



Champions for Children's Health

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April 15, 2013

The Honorable Dave Reichert
Chairman
Charitable and Tax Exempt Organizations
Tax Reform Working Group
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Reichert,

On behalf of the Children's Hospital Association, thank you for the opportunity to submit comments on the House Committee on Ways and Means' working group on charitable and tax exempt organizations. We appreciate your leadership on such an important topic to the nation's non-profit institutions, and we greatly look forward to continuing a dialogue and working together with you and your staff as congressional proposals develop.

The Association advances child health through innovation in quality, efforts to reduce the cost of care and improvements in the delivery of care. Representing more than 220 children's hospitals nationwide, the Association membership not only includes large, acute-care institutions, but also smaller specialty hospitals that treat a unique population of children with special health care needs. These children are not just little adults; they require highly-specialized treatment and equipment to meet their unique needs.

Children's hospitals have a longstanding commitment to serving lower income children regardless of their ability to pay. More than half (52 percent) the inpatient days provided by children's hospitals are for children enrolled in Medicaid, compared to only 16 percent at the average adult hospital. As a result of past policy efforts, very few children at children's hospitals are uninsured due to the expansions in children's coverage made through Medicaid and the Children's Health Insurance Program. For this reason, it is important for lawmakers to take a comprehensive view of charity care, uncompensated care and community benefit, with an understanding of the unique needs of the largely underinsured, not uninsured, population that children's hospitals serve.

Children's hospitals provide significant volumes of care at a loss due to the Medicaid payment shortfall. Even including disproportionate share hospital (DSH) payments, Medicaid reimburses children's hospitals an average of only 79 percent of the cost of providing care. Further, these supplemental DSH payments will be cut under the Affordable Care Act, without which the Medicaid shortfall and the strain on the nation's safety net will be even greater.

Additionally, each children's hospital, whether freestanding or part of a larger system, provides tremendous community benefits that far exceed the dollar amount of uncompensated care it provides each year. Children's hospitals tailor these community benefits to meet the needs of their local families on the basis of their community needs assessment, which is directly informed by the community, often providing programs and supports that are unreimbursed by public or private payors. These community benefits include advancing

cutting-edge research into the treatment of childhood diseases, graduate medical education and workforce training, community outreach and partnerships, prevention initiatives and many more. Children's hospitals appreciated the opportunity to support the recent Form 990 and Schedule H reforms that promote transparency and public recognition of the many community benefits that children's hospitals provide including ensuring access to care, training future providers and unlocking new knowledge to improve the care of our nation's sickest children.

Finally, children's hospitals support your efforts to protect and promote charitable giving generally. Our institutions depend on the selfless acts of donations to enable children's hospitals to provide the broad array of services and supports that communities have come to rely upon. As members of the Charitable Giving Coalition, we urge you to carefully consider the impact that any changes to the structure of the charitable deduction would have on incentivizing the private donations that make our work possible.

Chairman Reichert, we applaud the approach that you have taken in seeking public engagement and stakeholder comment as you work to improve the nation's tax policies. We invite you to continue working with us and our member hospitals as the process evolves so that we might work together to promote policies that continue to recognize and support the work of the nation's safety net providers in meeting the needs of local communities, families and children. Thank you for your leadership on this important issue, and please don't hesitate to contact us for further input.

Best regards,

A handwritten signature in black ink, appearing to read "Mark Wietecha". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Wietecha".

Mark Wietecha
President and CEO
Children's Hospital Association