Virginia Department of Health
Office of Emergency Medical Services

Trauma Fund Report on:

Use of Funds in
Improving Virginia's Trauma System, and

Review of Feasible Long Term Financing
Mechanisms and Potential
Funding Sources for Virginia's Trauma Centers

Pursuant to Item 290-D of the Appropriation Act

October 1, 2010

Executive Summary: In Virginia, 14 hospitals voluntarily undergo Trauma Center designation and commit to provide a higher level of care necessary to the seriously injured. Despite the value Trauma Centers provide to the community, Trauma Centers continue to face a variety of challenges that have led to a loss of Trauma Center designations or downgrades in coverage across the nation as well as in Virginia. These challenges are deterring additional hospitals from seeking Trauma Center designation.

The United States Centers for Disease Control and Injury Prevention (CDC) identify trauma as a "major global public health problem." Trauma remains the leading cause of death for persons ages 1-44 years. The CDC estimates the lifetime medical costs associated with the morbidity of trauma patients for a given year is $80 billion. The National Center for Health Statistics identified that trauma (unintentional injuries, suicide, and homicide) caused 1,702.2 years of potential life lost per 100,000 population in the year 2003 alone.

Trauma Fund Summary: In the 2004 General Assembly Session House Bill (HB) 1143 amended the *Code of Virginia* by adding section 18.2-270.01 which established the Trauma Center Fund for the Commonwealth of Virginia. This was the first step in addressing the challenges faced by Virginia's Trauma Centers.

The legislation required that persons convicted of criminal violations for driving under the influence pursuant to §§ 18.2-36.1, 18.2-51.4, 18.2-266 or 46.2-341.24 (DUI), and who had also been previously convicted of one or more of these violations, pay a fine of $50 into the Trauma Center Fund.

HB 2664, enacted during the 2005 Legislative Session, required that before granting or restoring a license or registration to any person whose driver's license or other privilege to drive motor vehicles or privilege to register a motor vehicle has been revoked or suspended, the Commissioner of the Department of Motor Vehicles must collect from that person a fee of $40 in addition to all other fees provided for in this section. The additional $40 fee must be paid into the Trauma Center Fund.

In 2006, language was added to the Appropriations Act specifying and requiring that the Virginia Department of Health, Office of Emergency Medical Services (VDH/OEMS) report on the use of these funds in improving Virginia's Trauma System to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year.

During the 2010 General Assembly Session language was included in the Appropriations Act requiring that a total of $9,055,000 be transferred annually from the Trauma Center Fund to the

General Fund. Accompanying language increased the fee collected for driver's license reinstatements to $100. It is projected that the increased fee will allow the Trauma Center Fund to continue providing needed funding to the Trauma Centers at approximately the same level as in prior years.

Trauma System Funding Challenges: 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 hospitals in Virginia were losing a combined $44 million each year.

Higher clinical care costs and Trauma System readiness costs are not accounted for by public or private payers. Payment from these sources is limited to the provision of actual clinical care given to a patient with an isolated minor injury. Trauma patients are those patients with severe, multisystem injuries that require complex critical care. Reimbursement rates also do not account for the specialized resources that must be maintained in a high state of readiness that may or may not be utilized. The 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 and are usually either cross-subsidized by other initiatives or else abandoned.

The Use of Trauma Center Funds for Maintaining and Improving Virginia's Trauma System: The Trauma Fund directs funds to be used for defraying the costs of providing emergency medical care to victims of trauma and to recognize uncompensated care losses. The Appropriations Act describes uncompensated care losses as including readiness costs and clinical services incurred by providing care to uninsured trauma patients. The level of readiness required of a trauma designated hospital is unparalleled by other disciplines and is where the VDH/OEMS has focused the efforts of the Trauma Center Fund in supporting Virginia's Trauma System.

Table 1 below summarizes the fiscal year 2010 revenues and expenditures for the Trauma Center Fund.

Table 1

DUI Penalties	$52,054
License Reinstatement Fee	$10,042,588
Total Funds Collected	$10,094,642
Transferred to General Fund	$2,970,000
Total Distributed to Hospitals	$7,124,642

The VDH/OEMS administers the Trauma Center Fund and maintains a methodology for disbursing monies from the fund. The methodology is based on the number of patient admission days for trauma patients involved in motor vehicle crashes provided by each designated hospital during a one year period as a percentage to the total number of admission days provided by all designated centers. The percentage is used to determine the allocation of to each hospital (Table 2.) This methodology is reviewed annually by the VDH/OEMS, with stakeholder participation, and revised to meet the current needs of the system. During calendar year 2009 the trauma fund supported 6,104 patient admissions for significant injuries due to motor vehicle crashes. The 2009 admissions represent a total of 31,723 patient days.

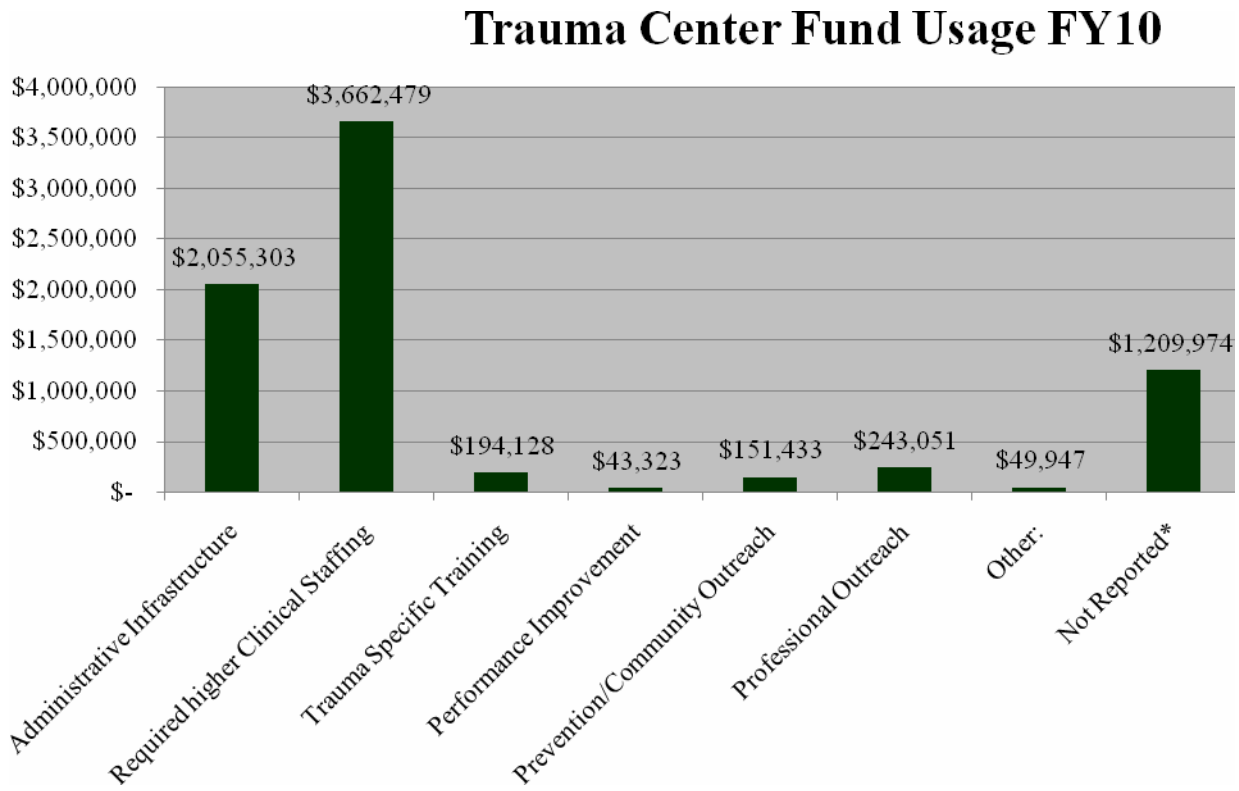
Table 2

Trauma Center Name & Level of Designation	Percentage of FY10 Funding Received	Total Funds Received for FY10	Total Funds Received Since FY06
I			
Roanoke Memorial Hospital	11.91%	$802,640.76	$4,299,981.27
Inova Fairfax Hospital	19.34%	$1,541,890.25	$9,060,219.37
Norfolk General Hospital	13.21%	$940,753.30	$5,034,672.23
UVA Health System	14.85%	$1,087,078.40	$5,132,104.45
VCU Health System	25.70%	$1,821,485.78	$8,412,546.83
II			
Lynchburg General Hospital	3.49%	$275,788.13	$964,077.05
Mary Washington Hospital	1.86%	$55,558.20	$55,558.20
Riverside Regional Medical Ctr.	2.81%	$215,005.86	$906,151.52
Winchester Medical Ctr.	3.20%	$273,116.95	$1,297,966.11
III			
New River Valley Medical Ctr.	0.21%	$21,398.38	$101,183.76
CJW Medical Ctr.	0.64%	$39,090.30	$379,564.42
Montgomery Regional Hospital	0.09%	$4,630.03	$118,023.29
Southside Regional Medical Ctr.	0.18%	$25,795.35	$191,554.74
Virginia Beach Gen'l Hospital	2.51%	$195,163.03	$1,422,096.19
Total	100.00%	$7,299,394.73	$37,375,699.43

Note: That data from the previous calendar year is used to the next fiscal year's allocations.

The Trauma Center Fund Disbursement Policy focuses on the readiness cost incurred by hospitals specifically due to being designated as a Trauma Center as illustrated in Figure 1.

Figure 1



* Sentara Norfolk General Hospital and Winchester Medical Center did not report

Feasible Long Term Financing Mechanisms, Examine, and Identify Potential Funding Sources for Virginia's Trauma Centers: Currently the only funding dedicated to Virginia's Trauma System is the Trauma Center Fund. Trauma System advocates and stakeholders continue to attempt to bring attention to the financial needs of Trauma Centers and state trauma systems.

VDH/OEMS has updated its research on other state trauma fund programs and will request that the next Trauma Fund Panel that is appointed review other state's programs and consider adopting other best practices as appropriate for Virginia. In 2005, when the first Virginia Trauma Center Fund Disbursement Policy was developed there were seven other states that had trauma funds: Arizona, Colorado, Illinois, Maryland, Mississippi, Oklahoma, and Washington.

Like Virginia, four of these seven states had created their trauma funds in response to the closing of trauma centers occurring across the country. The JLARC study *The Use and*

Financing of Trauma Centers in Virginia stated that Virginia Trauma Centers were nearing a crisis situation if financial losses continued.

Since the creation of the Virginia Trauma Center Fund ten additional states have had enabling legislation establishing trauma center funds. These states are: Alaska, Arkansas, Georgia, Hawaii, Indiana, New Mexico, Ohio, Pennsylvania, Tennessee, and Wyoming. Table 3 identifies states that currently have trauma center funds, and summarizes the sources of revenue for those funds, the estimated annual funding for each (when available), and the year funding was initiated.

Table 3

State	Source of Funding	Estimated Annual Revenue	Year Initiated
Alaska	State appropriations, donations, and other program receipts from trauma activities	not available (new)	2010
Arizona	Indian Gaming Tax (28%)	$19 million - $23 million	2002
Arkansas	Cigarette tax ($0.56/pack)	$25 million maximum	2009
Colorado	EMS & Trauma State Fund	not available	1989
Georgia	"Superspeeder" fines	$23 million/year plus a one time initial $58 million in state funding	2009
Hawaii	Cigarette tax initially, general fund appropriations/traffic violations	$4.7 million	2006
Illinois	Cigarette Tax ($0.05/pack) and variety of traffic violations ($10-$500/occurrence)	not available	2007
Indiana	Gifts, grants, and donations	$0	2010
Kansas	2.50% of district court fines, penalties, and forfeitures.	not available	1999
Maryland	Motor Vehicle Registration Fees ($8)	$14 million	2004
Mississippi	Motor vehicle moving violations ($5/occurrence)	$12.7 million	2008
New Mexico	State Appropriations	$3.3 million	2006
Ohio	Seatbelt fines	$750,000/biennium	
Oklahoma	Driver's license renewal & reinstatement fees, moving violations for driving w/o a license (2nd & subsequent offenses), DUI, speeding, uninsured vehicle, violating open container law, convictions for drug & alcohol offenses, & tobacco tax funding.	$14 million - $20 million	1999

Pennsylvania	Subsection of the Disproportionate Care Fund	$27.6 million ($15.1 million federal funds and $12.5 million State funds)	2004
Tennessee	Cigarette tax	$12 million	2007
Texas	DUI offenses ($250/occurrence) and interest from the Tobacco Settlement	$23 million	
Virginia	Drivers license and motor vehicle registration reinstatement fee ($100) and 2nd and subsequent DUI offenses ($50)	$7.1 million (FY10)	2004
Washington	Motor vehicle moving violations ($5/occurrence) and Motor Vehicle Registration Fees ($4)	$16.3 million ($9.2 million from State sources and $7.1 million Federal match)	1997
Wyoming	Gasoline tax ($0.25/gallon)	not available (new)	2010

The State of Washington and Commonwealth of Pennsylvania dedicate a portion of their trauma funding to uncompensated care therefore receiving matching federal funding. These state models could serve as examples of potential additional funding sources for the Virginia Trauma System. VDH/OEMS will also request the Trauma Fund Panel address the possibility of structuring the Virginia Trauma Center Fund so it to could receive matching federal funds.

The federal health reform legislation on page 1081, section 3505 has authorized a grant program to promote universal access to trauma care services. This grant program would allow states to apply for funding that in turn would be awarded to trauma centers and trauma-related physician specialist as specified. At this time, funds have not been appropriated for this grant program. VDH/OEMS will continue to monitor for opportunities through federal health care reform.