



May 21, 2015

Honorable Rick Scott
Governor
Plaza Level 05, The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0001

Dear Governor Scott:

We appreciate the opportunity to provide you with our input on Florida's formula for healthcare and hospital funding. As you know, Florida's three specialty licensed children's hospitals, All Children's Hospital, Nemours Children's Hospital and Nicklaus Children's Hospital, will lose over \$100 million towards care of Florida's most vulnerable population of children, if funding for the Low Income Pool program is not extended.

Our hospitals provide comprehensive, tertiary and quaternary care for over 40 medical and surgical subspecialties, including chronic and medically complex care, for children who come to us from all 67 counties. Our business models have been driven by our mission to enhance access to pediatric care. For example, the creation of ambulatory care centers, medical home models and partnerships with adult health care systems and community organizations demonstrate our resolve to provide every child with the highest level of pediatric care in their community.

Specialty licensed children's hospitals face unique challenges, as up to 70 percent of our patients receive health insurance coverage from Medicaid and other government-sponsored programs. We have been dedicated and committed to providing high-quality, specialty care, despite the fact that Medicaid reimbursement rates have been consistently lower than commercial rates, and often do not cover the cost of care.

In addition to enhancing access, our organizations have taken steps to lower cost by utilizing quality improvement methodologies to reduce the likelihood of adverse events and ensure evidence based medical care and excellence in service to Florida's children. As specialty licensed children's hospitals and partners with the Children's Hospital Association, we have the unique

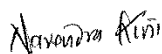
ability to network with the nation's best pediatric providers to compare child specific best practice protocols and performance indicators.

Our organizations have been instrumental in developing pediatric specific protocols, such as pediatric sepsis, asthma and epilepsy, which set us apart from other adult focused institutions. Ultimately, our focus on enhancing pediatric quality leads to better outcomes, improved service and lower cost, making us an industry leader.

When looking to other states and while focusing on providing the highest care to children, we believe there are several options. Some states have recognized the unique challenges of specialty licensed children's hospitals as high Medicaid providers and understand the important role they play in the overall health status of children in their states. These state legislatures have created separate General Revenue line items to help offset losses in Medicaid reimbursement and uncompensated care. Other options may include specific funding formulas for stand-alone children's hospitals. We look forward to working with you to ensure long-term sustainability for specialty licensed children's hospitals that are unable to utilize Medicare and higher commercial volumes to offset the cost of Medicaid.

Should you require additional information, please do not hesitate to contact us.

Sincerely,



Narendra Kini, MD
President & CEO
Miami Children's Health System



Jonathan Ellen, MD
President & Physician-in-Chief
All Children's Hospital John Hopkins Medicine



Roger Oxendale
President
Nemours Children's Health System