Trauma Care Evolution in the Volume to Value Revolution

Trauma 2015: California's Future 5/6, 6/2, 2015

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California Statewide Trauma Plan 2014 (Draft)

- State Trauma System Strategies and Policy Directions
- Trauma System Financing – Sufficient resources for direct patient care & statewide trauma system oversight

US Health & Social Spending Anomaly

Source: OECD

Cost Shift in California

Annual ratio of hospital profit to costs by payer category:

- Reductions in Medicare and Medi-Cal reimbursement have required hospitals to increase charges to private payors to maintain overall profitability

Population Health
Coordinated Care
Global Payments

Revolution vs. Evolution

HEALTH CARE BUSINESS MODEL REVOLUTION
- Momentous sweeping change

TRAUMA CARE EVOLUTION
- Growth, progress
Key Questions for Health System Leaders

- What’s going to force us to change?
- How do we get from here to there?
- How big do we have to be?
- Do we have to be big nationally or dominant regionally, or both?
- Can we take risk? And do we make, buy or ally for risk bearing?
- What assets do we have to bring together, and do we have to own them all?
- What are the key competencies?
- Do we have the people, leaders and culture to pull this off?

Transforming for Tomorrow: From Providing Care to Managing Care

The Business Model Is Changing Because It Has to Change

Obstacles and Opportunities

- How does sweeping financial reform affect California trauma care?
- Will we see trauma center supply “roller coaster”
- Can we sustain the high fixed costs of inpatient trauma care as we shift into new payment models?
- Will our data and information systems mature fast enough to answer, “how many trauma centers do we need and where”, and what are our trauma care outcomes?
- Will society fund injury prevention efforts?
Environmental Scan: Coverage Shifts

Despite an increase in the total insured, the net effect of this shift will be a significant dilution of margin.

<table>
<thead>
<tr>
<th>Source: Deloitte Analysis, Illustrative 2012 Margins derived from 2008 Milliman Report</th>
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<tbody>
<tr>
<td><strong>2012 Margin (Pre-ACA)</strong></td>
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<tr>
<td>Commercial</td>
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<tr>
<td>Government</td>
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<tr>
<td>Uninsured</td>
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**Key Shifts**

1. Reduction in the uninsured from 20% to 12% improves margin profile (Δ = +1.2%, now 3.2%)
2. Aging into Medicare and the Exchange (SMRO + HEDIS) reduce proportion of Commercially insured from 50% to 44% and drives margins (Δ = -0.5%, now -1.7%)
3. With a higher mix of Government business, ACA reimbursement reform significantly degrades margin (Δ = -3.3%, now -8.3%)

### Trauma Care Finance & ACA

- The ACA included three separate trauma care grants
  - None were funded
- The Trauma Care Act of 2014 added Burn Centers now eligible for grant funding
- No “Trauma Care Fund” since 2005
- Minimal “Maddy Funds”
- Increased “fixed costs” for new ACA “orange book” requirements
- Minimal data to analyze fiscal status of trauma system

### Trauma Care Financing

- Trauma care cost deficits often leveraged against other service revenue producers
- **Next Steps:** As outline in the Trauma Plan: Bring stakeholders together to identify the systems current financial status, perform a gap analysis against projected ACA changes and design a transformed trauma system

### Trauma Care Data

- **AB 430** (Hernandez) Trauma Center Evaluation, right question, wrong solution
- **AB 503** (Rodriquez) EMS Disclosure, CHA’s bill to increase hospital protection under CMIA to share PHI for CQI purposes
- **Next Steps:** Aggressive attention on NTDB, system standardization to assess performance

### Moving Trauma to a Population Health Model- Prevention

- Trauma is a Ca. $18 billion public health problem, (medical and work loss)
- Most trauma care still episodic, less coordinated
- **Next Steps:** The financial incentives will realign focus on health & prevention, targeting 2006 HRSA Model Trauma System Planning and Evaluation- inclusive, coordinated, connected “system of systems” using epidemiologic data within the community

### Trauma & Burn Inclusive Systems

- Unique characteristics of care to emphasize & model
  - Inclusive systems recognizing the continuum from prevention, care, rehab, research, education
  - True Interdependent care teams that include the patient, family and all providers
Trauma & Burn Inclusive Systems

Summary

- Aggressive attention to data, care and cost outcomes and need for trauma care and prevention – develop a population health strategy for trauma
- Make objective comparable data visible to public, payers, policymakers
- Think globally but act locally and use RTCC’s as cross fertilizers, conveners and connectors
- Move statewide trauma providers to an inclusive system incentivized to prevent traumatic injury
- Develop a Trauma Transforming for Tomorrow Task Force to build roadmaps for change

Order From Chaos

- “A system is defined as chaotic when it becomes impossible to know what will happen next”,
  “disorder can be a source of new order, growth appears from disequilibrium, not balance.... These conditions are necessary to awaken creativity”....
  M. Wheatley

Questions