

May 5, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Charles Schumer  
Minority Leader  
U.S. Senate  
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Majority Leader McConnell and Leader Schumer,

As Congress considers future legislation to respond to the COVID-19 pandemic, children cannot be left behind. Congress took many important first steps to supporting the nation's health and economic security in the legislative packages enacted during this public health crisis to date. However, several important policy gaps remain that threaten the stability of the health care system for children. As organizations dedicated to promoting the health of our nation's children and pregnant women, we strongly urge Congress to protect and strengthen Medicaid and the Children's Health Insurance Program (CHIP) as part of any forthcoming legislative efforts to address the COVID-19 pandemic and the anticipated subsequent recovery period.

Delaying or forgoing care can have serious ramifications for the health of children, both those who are otherwise healthy and need vaccinations and developmental screenings, and those who have special health care needs requiring frequent monitoring and care. These health services cannot safely wait until the pandemic is over. In addition to providing access to these vital services, Medicaid and CHIP are uniquely situated as powerful first responders to public health crises. The programs are cost-effective and well-suited to quickly and equitably distribute help to areas of greatest need. Because Medicaid and CHIP are proven programs with built-in safeguards, funding can be put to work efficiently without the need to create new oversight mechanisms.

We applaud Congress for the 6.2% percentage point increase to states' Federal Medical Assistance Percentage (FMAP) as part of the Families First Coronavirus Response Act, along with strong maintenance of effort (MOE) safeguards. These were necessary measures to protect access to care for children and families, however, additional efforts are needed to support states as they face unprecedented challenges. As they meet the requirements of the pandemic, states are experiencing simultaneous tax shortfalls and increased volumes of social services and public programs like unemployment insurance, Medicaid, and nutrition assistance. Together with the need to balance budgets, these constraints leave states with few options but to impose limits in their Medicaid programs.

Without significantly more federal assistance for Medicaid and CHIP, children and families are likely to lose coverage and access to critical health services during this ongoing public health and economic crisis.

**Therefore, we call on Congress to implement an automatic FMAP adjustment tied to each state's increase in unemployment rate. At a minimum, Congress must enhance federal financing for the Medicaid program by 12 percentage points (an increase of at least 5.8 percentage points above the Families First increase) to meet requests outlined by the bipartisan National Governors Association and the National Association of Medicaid Directors.** The dire public health and economic situations require that this enhanced matching rate

should last beyond the termination of the public health emergency and stay in place until the economy has truly recovered.

As more families lose jobs and experience financial stress during the economic downturn, both Medicaid and CHIP will act as an essential lifeline for children and families. Cutting federal funding to children's safety net programs during a global health pandemic would be catastrophic for state budgets, potentially leading to cuts to eligibility and benefits. Under the HEALTHY KIDS ACT, the 23-percentage point enhanced FMAP to CHIP programs was scheduled to be eliminated over two years, with the second half scheduled on October 1, 2020. **Congress should delay this loss of CHIP funds by postponing the scheduled FY 2021 funding decline of 11.5 percentage points beyond the end of the public health emergency and through the end of the related economic downturn.**

As a result of these challenges, we unanimously support the policy solutions below to strengthen Medicaid and CHIP. We ask Congress to consider them as part of any future COVID-19 relief efforts:

- **Further increase Medicaid FMAP to states.** Congress should implement an automatic FMAP adjustment tied to each state's increase in unemployment rate. At a minimum, Congress must further enhance federal financing for the Medicaid program by 12 percentage points (an increase of at least 5.8 percentage points above the Families First increase). The enhanced FMAP must last beyond the end of the public health emergency to avoid stifling the subsequent economic recovery. This request is supported by both the National Governors Association and the National Association of Medicaid Directors.
- **Delay the CHIP funding cliff.** Congress should postpone the FY 2021 funding decline beyond the end of the public health emergency and through the end of the related economic downturn. Under the HEALTHY KIDS ACT, the 23-percentage point enhanced FMAP to CHIP programs was scheduled to be eliminated in 2019 and 2020. The final scheduled matching rate cut will require states to make additional cuts to budgets that are already struggling under the pandemic.
- **Protect and expand coverage for all enrollees in Medicaid and CHIP.** Current law prohibits states that accept the 6.2 percent FMAP increase from disenrolling Medicaid enrollees until the end of the emergency period. Currently, this requirement excludes children and pregnant women covered in separate CHIP programs. We urge Congress to maintain the strong Medicaid MOE provision and to extend this enrollment protection to all CHIP enrollees. Congress should also consider ways to increase access to care for children, such as allowing states to expand income eligibility for CHIP up to 300 percent of the federal poverty level, as outlined in H.R.6098, and increasing the federal match for Medicaid administrative activities to 100% for all states to help handle the influx of new applicants.
- **Require Medicaid payment parity with Medicare rates for clinician services, especially for primary care.** Congress must ensure children can access medically necessary and time-sensitive care during and following the pandemic. At a minimum, Congress should enact H.R. 6159, the Kids' Access to Primary Care Act, to provide critical financial resources to clinicians serving the most vulnerable populations in this time of great need and great uncertainty. This is especially critical as Medicaid providers have not received the same level of relief as Medicare providers.

- **Ensure predictable federal financing for state Medicaid programs by halting any additional regulatory actions, such as promulgation of a final rule, related to the Medicaid Fiscal Accountability Regulation (MFAR).** If finalized, the proposed changes to the MFAR would offset much of the benefit of the FMAP increase and make the combined state fiscal relief that has already been provided even more inadequate. It would make it harder for states to address their budget shortfalls and would undermine providers' ability to deliver care during this critical time, jeopardizing children's and families' access to coverage and care. Congress should immediately take action to block the rule from being finalized, as both the National Governors Association and National Association of Medicaid Directors have urged.
- **Provide emergency financial support to Medicaid providers.** Clinicians, hospitals, and other providers that care for large numbers of Medicaid patients are under severe financial strain that is threatening their continued viability. To maintain an adequate safety net for the most vulnerable populations, Congress must allocate emergency financial support commensurate to their financial losses and direct HHS to immediately make such funds available to Medicaid providers.

We encourage Congress to adopt the above proposals in any future COVID-19 relief packages. Our organizations stand ready to assist with efforts to protect children and families during this crisis. If you have questions on any of the priorities discussed in this letter, please contact Stephanie Glier at [sglier@aap.org](mailto:sglier@aap.org).

Sincerely,

American Academy of Pediatrics  
Children's Defense Fund  
Children's Hospital Association  
Family Voices  
First Focus Campaign for Children  
March of Dimes  
National Association of Pediatric Nurse Practitioners