

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1164 (Delegate Rudolph, *et al.*)

Health and Government Operations

Finance

Maryland Trauma Physician Services Fund - Reimbursement Rates - Grants

This bill expands the types of trauma centers eligible for reimbursement under the Maryland Trauma Physician Services Fund, expands the types of trauma physicians who are eligible for reimbursement from the fund, and changes reimbursement rates for Level II and Level III trauma centers.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Maryland Trauma Physician Services Fund special fund expenditures could increase by at least \$9.0 million in FY 2007 which includes a one-time grant. Future year estimates reflect inflation.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	9.04	9.10	9.14	9.41	9.69
Net Effect	(\$9.04)	(\$9.10)	(\$9.14)	(\$9.41)	(\$9.69)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill defines “Maryland trauma specialty referral centers” as the Johns Hopkins Health System Burn Program, the Eye Trauma Center at the Wilmer Eye Institute at the Johns Hopkins Hospital, and the Curtis National Hand Center at Union Memorial Hospital. These types of trauma specialty referral centers are eligible for subsidies from the fund.

A “trauma physician” includes any physician who provides care in a trauma center or is on call and ready to provide care in a trauma center to trauma patients on the State trauma registry.

The bill changes the reimbursement rates for a Level II trauma center from 20% to 30% of reasonable costs, and for a Level III trauma center from 30% to 35% of reasonable costs. The bill specifies the types of trauma physicians at Level II and Level III trauma centers eligible for reimbursement from the fund. A Level II center is eligible for a maximum of 24,500 hours of on-call reimbursement per year, and a Level III trauma center is eligible for a maximum of 35,040 hours per year.

In addition, it requires the Health Services Cost Review Commission (HSCRC) to develop guidelines for annual grant approval of up to \$490,000 from the fund to subsidize the stand-by costs for an out-of-state pediatric trauma center that has entered into an agreement with the Maryland Institute for Emergency Medical Services Systems (MIEMSS).

MHCC must issue a one-time grant for up to \$300,000 to subsidize on-call services for the Curtis National Hand Center at Union Memorial Hospital. MHCC must issue this grant from any balance carried over to the fund as of July 1, 2006, from prior fiscal years.

MHCC, in consultation with HSCRC and the Maryland Institute for Emergency Medical Services Systems, must develop a process for the award of grants to Level II and III trauma centers in the State to be used for equipment primarily used in the delivery of trauma care. Grants awarded must be issued from any balance carried over to the fund as of July 1, 2006, from prior fiscal years and the total amount may not exceed \$3 million. Before awarding grants, MHCC must report to specified legislative committees on the process MHCC developed for awarding grants.

Other than the one-time grant issued to the Curtis National Hand Center and the grants awarded to Level II and III trauma centers, expenditures from the Maryland Physicians Trauma Fund for costs incurred in any fiscal year may not exceed revenues of the fund in that fiscal year without the approval of the General Assembly.

Current Law: The purpose of the Maryland Trauma Services Fund is to assure continued care of trauma patients on the trauma registry, in a trauma center that is: (1) designated by or contracts with MIEMSS as the State primary adult resource center; (2) a Level I, Level II, or Level III trauma center; or (3) a pediatric trauma center, by subsidizing documented costs. The fund provides subsidies for the documented costs: (1) to trauma center physicians or uncompensated care provided to trauma patients; and (2) to trauma centers providing 24-hour per day on-call physician coverage.

Background: The Maryland Trauma Physician Services Fund fiscal 2007 budget allowance is \$10.0 million, although the actual fund balance is expected to be \$18.0 million at the end of fiscal 2006. The fund is financed by a \$5 surcharge on all Maryland vehicle registrations. The fund is used primarily to subsidize the cost of uncompensated care, under-compensated care, and on-call services.

State Fiscal Effect: Trauma fund special fund expenditures could increase by at least \$9,041,000 in fiscal 2007. The expansion of the types of specialists (specialties) could include more than 26 additional specialties to receive reimbursement from the fund. The Maryland Health Care Commission assumes about six additional specialties will actually receive reimbursement from the fund. The information and assumptions used in calculating the estimate are stated below:

- on-call services reimbursement increases \$2,762,000 due to the reimbursement formula increases as well as the increased number of specialties that can seek reimbursement;
- uncompensated care payments to three specialty centers are \$500,000;
- uncompensated care reimbursements increase by \$2,000,000;
- Medicaid undercompensated care reimbursements increase by \$200,000;
- the stand-by allowance for an out-of-state pediatric trauma center increases by \$215,000;
- the one-time grant to the Hand Center is \$200,000;
- MHCC administrative costs increase by \$200,000 to handle increased claim volume and complexity;

- \$3.0 million to Level II and III trauma centers for equipment needs; and
- future year estimates reflect 4.5% medical inflation and assume funding for undercompensated care in the Medicaid program ends in fiscal 2008.

Additional Information

Prior Introductions: None.

Cross File: Although SB 835 is listed as a cross file, it is not identical.

Information Source(s): Department of Health and Mental Hygiene, Maryland Institute for Emergency Medical Services Systems, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2006
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