

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.

August 15, 2011

**Background**

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person whose driver's license or other privilege to drive motor vehicles or privilege to register a motor vehicle has been revoked or suspended, the Commissioner of the Department of Motor Vehicles must collect from that person a fee of \$40 in addition to all other fees provided for in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.

**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.

**Use of Trauma Center Fund**

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.

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 each designated hospital provided during a one year period versus the total number of admission days provided by all designated centers. A percentage is assigned based on the number of admission days and that is the percentage of funding the hospital receives as shown in Table 1 below. This methodology is reviewed annually by the VDH/OEMS, with stakeholder participation, and revised to meet the current needs of the system.

**Table 1 Trauma Center Funding by Trauma Center**

<b>Trauma Center Name &amp; Level of Designation</b>	<b>Percentage of FY10 Funding Received</b>	<b>Total Funds Received for FY10</b>	<b>Total Funds Received Since FY06</b>
<b>I</b>			
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 Systems	25.70%	\$1,821,485.78	\$8,412,546.83
<b>II</b>			
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
<b>III</b>			
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
<b>Total</b>	100.00%	\$7,299,394.73	\$37,375,699.43

Source: VDH/OEMS staff

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.

**Table 2 Utilization of Trauma Funds by Designated Trauma Centers**

Category	Total Fund Used	Percentage
Support Trauma Administrative Infrastructure	\$2,375,515.51	30.44%
Support Higher Clinical Staffing Levels	\$4,518,440.21	57.91%
Support Trauma Specific Training	\$221,151.87	2.83%
Support Trauma Specific Performance Improvement Program	\$56,823.10	0.73%
Support Injury Prevention & Community Outreach Activities	\$149,685.22	1.92%
Support for Regional Health Professional Training & Research	\$428,553.81	5.49%
Other	\$52,710.28	0.68%

Source: VDH/OEMS Staff

### **Feasible Long Term Financing Mechanisms**

The only source of funding dedicated to Virginia’s Trauma System continues to be the Trauma Center Fund. Through strong advocacy by state trauma system stakeholders and national associations section 3505 of the federal health reform legislation does authorize the appropriation of \$100 million to Trauma Centers and an additional \$100 million to support state trauma systems. To date funds have not been appropriated for trauma on the federal level.

Section 3505 recognizes that hospitals designated as Trauma Centers incur additional costs due to both a higher ratio of uninsured or under insured patients and the heightened level of resources required to be on call and immediately available in order to meet designation criteria.

VDH/OEMS continues to monitor for opportunities to find 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 Emergency Medical Services Officers’ Trauma Managers Council allows us to stay informed and support efforts for increased trauma funding sources.