

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

House Bill 521 (Delegate Donoghue, *et al.*)
Health and Government Operations

Finance

**Maryland Trauma Physician Services Fund - Rural Trauma Centers -
Reimbursement**

This bill expands eligibility for reimbursement for Level III trauma centers from the Maryland Trauma Physician Services Fund by doubling the maximum number of reimbursable trauma on-call hours annually and authorizing reimbursement for costs incurred to maintain trauma physicians on-call in specified practice areas. Reimbursement is contingent upon availability of funds.

The bill terminates September 30, 2013.

Fiscal Summary

State Effect: Maryland Trauma Physician Services Fund expenditures could increase by as much as \$3.4 million beginning in FY 2010 if Level III trauma centers seek reimbursement for the maximum number of reimbursable on-call hours. However, this enhanced funding is contingent on the availability of revenues. As current expenditures nearly match existing revenues and revenues to the fund do not increase under the bill, special fund expenditures are expected to increase by a maximum of approximately \$200,000 annually until the bill's termination in FY 2014.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Level III trauma centers are eligible for a maximum of 70,080 hours of trauma on-call per year and reimbursement for costs incurred to maintain trauma physicians on-call in plastic surgery, major vascular surgery, oral or maxillofacial surgery, and thoracic.

The Maryland Health Care Commission (MHCC) must, by May 1 annually, determine appropriate levels of payment that can be sustained from the fund given expected revenue. If revenue is insufficient to meet expected payments, MHCC is prohibited from reimbursing Level III trauma centers for trauma on-call hours exceeding 35,040 or for those practice areas specified under the bill until the remaining costs eligible for reimbursement are fully funded.

Current Law: The Maryland Trauma Physician Services Fund, administered by MHCC and the Health Services Cost Review Commission (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 by a Level II trauma center 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. Level I trauma centers, pediatric trauma centers, and specialty referral centers must also be reimbursed for these costs when a post-graduate resident is attending in the trauma center. 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%.

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. 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 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 under specified circumstances. Total reimbursement to emergency physicians from the fund may not exceed \$300,000 annually.

Background:

Maryland Trauma Physician Services Fund: From 2003 to 2005, payments from the fund had not approached anticipated levels, 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 238 of 2008 expanded on-call payments to Level I trauma centers, permitted trauma physicians at rehabilitation hospitals to receive payments, codified the trauma equipment grant program, and authorized MHCC to increase uncompensated care reimbursement fees. Together these acts have brought expenditures from the fund in line with revenues.

The fund receives approximately \$12.0 million in revenues annually. The Governor's proposed fiscal 2010 budget includes \$12.2 million for the fund. The fiscal 2009 year-end fund balance is expected to be \$20.7 million. If enacted, SB 166/HB 101 of 2009, the Budget Reconciliation and Financing Act of 2009, will redirect \$17 million of the fund balance to the general fund, leaving a balance of only \$3.7 million.

Level III Trauma Centers: Peninsula Regional Medical Center, the Western Maryland Health System, and Washington County Hospital are currently designated by the Maryland Institute for Emergency Medical Services Systems as Level III trauma centers. In fiscal 2008, these trauma centers received 1,677; 636; and 853 trauma patients, respectively.

A Level III trauma center must have (1) trauma facilities (resuscitation unit, operating room, and intensive care unit) available at all times; (2) an on-call trauma surgeon available within 30 minutes of call; (3) an on-call anesthesiologist with a certified registered nurse anesthetist who is in the hospital; (4) an on-call orthopedic surgeon available within 30 minutes of call; and (5) an on-call neurosurgeon available within 30 minutes of call.

State Expenditures: Special fund expenditures from the fund could increase by as much as \$3.4 million beginning in fiscal 2010 to provide additional reimbursement to the three Level III trauma centers for the costs incurred to maintain trauma physicians on-call in plastic surgery, major vascular surgery, oral or maxillofacial surgery, and thoracic.

Funding is contingent upon the availability of revenues after other reimbursement from the fund is provided in full.

As expenditures from the fund are currently in line with revenues and the fund balance is proposed to be reduced to only \$3.7 million under the Budget Reconciliation and Financing Act of 2009, only about \$200,000 will be available for the purposes specified under the bill in the absence of additional revenue. Therefore, special fund expenditures are anticipated to increase by a maximum of \$200,000 annually until the bill's termination in fiscal 2014. To the extent additional revenues are provided to the fund, special fund expenditures may increase beyond this level.

Additional Information

Prior Introductions: None.

Cross File: SB 464 (Senator Edwards, *et al.*) - Finance.

Information Source(s): Allegany, Washington, and Wicomico counties; Maryland Health Care Commission; Maryland Institute for Emergency Medical Services Systems; Department of Health and Mental Hygiene; University of Maryland Medical System; Department of Legislative Services

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