

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 901

(Senator Hayes, *et al.*)

Finance

Appropriations

**Maryland Trauma Fund - State Primary Adult Resource Center -
Reimbursement of On-Call and Standby Costs**

This bill expands the purpose of the Maryland Trauma Physician Services Fund (MTPSF) to include subsidizing the documented costs incurred by the State primary adult resource center (PARC) to maintain trauma surgeons, orthopedic surgeons, neurosurgeons, and anesthesiologists on-call and on standby as required by the Maryland Institute for Emergency Medical Services Systems (MIEMSS). The Maryland Health Care Commission (MHCC) must develop guidelines for the reimbursement of the documented costs of PARC. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: Special fund expenditures from MTPSF increase, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: “Trauma center” means a facility designated by MIEMSS as the State PARC, a Level I trauma center, a Level II trauma center, a Level III trauma center, a pediatric trauma center, or the Maryland Trauma Specialty Referral Centers.

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 Maryland 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; and (4) incurred by MHCC and the Health Services Cost Review Commission (HSCRC) to administer the fund and audit reimbursement requests to assure appropriate payments are made from the fund.

MTPSF is administered by MHCC and HSCRC. Disbursements from the fund must be made in accordance with a methodology established jointly by MHCC and HSCRC to calculate costs incurred by trauma physicians and trauma centers that are eligible to receive reimbursement. The methodology established must meet numerous requirements outlined in statute. Those requirements specifically outline the parameters to determine the amount of reimbursement made to trauma physicians and trauma centers for a Level I, Level II, and Level III trauma center; a pediatric trauma center; and the Maryland Trauma Specialty Referral Centers.

Background: Chapter 385 of 2003 established MTPSF 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. Uncodified language expressed the intent of the General Assembly that MHCC and HSCRC give priority to meeting the funding needs of Level III trauma centers to maintain physicians on-call.

MTPSF is financed by a \$5 surcharge on all Maryland vehicle registrations. Expenditures from the fund for costs incurred in any fiscal year may not exceed revenues of the fund in that fiscal year.

The Governor's proposed fiscal 2020 budget includes \$12.3 million in expenditures from the fund, which began fiscal 2019 with a \$3.0 million fund balance. The Budget Reconciliation and Financing Act of 2018 authorized, for fiscal 2019 only, \$8.0 million from MTPSF to be used for Medicaid provider reimbursements.

The R Adams Cowley Shock Trauma Center within the University of Maryland Medical System in Baltimore City serves as the State PARC. [According to MIEMSS](#), to be designated a PARC, a hospital must meet several standards based on physician availability that are not required of any other trauma center, including having (1) an attending surgeon who is fellowship trained and in the hospital at all times; (2) specified dedicated facilities available 24 hours per day; (3) an anesthesiologist in the hospital at all times and dedicated to trauma care; (4) an orthopedic surgeon in the hospital at all times and dedicated to trauma care; and (5) a neurosurgeon in the hospital at all times and dedicated to trauma care.

Shock Trauma receives an annual operating subsidy from the Maryland Emergency Medical Systems Operating Fund. The Governor's proposed fiscal 2020 budget includes \$3.3 million for the subsidy.

The eight Level I, Level II, and Level III trauma centers in the State also receive funding for standby trauma costs through inpatient and outpatient hospital rates. In fiscal 2018, this funding totaled more than \$6.5 million.

State Expenditures: Special fund expenditures from MTPSF increase by an indeterminate amount beginning in fiscal 2020 to subsidize the documented costs incurred by PARC to maintain specified physicians on-call and on standby as required by MIEMSS. The amount of the increase is dependent on the specific guidelines developed by MHCC and the specific documented costs incurred by PARC.

MHCC advises that, based on the fiscal 2018 disbursement to Johns Hopkins Hospital, a Level I trauma center, MTPSF expenditures likely increase by approximately \$1.6 million. However, the Department of Legislative Services notes that the bill does not prescribe specific guidelines for the reimbursement. MHCC further advises that an additional disbursement to PARC can be supported with existing MTPSF revenues and that the current vehicle registration surcharge will be sufficient to maintain funding in subsequent years.

Additional Information

Prior Introductions: None.

Cross File: HB 607 (Delegates McIntosh and Busch) - Appropriations.

Information Source(s): Maryland Institute for Emergency Medical Services Systems; University of Maryland Medical System; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2019
md/jc Third Reader - March 26, 2019

Analysis by: Nathan W. McCurdy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510