

April 20, 2020

The Honorable Alex Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., S.W.
Washington, D.C. 20201

Dear Secretary Azar,

The initial distribution of \$30 billion from the Public Health and Social Services Emergency Fund authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act was welcome relief to Montana's hospitals and other providers on the frontlines of the battle against COVID-19. However, I am concerned that a number of critically important providers in Montana are still in desperate need of relief, and I am especially concerned about Shodair Children's Hospital in Helena and our state's extensive network of rural hospitals. I would implore you to respond rapidly to deliver assistance under the CARES Act to ensure Montana's health providers receive immediate financial support as they continue to care for our communities.

Shodair Children's Hospital has served the children of Montana for over 100 years and was the first hospital in our state to treat children with polio. In 2019, the hospital served more than 2,500 patients, 75 percent of whom are covered by Medicaid. Shodair also employs 350 people, representing a \$21 million annual payroll. Shodair is the only facility in Montana that provides the entire psychiatric continuum of care under one roof, including intensive inpatient services for emotionally and behaviorally impaired children and their families, and an adolescent residential treatment services.

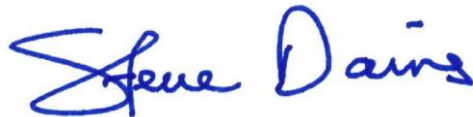
As with hospitals everywhere, the COVID-19 pandemic has dramatically affected Shodair's financial viability. As our state moved to create surge capacity, Shodair responded and was ready to provide additional capacity to the tertiary hospital in Helena. The response to the pandemic has resulted in operating expenses increasing 27 percent, while its gross revenue has dropped 16 percent. To address this cash flow crisis, the facility has closed two units, and reduced the salaries of 91 leaders and providers by as much as 50 percent. Due to Shodair's Medicaid utilization, the hospital received only \$396 in the initial distribution of Emergency Fund money.

Likewise, many of Montana's nearly 50 rural hospitals still need financial relief. Rural hospitals – especially in sparsely populated Montana – are the foundation of each community's health care delivery system. For our state's 49 critical access hospitals, 25 of which have less than \$10 million in net patient revenues, the cessation of non-essential services necessitated by the COVID-19 pandemic has worsened their already dire financial circumstances. In some cases, rural hospitals have lost up to half their revenue, while also investing in the capacity to respond to potential COVID-19 surges. The Montana Hospital Association estimates that, in the first four weeks of the crisis, net hospital revenue plummeted by roughly \$150 million statewide.

These are especially difficult times for health care facilities that treat some of the most vulnerable in our population – children – and those in the most sparsely populated areas of our country. In this environment – where access to care is threatened – it is critical that the next distribution of funding targets the needs of children’s hospitals and rural providers.

Thank you for all of the work you have been doing on behalf of the health and well-being of Montanans and Americans across the country during this pandemic. I appreciate your consideration of my requests and look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "Steve Daines". The signature is written in a cursive style with a large, stylized "S" at the beginning.

STEVE DAINES
United States Senator