

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 835 (Senator Middleton)
 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, changes reimbursement rates for Level II and Level III trauma centers, and increases the total reimbursement to a trauma physician from \$250,000 to \$275,000 annually.

Fiscal Summary

State Effect: Maryland Trauma Physician Services Fund special fund expenditures could increase by at least \$7.4 million in FY 2007. 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	7.4	7.7	8.1	8.5	8.8
Net Effect	(\$7.4)	(\$7.7)	(\$8.1)	(\$8.5)	(\$8.8)

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 Regional Burn Center at the Johns Hopkins Bayview Medical Center, 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, and caps total annual reimbursement to trauma physicians at \$275,000 annually.

In addition, it requires the Health Services Cost Review Commission (HSCRC) to develop guidelines for annual grant approval of up to \$590,000 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). HSCRC 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.

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 \$7,414,200 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 \$5,024,200 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 \$1,000,000;
- Medicaid uncompensated care reimbursements increase by \$250,000;
- the stand-by allowance for an out-of-state pediatric trauma center increases by \$315,000;
- the one-time grant to the Hand Center is \$300,000;
- increasing the trauma physician reimbursement cap by \$25,000 (it is assumed this cap applies to emergency trauma physicians only); and
- future year estimates reflect 4.5% medical inflation.

Additional Information

Prior Introductions: None.

Cross File: HB 1164 (Delegates Rudolph and Donoghue) – Health and Government Operations.

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 4, 2006
mll/jr

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