

Preserving Margins to Promote Missions: COVID-19's Toll on US Children's Hospitals

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Since the onset of the COVID-19 pandemic, the proclivity of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) for adults and its relative sparing of pediatric populations has been well characterized. Accordingly, policymakers have devoted significant attention to SARS-CoV-2's impact on adult hospitals. Less consideration, however, has been given to children's hospitals, which responded to the pandemic by suspending noncritical care encounters, conserving personal protective equipment, and implementing alternative care models.¹ While important, these strategic decisions may threaten the financial health of children's hospitals.

In this issue of the *Journal of Hospital Medicine*, Synhorst et al¹ describe the impact of COVID-19 on US children's hospitals. The authors utilized the Children's Hospital Association's PROSPECT database to compare year-over-year trends in healthcare encounters and hospital charges before and during the COVID-19 pandemic at 26 tertiary hospitals. The analysis focused on the first wave of COVID-19 in the United States from February through June 2020.

The results are staggering. Compared with 2019, the authors found significant decreases in healthcare encounters for all children's hospitals beginning in March 2020, with a nadir in mid-April (corresponding to the first peak in adult hospitalizations). Inpatient bed days, emergency department (ED) visits, and surgeries decreased by a median of 36%, 65%, and 77%, respectively, per hospital during the nadir. Charges from February 1 to June 30, 2020, decreased by a median 24% per children's hospital as compared to 2019—corresponding to a median \$276 million decrease in charges per hospital. A quarter of hospitals faced more than \$400 million in lost charges.¹

Why do these trends matter? Large decreases in utilization and associated charges likely represent significant unmet demand for child healthcare for both acute and chronic disease management. For example, with limited in-person evaluation available at the onset of illness, caregivers are presenting to EDs with sicker children.² With a shift to virtual care, clinicians may miss signs of child abuse from violence in the home—which can escalate during isolation.³ Children with chronic conditions may also be left without surveillance mechanisms, which may partly explain the autumn

2020 surge in acute mental health-related ED presentations.⁴ Furthermore, telemedicine may exacerbate care inequities for vulnerable populations lacking resources and/or English proficiency.

There is also a larger policy perspective to consider in evaluating these data: Because children's hospitals largely operate in a fee-for-service reimbursement model, they often rely on marginal revenues to support mission-driven programming. In other words, revenue streams from profitable care segments (eg, elective surgeries) often help sustain institutional platforms operating at a loss, such as community safety net programs. Consequently, threats to marginal revenues can place mission-driven programming in jeopardy of being reduced or terminated.

The Synhorst et al¹ study was limited to hospital charges, which likely overestimate revenue losses based on actual reimbursements. Yet, this is the first study to quantify COVID-19's financial toll on children's hospitals, and charges offer a reasonable proxy for balance sheet trends. Thus, it is safe to assume that most hospitals incurred substantial losses during the 2020 fiscal year. Unfortunately, as the authors highlight, these losses differentially impacted hospitals based on existing resources¹—so some hospitals were likely forced to cut programs or reduce staff in an effort to return to profitability. In this way, COVID-19 has exposed the fragility of the fee-for-service model that children's hospitals rely on for both patients and staff.

Children's hospitals and the services they provide are essential to the health and well-being of children. The critical losses sustained by children's hospitals due to COVID-19 threaten their ability to promote child health in the near and long term, with the greatest risk to vulnerable populations. Policymakers must act now to preserve these essential services for children.

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