

Congress of the United States

Washington, DC 20515

October 15, 2024

The Honorable Lloyd J. Austin III
Secretary of Defense
Department of Defense
100 Defense Pentagon
Washington, D.C. 20301

Dear Secretary Austin:

As members of Congress representing military-connected children, we write to express our deep concerns about a 2023 Defense Health Agency (DHA) rule that catalyzed a major shift in the TRICARE reimbursement methodology for children's hospitals. Specifically, we urge the Department of Defense (DOD) and DHA to expeditiously meet with the affected hospitals to discuss administrative policy options to preserve access to pediatric care for military dependents.

Collectively, we represent a significant number of the 2.4 million children who obtain care in children's hospitals through TRICARE each year. These hospitals provide specialized treatment for a spectrum of concerns, including minor health issues and complex, long-term health conditions. They play an essential role in the wellbeing of our nation's military families.

Until recently, since 2008, TRICARE exempted children's hospitals from the adult Medicare Outpatient Prospective Payment System (OPPS). This exemption made logical sense, as very few children who seek care in children's hospitals are covered by Medicare and the program policies do not adequately reflect children's health needs.

In 2019, however, DHA proposed a rule to eliminate this exemption. In response, children's hospitals with larger TRICARE volumes collectively submitted [comments](#) through the Children's Hospital Association (CHA), outlining a number of concerns and asking DHA to extend the comment and implementation timelines pending the provision of more information. Instead, DHA's final rule, *TRICARE; Reimbursement of Ambulatory Surgery Centers and Outpatient Services Provided in Cancer and Children's Hospitals*, was finalized without any response and took effect on October 1, 2023.

Children's hospitals situated in defense communities in our home states are now grappling with the impacts of this change, as well as the ripple effects that the ensuing financial challenges may have on the provision of care for military families. For states with large military populations and no specialty children's hospital, any reduction in access to care would further complicate military family's choices by increasing burdens placed on families who already have to travel outside of their own state for medical services. Given the significant concerns expressed by children's hospitals about how the rule may impact military families' access to timely health care, we request that you provide us with responses to the following questions:

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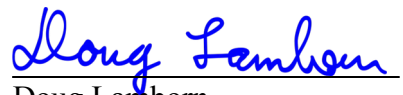
1. Dialogue: What dialogue has DHA had with the affected children's hospitals to understand how this new reimbursement methodology impacts operations and access to care?
2. Financial Data: What data and sources informed the agency's analysis of the rule's impact on children's hospitals that care for TRICARE patients? How did the agency account for the financial impacts of military families traveling for care in circumstances where local services are no longer available?
3. Contingency Payment: How did the agency develop the contingency payment and why did the DHA set a lower contingency payment for pediatrics? Can the agency verify the number of children's hospitals that are expected to qualify for the contingency payment that is outlined in the rule?

Additionally, we request DoD and DHA officials schedule a meeting as soon as possible with the children's hospitals that support military families. We believe a dialogue between the department and the hospitals will help identify impactful policy adjustments that can protect access to care. As you know, a robust TRICARE network for pediatric care is critical to the sustainment of our armed forces—working together, we can achieve this.

Sincerely,



John Hickenlooper
United States Senator



Doug Lamborn
Member of Congress



Michael F. Bennet
United States Senator



Jason Crow
Member of Congress



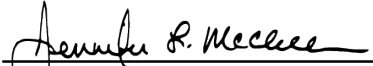
Jen A. Kiggans
Member of Congress



Robert J. Wittman
Member of Congress

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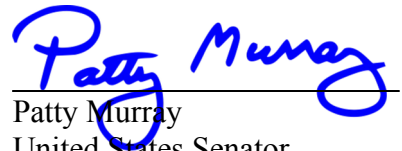
Jennifer L. McClellan
Member of Congress



Sara Jacobs
Member of Congress



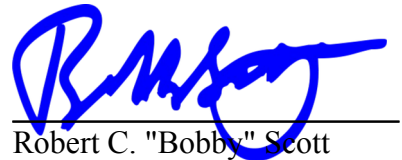
Alex Padilla
United States Senator



Patty Murray
United States Senator



Eleanor Holmes Norton
Member of Congress



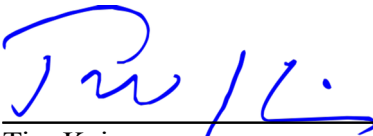
Robert C. "Bobby" Scott
Member of Congress



Lisa Murkowski
United States Senator



Mazie K. Hirono
United States Senator



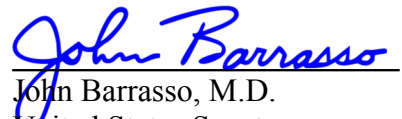
Tim Kaine
United States Senator



Caphonza Butler
United States Senator



Raphael Warnock
United States Senator



John Barrasso, M.D.
United States Senator



Mike Levin
Member of Congress



Maria Cantwell
United States Senator