VIRGINIA TRAUMA CENTER FUND REPORT

Virginia Department of Health – Office of Emergency Medical Services

December 1, 2021

INTRODUCTION

Per Item 296D of the 2020 Appropriations 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 to provide quality trauma services to Virginia 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 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 care and trauma center 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 injuries as viewed in isolation from each other. 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: 1) uncompensated or under-compensated care, and 2) readiness costs. The JLARC study concluded that the 14 trauma centers then in operation in Virginia were losing a combined $44 million each year, which is $61.5 million in 2020 dollars (CPI Inflation Calculator, Bureau of Labor Statistics).

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 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 the 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 these patients' admitted 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 FY21.

Table 1. Trauma Center Funding by Trauma Center

Trauma Center	FY2021 Funding Amount
Level I	
Carilion Roanoke Memorial Hospital	$1,057,203.23
Inova Fairfax Hospital	$686,561.52
Sentara Norfolk General Hospital	$1,116,445.14
UVA Health System	$1,136,951.96
VCU Health Systems	$1,866,083.18
Children's Hospital of the King's Daughters	$126,041.89
Chippenham Hospital	$516,430.90
Level II	
Centra Lynchburg General Hospital	$278,703.74
Mary Washington Hospital	$289,336.91
Riverside Regional Medical Center	$418,453.89
Winchester Medical Center	$335,667.12
Henrico Doctors' Hospital - Forest	$214,145.25
Reston Hospital Center	$341,743.21
Level III	
Montgomery - LewisGale Hospital	$106,294.59
Inova Loudoun Hospital	$145,789.20
Southside Regional Medical Center	$146,548.71
Carilion New River Valley Medical Center	$100,978.01
Sentara Virginia Beach General Hospital	$367,566.61
TOTAL	$9,250,945.05

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. The Virginia Department of Health (VDH) Office of Emergency Medical Services (OEMS) engages annually with the Trauma Administrative and Governance Committee (TAG) 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.

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. 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 created a set of seven Committees which represent all phases of trauma care, known collectively as the Trauma System Committees (TSC), to provide the Board with advice on all trauma-related matters and to implement the Commonwealth of Virginia's Trauma System Plan. Each committee is responsible for implementing the goals and objectives of the Plan that are relevant to its phase of trauma care. The TAG Committee is the lead committee, and a key responsibility of this group is to develop a financial framework that supports the mission and vision 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 has requested this committee to evaluate reporting cost-of-care data to the Virginia State Trauma Registry.

The recent expansion of those eligible to receive Medicaid could potentially help to offset a small portion of 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 nationally. 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.

It is far too early to determine with any certainty the financial impact of Medicaid expansion on trauma care in the Commonwealth. However, very preliminary results suggest a decrease in the percentage of uninsured trauma patients and an increase in the number of those covered by Medicaid. VDH, along with the Trauma Administrative and Governance Committee, will continue to monitor these numbers as the situation clarifies.

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 (referenced in Figure 2 as "DMV Registration Revenue" and "DUI Multiple Offender Fee" respectively).

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

Table 2. Comparative Analysis of Trauma Center Fund Amounts per Trauma Center

Trauma Center	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Level I					
Carilion Medical Center - Roanoke	$ 1,202,947.09	$ 1,267,100.73	$ 1,423,380.04	$780,583.85	$1,057,203.23
INOVA Health Care Services *(Inova Fairfax Hospital)*	$ 1,442,391.28	$ 1,237,360.38	$ 993,201.75	$1,512,890.07	$686,561.52
Sentara Norfolk General	$ 1,064,671.58	$ 928,548.22	$ 1,132,932.81	$1,597,641.60	$1,116,445.14
University of Virginia	$ 1,030,857.23	$ 1,107,951.59	$ 1,300,530.85	$1,753,902.24	$1,136,951.96
VCU Health Systems	$ 2,391,097.13	$ 2,317,908.77	$ 2,569,048.07	$3,528,387.46	$1,866,083.18
Children's Hospital of the King's Daughters	*	*	$ 176,604.37	$246,914.04	$126,041.89
Chippenham and Johnston Willis Hospitals (Chippenham Medical Center)					$516,430.90
Level II					
AHA Training Center c/o CENTRA Health Inc. *(Lynchburg)*	$ 263,312.17	$ 386,779.29	$ 396,693.50	$521,032.28	$278,703.74
Mary Washington Hospital Inc. *(Fredericksburg)*	$ 412,861.90	$ 389,418.12	$ 400,624.67	$419,065.59	$289,336.91
Riverside Regional Medical Center *(Newport News)*	$ 557,190.24	$ 525,023.86	$ 755,476.62	$1,267,905.17	$418,453.89
Valley Health Systems *(Winchester)*	$ 307,020.57	$ 445,401.39	$ 571,345.47	$731,586.87	$335,667.12
Chippenham and Johnston Willis Hospitals (*Chippenham Medical Center*)	$ 229,772.19	$ 491,186.59	$ 461,732.25	**	***
Henrico Doctors Hospital, Forest	*	$ 233,336.52	$ 425,368.89	$421,714.08	$214,145.25
Reston Hospital Center	*	$ 172,667.50	$ 351,485.00	$840,174.77	$341,743.21
Level III					
Chippenham and Johnston Willis Hospitals *(Johnston Willis Hospital*)	$ 106,063.38	$ 168,511.45	$ 177,007.41	$225,726.16	*
Carilion New River Valley Medical Center	$ 111,833.52	$ 174,758.07	$ 140,469.67	$188,647.36	$100,978.01
Montgomery Regional Hospital Inc.	$ 111,559.14	$ 172,367.66	$ 130,816.11	$182,026.15	$106,294.59
Petersburg Hospital Company Inc. *(Southside Regional Medical Center)*	$ 127,506.01	$ 200,900.07	$ 189,958.10	$301,207.99	$146,548.71
Sentara VA Beach General	$ 422,481.57	$ 445,030.24	$ 334,777.51	$507,789.86	$367,566.61
INOVA Health Care Services (*Inova Loudoun Hospital*)	*	*	$ 148,309.74	$195,268.58	$145,789.20
TOTAL	**$ 9,781,565.00**	**$ 10,664,250.48**	**$ 12,079,762.80**	**$15,222,464.12**	**$9,250,945.06**

Notes: **Not a Designated Trauma Center during that FY*
***No distribution due to Provisional status*
****Change in Trauma Center Designation level*

The 2019 Appropriation Act, under § 3-1.01, Interfund Transfers, requires certain portions 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 $1,859,900 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
FY21	$0.00
FY20**	$0.00
FY19	$8,055,000
FY18	$8,055,000
FY17*	$9,055,000

Notes: **Previous Appropriations had higher transfer amounts*
***FY19-20 Introduced budget had $1,859,900 GF Transfer, but budget amendment removed the transfer*

The 2020 Appropriation Act removed the Interfund Transfer requiring a certain portion of the revenue received into the Trauma Center Fund to be transferred to the general fund.

Challenges to Current Funding

The 2019 Budget Bill included Amendment No. 33 Item 3-6.03 – Adjustments and Modifications to Fees Driver's License Reinstatement Fee. This amendment eliminates the driver's license reinstatement fee transfer to the Trauma Fund and eliminates the loss of driving privileges for individuals who have only failed to pay fines, court costs, forfeitures, restitution, or penalties assessed against them. An unintended effect of this amendment was the elimination of the Trauma Fund fee transfer for ALL persons whose licenses were suspended, not just those suspended to pay fines and fees. This error was corrected by the General Assembly.

The Virginia Hospital and Healthcare Association (VHHA) worked with the administration to fully fund the hospital portion of the fund for FY2020 in the caboose budget. Additionally, due to the impact of the policy decision made during the 2019 veto session, VHHA and representatives from each Trauma Center are working with the administration to find alternative sustainable revenue sources for the years 2021 and beyond.

VDH Office of EMS surveyed the Trauma Programs in Virginia to determine what may happen if, in the worst-case scenario, funding is not restored to the Trauma Fund. Most of the anticipated effects of the loss of funding would be felt outside the trauma centers in the communities they serve. 88% of the respondents said that they would have to reduce their injury prevention efforts, and 82% would have to cut back their community outreach programs. Over two-thirds would reduce the amount of trauma education provided to local emergency medical services that are

first to treat trauma patients and to non-trauma hospitals that transfer injured patients to trauma centers.

Within each trauma center, the consequences of loss of funding would be more profound. Three-quarters of the respondents said they would have to reduce the amount of trauma-specific training they provide to their clinical staff, and 41% said they would have to cut back their process improvement programs. Delays or cancelations of equipment upgrades or replacements would happen in 58% of the trauma centers. The reduction of clinical staffing would occur at 1/4 of the responding trauma programs. Two hospitals would have to consider dropping down the level of its trauma center, one of those would even consider ceasing operations as a trauma center altogether.

Only one hospital said the loss of funding would not affect the services they provide.

Options to Supplement the Trauma Fund

As outlined, reductions and eliminations in driver's licenses suspensions has shown a marked reduction in the Trauma Fund. Various stakeholder groups have been engaged to seek alternative methods to generate revenue for the trauma fund, with the following suggestions:

- The inclusion of a fee on motor vehicle moving violations. Rationale for this suggestion came from the theory that actions that would result in a motor vehicle moving violation would be a key contribution factor to trauma should there be an accident.
- The inclusion of a fee on firearms background checks. Rationale for this suggestion came from the theory that firearms result in penetrating trauma via both intentional and unintentional means.
- The addition of a line-item to the state budget as a general fund appropriation for the trauma fund.
- Redirection of the $2 line item in the Four-for-Life funding that is currently appropriated to the general fund.

CONCLUSION

The VDH Office of EMS administers the Trauma Center Fund 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 was asked to address the following objectives:

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

As stated previously, system stakeholders contacted legislators last General Assembly session to inform them of the importance of a well-funded trauma system and are continuing these efforts in preparation for the next session. Unfortunately, due to the effects of COVID-19, the EMS Advisory Board Committees have met virtually and limited in-person in 2021. therefore, work has been delayed on the other two objectives.