

SB2535

Measure Title:

RELATING TO THE TRAUMA SYSTEM SPECIAL FUND.

Report Title:

Trauma System Special Fund; Surcharge (\$)

Description:

Establishes additional funding mechanisms for the trauma system special fund. Makes appropriation.

Introducer(s):

IGE

Current Referral:

HTH/JDL, WAM



SENATE COMMITTEE ON HEALTH
Senator David Ige, Chair

SENATE COMMITTEE ON JUDICIARY & LABOR
Senator Brian Taniguchi, Chair

Conference Room 016
Monday, February 11, 2008 at 1:15 p.m.

Testimony in support of SB 2535.

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of SB 2535, which creates additional sources of revenue for the trauma system special fund.

The trauma system special fund was designed to subsidize trauma care, which is provided by emergency departments in hospitals throughout the state. Trauma care is an indispensable component of a comprehensive health care system. However, it is a money-losing proposition because its extremely high costs are associated with limited revenues.

Currently, a large proportion of the costs of trauma care is being covered by revenue from other hospital services. Hospitals are already operating on very thin margins, and as a result trauma care threatens the financial viability of hospitals that provide it.

The trauma system special fund receives revenues from a portion of an increase to the cigarette tax enacted two years ago by the Legislature. However, the tax revenues are far from adequate in covering the difference between the costs of trauma care and the revenues it generates from patients.

This bill creates additional sources of revenue. These additional revenue sources are related to the causes of injuries requiring trauma care, specifically: (1) Accidents involving death or serious bodily injury; and (2) Traffic violations. This bill takes one more step toward creating the financial infrastructure needed to ensure the maintenance of trauma care throughout the state.

For the foregoing reasons, the Healthcare Association of Hawaii strongly supports SB 2535.



THE QUEEN'S MEDICAL CENTER

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Senator David Ige, Chair
Senate Committee on Health

Senator Brian Taniguchi, Chair
Senate Committee on Judiciary & Labor

Monday, February 11, 2008; 1:15 PM
State Capitol, Conference Room 016

**Re: SB 2535 – RELATING TO THE TRAUMA SYSTEM SPECIAL FUND
&
SB 2595 – RELATING TO THE TRAUMA SYSTEM SPECIAL FUND**

Chairs Ige and Taniguchi, Vice Chairs Fukunaga and Hee, and Members of the Committees:

My name is Art Ushijima, President and Chief Executive Officer of The Queen's Health Systems (Queen's), **testifying in strong support of Senate Bills 2535 and 2595**. Both bills attempt to sustain the highest quality of trauma care for the people of Hawaii by establishing additional funding mechanisms for the trauma system special fund and by making appropriations.

Hospitals that provide care to trauma patients – as well as the Department of Health and the Healthcare Association of Hawaii – collaborated two years ago to support the creation of the trauma system special fund. When financed, this fund will provide support to all Hawaii hospitals that provide care to trauma patients. Currently, the trauma system special fund is receiving limited monies from the cigarette tax, which took effect in October of 2007. By adding another dedicated stream of revenue to that fund, we believe these bills could bring the special fund to a level that would begin to provide meaningful benefit to Hawaii hospitals.

As the heart of the State's trauma care system, Queen's maintains a full complement of specialists, surgeons and non-surgeons, 24 hours a day, 365 days a year. We provide care for the vast majority of trauma patients on Oahu, as well as more serious trauma patients transferred in from the neighbor islands because of the lack of trauma centers elsewhere in the State. In 2006, the Queen's emergency room saw more than 12,000 patients with trauma-related injuries; of those, 1,688 were serious enough to be admitted. In 2007, over 1,800 patients were admitted. The pressure on hospitals is exacerbated by the high cost of providing care to these patients, who are often very critical and require extensive support.

Attached is a fact sheet that provides information on who uses our trauma program. **It should be noted that over half of the trauma patients admitted to Queen's test positive for alcohol and/or drugs. For this reason, we believe that penalties should be attached to drug and alcohol-related traffic offenses, and that these surcharges should be the funding foundation for the trauma system special fund. The linkage is clear.**

In 2006, the Hawaii Legislative Reference Bureau published a report, "On-Call Crisis in Trauma Care: Government Responses," which details the causes of the on-call physician specialist shortage and the increasing challenges that trauma care providers are experiencing. It concludes that, *"the rationale for public support of uncompensated trauma services is the same as for critical police and fire services; a trauma system is a necessary public service that ought to be publicly supported."* To that end, legislatures in many other states have seen fit to support their trauma systems and have developed dedicated sources of funding to ensure continued trauma care.

The Queen's Medical Center appreciates the Legislature's recognition that trauma care is a public health priority and respectfully requests that you pass a bill to adequately fund Hawaii's trauma system.

Thank you for the opportunity to testify.

Attachment

WHO IS THE HAWAII TRAUMA VICTIM?

Every year, hundreds of Hawaii residents, visitors, and military personnel are injured to a degree of severity that classifies them as "trauma victims." They are transported from all over Oahu and the Neighbor Islands to receive life-saving treatment at The Queen's Medical Center. This fact sheet provides some insight into the Queen's "trauma victim" and the resources required to provide 24-7 trauma service to Hawaii.

Q. How does a "trauma center" differ from an emergency room?

A. Hawaii has several excellent emergency rooms capable of handling injuries or medical problems of varying degrees. However, to be designated (by the state) or verified (by the American College of Surgeons) as a trauma center, a hospital must commit to providing all of the necessary resources (physicians – including multiple specialists – nurses, technology, operating rooms, etc.) 24 hours a day, 7 days a week.

Q. How many trauma victims does Queen's see each year?

A. In 2006, Queen's emergency room saw more than 12,000 patients with trauma-related injuries; of those, 1,668 were serious enough to be admitted (trauma admissions). In 2007, Queen's admitted over 1,800 trauma patients.

Q. Where do they come from?

A. Of the 1,668 trauma admissions in 2006, most were from Oahu (1,423) while 245 were transferred from the Neighbor Islands. Two-thirds of all Neighbor Island transfers go to Queen's (169 from the Big Island, followed by Kauai and Maui).

NOTE: Between 2002 and 2006, 477 visitors were admitted as trauma victims; they came from 30 different states and several foreign countries.

Queen's treats all members of the military and their dependents suffering a trauma. That figure varies widely throughout the year based on the total number of military in Hawaii/deployed, etc.

Q. How are they injured?

A. Motor vehicle crashes, falls, and motorcycle/moped crashes are the top three mechanisms of injury, followed by pedestrian accidents and blunt assault. **Trauma is the #1 cause of death in Hawaii for people between the ages of 1-34 (more than heart disease, cancer, and diabetes combined).**

- More than 52% of Queen's trauma admissions test positive for alcohol and/or drugs.
- 38% are alcohol-related; 12% are related to methamphetamine/ice use specifically

NOTE: Hawaii has had the highest rate of alcohol-related traffic fatalities in the U.S. for the last 3 years.

Hawaii is considered the most dangerous place in the U.S. for pedestrians over 65 years of age.

Hawaii is consistently in the top 3 states for methamphetamine/ice use.

NOTE: Falls are the leading cause of fatal injuries (37%) and injury-related hospitalizations (79% among Hawaii residents 65 and older); not infrequently, alcohol use is a contributing factor.

Q. What are the staffing levels needed to respond to a trauma?

A. The entire hospital must be ready, 24-7, to treat the trauma victim. A "modified" trauma requires an immediate response from 12-15 highly trained staff (doctors, nurses, respiratory therapists, etc.); a "full" trauma requires 15-20 people on-call at all times. Queen's has a severe shortage of orthopedic surgeons, neurosurgeons, and hand and face (plastic) surgeons willing to take call. That problem is more acute on the neighbor islands.

Q. How do other states fund trauma?

A. There are a variety of ways that other states have supported their trauma systems, including motor vehicle registration and other surcharges, sales and development taxes, subsidies to increase Medicaid reimbursements, cigarette sales taxes, tobacco settlement fund allocations and legislative appropriations. The most common form of funding comes from surcharges that are imposed on traffic violations and drug-related offenses.

Q. How much does it cost to provide 24-7 trauma services?

A. Being trauma-ready 24 hours a day, 365 days a year translates to expenditure of tremendous resources – both human and fiscal. In FY 2007, Queen's experienced a net loss of \$2.2 million to provide trauma services to the community.

Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiiapacifichealth.org

Monday, February 11, 2008 – 1:15pm
Conference Room 016

The Senate Committee on Health

To: The Honorable David Ige, Chair
The Honorable Carol Fukunaga, Vice-Chair

The Senate Committee on Judiciary & Labor

To: The Honorable Brian T. Taniguchi, Chair
The Honorable Clayton Hee, Vice-Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: Testimony in Strong Support of SB 2535 - Relating to the Trauma System Special Fund

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi'olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

Hawaii Pacific Health is in **Strong Support of SB 2535** which establishes additional funding mechanisms for the trauma system special fund. Hawaii Pacific Health supports recommendations to address the multitude of issues contributing to the problem of physician call coverage and Trauma Center coverage as we rely on the State's only Level II Trauma Center located at Queens. During the 2006 legislative session, Hawaii Pacific Health worked collaboratively with Queen's Hospital, Healthcare Association of Hawaii, Kaiser Hospital, and the State Department of Health to help create the Hawaii Trauma System Special Fund (Act 305). Hawaii Pacific Health was also a participant in and embraces the recommendation of the American College of Surgeons (ACOS) Committee on Trauma Report which was convened in October 23 – 28, 2005 to examine this crisis. Most notably the report recommended the development of an "Inclusive Trauma Care System" across all of the neighbor islands.

Hospitals on both the Neighbor Island and Oahu provide "trauma care" to individuals who present themselves at emergency rooms. For example Straub Clinic & Hospital serves as the State's only burn unit and provides "trauma care" to all patients. Likewise, Wilcox Memorial Hospital is the only facility on Kauai providing trauma care to patients on the island of Kauai. Our hospitals lose millions of dollars in un-reimbursed care providing essential "trauma care" services.



Straub
CLINIC & HOSPITAL



The real problem facing all Hawaii Hospitals is inadequate reimbursement by Medicaid and Medicare for medical services. On average, Hawaii hospitals lose 20 cents on every \$1.00 spent to provide care for a Med-Quest patient and 21 cents on every Medicare patient. Hawaii Pacific Health provides care for thirty six percent (36%) of the total state Medicaid/QUEST discharges and loses tens of millions of dollars each year in order to provide care for these patients. Wilcox Memorial Hospital also is challenged by a high Medicaid/Quest payer mix, small physician specialty base, and serves as the sole full service hospital for Kauai County.

SB 2535 further addresses the need to provide funding in the event our healthcare system experiences a situation regarding mass casualties similar to what occurred to hospitals in New Orleans during Hurricane Katrina. In the case of a terror attack or natural catastrophe involving mass casualties, a statewide *system* needs to be developed in order to respond adequately as such an occurrence would quickly overwhelm any one hospital's capacity. In order to assure that statewide hospital *system* is in place and appropriately "preparedness" to meet the demands of such a scenario, SB 2535 is essential.

We therefore ask that you pass SB 2535 from this committee.

