

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 603 Reimbursement for Trauma Center Services  
**SPONSOR(S):** Gannon  
**TIED BILLS:** None. **IDEN./SIM. BILLS:** SB 1806 (i)

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Health Services (Sub)	11 Y, 0 N	Rawlins	Collins
2) Health Care			
3) Health Appropriation (Sub)			
4) Appropriations			
5)			

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### SUMMARY ANALYSIS

Part II, chapter 395, F.S., governs trauma services and trauma center operations in Florida. There are twenty state-approved trauma centers in the state. The Department of Health (DOH) regulates trauma centers and has developed minimum standards for trauma centers based on national trauma standards. The department also has statutory authority to develop an inclusive trauma system to meet the needs of all injured trauma victims which is accomplished through the development of a state trauma system plan and coordination with local trauma agencies. There are four county and multi-county local trauma agencies approved by DOH. In areas where local or regional agencies have not been formed, DOH is responsible for developing regional trauma system plans.

The bill revises legislative findings regarding the inadequate compensation received by hospitals, physicians, and health care professionals for treatment of trauma victims. The bill requires a state-sponsored trauma center to include the cost of medically necessary services rendered by physicians and other health care professionals to eligible patients at the trauma center in each claim that the trauma center submits. For any such claims submitted, the trauma center must pay the physicians and health care professionals the amount that is paid by the State of Florida for the services of the physicians and health care professionals under those claims.

For the past three years the funding for trauma care beyond the normal reimbursements from Medicaid, other third party payers, and private payers has come from the Medicaid program in the form of special nonrecurring Medicaid payments under the Upper Payment Limit Program. The Medicaid Hospital Upper Payment Limit Program provides a mechanism for states to make special Medicaid payments to compensate participating hospitals in ways to make up the difference between Medicaid and Medicare or usual and customary fees. States have used a variety of non-federal funding sources for the state match, usually local funds, to draw down additional federal funds. In the last three years, \$44 million in Medicaid payments have been made for trauma care through the Upper Payment Limit Program.

According to the Agency for Health Care Administration, there is no fiscal impact on the agency or the Medicaid program, unless funds are specifically appropriated.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0603a.hc.doc  
**DATE:** March 29, 2004

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |  |   |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

This bill statutorily adds “professional” medical providers to the defined group eligible for trauma funding in the event the state provides funding for trauma care.

#### B. EFFECT OF PROPOSED CHANGES:

##### Trauma Care

Part II, chapter 395, F.S., governs trauma services and trauma center operations in Florida. There are twenty state-approved trauma centers in the state. The Department of Health (DOH) regulates trauma centers and has developed minimum standards for trauma centers based on national trauma standards. The department also has statutory authority to develop an inclusive trauma system to meet the needs of all injured trauma victims which is accomplished through the development of a state trauma system plan and coordination with local trauma agencies. There are four county and multi-county local trauma agencies approved by DOH. In areas where local or regional agencies have not been formed, DOH is responsible for developing regional trauma system plans.

Section 395.4001, F.S., defines various types of trauma centers. A “Level I trauma center” is defined to mean a trauma center that:

- Has formal research and education programs for the enhancement of trauma care and is determined by the department to be in substantial compliance with Level I trauma center and pediatric trauma referral center standards.
- Serves as a resource facility to Level II trauma centers, pediatric trauma referral centers, and general hospitals through shared outreach, education, and quality improvement activities.
- Participates in an inclusive system of trauma care, including providing leadership, system evaluation, and quality improvement activities.

A “Level II trauma center” is defined to mean a trauma center that:

- Is determined by the department to be in substantial compliance with Level II trauma center standards.
- Serves as a resource facility to general hospitals through shared outreach, education, and quality improvement activities.
- Participates in an inclusive system of trauma care.

A “Pediatric trauma referral center” is defined to mean a hospital that is determined by the department to be in substantial compliance with pediatric trauma referral center standards as established by rule of the department.

Part II, chapter 395, F. S., places legislative emphasis on the need for an inclusive trauma system which provides Floridians and visitors timely access to trauma care. Trauma standards and procedures are based on the “golden hour” principle, which is the optimal timeframe for the delivery of services to trauma victims. DOH has the primary responsibility for the oversight, planning, monitoring and establishment of a statewide inclusive trauma system. There are six Level I trauma centers that are also pediatric trauma centers, thirteen Level II trauma centers, of which five are also pediatric centers, and one pediatric trauma center. Nineteen trauma service areas have been designated in Florida to facilitate trauma planning.

### **Reimbursement of Trauma Care**

Section 395.403, F.S., expresses legislative findings that many hospitals which provide services to trauma victims are not adequately compensated for such treatment and that current verified trauma centers are providing such services without adequate reimbursement. This section expresses legislative intent to provide financial support to the current verified trauma centers and to establish a system of state-sponsored trauma centers as soon as feasibly possible. The law specifies an elaborate funding formula based on the provision of charity or uncompensated care by trauma centers. This section<sup>1</sup> specifies that trauma centers shall be considered state-sponsored trauma centers when state funds are specifically appropriated for state-sponsored trauma centers in the General Appropriations Act.

For the past three years the funding for trauma care beyond the normal reimbursements from Medicaid, other third party payers, and private payers has come from the Medicaid program in the form of special nonrecurring Medicaid payments under the Upper Payment Limit Program. The Medicaid Hospital Upper Payment Limit Program provides a mechanism for states to make special Medicaid payments to compensate participating hospitals in ways to make up the difference between Medicaid and Medicare or usual and customary fees. States have used a variety of non-federal funding sources for the state match, usually local funds, to draw down additional federal funds. In the last three years, \$44 million in Medicaid payments have been made for trauma care through the Upper Payment Limit Program.

The Medicaid Program staff also estimates that \$97.7 million was paid during 2002 in fee-for-service payments for trauma-related diagnoses. Prior to 1998, there was no specific funding for trauma centers. Earlier efforts in 1990-91 by the Legislature to implement s. 395.403, F.S., which provides a funding formula to reimburse trauma centers for charity care, were stymied because of a budgetary shortfall. The resources appropriated were cut from the state budget. The elaborate funding formula based on the provision of charity care by trauma centers outlined in this section has not been implemented.<sup>2</sup>

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<sup>1</sup> See section 395.403(2), F.S.

<sup>2</sup> For more details see Interim Project 2004-108 by the Florida Senate Committee on Appropriations, November 2003, cited at <[http://www.flsenate.gov/data/Publications/2004/Senate/reports/interim\\_reports/pdf/2004-108ahs.pdf](http://www.flsenate.gov/data/Publications/2004/Senate/reports/interim_reports/pdf/2004-108ahs.pdf)>.

<b>HISTORY OF STATE APPROPRIATIONS FOR TRAUMA CARE</b>			
<b>Fiscal Year</b>	<b>Department of Health</b>	<b>Agency for Health Care Administration</b>	<b>Comments - Total</b>
1990-1991			<b>\$24 million appropriated but later eliminated by legislative action.</b>
1998-1999	\$2,500,000		Level I Centers only
1999-2000	\$3,000,000		Level I Centers only
2000-2001	\$4,800,000		All Centers
2001-2002	\$1,622,601	\$15,000,000	All Centers
2002-2003		\$18,000,000	All Centers
2003-2004		\$11,610,000	All Centers
<b>TOTAL</b>	<b>\$ 11,922,601</b>	<b>\$44,610,000</b>	<b>\$56,532,601</b>

Source: Florida Senate Interim Project 2004-108

C. SECTION DIRECTORY:

**Section 1.** Amends s. 395.403, F.S., relating to the reimbursement of state-sponsored trauma centers, to revise legislative findings regarding the inadequate compensation received by hospitals, physicians, and health care professionals for the treatment of trauma victims. The bill requires a state-sponsored trauma center to include the cost of medically necessary services rendered by physicians and other health care professionals to eligible patients at the trauma center in each claim that the trauma center submits. For any such claims submitted, the trauma center must pay the physicians and health care professionals any amount that is paid by the State of Florida for the services of the physicians and health care professionals under those claims.

**Section 2.** Provides an effective date of upon becoming a law.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

State-sponsored trauma centers may see increased costs associated with including the cost of physicians and other health care professionals in claims. However, such professional groups may see a positive fiscal impact in the event funding is appropriated.

D. FISCAL COMMENTS:

According to the Agency for Health Care Administration, there is no fiscal impact on the agency or the Medicaid program, unless funds are specifically appropriated.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**