Discussion 3 Assignment
PHC 6102 Principles of Health Policy and Management
Non-Profit and For-Profit Trauma Center Hospitals

INSTRUCTIONS

1. Each group member should make an original posting to one question among questions 1 to 3 (1 point).

2. Each group member should respond to one other group members’ original postings on the two questions for which the student did not respond under #1 of the instructions. In other words, if making an original post to question 1, then the student should respond to another student on questions 2 and 3 (1 point).

3. All students should respond to question 4 and also respond to another student’s post on question 4 (2 points).

4. To receive full credit, your original postings must be at least three days before the final deadline to allow other students time to respond.

Discussion Questions:

1) How does the trauma scenario impact Florida trauma patients in terms of quality (advantages and disadvantages), and briefly explain why?

2) How does the trauma scenario impact Florida trauma patients in terms of access (advantages and disadvantages), and briefly explain why?

3) How does the trauma scenario impact Florida trauma patients in terms of cost (advantages and disadvantages, and briefly explain why?

4) After considering responses to questions 1 – 3, state and explain your conclusion about trauma center regulation relative to optimizing care for patients (e.g., entry barriers versus free market approach; rules about distance, time, or retention rates; dual FDOH or ACS approval processes), and respond to at least one other student’s conclusion.

Trauma Scenario

Begin by reading the news story titled Trauma Centers Springing Up as Profits Rise.

For-profit hospitals tend to avoid offering services that are unprofitable. Examples of unprofitable hospital services include AIDS inpatient and outpatient units, burn centers, inpatient psychiatric units, and trauma centers. Most trauma centers are large, non-profit hospitals. Trauma centers are typically unprofitable for two reasons. First, they serve all injured patients, which results in a disproportionately higher percent of uninsured patients. When treating an uninsured patient, a hospital incurs the expense of providing the services with less likelihood of receiving payment for service. In addition, trauma centers pay high priced specialists (e.g., general surgeons, neurosurgeons, orthopedic surgeons) to be on-call all hours of the day, every day of the year. These preparedness costs are a fixed expense, which occur regardless of trauma patient volume. Preparedness creates a trauma center’s ability to immediately treat an injury, which results in a survival advantage. Established centers in Florida have demonstrated a 15 to 18 percent survival advantage among injured, relative to non-trauma center hospitals.

In recent years, a new fee emerged that trauma centers can charge – a “trauma alert” fee. It makes trauma centers more profitable (or at least less unprofitable). It is intended to cover costs of preparedness. Medicare and other payers began funding the “trauma alert” charge around 2005. “Trauma alert” fees assessed by Florida
trauma centers range from $1,400 to $66,000 per “trauma alert” patient. The “trauma alert” charge only covers trauma team activation, as patients are also billed for all services received. Non-trauma center hospitals cannot use the “trauma alert” charge.

In 2011 and 2012, HCA Holdings, Inc., which is a for-profit hospital chain, applied for trauma center designation for five of its Florida hospitals. They reported perceiving trauma centers as financially favorable. The Florida Department of Health (FDOH) regulates and approves trauma centers, having the power to deny an application, designate a trauma center, or discontinue trauma center designation. Under new administration, the FDOH granted provisional trauma center status to the five hospitals even though the hospitals did not meet the previously required guidelines. Under the prior guidelines, for a hospital to be a candidate for a trauma center, the County must retain 75% of its trauma patients and not be adjacent to a County with a trauma center.

This created contentious relationships with established trauma centers since the new centers now treat trauma patients who would have been transported to the established centers. The established centers contend the new centers were not needed and they reduce quality by splitting trauma volume among more centers. In contrast, the FDOH contends the public is advantaged by allowing more hospitals to become trauma centers.

Meanwhile, four established trauma centers filed a lawsuit. The judge ruled the FDOH rule for determining the maximum number of trauma centers by geographic area was outdated, thereby siding with the established centers. The appellate court ruled that the economic interests of the established trauma centers are protected under the State’s trauma center laws, and rejected the FDOH's argument to the contrary. Despite the court rulings, the FDOH changed the status of three of the HCA provisional trauma centers to full trauma center designation.

In addition, a Florida law was just passed by the legislature in 2013 that permits new trauma centers in certain geographic areas regardless of FDOH approval. The new law changes eligibility by lowering the distance/time standards to the nearest established trauma center (15 miles or 20 minutes ground travel, instead of 50 miles or 30 minutes). It appears these trauma centers can be developed without FDOH approval or oversight, as they instead will be approved by the American College of Surgeons (ACS).