

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 916

(Senator Middleton)

Finance

Health and Government Operations

Maryland Trauma Physician Services Fund - Reimbursement and Grants

This bill • expands and specifies eligibility for reimbursement from the Maryland Trauma Physician Services Fund; • requires the Maryland Health Care Commission to develop a grant process for equipment for Level II and III trauma centers; • allows up to 10% of any fund balance to be used to award such grants; • otherwise prohibits expenditures from the fund from exceeding revenues in any given fiscal year; • increases by \$25,000 the cap on annual reimbursement to emergency physicians from the fund; and • increases the amount of an annual grant from the fund to a specified pediatric trauma center.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: Maryland Trauma Physician Services Fund expenditures could increase by as much as \$2.2 million in FY 2009 to provide grants, increase reimbursement to emergency physicians, and increase the grant to a specified pediatric trauma center. The amount of additional special fund expenditures under the bill cannot be reliably estimated at this time but could be significant. However, any such additional expenditures would be limited by the requirement that expenditures not exceed revenues. Excluding grant awards from this requirement would allow the fund balance to be significantly reduced beginning in FY 2009. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The definition of “trauma physician” is expanded to include physicians that provide care in a rehabilitation hospital that is affiliated with a trauma center by common ownership.

Level I trauma centers, pediatric trauma centers, and specialty referral centers must be reimbursed for costs incurred to maintain trauma surgeons, orthopedic surgeons, and neurosurgeons on-call when a post-graduate resident is attending in the trauma center. Reimbursement must be up to 30% of the reasonable cost equivalents hourly rate for the specialty, inflated to the current year. Level I and pediatric trauma centers are eligible for a maximum of 4,380 hours of trauma on-call per year. Specialty referral centers are eligible for a maximum of 2,190 hours of trauma on-call per year.

The cost of uncompensated care incurred by trauma physicians must be reimbursed at 100% of Medicare for the service, minus any recoveries made by the physician for the care. MHCC may establish a rate above that amount if MHCC • determines that a higher rate would address unmet need in the State trauma system; and • reports to specified standing committees at least 60 days before adjusting the rate.

The bill codifies the requirement for MHCC, in consultation with the Health Services Cost Review Commission and the Maryland Institute for Emergency Medical Services Systems, to develop a process for the award of grants to Level II and III trauma centers 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 from prior fiscal years and the total amount may not exceed 10% of the balance remaining in the fund at the end of the fiscal year prior to the year in which the grants are awarded. Before awarding grants, MHCC must report to specified standing committees on the process MHCC developed for awarding grants.

The cap on total reimbursement to emergency physicians from the fund is increased to \$300,000 annually. The maximum amount of the annual grant from the fund to subsidize the stand-by costs for an out-of-state pediatric trauma center that has entered into an agreement with MIEMSS is increased to \$590,000.

Current Law: The Maryland Trauma Physician Services Fund, administered by MHCC and HSCRC, was established in 2003 to subsidize • uncompensated and undercompensated care incurred by trauma physicians; • costs incurred by a trauma

center to maintain trauma physicians on-call; and • the costs to administer and audit reimbursement requests to assure appropriate payments are made from the fund. The fund is financed by a \$5 surcharge on all Maryland vehicle registrations.

Disbursements from the fund must be made in accordance with a methodology developed by MHCC and HSCRC. This methodology must take into account such factors as • the amount of uncompensated and undercompensated care provided by trauma physicians; • the cost of maintaining trauma physicians on-call; and • the number of trauma patients.

The cost incurred to maintain trauma surgeons, orthopedic surgeons, and neurosurgeons on-call 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 for Level II trauma centers. The cost to maintain these specialists as well as anesthesiologists at Level III trauma centers must be reimbursed at a rate of up to 35%. A Level II trauma center is eligible for a maximum of 24,500 hours of trauma on-call per year while a Level III trauma center is eligible for a maximum of 35,040 hours of trauma on-call per year.

The cost of uncompensated care incurred by a trauma physician must be reimbursed at a rate of up to 100% of the Medicare payment for the service, minus any recoveries made by the trauma physician for the care. Total reimbursement to emergency physicians from the fund may not exceed \$275,000 annually.

HSCRC must develop guidelines for the approval of an annual grant from the fund of up to \$490,000 to subsidize the stand-by costs for an out-of-state pediatric trauma center that has entered into an agreement with MIEMSS.

Background: Payments from the fund had not approached anticipated amounts after three years, resulting in a significant surplus. Thus, Chapter 484 of 2006 expanded the types of trauma centers and trauma physicians eligible for reimbursement and changed reimbursement rates for Level II and III trauma centers. Chapter 484 also included uncodified language requiring MHCC to develop a process for and award grants of up to \$3.0 million in fiscal 2007 only from the fiscal 2005 fund balance to Level II and III trauma centers to be used for equipment primarily used in the delivery of trauma care. Chapter 677 of 2007 required MHCC and HSCRC to include options for further reducing the surplus in the November 2007 annual report on the fund.

The fund receives approximately \$12.0 million in revenues annually. The proposed fiscal 2009 budget is \$13.1 million. The fiscal 2008 fund balance is expected to be \$20.6 million. This bill would allow the fund balance to be spent down over several years

through the award of grants. It would also implement many of the recommendations contained in the 2007 annual report.

State Expenditures: Maryland Trauma Physician Services Fund expenditures could increase by as much as \$2.2 million in fiscal 2009. This estimate reflects the cost to

- provide grants to Level II and III trauma centers of up to 10% of the fiscal 2008 fund balance to be used for equipment primarily used in the delivery of trauma care (\$2.1 million);
- increase emergency physician reimbursement (\$25,000); and
- increase the grant to a specified pediatric trauma center (\$100,000).

Expenditures could also increase to provide

- reimbursement to physicians that provide care in rehabilitation hospitals;
- reimbursement to Level I and pediatric trauma centers and specialty referral centers for on-call costs when a post-graduate resident is attending; and
- to the extent MHCC establishes a trauma physician reimbursement rate that exceeds 100% of Medicare, additional reimbursement to trauma physicians. The amount of any increase cannot be reliably estimated at this time but could be significant. However, any such increase would be limited by the requirement that such expenditures not exceed revenues.

Nevertheless, due to the ability to award grants annually, a significant reduction in fund balance is expected beginning in fiscal 2009.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 10, 2008
ncs/ljm Revised - Senate Third Reader - March 27, 2008

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