



May 8, 2024

The Honorable Jack Reed
Chairman, Armed Services Committee
United States Senate
Washington, DC 20510

The Honorable Roger Wicker
Ranking Member, Armed Services Committee
United States Senate
Washington, DC 20510

The Honorable Mike Rogers
Chairman, Armed Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Adam Smith
Ranking Member, Armed Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen and Ranking Members:

On behalf of the undersigned organizations, we write to share concerns about a recent regulatory change made by the Defense Health Agency (DHA) that disproportionately impacts children's hospitals near major military installations and, as a result, risks access to care for a significant number of children in military families who rely on TRICARE. The rule could reduce access for all families stationed near children's hospitals, but we are most concerned for those families stationed near pediatric specialty care due to a dependent child's complex medical needs.

In April 2023, DHA announced in a [final rule](#) that it was ending a longstanding exemption for children's hospitals and cancer hospitals and transitioning their reimbursement model to the Medicare Outpatient Prospective Payment System (OPPS). This change was advanced despite the fact that Medicare is an adult-centric system that fails to capture the nuances and costs of providing unique care to pediatric patients in pediatric settings including higher staff-to-patient ratios and spending on equipment and supplies to treat patients ranging from preemies to fully grown teens.

DHA's strategy for integrating military treatment facility care with purchased care from the TRICARE network relies on the ability of civilian providers to accept TRICARE patients. The final rule estimated a \$35 million annual reduction in payments, with the potential for \$45 million in cost savings by the time of the rule's implementation. We understand DHA has estimated that at least 14 children's hospitals providing the most care to military children would be negatively impacted by this change. Some children's hospitals will face outpatient payment reductions greater than 30 percent. We are concerned DHA cuts to children's hospitals will present new barriers for TRICARE beneficiaries seeking access to pediatric specialty care.

Access to appropriate health care for children in military families plays a vital role in supporting family readiness. With capacity constraints across the U.S. healthcare system, military families already report long waits for many types of pediatric specialty care. Across the care continuum, children's hospitals provide unique, patient- and family-centered specialty care that is critical for military families who may face stressors

like frequent moves and prolonged separation of a parent. We cannot allow reduced reimbursements to threaten access to vital pediatric specialty care provided by children's hospitals.

The demand for expert pediatric care already outstripped the supply near key military installations nationwide even before DHA finalized these reimbursement cuts. This rule therefore has the potential to risk the health of military kids, harm quality of life for those serving our nation, and ultimately undermine mission readiness. During the Committee's consideration of the FY2025 National Defense Authorization Act, we respectfully urge you to ensure that TRICARE provides fair, adequate, and sustainable reimbursement to children's hospitals.

Thank you for all your work on the FY2025 NDAA and your continued support of our nation's service members, retirees, their families, and survivors.

Sincerely,

A handwritten signature in black ink that reads "Jack DuTill". The signature is written in a cursive style with a large initial "J" and "D".

President,
The Military Coalition

CC: Lieutenant General Telita Crosland, Director, Defense Health Agency

See attached list of organizations

The Military Coalition:

The Air & Space Forces Association (AFA)

The Air Force Sergeants Association (AFSA)

AMVETS

Blue Star Families (BSF)

Commissioned Officers Association of the US Public Health Service (COA)

Fleet Reserve Association (FRA)

Gold Star Wives of America

Jewish War Veterans of the United States of America (JWV)

Marine Corps League (MCL)

Marine Corps Reserve Association (MCRA)

Military Chaplains Association of the United States of America (MCA)

Military Officers Association of America (MOAA)

Non Commissioned Officers Association of the United States of America (NCOA)

National Military Family Association (NMFA)

Naval Enlisted Reserve Association (NERA)

Service Women's Action Network (SWAN)

The Enlisted Association (TREA)

Tragedy Assistance Program for Survivors (TAPS)

United States Army Warrant Officers Association (USAWOA)

U.S. Coast Guard Chief Petty Officers Association & Enlisted Association (CPOA)

Veterans of Foreign Wars (VFW)

Vietnam Veterans of America (VVA)

Wounded Warrior Project (WWP)