

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1439 (Delegate Shetty, *et al.*)
 Appropriations

Public Health - Funding for Trauma Centers and Services

This bill (1) alters the purpose, funding sources, and reimbursement methodologies of the Maryland Trauma Physician Services Fund (MTPSF); (2) increases a vehicle registration surcharge and the maximum fines for specified drunk and drugged driving offenses, with all of the additional surcharge and 10% of the fine collected going to MTPSF; (3) requires MTPSF to transfer at least \$10.0 million annually to the State primary adult resource center (PARC, known as The R Adams Cowley Shock Trauma Center); and (4) removes the Maryland State Police Aviation Command (MSPAC) as an authorized use of Maryland Emergency Medical System Operations Fund (MEMSOF) funds. The bill also makes clarifying and technical changes. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: MTPSF special fund revenues increase by *at least* \$34.2 million annually beginning in FY 2025 from surcharge and fine revenues. General fund expenditures increase by \$45.2 million in FY 2025, increasing to \$58.8 million in FY 2029, to fund MSPAC. MEMSOF special fund expenditures decrease by \$45.2 million in FY 2025 and up to \$58.8 million in FY 2029, due to removal of MSPAC from MEMSOF, offset by a \$10.0 million increase in special fund expenditures for annual transfer to Shock Trauma. Minimal decrease in general fund revenues beginning in FY 2025 (not quantified but discussed below). **This bill establishes a mandated distribution beginning in FY 2025.**

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	(-)	(-)	(-)	(-)	(-)
SF Revenue	\$34.2	\$34.2	\$34.2	\$34.2	\$34.2
GF Expenditure	\$45.2	\$48.3	\$51.6	\$55.1	\$58.8
SF Expenditure	(\$35.2)	(\$38.3)	(\$41.6)	(\$45.1)	(\$48.8)
Net Effect	\$24.1	\$24.2	\$24.2	\$24.2	\$24.2

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Minimal decrease in fine revenues, as discussed below. Expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Definitions

The bill adds new definitions. “Reasonable compensation equivalent” means the limitation on the cost established by the federal Centers for Medicare and Medicaid Services that a provider may claim for compensation of services. “Trauma health care practitioner” means a health care practitioner licensed under the Health Occupations Article who provides care in a trauma center or in a rehabilitation hospital to trauma patients on the State trauma registry as defined by the Maryland Institute for Emergency Medical Services Systems (MIEMSS).

The bill alters the definition of “uncompensated care” to mean care provided by a trauma physician *or a trauma health care practitioner* to a trauma patient on the State trauma registry who (1) has no health insurance, including Medicare Part B coverage; (2) is not eligible for Medicaid; and (3) has not paid the trauma physician *or trauma health care practitioner* for care provided by the trauma physician *or trauma health care practitioner*, after documented attempts by the trauma physician *or trauma health care practitioner* to collect payment.

Maryland Trauma Physician Services Fund

Purpose: Under current law, the purpose of MTPSF is to subsidize the documented costs (1) of uncompensated care incurred by a trauma physician in providing trauma care to a trauma patient on the State trauma registry; (2) of undercompensated care incurred by a trauma physician in providing trauma care to a Medicaid enrollee who is a trauma patient on the State trauma registry; (3) incurred by a trauma center to maintain trauma physicians on-call as required by MIEMSS; (4) incurred by the State PARC (The R Adams Cowley Shock Trauma Center) to maintain specified physicians on-call and on standby as required by MIEMSS; and (5) incurred by the Maryland Health Care Commission (MHCC) and the Health Services Cost Review Commission (HSCRC) to administer the fund.

The bill expands the purpose of the fund to include subsidizing the documented costs of *trauma health care practitioners* (in addition to trauma physicians under current law).

Funding Sources: Under current law, MTPSF consists of motor vehicle registration surcharges paid into the fund in accordance with the Transportation Article. The current annual surcharge is \$17.00 for each vehicle registered, of which \$2.50 must be paid into MTPSF. The remainder of the surcharge accrues to MEMSOF.

The bill increases the annual vehicle surcharge from \$17.00 to \$24.50 for each vehicle registered and requires that the entire amount of that increase also be paid into MTPSF, such that \$10.00 for each vehicle subject to the surcharge is paid into MTPSF.

The bill also expands the funding sources for MTPSF to include (1) at least 10% of the fines collected for penalties for specified alcohol- and/or drug-related driving offenses and (2) any other money transferred from the general fund.

Disbursements: Under current law, disbursements from MTPSF must be made in accordance with a methodology established by HSCRC and MHCC, as specified. MTPSF must transfer to the Maryland Department of Health an amount sufficient to fully cover the State's share of expenditures for the costs of undercompensated care incurred by a trauma physician who is providing trauma care to a Medicaid enrollee who is a trauma patient on the State trauma registry.

The bill requires MTPSF to transfer at least \$10.0 million from the remaining balance in the fund each fiscal year to the State PARC (The R Adams Cowley Shock Trauma Center).

Trauma Center Reimbursement Rate Methodology

Under current law, the methodology for reimbursing costs incurred by trauma physicians and trauma centers must include an incentive to encourage hospitals to continue to subsidize trauma-related costs not otherwise included in hospital rates. The methodology must also take into account (1) the amount of uncompensated care provided by trauma physicians; (2) the amount of undercompensated care attributable to the treatment of Medicaid enrollees in trauma centers; (3) the cost of maintaining trauma physicians on-call; (4) the number of patients served by trauma physicians in trauma centers; (5) the number of Maryland residents served by trauma physicians in trauma centers; and (6) the extent to which trauma-related costs are otherwise subsidized by hospitals, the federal government, and other sources.

This bill alters the components of the reimbursement methodology as follows. The bill specifies that a Level II trauma center is eligible for a maximum of 26,280 hours of trauma on-call per year (rather than 24,500 under current law). The bill also alters the maximum reimbursement rates for specified on-call costs. **Exhibit 1** compares the reimbursement rates for trauma centers for specified on-call costs under current law with those under the bill.

Exhibit 1
Reimbursement Rate by Trauma Center Type for Specified On-call Providers

<u>Cost Incurred by</u>	<u>Under Current Law</u>	<u>Under the Bill</u>
Level I trauma center, Level II trauma center, pediatric trauma center, or Maryland Trauma Specialty Referral Center must be reimbursed at a rate of:	Up to 30% of the reasonable cost equivalents hourly rate for the specialty, inflated to the current year, as specified.	Up to 35% of the reasonable compensation equivalent hourly rate for the specialty, inflated to the current year, as specified.
Level III trauma center must be reimbursed at a rate of:	Up to 35% of the reasonable cost equivalents hourly rate for the specialty, inflated to the current year, as specified.	Up to 40% of the reasonable compensation equivalent hourly rate for the specialty, inflated to the current year, as specified.

Source: Department of Legislative Services

Under current law, the reimbursement made to trauma physicians and trauma centers is also subject to additional parameters. For example, the total reimbursement to emergency physicians from MTPSF may not exceed \$300,000 annually.

The bill adds the following additional parameters:

- MHCC, in consultation with HSCRC, may change the percentage of the reasonable compensation equivalent paid to trauma hospitals under specified circumstances and with specified notice;
- MHCC, in consultation with HSCRC, may change the number of allowable hours of trauma on-call each year with specified notice; and
- MHCC may modify the percentage paid for on-call out of the maximum number of hours allowed for on-call care no more than once each year.

The bill specifies that, in order to receive reimbursement, a trauma physician *or a trauma health care practitioner* in the case of costs of uncompensated care, or a trauma center in the case of on-call costs, must apply to MTPSF on a form and in a manner approved by MHCC and HSCRC. MHCC and HSCRC must adopt regulations that specify information that trauma physicians, *trauma health care practitioners*, and trauma centers must submit to receive funds from MTPSF. MHCC, in consultation with HSCRC and MIEMSS, must develop a process for the award of grants to *Level I*, *Level II*, and *Level III* trauma centers in the delivery of trauma care (moreover, grants no longer need to be used for equipment).

Penalties for Alcohol- and/or Drug-related Driving Offenses

Under the Transportation Article, a person may not drive or attempt to drive any vehicle while (1) under the influence of alcohol or under the influence of alcohol *per se*; (2) impaired by alcohol; (3) impaired by a drug, any combination of drugs, or any combination of drugs and alcohol; or (4) impaired by a controlled dangerous substance (CDS). Additionally, a person may not commit any of these offenses while transporting a minor. Penalties collected from these cases heard in the District Court accrue to the general fund, while penalties from cases heard in the circuit courts accrue to the county.

Under the bill, the *maximum* fine for a first offense for the following violations is increased from \$1,000 to \$1,100, and the *maximum* fine for a second offense is increased from \$2,000 to \$2,200:

- driving or attempting to drive while under the influence of alcohol;
- driving or attempting to drive while under the influence of alcohol *per se*;
- driving or attempting to drive while impaired by alcohol, while transporting a minor;
- driving or attempting to drive while so far impaired by any drug, any combination of drugs, or a combination of one or more drugs and alcohol that the person cannot drive a vehicle safely, while transporting a minor; and
- driving or attempting to drive while impaired by any CDS if not entitled to use the CDS under the laws of Maryland.

In addition, as noted previously, the bill requires that at least 10% of the fines collected for these violations be distributed to MTPSF.

Maryland Emergency Medical System Operations Fund

Under current law, MEMSOF consists of (1) vehicle registration surcharges; (2) all funds, including charges for accident scene transports and interhospital transfers of patients, generated by specified units of State government; and (3) revenue distributed from a \$7.50 moving violation surcharge under § 7-301(f) of the Courts and Judicial Proceedings Article. Money in the fund must be used solely for (1) medically oriented functions of MSPAC; (2) MIEMSS; (3) The R Adams Cowley Shock Trauma Center; (4) the Maryland Fire and Rescue Institute; (5) the provision of grants under the Senator Willam H. Amos Fire, Rescue, and Ambulance Fund; and (6) the Volunteer Company Assistance Fund.

The bill removes the medically oriented functions of MSPAC from the entities for which money in MEMSOF may be used. Additionally, the bill repeals the requirement that the Department of Budget and Management include MSPAC in its annual submission of the

proposed MEMSOF budget. No alternative funding source for MSPAC is included in the bill.

Reporting Requirements

Under current law, by November 1 each year, MHCC and HSCRC must report to the General Assembly on the fund, as specified, including the amount of money in the fund, the amount applied for and distributed, and recommendations for altering reimbursement methodologies.

The bill clarifies that the report must include the amount of money applied for by or distributed to *trauma health care practitioner* reimbursement, and any recommendations for altering the manner in which *trauma health care practitioners* are reimbursed. The bill also requires the annual report to include the amount HSCRC allowed in hospital rates for trauma costs, as specified.

State Fiscal Effect:

Increase in the Vehicle Registration Surcharge

The bill increases the annual vehicle registration fee surcharge from \$17.00 to \$24.50 for each motor vehicle registered and specifies that \$10.00 of the surcharge be paid into MTPSF. Currently, MTPSF receives \$2.50 of the \$17.00 surcharge. Thus, under the bill, an additional \$7.50 is distributed to MTPSF. The Maryland Department of Transportation (MDOT) advises that approximately 4.6 million vehicles are subject to the surcharge. Most vehicles register biennially and pay two years of annual fees at that time. Accordingly, MTPSF special fund revenues increase by \$34.2 million annually beginning in fiscal 2025. There is no impact on special fund revenues to MEMSOF, which continues to receive \$14.50 per surcharge. Any programming expenses for MDOT to implement the surcharge change can be absorbed with existing budgeted resources.

Increased Penalties for Alcohol- and/or Drug-related Driving Offenses

The bill increases the *maximum* fine that may be imposed on conviction for a first or second offense of specified alcohol- and/or drug-related driving offenses by \$100 and \$200, respectively, and directs 10% of the fines collected for guilty dispositions to MTPSF. The Judiciary advises that, in fiscal 2022 and 2023, there were an average of 1,485 guilty dispositions for these violations for cases heard in the District Court and 1,362 guilty dispositions for cases heard in the circuit courts. Judges have discretion as to whether to impose a term of imprisonment, a fine, or both on conviction; moreover, if a fine is imposed, it may be for less than the maximum allowed. It is not known whether fines were imposed in those cases, much less whether the maximum fine was imposed. Nevertheless,

assuming a stable number of guilty dispositions in future years, that all of them are first offenses (as the distribution between first and second offenses is not known), and that the *new* maximum fine of \$1,100 is generally imposed, then *at least* \$110 per guilty disposition would be distributed to MTPSF. *For illustrative purposes only*, under those assumptions, MTPSF revenues would increase by \$313,170 in fiscal 2025 and the general fund would lose \$10 for each case in the District Court – or \$14,850. However, to the extent the maximum fine is not imposed, then revenues distributed to the general fund decrease by as much as 10% of fine revenues collected, which could be a greater amount. For example, at an average fine of \$750 for those cases heard in the District Court, \$1.1 million would be collected; under current law, the general fund would receive that fine revenue, but under the bill, \$111,375 from the cases heard in District Court would instead be distributed to MTPSF.

The Judiciary advises that additional programming is necessary to implement changes to the maximum fine amounts at an estimated one-time cost of \$18,543 in fiscal 2025 only.

Annual Transfer to the State Primary Adult Resource Center

Under the bill, MTPSF must transfer at least \$10.0 million to the State PARC (The R Adams Cowley Shock Trauma Center) from the remaining balance in the fund each fiscal year. Thus, MTPSF special fund expenditures increase by \$10.0 million annually beginning in fiscal 2025.

Maryland Emergency Medical System Operations Fund

The bill repeals the authority to fund medically oriented functions of MSPAC from MEMSOF. As the bill does not substitute or specify another source of funding for MSPAC, this analysis assumes that general funds are used to replace current MEMSOF funding for MSPAC.

The fiscal 2025 budget as introduced includes \$45.2 million in MEMSOF special funds for medically oriented functions for MSPAC. Therefore, under the bill, MEMSOF special fund expenditures decrease by \$45.2 million in fiscal 2025, increasing to an estimated \$58.8 million in fiscal 2029. General fund expenditures increase accordingly to provide funding for medically oriented functions for MSPAC.

The Department of Legislative Services' fiscal 2025 operating budget analysis for MEMSOF notes that the fund is projected to become insolvent in fiscal 2026 and require approximately \$18.8 million in additional general fund support in fiscal 2026, increasing to \$38.9 million in 2030. Removal of funding for MSPAC from MEMSOF would address the looming insolvency issue and sustain MEMSOF for the foreseeable future. However, it would require significant additional general funding.

Alterations to Reimbursement Methodology

The bill makes several changes to the methodology and parameters that must be used to determine reimbursements from MTPSF. For example, the bill specifies that certain on-call costs must be reimbursed at a rate of 35% (or 40% for Level III trauma centers) of the reasonable compensation equivalent hourly rate for the specialty, inflated to the current year, as specified. The bill also specifies that a Level II trauma center is eligible for a maximum of 26,280 hours of on-call per year and authorizes MHCC to increase the current percentage of reasonable compensation, change the number of allowable hours, or modify the percentage paid for on-call out of the maximum hours allowed, as specified. The impact of these changes on MTPSF special fund expenditures cannot be reliably estimated at this time and, thus, is not reflected in this analysis. Any additional workload on MHCC and HSCRC as a result of the bill can be handled within existing budgeted resources.

Local Revenues: The bill increases the maximum fine that may be imposed for a first or second offense of specified alcohol- and/or drug-related driving offenses by \$100 and \$200, respectively. The Judiciary advises that, in fiscal 2022 and 2023, there were an average of 1,362 guilty dispositions for cases heard in the circuit courts. As noted above, judges have discretion as to whether to impose a term of imprisonment, a fine, or both on conviction; moreover, if a fine is imposed, it may be less than the maximum allowed. It is not known whether fines were imposed in those cases, much less whether the maximum fine was imposed. Nevertheless, assuming a stable number of guilty dispositions in future years, that all of them are first offenses (as the distribution between first and second offenses is not known), and that the *new* maximum fine of \$1,100 is generally imposed, then *at least* \$110 per guilty disposition would be distributed to MTPSF. Local revenues from the fines would decrease minimally – by \$10 for each such case (or \$13,620). However, to the extent the maximum fine is not imposed, then local revenues decrease by at least 10% of fine revenues collected, which could be a greater amount. For example, at an average fine of \$750 for cases heard in the circuit courts, \$1.0 million would be collected; under current law, all of that revenue would accrue to the counties in which the cases were heard, but under the bill, \$102,150 would instead be distributed to MTPSF.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Institute for Emergency Medical Services Systems; Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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