VIRGINIA TRAUMA CENTER FUND REPORT

Virginia Department of Health – Office of Emergency Medical Services

October 1, 2018

INTRODUCTION

In accordance with Item 289D of the 2018 Appropriation Act, "the State Health Commissioner shall review current funding provided to trauma centers to offset uncompensated care losses, report on feasible long-term financing mechanisms, and examine and identify potential funding sources on the federal, state, and local level that may be available to Virginia's trauma centers to support the system's capacity or provide quality trauma services to Virginia's citizens. As sources are identified, the commissioner shall work with any federal and state agencies and the Trauma System Oversight and Management Committee to assist in securing additional funding for the trauma system."

BACKGROUND

In 2006, Virginia's Trauma Center Fund was established in Section 18.2-270.01 of the *Code of Virginia (Code)*. The Trauma Center Fund collects a portion of the fees associated with the reinstatement of driver's licenses and convictions for driving a motor vehicle under the influence of a substance or alcohol. These fees then are allocated to Virginia's trauma centers in an effort to defray the costs associated with trauma center designation.

Trauma System Funding Challenges

Trauma patients are those with severe, multisystem injuries that require complex critical care resulting in additional costs for coordinated clinical care and trauma system readiness. These additional costs are not reimbursed by public or private payers. Reimbursement from these sources is limited to the provision of actual clinical care given to a patient with multiple isolated injuries. For example, a trauma center that treats a patient with multiple serious injuries to his chest, abdomen, and upper leg would be reimbursed for the treatment of those three isolated injuries only. This approach to reimbursement does not account for the complex coordinated care within a trauma-ready system.

In 2004, a Joint Legislative Audit and Review Commission (JLARC) report, "The Use and Financing of Trauma Centers in Virginia," stated that the Virginia trauma system faced financial burdens for two major reasons: uncompensated or undercompensated care and readiness costs. The JLARC study concluded that the 14 trauma centers in Virginia were losing a combined $44 million each year.

Section 3505(a) of the Affordable Care Act authorized the appropriation of $100 million to trauma centers and an additional $100 million to support state trauma systems for FY2010 through FY2015; however, funds were never actually appropriated. Section 3505 came about through strong advocacy by state trauma system stakeholders and national associations. Section 3505 recognized that hospitals designated as trauma centers incur additional costs due to both a higher ratio of uninsured or underinsured patients and the heightened level of resources required to be on call and immediately available in order to meet designation criteria.

Reimbursement rates also do not account for the specialized resources that are maintained in a high state of readiness and which may or may not be utilized. The cost of specialized training, extra staffing, surgical specialties that must be immediately available, and extra infrastructure required by trauma center designation must be absorbed by the facility. These costs are usually cross-subsidized by other initiatives; if not, trauma center services are eventually abandoned.

FINDINGS

Use of Trauma Center Fund

The *Code* directs use of the Trauma Center Fund to defray the costs of providing emergency medical care to victims of automobile accidents attributable to alcohol or drug use. The amount of funds awarded are calculated using admitted patient length of stay days as an indicator of a trauma center's costs to provide emergency trauma care. Table 1 below summarizes the funding provided to each designated trauma center in FY18.

Table 1. Trauma Center Funding by Trauma Center

Trauma Center	FY2018 Funding Amount
Level I	
Carilion Medical Center - Roanoke	$ 1,267,100.73
INOVA Health Care Services (*Inova Fairfax Hospital)*	$ 1,237,360.38
Sentara Norfolk General	$ 928,548.22
University of Virginia	$ 1,107,951.59
VCU Health Systems	$ 2,317,908.77
Level II	
AHA Training Center c/o CENTRA Health Inc. *(Lynchburg)*	$ 386,779.29
Mary Washington Hospital Inc. *(Fredericksburg)*	$ 389,418.12
Riverside Regional Medical Center *(Newport News)*	$ 525,023.86
Valley Health Systems *(Winchester)*	$ 445,401.39
Chippenham and Johnston Willis Hospitals (*Chippenham Medical Center*)	$ 491,186.59
Henrico Doctors Hospital, Forest	$ 233,336.52
Reston Hospital Center	$ 172,667.50
Level III	
Chippenham and Johnston Willis Hospitals *(Johnston Willis Hospital*)	$ 168,511.45
Carilion New River Valley Medical Center	$ 174,758.07
Lewis Gale Hospital Montgomery Inc.	$ 172,367.66
Petersburg Hospital Company Inc. *(Southside Regional Medical Center)*	$ 200,900.07
Sentara Virginia Beach General	$ 445,030.24
TOTAL	**$ 10,664,250.48**

Source: VDH Office of Emergency Medical Services (OEMS)

The level of readiness required of a trauma-designated hospital is unparalleled by other disciplines. The Trauma Center Fund Disbursement Policy focuses on the readiness costs incurred by hospitals specifically due to being designated as a trauma center as illustrated in Table 2. The Virginia Department of Health (VDH) Office of Emergency Medical Services (OEMS) engages annually with the Trauma System Oversight and Management Committee of the State Emergency Medical Services Advisory Board to review the Trauma Center Fund Distribution Policy. Working with system stakeholders, the goal is to assure that utilization of funds remains relevant to current needs and addresses areas of deficiencies found during the trauma center designation process. This approach typically results in actual changes occurring triennially.

Table 2. Utilization of Trauma Center Funds by Category for CY 2017

Category	Total Funds Used	Percentage
Support an administrative infrastructure	$ 4,514,345.65	44.80%
Support higher staffing levels	$ 3,344,133.95	33.20%
Support extensive trauma related training to staff	$ 571,853.93	5.70%
Procure trauma specific patient care equipment	$ 430,165.34	4.30%
Support injury prevention/community outreach	$ 448,693.46	1.40%
Support a trauma specific comprehensive PI program	$ 425,568.15	4.20%
Support for outreach program(s)	$ 138,179.02	1.40%
Support for trauma related research	$ 117,499.00	1.20%
Renovate physical structures to benefit trauma care	$ 82,136.00	0.80%
Totals	**$10,072,574.50**	**97.00%**

Note: Percentages do not total 100% because trauma centers are allowed to carry over unexpected funds from the prior year. (Source: VDH OEMS)

Feasible Long-Term Financing Mechanisms

The only source of funding dedicated to Virginia's trauma system continues to be the Trauma Center Fund. A 2015 Trauma System Consultation visit by the American College of Surgeons (ACS) Committee on Trauma noted that the Commonwealth of Virginia is very fortunate to have dedicated funding to support trauma centers, regional emergency medical services (EMS) councils, and trauma system infrastructure. During the visit, however, the ACS Committee noted that Virginia's trauma centers do not report the cost of care or charges associated with the care of injured patients and this information would be valuable in demonstrating the need for trauma-readiness funding beyond payer reimbursements.

The Virginia State EMS Advisory Board has tasked the Trauma System Oversight and Management Committee to create a strategic, system-focused plan that incorporates the recommendations put forth by the ACS. The Trauma System Plan Taskforce was established and met over the course of two years to design the Commonwealth of Virginia Trauma System Plan. The plan calls for the creation of seven committees that represent all phases of trauma care. Each committee is responsible for implementing the goals and objectives of the plan that are relevant to its phase of trauma care. The Trauma Administrative and Governance Committee is the lead committee, and a key responsibility of this group is to develop a financial framework that supports the vision and mission of the trauma system. A priority objective is to evaluate the current funding source for the Trauma Center Fund and to develop strategies to obtain additional permanent funding for the trauma system. VDH will request this committee also evaluate reporting cost-of-care data to the Virginia State Trauma Registry.

The expansion of Medicaid could potentially help to offset the costs of uncompensated trauma care in Virginia. According to a study published in the Journal of Trauma and Acute Care Surgery (May 2017), on the national level approximately 14% of uninsured non-elderly adult trauma patients likely will enroll in Medicaid, which could result in over one billion dollars in increased revenue for trauma centers and a corresponding increase of 9% in profit margin. The study also found that hospitals that stood to gain the most from insurance coverage expansion were those that are already caring for the highest proportion of uninsured and minority patients.

Because the Virginia State Trauma Registry currently does not collect cost-of-care data, VDH is unable to provide a financial analysis of the impact Medicaid expansion will have on Virginia's trauma system. Data from the Virginia Statewide Trauma Registry for 2014-2017 shows that of the 56,126 trauma patients in the registry, 14,227 (25%) were self-pay. Using the 14% Medicaid enrollment number from the study above, it is possible that trauma centers could have received reimbursement for care provided to almost 2,000 additional patients. VDH will request the Trauma Administrative and Governance Committee to evaluate the financial impact of Medicaid expansion on trauma care in the Commonwealth.

VDH OEMS continues to monitor opportunities for other sources of funding to increase the support for Virginia's trauma system. Routine involvement with federal agencies and participation on the National Association of State EMS Officials Trauma Managers Council allows OEMS to stay informed and supports efforts for identifying increased trauma center funding sources.

Figure 1 illustrates the combined revenue for the Trauma Center Fund. The fund can be broken down further into revenue from driver's license reinstatement fees and multiple offender fees. At this level of detail, multiple offender fees have remained stagnant, whereas there was a noticeable decline in driver's license reinstatement fees from FY16 to FY17 as identified in Figure 2.

Figure 1. Three-Year Trend of Trauma Center Fund Revenue

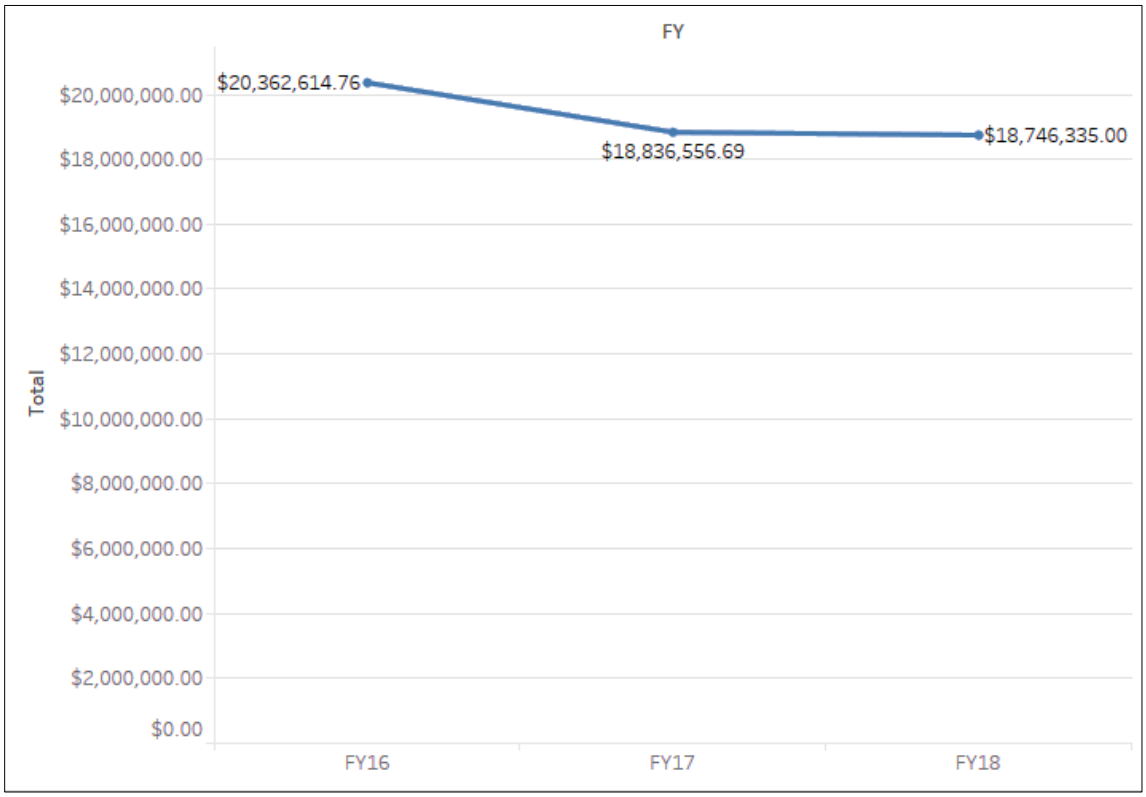
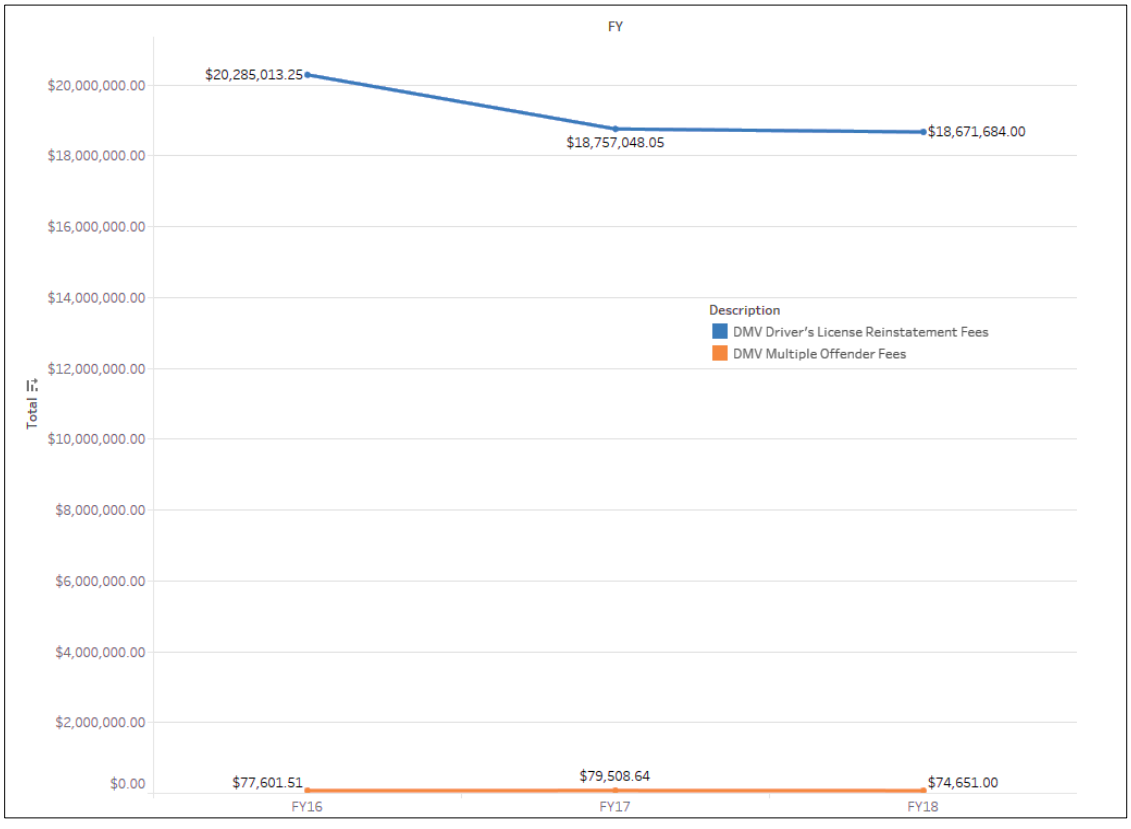


Figure 2. Three Year Detailed Trend of Trauma Center Fund Revenue



Additional analysis performed on the amount allocated per trauma center over the past three fiscal years (Table 3) shows the amount disbursed, per facility, in addition to the amounts requiring transfer to the General Fund (Table 4).

Table 3. Comparative Analysis of Trauma Center Fund Amounts per Trauma Center

Trauma Center*	FY16	FY17	FY18
Level I			
Carilion Medical Center - Roanoke	$ 1,203,993.68	$ 1,202,947.09	$ 1,267,100.73
INOVA Health Care Services *(Inova Fairfax Hospital)*	$ 1,443,646.20	$ 1,442,391.28	$ 1,237,360.38
Sentara Norfolk General	$ 1,065,597.87	$ 1,064,671.58	$ 928,548.22
University of Virginia	$ 1,031,754.10	$ 1,030,857.23	$ 1,107,951.59
VCU Health Systems	$ 2,393,177.44	$ 2,391,097.13	$ 2,317,908.77
Level II			
AHA Training Center c/o CENTRA Health Inc. *(Lynchburg)*		$ 263,312.17	$ 386,779.29
Mary Washington Hospital Inc. *(Fredericksburg)*	$ 413,221.10	$ 412,861.90	$ 389,418.12
Riverside Regional Medical Center *(Newport News)*	$ 557,675.01	$ 557,190.24	$ 525,023.86
Valley Health Systems *(Winchester)*	$ 307,287.68	$ 307,020.57	$ 445,401.39
Chippenham and Johnston Willis Hospitals (*Chippenham Medical Center*)	$ 229,972.10	$ 229,772.19	$ 491,186.59
Henrico Doctors Hospital, Forest**			$ 233,336.52
Reston Hospital Center**			$ 172,667.50
Level III			
Chippenham and Johnston Willis Hospitals *(Johnston Willis Hospital*)	$ 106,155.65	$ 106,063.38	$ 168,511.45
Carilion New River Valley Medical Center	$ 111,930.81	$ 111,833.52	$ 174,758.07
Montgomery Regional Hospital Inc.	$ 111,656.20	$ 111,559.14	$ 172,367.66
Petersburg Hospital Company Inc. *(Southside Regional Medical Center)*	$ 127,616.95	$ 127,506.01	$ 200,900.07
Sentara VA Beach General	$ 422,849.14	$ 422,481.57	$ 445,030.24
TOTAL	**$ 9,526,533.93**	**$ 9,781,565.00**	**$ 10,664,250.48**

*Notes: *Trauma Center Designation as of FY18* *Source: VDH OEMS*
***Newly designated trauma center as of FY18*

The 2018 Appropriation Act, under § 3-1.01, Interfund Transfers, requires one-half of the revenue received in the Trauma Center Fund to be transferred to the general fund. The specific language follows:

> S. The State Comptroller shall transfer quarterly, one-half of the revenue received pursuant to § 18.2-270.01, of the Code of Virginia, and consistent with the provisions of § 3-6.03 of this act, to the general fund in an amount not to exceed $8,055,000 the first

year, and $8,055,000 the second year from the Trauma Center Fund contained in the Department of Health's Financial Assistance for Non Profit Emergency Medical Services Organizations and Localities (40203).

Table 4. Amount to General Fund by Fiscal Year

Fiscal Year	Amount
FY18	$8,055,000
FY17	$9,055,000
FY16	$9,055,000

Challenges to Current Funding

Virginia Supreme Court Rule 1:24, which became effective February 1, 2017, is intended to facilitate the payment of fines, court costs, penalties, and restitution assessed against those convicted of a criminal offense or traffic infraction. The rule requires the courts to make available deferred and installment payment plans to those individuals prior to suspending a driver's license for nonpayment.

While the full implications of Rule 1:24 are still unknown, an analysis of the Trauma Center Fund revenue over the last three years identified a decline in revenue, as illustrated previously in Figure 1. The potential decline in driver's license suspensions will result in decreased collections of the $145 reinstatement fee, of which the Trauma Center Fund receives $100. The exact fiscal impact of Rule 1:24 and the impact of Medicaid expansion is unknown at this time. However, VDH does anticipate a decrease in Trauma Center Fund revenue if no other source of revenue is identified.

CONCLUSION

The VDH Office of EMS administers the Trauma Center Fund in order to help defray the costs associated with trauma center designation. As VDH continues to monitor opportunities for other sources of funding, the Trauma Administrative and Governance Committee of the State EMS Advisory Board will address following objectives:

- Evaluate the reporting of cost-of-care data to the Virginia State Trauma Registry.
- Develop strategies for obtaining additional permanent funding for the trauma system.
- Evaluate the financial impact of Medicaid expansion on uncompensated trauma care costs.