

Survey Reveals Need To Strengthen Financial Viability Of State Trauma System: Texas Trauma System Viability

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Abstract

Texas—A recent survey of the state's leading Level 1 and 2 Trauma Centers reveals the need to ensure financial stability of the state's trauma system. Level 1 and Level 2 trauma centers are those few institutions statewide that have focused themselves to offer the highest level of trauma services to Texans critically injured on the highway, at work, at home, or in the community, regardless of insurance status. Many people do not realize the prevalence of traumatic injuries. Trauma is actually the leading cause of death in persons under 34 years of age, and is one of the leading causes of death and disability (American Trauma Society). Every 15 seconds in America a person sustains a traumatic brain injury (Traumagram, Summer 2000). Three in every 100 babies born will suffer a disability from injuries suffered in traffic accidents. Trauma victims are primarily those injured in motor vehicle accidents, falls, and bicycle or industrial accidents, and Texas has the highest number of annual motor vehicle deaths in the nation with 3,901 deaths (Texas Department of Health, 1999). The city of Houston alone in year 2000 posted 244 traffic deaths (an 8% increase over the prior year) and more deaths than from homicides (Houston Chronicle, January 1, 2001). Indeed, only 7 percent of all patients cared for in all Level 1 and 2 trauma centers sustained gunshot wounds (Texas Department of Health, 1998). Trauma centers, unlike other hospitals, will accept any severely injured patient needing the higher level of care services trauma centers offer, from either the scene of an accident or as a transfer from another facility, regardless of insurance status. Accordingly those who need and use trauma centers are overwhelmingly victims of accidents and not crimes, usually have jobs, and reflect the uninsured rate of the community. With the population of Texas cities continuing to grow and branch out along highway routes, it is ever more critical that our trauma centers are viably positioned as part of our state's emergency medical system,

alongside ambulance and EMS services, police, and fire departments.

The survey included responses from two-thirds of the state's fifteen non-military Level 1 and 2 trauma centers, including centers in Houston, Dallas, Fort Worth, Austin, San Antonio, Lubbock, and Tyler (Figure 1). Participants submitted self-reported financial information using definitions and a format consistent with the Cooperative Annual Survey of Hospitals conducted by the American Hospital Association, Texas Department of Health, and Texas Hospital Association. Eight of the ten facilities gave more detailed financial information for a two year period that allowed for further analysis of trauma trends. Respondents included private, not-for-profit hospitals which receive no financial tax support for operation of trauma centers, as well as county supported hospital districts which are struggling to care for growing numbers of uninsured patients. These trauma centers accept patients from local and distant communities, often delivered by ground or air ambulance from the scene of an accident or transferred from a community facility. In many cases these trauma centers are primary hospitals for medical schools, leaders in clinical research, pioneers in air ambulance services, and developers of lifesaving treatments. These medical centers are rigorously surveyed by the American College of Surgeons and licensed by the Texas Department of Health.

Figure 1

Figure 1: Trauma Survey Participants

City	Facility	Level	Organizational Status
Austin	Brackenridge Hospital	2	Non-Profit, Private, No Tax Support
Dallas	Methodist Medical Center	2	Non-Profit, Private, No Tax Support
Dallas	Baylor University Medical Center	1	Non-Profit, Private, No Tax Support
Dallas	Parkland Memorial Hospital	1	District Hospital
Fort Worth	JPS Health Network	2	District Hospital
Houston	Memorial Hermann Hospital	1	Non-Profit, Private, No Tax Support
Houston	Harris County Hospital District- Ben Taub	1	District Hospital
Lubbock	University Medical Center	1	District Hospital
San Antonio	University Health System	1	District Hospital
Tyler	East Texas Medical Center	1	Non-Profit, Private, No Tax Support

The survey reveals that overall losses on operations across the ten trauma centers averaged \$(21,448,751) per hospital, with the median hospital losing \$(17,279,000). The median operating margin for non-profit, private hospitals was a scant \$663,273, with some facilities losing millions, and the median operating margin for district facilities was \$(18,664,000), with some facilities losing significantly more as well. Overall net income after including any investment income, one time tobacco funds received by district facilities, or unusual gains averaged \$(3,506,792), with a median of \$3,336,290. Overall operating losses worsened 46% for private non-profits and 54% for district facilities from the prior year.

Turning specifically to trauma services, for the eight hospitals providing further financial data for their current as well as prior fiscal year, operating losses on trauma worsened 70% to an average loss of \$(8,232,008) and a median loss of \$(5,474,711). For private, non-profit trauma centers, the median operating loss on trauma services worsened by forty fold to a median loss of \$(4,576,661). For district facilities the median loss worsened by 22% to a median loss of \$(14,203,000). The median hospital lost \$4,571 per trauma admission, with the median district facility losing \$6,350 and the median private, non-profit losing \$2,702 per admit. Accordingly, the greater the trauma volume, the greater the operating losses. The cost of uncompensated trauma care for the ten hospitals participating in the survey is estimated at \$135,161,651 or an average of \$13,516,165 in uncompensated costs per facility. For the private, non-profit hospitals which have no legal requirement to provide trauma care but have elected to do so to serve the community, sustained operating losses and high levels of uncompensated care may lead to closure or

downsizing of programs. For district facilities already bearing heavy trauma volumes in addition to their incredible elective indigent care loads, any diminution in private, non-profit trauma programs will push the trauma system into an unsustainable situation.

As Texas' population has grown in the last decade and trauma volume has escalated, uninsured trauma care has increased due to a growing population and a rising uninsured rate. Now 21% of Texans are uninsured for health care, with 31% of the population of Harris County (Houston) and 25% of the population of Dallas County uninsured. While over the past year trauma volumes have grown 5.4% and operating losses have worsened dramatically, state Disproportionate Share Payments—which are intended to help defray deficiencies between Medicaid payments and the cost of delivering Medicaid and indigent care—declined by 23% to the private, non-profit trauma centers and 11% for the district facilities providing survey data for a two year period. This is equivalent to an average decline of \$4,694,723 per facility. Uncompensated care, defined here as charity care and bad debt billings, averaged \$153,195,026 per facility. Non-supported, private, non-profit facilities provided an average of \$76,781,846 in uncompensated care, representing 13% of their business. Note that this 13% figure does not include uncompensated services provided to Medicaid patients. The largest private, non-profit trauma center provided \$132,637,000 in uncompensated care. State charity guidelines require private, non-district facilities to provide 5% in charity care, after including the cost of care delivered to Medicaid patients beyond Medicaid reimbursement. As previously mentioned, the cost (and not billings) of uncompensated trauma care alone is estimated at \$13,516,165 per facility, and is estimated to total more than \$200,000,000 annually for the state's level 1 and 2 trauma centers.

As Texas' population continues to grow and branch out along highway routes, it is evermore critical that regional trauma centers are viably positioned to support the state's growing trauma infrastructure demands, just as it is important to assure sufficient development of highway infrastructure, ambulance and EMS services, police and fire departments. Unfortunately, the survey results reveal not only a bleak financial picture for the state's trauma infrastructure, but also a financial situation that is worsening. To help assure the availability of trauma services, Texas needs to continue making progress on several fronts,

including pursuit of county-based efforts to shore up funding for district facilities, restoration of reductions made in state disproportionate share funding, simplification of the state Medicaid enrollment process, expansion of Medicaid eligibility, and provision of sufficient funding for the Tertiary/Indigent Care Fund created in the last legislative session (HB 1398). Moreover, to assure that our trauma system expands along with the other infrastructure needs of

our growing population, the state might look to tie targeted trauma support to vehicle registration or licensing fees, as done in such states as Maryland. Beyond these efforts, federal funding approaches are needed to help address the challenges that all trauma centers around the country are facing in providing leading edge trauma care to both an insured and uninsured population.

References

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