SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Health and Human Services Appropriations Committee

BILL: CS/CS/SB 1532

INTRODUCER: Health and Human Services Appropriations Committee, Health Care Committee and Senator Lynn

SUBJECT: Trauma Services

DATE: April 18, 2006 REVISED: _____ _____ _____ _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bedford	Wilson	HE	**Fav/CS**
2.	Fabricant	Peters	HA	**Fav/CS**
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I. Summary:

The bill prohibits the Agency for Health Care Administration (ACHA) from authorizing additional emergency departments located off the premises of licensed hospitals until ACHA has adopted rules under s. 395.1055(9). The rules must include minimum standards and be adopted no later than January 1, 2007.

The bill modifies statutory provisions relating to the funding of trauma centers from fines on certain traffic violations. More specifically, the bill provides definitions for International Classification Injury Severity Score, local funding contribution, trauma caseload volume, and trauma patient. The bill repeals the statutory authorization for the Trauma Services Trust Fund. The bill provides that the 40 percent of funds collected that are distributed to trauma centers based on severity of trauma patients will be distributed to trauma centers based on severity as determined by the Trauma Registry International Classification Injury Severity Scores reported to the Trauma Registry in the Department of Health (DOH or department) or other statistically valid and scientifically accepted methods of stratifying a patient's severity of injury, risk of mortality, and resource consumption as adopted by the department by rule. The scores are to be weighted based on the costs associated with and incurred by the trauma center in treating trauma patients. The weighting of scores will be established by the department by rule. All data used in distributing the funds to trauma centers will be for the most recent calendar year available.

Funds deposited in the DOH Administrative Trust Fund may be used to maximize the receipt of federal funds that may also be available for trauma centers. This bill eliminates the ability of trauma centers to request that their distributions from the Administrative Trust Fund be used as intergovernmental transfer funds in the Medicaid program. Funds collected under ss. 318.14 and

318.18(15), F.S., and deposited in the Administrative Trust Fund of the department are to be distributed on a quarterly basis according to the most recent calendar year data available. This data is not to be used for more than four quarters unless DOH determines there are extenuating circumstances, and only until new data becomes available, and then adjustments will be made accordingly.

This bill creates the trauma center startup grant program. The bill outlines the requirements for eligibility for acute care general hospitals to apply and receive a grant from the department. A hospital is required to forfeit its grant if it does not become a provisional trauma center within 24 months after submitting an application. Start-up grant funding must be matched dollar for dollar with a local funding contribution. Eligible hospitals may receive one start up grant of not more than $500,000. Funding for the start up grant program is subject to appropriation.

This bill amends ss. 395.003, 395.1055, 395.4001 and 395.4036, F.S.

This bill creates s. 395.41, F.S.

This bill repeals s. 395.4035, F.S.

II. Present Situation:

Current Freestanding Emergency Departments

Under s. 395.003(1)(b)3, F.S., the agency may not authorize additional emergency departments located off the premises of licensed hospitals until July 1, 2006. Prior to this being the law, the agency had authorized the licensure of two freestanding emergency departments as described below. The agency approved these freestanding emergency departments for two reasons:

- Emergency room patients are outpatients; and
- Chapter 395, F.S., the licensing statute for hospitals, allows hospitals to list offsite outpatient facilities on their licenses.

Chapter 395, F.S., does not regulate outpatients or outpatient services or define them. Emergency room patients are considered and billed as outpatients even by Medicaid and Medicare.

Munroe Regional Medical Center

In June, 2000, the CEO for the Munroe Regional Medical Center sent a letter to the agency requesting to build an offsite emergency department. The agency responded with a letter outlining the criteria that would need to be met for the facility to be added to the license which included: review by the Joint Commission on Accreditation of Healthcare Organizations; same level of emergency department services as the main hospital; state inspection and safety requirements; and meeting the requirements of the federal Emergency Medical Treatment and Labor Act. In April, 2002, the agency approved the first offsite, freestanding emergency department to the license of the Munroe Regional Medical Center inpatient facility. This facility, located in Ocala, Florida, approximately 12 miles from the main facility, also has an onsite emergency department

Ft. Walton Beach Medical Center

In October, 2003, the agency approved Florida's second freestanding emergency department for Ft. Walton Beach Medical Center. The offsite facility is located in Destin, approximately 12 miles east of the main inpatient facility.

Trauma Centers

Part II, chapter 395, F.S., governs trauma services and trauma center operations in Florida. There are 21 state-approved trauma centers in Florida. In 2005, Florida's 21 trauma centers cared for over 30,000 critically injured trauma patients. The estimated expense is over $126 million per year, and hospital revenues do not meet these expenses. In 2005, a dedicated source for trauma center funding was enacted through additional traffic fines as described below. The department regulates the trauma centers and has developed minimum standards 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.

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 DOH 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 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 DOH 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 center" is defined to mean a hospital determined by DOH to be in substantial compliance with pediatric trauma referral center standards as established by rule of DOH and that has been approved by DOH to operate as a pediatric trauma center.

Part II, chapter 395, F. S., specifies legislative findings that highlight 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. The department has the primary responsibility for the oversight, planning, monitoring and establishment of a statewide inclusive

trauma system. Of the 21 trauma centers in the state, there are seven Level I trauma centers, 12 Level II trauma centers, of which five are also pediatric trauma centers, and two pediatric trauma centers only.

Trauma Center Funding From Fines on Traffic Infractions

Under s. 318.14(5), F.S., money received from the mandatory civil penalties imposed for infractions resulting in a crash causing death or serious bodily injury shall be remitted to the Department of Revenue and deposited into the DOH Administrative Trust Fund to provide financial support to certified trauma centers. The money is to be distributed as follows:

- Fifty percent shall be allocated equally among all Level I, Level II, and pediatric trauma centers in recognition of readiness costs for maintaining trauma services.
- Fifty percent shall be allocated among Level I, Level II, and pediatric trauma centers based on each center's relative volume of trauma cases as reported on the DOH trauma registry.

Between October 1, 2005, and February 28, 2006, $2,571 have been collected under this statute. Nothing has been distributed yet.

Under s. 318.18(15), F.S., $65 of every $125 fine collected for red light violations are to be deposited into the Administrative Trust Fund of DOH. The remaining $60 is distributed as provided for in ss. 318.21(1) and (2), F.S., for various purposes.

Under s. 395.4036, F.S., the funds deposited in the DOH Administrative Trust Fund from fines on red light violations (s. 318.18(15), F.S.) are to be distributed as follows:

- Twenty percent of the total funds collected are to be distributed to verified trauma centers located in a region that has a local funding contribution as of December 31. Distribution of these funds are to be based on trauma caseload volume.
- Forty percent of the total funds collected are to be distributed to verified trauma centers based on trauma caseload volume of the previous calendar year. The determination of caseload volume is to be based on DOH trauma registry data.
- Forty percent of the total funds are to be distributed to verified trauma centers based on severity of trauma patients. The determination of severity is to be based on DOH Injury Severity Scores.

Between October 1, 2005, and February 28, 2006, $1,218,536 has been collected under this statute. Nothing has been distributed yet.

Trauma centers are authorized to request that their distributions from the Administrative Trust Fund be used as intergovernmental transfer funds in the Medicaid program.

Any trauma center not subject to audit is required to annually attest, under penalties of perjury, that the proceeds were used in compliance with law. The annual attestation must be made in a form and format determined by DOH. Trauma centers that are subject to audit are required to submit an audit report in accordance with rules adopted by the Auditor General. The annual

attestation is to be submitted to DOH for review within nine months after the end of the organization's fiscal year. The department, working with the Agency for Health Care Administration, must maximize resources for trauma services wherever possible.

Trauma Registry

The department has implemented a trauma registry, as required by law, s. 395.404, F.S., to record encounters by type of injury, cause of injury, and service location. The department uses the data from this registry to monitor workload and the quality of trauma center services statewide. Because of confidentiality requirements, this data is available only to the individual centers, which submitted the data. There is a public records exemption for this registry. The annual report, which does not contain facility specific data, allows for a statewide summary of trauma services. The trauma registry data are also used to help in determining the distribution of funds for trauma centers.

Trauma Services Trust Fund

The Trauma Services Trust Fund has never been used by DOH, as funds collected for distribution to trauma centers have been deposited into either the Emergency Medical Services Trust Fund or the Administrative Trust Fund in accordance with statute. The Trauma Services Trust Fund was terminated in 1996, by s. 1, ch. 96-418, Laws of Florida, yet was never repealed from the Florida Statutes. Article III, s. 19(f)(2) of the Florida Constitution states that State trust funds in existence before the effective date of this subsection shall terminate not more than four years after the effective date of this subsection. State trust funds created after the effective date of this subsection shall terminate not more than four years after the effective date of the act authorizing the creation of the trust fund. By law, the legislature may set a shorter time period for which any trust fund is authorized.

III. Effect of Proposed Changes:

Section 1. Amends s. 395.003, F.S., to prohibit the agency from authorizing additional emergency departments located off the premises of licensed hospitals until the agency has adopted rules under s. 395.1055(9), F.S.

Section 2. Amends s. 395.1055, F.S., adding subsection (9) requiring the agency to adopt rules no later than January 1, 2007, to establish standards for emergency departments located off the premises of a licensed hospital. The rules must:

- Include minimum criteria for patient care and safety, quality improvement, infection control, building design and construction, and location.
- Require the hospital to maintain its own emergency department on its premises according to agency rules.
- Specify that an off the premises emergency room authorized prior to the adoption of rules must continue to operate according to the criteria under which it was originally authorized.

Section 3. Amends s. 395.4001, F.S., to define "International Classification Injury Severity Score" to mean the statistical method for computing the severity of injury sustained by trauma patients. The bill requires DOH and trauma centers to use this methodology to report the severity of an injury. It defines "local funding contribution" to mean funds from a municipality, county, or tax district, exclusive of any patient-specific funds received under ss. 154.301 - 154.316, F.S.; funds from a private foundation; or public or private grant funds of at least $150,000 which are received by a hospital or health care system that operates a trauma center. It defines "trauma caseload volume" as the number of trauma patients reported by individual trauma centers to the Trauma Registry and validated by the department. "Trauma patient" is defined as a person who has incurred a physical injury or wound caused by trauma and has accessed a trauma center.

Section 4. Repeals s. 395.4035, F.S., to delete the Trauma Services Trust Fund.

Section 5. Amends s. 395.4036, F.S., to correct a cross-reference to s. 318.18(15), F.S., and to revise the provisions relating to the distribution of funds to trauma centers to require the distribution of twenty percent of the funds to be based on the trauma caseload volume found in the Department's annual Trauma Registry for the most recent calendar year available. Forty percent of the funds distributed are now to be based on the department's Trauma Registry International Classification Injury Severity Scores or other scientifically accepted methods as adopted by the department by rule. These scores are to be weighted based on the costs incurred by the centers. The weighting scores must be established by the department by rule. This data is also to be for the most recent calendar year available. Funds deposited in the Administrative Trust Fund may be used to maximize the receipt of federal funds. Funds collected under ss. 318.14 and 318.18(15), F.S., and deposited in the Administrative Trust Fund of the department are to be distributed on a quarterly basis according to the most recent calendar year data available. This data is not to be used for more than four quarters unless DOH determines there are extenuating circumstances and only until new data becomes available and then adjustments will be made accordingly. The ability for trauma centers to request that distributions from the Administrative Trust Fund be used as intergovernmental transfer funds in the Medicaid program is deleted.

Section 6. Creates s. 395.41, F.S., to create the trauma center startup grant program. The bill establishes legislative intent that each trauma service area should have at least one trauma center; however, some do not because of the start up expenses. An acute care general hospital that has submitted a letter of intent and an application to become a trauma center pursuant to s. 395.4025, F.S., may apply to DOH for a startup grant. The applicant must demonstrate the following:

- There are currently no other trauma centers in the hospital's trauma service area.
- There is not a trauma center within a 100-mile radius of the proposed trauma center.
- The hospital has received a local funding contribution as defined under s. 395.4001, F.S.
- The hospital has incurred startup costs in excess of the amount of grant funding requested.
- The hospital is pursuing the establishment of a residency program in emergency or internal medicine.

Any hospital that receives a startup grant that does not establish the trauma center within 24 months will forfeit the grant.

Section 7. A single hospital may not receive a start up grant of more than $500,000. A hospital must receive local funding that matches the startup grant dollar for dollar. A hospital may only receive a startup grant once. Funding for the start up grant program is subject to appropriation.

Section 8. Provides that the bill take effect July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Art. III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill could result in additional revenue for hospitals allowed to have emergency departments off their premises as a form of expansion. There are market incentives for hospitals that want to capitalize in a new, growing area that might later support further development.

A hospital seeking to become a trauma center could benefit from the trauma center startup grant program.

C. Government Sector Impact:

The agency is required to adopt rules, which will create a minimal fiscal impact.

Funding for the start up grant program is subject to appropriation. The Senate appropriations bill includes a non-recurring appropriation of $250,000.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.