

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 16, 2011
POSITION: Oppose
SPONSOR: American College of Emergency Room Physicians, California State Chapter

BILL NUMBER: SB 336
AUTHOR: T. Lieu
RELATED BILLS: AB 911 (2009-10); AB 2153 (2009-10)

BILL SUMMARY: Emergency Room Crowding

This bill would require each licensed general acute care hospital with an emergency department to calculate a crowding score, as defined by the bill, on a prescribed schedule. It would also require Hospitals to develop a full-capacity protocol, based on the crowding score and submit updated protocols to the Office of Statewide Health Planning and Development (OSHPD) annually.

FISCAL SUMMARY

This bill would result in a minor workload increase for the OSHPD and the Department of Public Health (DPH). The increase would be minimal and absorbable within existing resources. This bill would result in increased General Fund costs of \$310,000 on a one-time basis and \$90,000 on an ongoing annual basis to the University of California Medical Centers until January 1, 2016.

This bill could potentially result in decreased health care costs and savings to state funded medical programs if it resulted in a decrease in emergency department overcrowding and length of inpatient hospitalizations. However, to the extent that this bill results in emergency departments being able to serve more patients there could be increased costs to state funded programs. Furthermore, hospitals already have a vested interest to reduce emergency department crowding, which makes a reporting mandate unnecessary and potentially burdensome for hospitals already taking steps to address issues of overcrowding, including the use of overcrowding assessments. There also is insufficient evidence to show that using the scoring tool required in this bill would have any impact on reducing overcrowding.

COMMENTS

The Department of Finance opposes this bill for the following reason:

- This bill would increase General Fund costs to the University of California Medical Centers at a time when they are facing General Fund reductions. Funding for these additional costs are not included in the Governor's proposed budget or this bill.

Analyst/Principal (0561) T. Williams Date Program Budget Manager Lisa Ann L. Mangat Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

T. Lieu

May 16, 2011

SB 336

ANALYSIS

A. Programmatic Analysis

Under current law health facilities are licensed and regulated by the DPH. The OSHPD provides information about healthcare outcomes and facilitates development of sustained capacity of communities to address local health care needs.

This bill would require each hospital with an emergency department to collect data on emergency room overcrowding. Data would be used to calculate a crowding score according to a standardized methodology. This bill would require hospitals to use their emergency room crowding score to develop a full-capacity protocol which would be submitted to the OSHPD and updated annually. A full capacity protocol redistributes admitted patients boarding in the emergency room to inpatient units when the emergency room is unable to evaluate and treat new emergency patients in a timely manner because of a lack of space and resources.

The purpose of this bill is to address the problem of overcrowding in emergency rooms. According to the bill's sponsor, the California Chapter of the American College of Emergency Physicians (CAL/ACEP), one factor that contributes to overcrowding is boarding of admitted patients in emergency rooms. This occurs when hospitals cannot move patients from these departments to inpatient units. The result is patients being boarded in emergency room hallways and waiting rooms, decreasing the capacity to effectively treat admitted patients and admit new emergency cases. Various studies have shown that there are significant negative consequences resulting from extended stays in the emergency rooms, including increased time in inpatient care.

The University of Southern California Medical Center has been able to significantly reduce overcrowding by monitoring patient data and developing a full capacity protocol to allow the emergency department and hospital to adapt to situations of overcrowding. This bill would require similar capacity planning for all hospitals with emergency rooms, and establish a framework of how to collect data and develop capacity planning.

There are other factors that contribute to overcrowding such as a declining number of emergency rooms amid an increasing population. This bill addresses only one factor, capacity planning to best utilize existing resources.

The San Bernardino County Board of Supervisors and the Association of California Healthcare Districts are opposed to this bill because there is no evidence that using a scoring tool is effective and would work in California. They note that overcrowding assessments in emergency rooms are already being conducted and that there is insufficient evidence that using a scoring tool would have any impact on improving overcrowding.

B. Fiscal Analysis

This bill would result in a minor workload increase for the OSHPD and the DPH. The increase would be minimal and absorbable within existing resources.

This bill would result in increased costs to University of California Medical Centers to develop data collection methodology and infrastructure, and continually collect and input data. In addition, resources would be needed develop full capacity protocols and update them annually for submission to the OSHPD. It is estimated that this bill would increase General Fund costs by approximately \$310,000 the first year, and approximately \$90,000 annually thereafter.

T. Lieu

May 16, 2011

SB 336

This bill could potentially result in decreased health care costs. As noted above, overcrowding is associated with significant negative consequences. A reduction in overcrowding could result in cost savings or hospital revenue increases by increasing emergency room functional capacity, decreasing length of hospital stay, and decreasing ambulance diversion. It is reasonable to assume if health care costs are reduced overall, then there would be some savings in state-funded medical programs. However, to the extent that this bill results in emergency departments being able to serve more patients there could be increased costs to state funded programs. Furthermore, hospitals already have a vested interest to reduce overcrowding making a reporting mandate unnecessary and potentially burdensome for hospitals already taking steps to address issues of overcrowding, including the use of overcrowding assessments. There also is insufficient evidence to show that using the scoring tool required in this bill would have any impact on reducing overcrowding.

This bill would specify that no reimbursement to local government would be required, because the only costs incurred by a unit of local government would result from defining a new crime.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO RV	PROP 98	FC	2010-2011	FC	2011-2012	FC	2012-2013		
4140/Stwd Hth Pln	SO	No			-----	No/Minor	Fiscal Impact	-----		0001
4265/PublicHealth	SO	No			-----	No/Minor	Fiscal Impact	-----		0001
6440/UC	SO	No			--	C	\$310	C	\$90	0001