

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1439
 Appropriations

(Delegate Shetty, *et al.*)

Budget and Taxation

Emergency Services - Funding

This bill (1) alters the purpose, funding sources, and reimbursement methodologies of the Maryland Trauma Physician Services Fund (MTPSF); (2) increases the annual vehicle registration surcharge for the Maryland Emergency Medical System Operations Fund (MEMSOF) and MTPSF and allocates a portion of the higher surcharge elsewhere – to the State primary adult resource center (PARC, known as the R Adams Cowley Shock Trauma Center); (3) increases the maximum fines for specified drunk and drugged driving offenses, with at least 20% of the fines collected going to MTPSF; and (4) requires the Governor to include \$16.5 million in the annual budget bill for the Senator William H. Amoss Fire, Rescue, and Ambulance Fund beginning in fiscal 2026. The bill also makes clarifying and technical changes. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Special fund revenues increase by \$104.8 million annually beginning in FY 2025 due to the higher surcharge, with as much as \$45.6 million for MEMSOF, at least \$41.0 million for Shock Trauma, and \$18.2 million for MTPSF. Special fund expenditures increase by \$3.4 million in FY 2025 and \$4.9 million annually thereafter, reflecting a combination of higher costs for the Transportation Trust Fund (TTF), earmarked grants provided through MTPSF, and a mandated appropriation paid from MEMSOF. Minimal decrease in general fund revenues, with a minimal further increase in MTPSF revenues beginning in FY 2025 (not quantified but discussed below); minimal increase in general fund expenditures in FY 2025 only. **This bill establishes mandated distributions beginning in FY 2025 and a mandated appropriation beginning in FY 2026.**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	(-)	(-)	(-)	(-)	(-)
SF Revenue	\$104.78	\$104.78	\$104.78	\$104.78	\$104.78
GF Expenditure	\$0.02	\$0	\$0	\$0	\$0
SF Expenditure	\$3.41	\$4.91	\$4.91	\$4.91	\$4.91
Net Effect	\$101.35	\$99.87	\$99.87	\$99.87	\$99.87

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

Local Effect: Local governments benefit from the availability of more funding from the Senator William H. Amoss Fire, Rescue, and Ambulance Fund; this additional funding is partially offset by a 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 \$40.00 (an increase of \$23.00 annually) for each vehicle registered and requires that \$4.00 of that increase also be paid into MTPSF, such that a total of \$6.50 for each vehicle subject to the surcharge is paid into MTPSF. Additionally, the bill requires the Governor to annually allocate *at least* \$9.00 of the \$40.00 annual surcharge to the R Adams Cowley Shock Trauma Center. The balance of the surcharge collected (as much as \$24.50) must be paid to MEMSOF.

The bill also expands the funding sources for MTPSF to include (1) at least 20% 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.

Annual Grant Requirements: Under the bill, MHCC must award an annual grant from MTPSF of up to \$1.8 million to Level I pediatric trauma centers as follows: (1) up to \$900,000 to Johns Hopkins Children's Center and (2) up to \$900,000 to Children's National Medical 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.

The bill alters key components of the reimbursement methodology. It 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 60% 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 60% 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 of the reasonable compensation equivalent for on-call hours 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).

Under current law, MHCC must issue grants from any balance carried over to MTPSF from prior fiscal years. The total amount of grants awarded pursuant to these requirements may not exceed 10% of the balance remaining in MTPSF at the end of the fiscal year immediately prior to the fiscal year in which grants are awarded. The bill repeals this requirement and instead specifies that the total amount of grants awarded in a fiscal year may not reduce the balance remaining in MTPSF at the end of the fiscal year to less than 15% of the revenue collected in that fiscal year.

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 costs that hospitals reported to HSCRC and are accounted for in the global budgets of the hospitals for each of the following: (1) trauma standby; (2) allowable trauma center costs for reimbursing the trauma director and trauma staff; (3) maintaining MIEMSS trauma protocols; (4) maintaining specialized trauma staff; (5) procuring specialized trauma equipment; and (6) providing trauma education and training. Finally, MHCC and HSCRC must report on any improvements made by trauma centers as a result of an increase in funding.

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. In addition to or in lieu of imposing a fine, a term of imprisonment may be imposed. 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 \$1,200, and the *maximum* fine for a second offense is increased from \$2,000 to \$2,400:

- 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.

The bill does not affect the terms of imprisonment for these offenses (a maximum of one year for a first offense and a maximum of two years for a second offense) or the ability to impose a fine and/or a term of imprisonment. However, when a fine is imposed, the bill requires that at least 20% of the fines collected for these violations be distributed to MTPSF.

Maryland Emergency Medical System Operations Fund

Under current law, MEMSOF consists of (1) annual 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 the Maryland State Police Aviation Command; (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 William H. Amoss Fire, Rescue, and Ambulance Fund; and (6) the Volunteer Company Assistance Fund.

The bill does not modify the uses of MEMSOF. However, as noted above, the bill increases funding for MEMSOF. The annual vehicle surcharge increases by \$23.00 to a total of \$40.00. The surcharge is allocated as follows: \$6.50 (an increase of \$4.00) to MTPSF; at least \$9.00 to be allocated annually by the Governor to the R Adams Cowley Shock Trauma Center; and the balance – at most \$24.50 (an increase of up to \$10.00) – to MEMSOF.

Senator William H. Amoss Fire, Rescue, and Ambulance Fund

The Amoss Fund provides grants to local jurisdictions for the purchase of fire and rescue equipment and building rehabilitation. These grants are administered by the Maryland Department of Emergency Management (MDEM). Beginning in fiscal 2026, the Governor must include an annual appropriation to the fund of at least \$16.5 million.

State Fiscal Effect:

Increase in the Vehicle Registration Surcharge

The Motor Vehicle Administration (MVA) advises that approximately 4.6 million vehicles are subject to the annual emergency medical services (EMS) surcharge. Under the bill, the annual surcharge increases by \$23.00 (from \$17.00 to \$40.00). Thus, assuming the number of registrations subject to the annual EMS surcharge remains constant and that approximately one-half of owners who pay their registrations biennially (most of them do so, although some register on an annual basis) are evenly distributed across two years, special fund revenues increase by a total of \$104.8 million annually beginning in fiscal 2025, which is distributed as shown in **Exhibit 2**.

Exhibit 2
Revenue Distribution of Increase in Annual Emergency Medical Services Surcharge
Beginning in Fiscal 2025

	<u>Share of</u> <u>Surcharge</u> <u>Increase</u>	<u>Annual</u> <u>Additional</u> <u>Funding</u>
Total Increase	\$23.00	\$104,781,905
Maryland Trauma Physician Services Fund	4.00	18,222,940
R Adams Cowley Shock Trauma Center	9.00	41,001,615
Maryland Emergency Medical System Operations Fund	10.00	45,557,350

Note: The share for the R Adams Cowley Shock Trauma Center reflects the lowest allocation required (at least \$9.00), whereas the share for the Maryland Emergency Medical System Operations Fund reflects the maximum allocation authorized – the balance after the Shock Trauma allocation.

Source: Maryland Department of Transportation; Department of Legislative Services

Under the bill’s distribution of the surcharge, special fund revenues for MEMSOF increase by, *at most*, \$45.6 million annually beginning in fiscal 2025 (reflecting the entirety of the \$10.00 portion of the surcharge which may be made available to MEMSOF).

The bill requires the Governor to allocate *at least* \$9.00 of the surcharge to the R Adams Cowley Shock Trauma Center. Thus, revenues for Shock Trauma increase by *at least* \$41.0 million annually beginning in fiscal 2025. If more than that amount is allocated to Shock Trauma, MEMSOF revenues decrease correspondingly. In most recent years, the R Adams Cowley Shock Trauma Center has received a set level of funding from

MEMSOF (consistent with intent language in the Transportation Infrastructure Investment Act of 2013 (Chapter 429 of 2013)). This analysis assumes the direct allocation under the bill is supplementary to the budgeted amount of \$3.7 million in fiscal 2025 and would continue to be supplementary in the out-years. (Generally, that funding has been set at \$3.2 million, but in fiscal 2024 and 2025, additional funding has been provided, for a total of \$3.7 million from MEMSOF each year. While not required, the Department of Budget and Management assumes that the higher level of funding (\$3.7 million from MEMSOF) would continue in fiscal 2026 and subsequent years; under the bill, Shock Trauma remains an eligible use of funding from MEMSOF.)

Also under the bill, the portion of the total surcharge reserved for MTPSF increases by \$4.00 (from \$2.50 to \$6.50). Thus, MTPSF special fund revenues from this source increase by \$18.2 million annually beginning in fiscal 2025.

The Department of Legislative Services advises that, given the higher surcharge paid with each registration, TTF expenditures increase due to fees associated with credit card processing. This analysis assumes 70% of transactions are subject to a 3% processing fee; accordingly, TTF expenditures increase by approximately \$2.2 million annually. This fee is not passed on to the fund receiving the surcharge revenues but is covered by TTF.

Senator William H. Amoss Fire, Rescue, and Ambulance Fund – Mandated Funding

Beginning in fiscal 2026, the bill requires the Governor to include in the annual budget \$16.5 million for the Amoss Fund. Chapter 429 of 2013 expressed the intent of the General Assembly that the Amoss Fund receive varying amounts of funding from fiscal 2015 through 2017, with \$15.0 million of intended funding in fiscal 2017. Since fiscal 2017, the fund has received an ongoing appropriation of \$15.0 million annually from MEMSOF. This analysis assumes the required \$16.5 million appropriation under the bill is entirely from MEMSOF; thus, MEMSOF expenditures increase by \$1.5 million annually.

Mandated Grants

The bill requires that MHCC annually award up to \$1.8 million in grants to Level I pediatric trauma centers from MTPSF. As \$590,000 is already provided to one of the grantees, this bill assumes MTPSF expenditures increase by more than \$1.2 million for this purpose, beginning in fiscal 2025, which reflects the maximum in awards under the bill.

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 \$200 and

\$400, respectively, and directs at least 20% 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 \$1,200 is generally imposed, then *at least* \$240 per guilty disposition would be distributed to MTPSF. *For illustrative purposes only*, under those assumptions, MTPSF revenues would increase by at least \$683,280 in fiscal 2025 and the general fund would lose \$40 for each case in the District Court – or \$59,400 (or more if an amount greater than 20% is distributed to MTPSF). However, to the extent the maximum fine is not imposed, then revenues distributed to the general fund decrease by at least 20% 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, at least \$222,750 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.

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 up to 60% (including up to 60% 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:

Fine 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 \$200 and \$400, 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 \$1,200 is generally imposed, then *at least* \$240 per guilty disposition would be distributed to MTPSF. Local revenues from the fines would decrease minimally – by \$40 for each such case, or \$54,480 (or more if an amount greater than 20% is distributed to MTPSF). However, to the extent the maximum fine is not imposed, then local revenues decrease by at least 20% 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, at least \$204,300 would instead be distributed to MTPSF.

Senator William H. Amoss Fire, Rescue, and Ambulance Fund – Mandated Funding

The Amoss Fund provides funding for counties and Baltimore City, distributed by MDEM, to purchase fire and rescue equipment and for capital building improvements. Distributions are made according to each county's percentage of total property tax accounts. Qualified municipalities in a county receive a percentage of the funds received by a county equal to one-half of the proportion that the municipality's expenditures bear to the county's expenditures. All counties receive a minimum 2% of the annual appropriation in addition to the amounts distributed to qualified municipalities. Thus, under the bill, counties and Baltimore City benefit from the additional funding according to current distribution requirements. For example, based on current maintenance of effort requirements and other related funding provisions, the estimated increase due to the additional \$1.5 million in funding through the Amoss Fund varies from \$197,452 for Montgomery County to \$10,860 for Calvert County beginning in fiscal 2025.

Additional Comments: Senate Bill 362 of 2024 (the Budget Reconciliation and Financing Act (BRFA) of 2024) and Senate Bill 1092 of 2024 contain provisions identical to those in this bill. However, the BRFA encompasses additional provisions related to fees paid at vehicle registration, including a requirement for MVA to allow vehicle owners to pay

registration fees, as specified in Title 13, Subtitle 9 of the Transportation Article, in installments throughout the registration period (which for most vehicle owners is for two years, with both years of annual fees paid biennially), as determined by MVA. As the surcharges under this bill are established in the same subtitle as the other fees paid at registration, they may be construed as also being eligible for payment through an installment plan – but under the BRFA only.

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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