

Uncompensated Care Allocation and Readiness & Performance Based Payments Funding Formulas

Disclaimer

All information and examples included herein are designed to illustrate key concepts of existing trauma center funding formulas. The funding amounts depicted here vary widely and are not intended to represent actual amount of funds distributed. Examples depict whole numbers for ease of illustration of key funding formula concepts. Warren Averett was not involved in the creation of the formulas or the administration of the program. As an entity with expertise in accounting and finance, the GTCNC sought assistance from Warren Averett in understanding how the current formulas work.

General Fund Allocations

- The total funding to distribute for Readiness and Uncompensated Care Claims (UCCC) is determined by the budget.
- Funds available to distribute to stakeholders are allocated 80% to Readiness and UCCC and EMS is allocated 20%.
- Readiness and Uncompensated Care's 80% is reduced by the trauma center UCCC AUP and any other trauma related studies.

General Fund Allocations

GTC FY 20XX General Proposed Budget Cut	
FY 20XX Approved Budget:	Month/Day/Year
Amount from previous Appropriations Act (HB 31) as amended.	\$ 18,082,200
Increase funds for merit-based pay adjustments, employee recruitment or retention initiatives effective July 1, 20XX.	800
FY 2021 Budget Cut of XX%	(2,200,000)
FY 20XX Available Funding	15,883,000
Budget Areas	Proposed 20XX Budget
Commission Operations	1,000,000
System Development, Access & Accountability	700,000
Georgia Trauma Foundation	150,000
State OEMS/T Allocation	430,000
Trauma Registry Support to Trauma Centers	1,000,000
Subtotal of Budget Areas	3,280,000
Available for Stakeholders Distribution	12,603,000
AVLS Support	531,000
EMS Stakeholders @ 20% of stakeholders distribution	2,000,000
Trauma Center UCCC AUP	50,000
Pracht Study	22,000
Trauma Centers & Physicians Stakeholders @ 80% of stakeholders distribution	10,000,000
Totals	\$ 15,883,000

Budget Area: Example

- Readiness and UCCC's allocation is split evenly (50%).

Budget Area: Trauma Centers & Physicians			
FY 20XX Approved Budget:		Month/Day/Year	
	Amount		
Trauma Center & Physician Readiness Payments	\$1,200,068		
Performance Based Payments Program	\$3,799,932		
Sub Total Readiness Payments	\$5,000,000		
Trauma Center UCC Audits		\$50,000	
Other Study		\$22,000	
Qualifying Uncompensated Care Claims Reimbursement CY 20XX	\$5,000,000		
Sub Total Trauma Center Allocation	\$10,000,000		
Total Hospital/Physician Fund Allocation			\$10,072,000
Trauma Centers & Physicians Fund Division			
	75% Hospital	25% Physician	Total
Readiness	\$3,750,000	\$1,250,000	\$5,000,000
Uncompensated Care	\$3,750,000	\$1,250,000	\$5,000,000
Total	\$7,500,000	\$2,500,000	\$10,000,000

Uncompensated Care Allocation

- Level I and II Trauma Centers and Burn Centers receive reimbursement for qualifying Uncompensated Care Claims (UCCC).
- UCCC are reimbursed based on the number and severity of patients meeting UCCC criteria.
- The severity criteria is listed below:

Severity Score Category	ISS Criteria	Burn Severity Criteria
Basic	ISS 1-8	N/A
Moderate	ISS 9-15	Smoke, TBSA 10-20%
Major	ISS 16-24	Electrical Burn
Severe	ISS >24	TBSA 21-30% and >30%

Uncompensated Care Allocation

- National trauma center patient treatment costs norms are used to estimate total costs.
- The cost norms used are listed below:

Patient Treatment Cost Norms*		
Severity Score Category	Community	Academic
Basic	\$5,267	\$6,373
Moderate	\$10,428	\$12,618
Major	\$19,626	\$23,747
Severe	\$33,945	\$41,073

* Based on legacy norms

Uncompensated Care Allocation

- Community Cost Norms are used for Level II Centers
- Academic Cost Norms are used for Level I and Burn Centers.
- A Severity Adjusted Cost Norm Total is calculated for each Center. See example below:

Center A (Level II)	Basic	Moderate	Major	Severe	Total	
Claims	44	38	14	12	108	[A]
Cost Norms	\$5,267	\$10,428	\$19,626	\$33,945		
Claims X Cost Norm	\$231,748	\$396,264	\$274,764	\$407,340	\$1,310,116	[B]
Severity Adjusted Cost Norm Total					\$12,131	[B] / [A]

Uncompensated Care Allocation

- The Severity Adjusted Cost Norm for each Center is multiplied by the total number of claims for each Center to determine a total based on cost norms.

Trauma Center	Basic	Moderate	Major	Severe	Total	Severity Adjusted Cost Norms	Total Based Upon Cost Norms
Level II							
Center A	44	38	14	12	108	\$12,131	\$1,310,116
Center B	278	109	35	25	447	\$9,254	\$4,136,413
Center C	70	45	13	15	143	\$11,205	\$1,602,263
Center D	134	72	24	13	243	\$9,749	\$2,368,903
Center E	34	19	8	2	63	\$9,557	\$602,108
Center F	105	57	21	19	202	\$10,914	\$2,204,532
Center G	27	20	11	2	60	\$10,576	\$634,545
Center H	97	95	35	21	248	\$11,699	\$2,901,314
Center I	61	7	3	2	73	\$7,138	\$521,051
Level I							
Center J	243	150	38	28	459	\$11,969	\$5,493,769
Center K	78	10	2	1	91	\$7,822	\$711,841
Center L	710	461	184	173	1,528	\$14,278	\$21,816,805
Center M	163	71	23	13	270	\$11,166	\$3,014,807
Center N	204	111	65	22	402	\$12,806	\$5,147,851
Center O	496	199	101	65	861	\$12,474	\$10,740,182
Burn Center							
Burn A	-	24	-	4	28	\$16,683	\$467,124
Burn B	-	34	4	14	52	\$21,135	\$1,099,022
Total	2,744	1,522	581	431	5,278		\$64,772,646

Center A
 $\$12,131 \times 108 =$
 $\$1,310,116$

Uncompensated Care Allocation

- The total based on cost norms is used to determine a weighted % by Center. The weighted % is used to determine the reimbursement per Center. (Based on the total funds available; in FY20XX that total was \$5,000,000)

Trauma Center	Basic	Moderate	Major	Severe	Total	Severity Adjusted Cost Norms	Total Based Upon Cost Norms	Allocation Based On % of Norm Cost Total	
Level II									
Center A	44	38	14	12	108	\$12,131	\$1,310,116	2.02%	\$101,132
Center B	278	109	35	25	447	\$9,254	\$4,136,413	6.39%	\$319,302
Center C	70	45	13	15	143	\$11,205	\$1,602,263	2.47%	\$123,684
Center D	134	72	24	13	243	\$9,749	\$2,368,903	3.66%	\$182,863
Center E	34	19	8	2	63	\$9,557	\$602,108	0.93%	\$46,479
Center F	105	57	21	19	202	\$10,914	\$2,204,532	3.40%	\$170,175
Center G	27	20	11	2	60	\$10,576	\$634,545	0.98%	\$48,982
Center H	97	95	35	21	248	\$11,699	\$2,901,314	4.48%	\$223,961
Center I	61	7	3	2	73	\$7,138	\$521,051	0.80%	\$40,222
Level I									
Center J	243	150	38	28	459	\$11,969	\$5,493,769	8.48%	\$424,081
Center K	78	10	2	1	91	\$7,822	\$711,841	1.10%	\$54,949
Center L	710	461	184	173	1,528	\$14,278	\$21,816,805	33.68%	\$1,684,106
Center M	163	71	23	13	270	\$11,166	\$3,014,807	4.65%	\$232,722
Center N	204	111	65	22	402	\$12,806	\$5,147,851	7.95%	\$397,378
Center O	496	199	101	65	861	\$12,474	\$10,740,182	16.58%	\$829,068
Burn Center									
Burn A	-	24	-	4	28	\$16,683	\$467,124	0.72%	\$36,059
Burn B	-	34	4	14	52	\$21,135	\$1,099,022	1.70%	\$84,837
Total	2,744	1,522	581	431	5,278		\$64,772,646	100.00%	\$5,000,000

Center A
 $\$1,310,116 /$
 $\$64,772,646 =$
2.02%

Center A
2.02% X
 $\$5,000,000 =$
\$101,132

Readiness & PBP

- Level IV and III Centers receive a stipend, these amounts are allocated first.
- In this example Level IV Centers receive \$10,000 and Level III Centers receive \$50,000.
- Level IV: Performance Based Payments (PBP) are 19% ($\$10,000 \times 19\% = \$1,900$) of the total allocation of \$10,000 per Center. The remaining funding of \$8,100 ($\$10,000 - \$1,900 = \$8,100$) is allocated as a readiness payment. For FY20XX each level IV Center received 0.20% of the total Readiness funding. ($\$10,000 / \$5,000,000$). There were 6 Level IV Centers to receive funding in FY20XX therefore the total Readiness % allocated to all level IV Centers was 1.20% ($(\$10,000 \times 6) / \$5,000,000$)
- Level III: PBP payments are 60% ($\$50,000 \times 60\% = \$30,000$) of the total allocation of \$50,000 per Center. The remaining funding of \$20,000 ($\$50,000 - \$30,000 = \$20,000$) is allocated as readiness payments. For FY20XX each level III Center received 1.00% of the total Readiness funding. ($\$50,000 / \$5,000,000$). There were 5 Level III Centers to receive funding in FY20XX therefore the total Readiness % allocated to all level IV Centers was 5.00% ($(\$50,000 \times 5) / \$5,000,000$)

Level IV and III Readiness and PBP

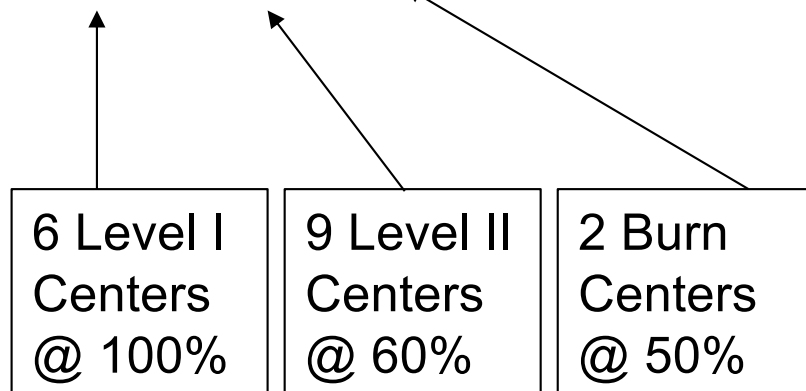
Budget Area: Readiness & Performance Based Payments					
FY 20XX Approved Budget:				Month/Day/Year	
Trauma Center	Comparative Funding Levels	% of Fund	Readiness Payments	Potential PBP Payments	Total Readiness Payments
Level IV					
	\$10,000				
Center A		0.20%	\$8,100	\$1,900	\$10,000
Center B		0.20%	\$8,100	\$1,900	\$10,000
Center C		0.20%	\$8,100	\$1,900	\$10,000
Center D		0.20%	\$8,100	\$1,900	\$10,000
Center E		0.20%	\$8,100	\$1,900	\$10,000
Center F		0.20%	\$8,100	\$1,900	\$10,000
Level III					
	\$50,000				
Center G		1.00%	\$20,000	\$30,000	\$50,000
Center H		1.00%	\$20,000	\$30,000	\$50,000
Center I		1.00%	\$20,000	\$30,000	\$50,000
Center J		1.00%	\$20,000	\$30,000	\$50,000
Center K		1.00%	\$20,000	\$30,000	\$50,000

Readiness

- The total funding allocated to Level IV and III Centers in FY20XX was \$310,000. $((\$10,000 \times 6) + (\$50,000 \times 5))$. The total % of Readiness funding allocated to Level IV and III Centers was 6.20% $(\$310,000 / \$5,000,000)$
- After Level IV and III Centers are allocated that leaves 93.80% $(100\% - 6.20\% = 93.80\%)$ of the funding to allocate to the remaining Centers. The total remaining dollars to allocate to the remaining Centers is \$4,690,000 $(\$5,000,000 - \$310,000 = \$4,690,000)$
- Level I Centers are allocated an amount based on what is left in the balance after allocating to the Level IV and III Centers and based on how many Level I, Level II and Burn Centers there are to allocate the remaining funds.
- Level II Centers are allocated 60% of what Level I Centers are allocated.
- Burn Centers are allocated 50% of what Level I Centers are allocated.

Readiness

- In example FY20XX there are 6 Level I Centers, 9 Level II Centers and 2 Burn Centers. Therefore, a total of 17 (6+9+2=17) Centers to allocate the remaining funding.
- If every Center received the same % allocation, then the remaining funding would be split evenly between the 17 Centers (\$5,000,000/17=\$294,118)
- However, the remaining Centers do not receive the same % of the remaining funds.
- The total of remaining Centers is now 12.4 instead of 17.
 $((6*1)+(9*0.6)+(2*0.5)=12.4)$



This formula takes into consideration that Level II and Burn Centers do not receive the same funding as the Level I Centers. Rather it “weights” each center. In other words, a Level II Center is equal to 60% of a Level I Center and a Burn Center is equal to 50% of a Level I Center. Giving these “weighted” values to the Level II and Burn Centers equals the same total value as 12.4 Level I Centers.

Readiness

- In example FY20XX there are 9 Level II Centers that will be allocated 60% each of the 12.4 *weighted* total Centers. Each Level II Center will be allocated 4.84% ($60\%/12.4 = 4.84\%$) of the **remaining** funds. Each Level II Center will be allocated \$226,935 ($4.84\% \times \$4,690,000 = \$226,935$).
- The Readiness funding formula takes into account the % of funding already allocated to Level IV and III Centers therefore the formula calculates the % to allocate based on the **total** funding to be 4.54% ($60\%/12.4 \times (100\% - 6.20\%)$). Each Level II Center will be allocated \$226,935 ($4.54\% \times \$5,000,000 = \$226,935$).

6.20% is the % already allocated
to Level IV and III Centers

Remaining funds =
funds available after
Level IV and III
stipends are allocated.

NOTE: There are some minor rounding differences in the calculations above.

Level II Readiness and PBP

Budget Area: Readiness & Performance Based Payments					
FY 20XX Approved Budget:				Month/Day/Year	
Trauma Center	Comparative Funding Levels	% of Fund	Readiness Payments	Potential PBP Payments (1)	Total Readiness Payments
Level II	60% of Level I				
Center L	60%	4.54%	\$45,387	\$181,548	\$226,935
Center M	60%	4.54%	\$45,387	\$181,548	\$226,935
Center N	60%	4.54%	\$45,387	\$181,548	\$226,935
Center O	60%	4.54%	\$45,387	\$181,548	\$226,935
Center P	60%	4.54%	\$45,387	\$181,548	\$226,935
Center Q	60%	4.54%	\$45,387	\$181,548	\$226,935
Center R	60%	4.54%	\$45,387	\$181,548	\$226,935
Center S	60%	4.54%	\$45,387	\$181,548	\$226,935
Center T	60%	4.54%	\$45,387	\$181,548	\$226,935

(1) PBP is 80% of total readiness payment for Level II

Readiness

- In example FY20XX there are 6 Level I Centers that will be allocated 100% each of the 12.4 *weighted* total Centers remaining. Each level I Center will be allocated 8.06% ($100\%/12.4=8.06\%$) of the **remaining** funds. Each Level I Center will be allocated \$378,226 ($8.06\%*\$4,690,000=\$378,226$).
- The Readiness funding formula takes into account the % of funding already allocated to Level IV and III Centers therefore the formula calculates the % to allocate based on the **total** funding to be 7.56% ($100\%/12.4*(100\%-6.20\%)$). Each Level I Center will be allocated \$378,226 ($7.56\%*\$5,000,000=\$378,226$)

**Remaining funds =
funds available after
Level IV and III
stipends are allocated.**

**6.20% is the % already allocated
to Level IV and III Centers**

NOTE: There are some minor rounding differences in the calculations above.

Level I Readiness

Budget Area: Readiness & Performance Based Payments					
FY 20XX Approved Budget:				Month/Day/Year	
Trauma Center	Comparative Funding Levels	% of Fund	Readiness Payments	Potential PBP Payments (1)	Total Readiness Payments
Level I					
Center U	100%	7.56%	\$75,645	\$302,581	\$378,226
Center V	100%	7.56%	\$75,645	\$302,581	\$378,226
Center W	100%	7.56%	\$75,645	\$302,581	\$378,226
Center X	100%	7.56%	\$75,645	\$302,581	\$378,226
Center Y	100%	7.56%	\$75,645	\$302,581	\$378,226
Center Z	100%	7.56%	\$75,645	\$302,581	\$378,226

(1) PBP is 80% of total readiness payment for Level I

Readiness

1. In example FY20XX there are 2 Burn Centers that will be allocated 50% each of the 12.4 *weighted* total Centers remaining. Each Burn Center will be allocated 4.03% ($50\%/12.4=4.03\%$) of the **remaining** funds. Each Burn Center will be allocated \$189,113 ($4.03\%*\$4,690,000=\$189,113$).
- The Readiness funding formula takes into account the % of funding already allocated to Level IV and III Centers therefore the formula calculates the % to allocate based on the **total** funding to be 3.78% ($50\%/12.4*(100\%-6.20\%)$). Each Burn Center will be allocated \$189,113 ($3.78\%*\$5,000,000=\$189,113$)

6.20% is the % already allocated to Level IV and III Centers

Remaining funds = funds available after Level IV and III stipends are allocated.

NOTE: There are some minor rounding differences in the calculations above.

Burn Readiness

Budget Area: Readiness & Performance Based Payments					
FY 20XX Approved Budget:				Month/Day/Year	
Trauma Center	Comparative Funding Levels	% of Fund	Readiness Payments	Potential PBP Payments (1)	Total Readiness Payments
Burn Center	50% of Level I				
Burn A	50%	3.78%	\$94,556	\$94,556	\$189,113
Burn B	50%	3.78%	\$94,556	\$94,556	\$189,113

(1) PBP is 50% of total readiness payment for Burn

Total Readiness (including potential PBP) Allocations

Budget Area: Readiness & Performance Based Payments					
FY 20XX Approved Budget:				Month/Day/Year	
Trauma Center	Comparative Funding Levels	% of Fund	Readiness Payments	Potential PBP Payments	Total Readiness Payments
Level IV	\$10,000				
Center A		0.20%	\$8,100	\$1,900	\$10,000
Center B		0.20%	\$8,100	\$1,900	\$10,000
Center C		0.20%	\$8,100	\$1,900	\$10,000
Center D		0.20%	\$8,100	\$1,900	\$10,000
Center E		0.20%	\$8,100	\$1,900	\$10,000
Center F		0.20%	\$8,100	\$1,900	\$10,000
Level III	\$50,000				
Center G		1.00%	\$20,000	\$30,000	\$50,000
Center H		1.00%	\$20,000	\$30,000	\$50,000
Center I		1.00%	\$20,000	\$30,000	\$50,000
Center J		1.00%	\$20,000	\$30,000	\$50,000
Center K		1.00%	\$20,000	\$30,000	\$50,000
Level II	60% of Level I				
Center L	60%	4.54%	\$45,387	\$181,548	\$226,935
Center M	60%	4.54%	\$45,387	\$181,548	\$226,935
Center N	60%	4.54%	\$45,387	\$181,548	\$226,935
Center O	60%	4.54%	\$45,387	\$181,548	\$226,935
Center P	60%	4.54%	\$45,387	\$181,548	\$226,935
Center Q	60%	4.54%	\$45,387	\$181,548	\$226,935
Center R	60%	4.54%	\$45,387	\$181,548	\$226,935
Center S	60%	4.54%	\$45,387	\$181,548	\$226,935
Center T	60%	4.54%	\$45,387	\$181,548	\$226,935
Level I	100%				
Center U	100%	7.56%	\$75,645	\$302,581	\$378,226
Center V	100%	7.56%	\$75,645	\$302,581	\$378,226
Center W	100%	7.56%	\$75,645	\$302,581	\$378,226
Center X	100%	7.56%	\$75,645	\$302,581	\$378,226
Center Y	100%	7.56%	\$75,645	\$302,581	\$378,226
Center Z	100%	7.56%	\$75,645	\$302,581	\$378,226
Burn Center	50% of Level I				
Burn A	50%	3.78%	\$94,556	\$94,556	\$189,113
Burn B	50%	3.78%	\$94,556	\$94,556	\$189,113
Totals	12.40	100.00%	\$1,200,068	\$3,799,932	\$5,000,000