damage in 2020 and have not recovered
  – Children’s hospitals suffered greater financial impact in 2020 compared to hospitals serving adults and did not qualify for significant relief funding targeted to Medicare providers
  – Children admitted to children’s hospitals in 2020 were sicker (higher acuity) due to delayed care and many were in severe behavioral health crisis

H.R. 1319, signed on March 12, $1.9T package

• Emphasis on public health: billions for testing, tracing and vaccines

• Emphasis on income security, helping families: relief checks, expansion of child tax credit, COBRA subsidies

• No significant provider relief, except $8.5 billion dedicated to rural providers

• No general boost for Medicaid, but incentives for states to expand Medicaid, extend coverage postpartum

• Substantial $ for behavioral health, but only a small amount for kids
H.R. 1319: Medicaid

- **Mandatory COVID-19 vaccine coverage** – Provides for Medicaid and CHIP coverage with no cost-sharing for COVID-19 vaccines and treatment. Extends for five quarters after PHE ends. Provides 100% FMAP for COVID-19 vaccines and administration.

- **FMAP increase for Medicaid expansion** – Provides states a 5% FMAP increase for two years if a state elects to cover individuals up to 133% of the federal poverty level and has not already done so yet.

- **State option to extend Medicaid and CHIP postpartum coverage** – Allows states to provide full Medicaid and CHIP coverage for pregnant women throughout pregnancy, during the 60-day postpartum period and an additional 12-month postpartum period.

- **Home and community-based services FMAP** – Increases federal matching rate for these services by 10%, not to exceed 95%.
Children’s Hospital GME: FY 2022 Ask

We urge Congress to provide $485 million for FY 2022

Supports doctor training in freestanding children’s hospitals

- CHGME hospitals train approximately half of all pediatricians and the majority of pediatric specialists

Current program funding is $350 million for FY 2021

- Only represents half the per-resident rate that Medicare provides for the same training

Every CHGME training slot is a financial loss for children’s hospitals, worsened by COVID-19 and a rise in Medicaid payer mix

Closing this gap is vital to strengthening the pediatric workforce
What’s Next? Infrastructure!

- “American Jobs Plan”: would invest more than $2 trillion, mostly on “traditional” physical infrastructure

- White House expected to release separate “human infrastructure” proposal identifying additional priorities (e.g., expanding health insurance coverage, paid family and medical leave).

- Negotiations on Capitol Hill could extend for several months. Legislation could ultimately be moved using budget reconciliation process, with only Democratic support (like the ARP).

- Many unknowns about process, timing and ultimately content.
Biden Administration: Key HHS Officials

Office of the Secretary

Xavier Becerra
Secretary
(confirmed)

Andrea Palm
Deputy Secretary
Biden Administration: Key HHS Officials

Chiquita Brooks-LaSure
CMS Administrator
(nominated)

Liz Fowler
Center for Medicare and Medicaid Innovation

Dr. Vivek Murthy
Surgeon General

Rochelle Walensky
CDC Director

Director of Center for Medicaid and CHIP Services

Administrator for Health Resources and Services Administration (HRSA)

Asst. Secretary for Mental Health and Substance Abuse (SAMHSA)
Biden Administration: Health Care Priorities

COVID-19 response

- Review and action on current regulations; public charge, block grant guidance and other actions
- Medicaid expansion
- Tackle market concentration
- Expand access to mental health services
- Address drug prices

Build on ACA:
- Public option like Medicare
- Increasing subsidies for health coverage
- Actions to support ACA administratively: open enrollment, outreach, navigators, etc.
Biden Administration: CHA Advocacy Efforts

• Work with Biden administration to influence their priorities and work within their existing authority/funding
  – Strengthen Medicaid for children
  – COVID-19 relief for pediatric providers
  – Enhance access to mental health for children
• Raise awareness of urgent needs for kids within the context of COVID-19
• Establish children’s hospitals as national leaders and good partners
• Propose effective policy options for their consideration
Mental Health Awareness Campaign

Children’s health specialists call on Biden to prioritize kids in COVID-19 response, citing mental health crisis

FOCUSING ON CHILDREN’S MENTAL HEALTH

Childhood Development Matters

1 in 5 children and adolescents experience a mental health condition in a given year.

50% of mental illnesses begin by age 14.

8-10 years olds are the first symptoms appear before treatment begins.

60% increase in the rate of death by suicide among those age 10 to 14 from 2007 and 2014. The second leading cause of death for this group.

Facts about the pandemic and mental health

24% increase in the proportion of mental health emergency department visits for kids aged 5 to 11.

31% increase for kids and teens aged 12 to 19.

When children are exposed to emotional and behavioral problems, they do better in school and are more likely to avoid risky behaviors. By engaging in prevention, we can reduce and treat mental health problems in children and teens earlier to avoid more severe cases, higher lifetime costs, and fulfilling lives.
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