Florida trauma centers charge outrageous fees the moment you come through the door

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**Story BY LETITIA STEIN AND ALEXANDRA ZAYAS | Photos by John Pendygraft |***Times*

Before any X-ray was taken, any blood collected, any medicine delivered to his broken body, crash victim Eric Leonhard was charged $32,767 just to pass through the doors of a Fort Pierce trauma center. • The bill was not for the surgery Leonhard needed to piece together his shattered pelvis. In fact, after exactly 40 minutes, doctors decided to transfer him because they didn't have the right specialist for the job. So they loaded Leonhard onto a helicopter and sent him to another hospital on Florida's east coast. • Lawnwood Regional Medical Center still charged Leonhard, an uninsured tour boat captain, nearly $1,000 for every minute he spent with the medical team that couldn't fix him. • Every day in Florida, injured people face the same kind of outrageous entry fees because they are taken to a state-designated trauma center. • With virtually no government oversight, these specialized hospitals can charge what they want, when they want, with little chance of being flagged for profiteering. • Patients have no clue about the fees until they get their bill. • In 2002, a national committee lobbied by the industry authorized hospitals to charge a "trauma response fee" — essentially a cover charge — when a patient goes to a trauma center. Hospitals set their fees, which are supposed to help offset the high costs of specialists and specialized equipment needed to save the most critically injured. • But a yearlong *Tampa Bay Times*investigation has found that hospitals are exploiting the fee, charging large sums even to patients whose injuries require little more than first aid.

The *Times* analyzed more than 10 million patient billing records, examined extensive court records and interviewed dozens of patients.

The analysis — the first of its kind — found that, since 2006, Florida trauma centers have charged at least 120,000 patients the trauma fee. The average fee today tops $10,000; the most expensive hospital regularly charges $33,000.

The *Times* found that it didn't matter if a patient had a minor cut or a severed leg.

A cyclist with road rash was charged $12,500 in Palm Beach County. After a car crash, a teenage girl who spent two hours in a Gainesville hospital with back pain was charged $9,835. An uninsured Pasco County woman was charged $33,000 even though she only needed someone to treat superficial cuts.

All of these patients — and thousands more like them — were chargedmore in trauma fees than for their actual medical care.

The collective cost is staggering. Since 2010, patients have been charged more than half a billion dollars in trauma fees, enough to pay the average hospital charges of more than 4,500 gunshot victims or to give every Floridian a flu shot.

The hospitals do not collect every dollar they charge. But trauma centers commonly are paid a percentage of what they bill, meaning the more they charge, the more they stand to make.

It is no wonder that hospitals across the state are battling over the creation of new trauma centers.

Hospital Corporation of America, whose average $28,000 trauma response fee is by far the highest in the state, has opened six trauma centers in recent years. If it can win state approval, the company has ambitions to open more.

Other hospitals, whose administrators fear losing their patients to HCA, have sued to stop the expansion.

In January, the fight reached the airwaves as TV and radio attack ads accused HCA's opponents of putting profits before lives. The ads never mentioned HCA'shugetrauma charges.

No one disputes that there is a higher cost to providing the kind of specialized care found in America's trauma centers. Hospitals must pay specialists to cover emergencies at all hours and make sure high-tech equipment is available when a trauma comes in.

But someexperts say that what hospitals are charging **—**in Florida and across the nation **—** amounts to price gouging.

"We had no idea how far this would go," said Connie Potter, who led the effort to get the fee approved more than a decade ago when she worked as a consultant to trauma hospitals.

Potter said hospitals are supposed to base their charge on a line-by-line analysis of costs. State governments should hold hospitals accountable, making them justify fees when they get a state license to operate a trauma center, she said.

The *Times* contacted administrators at all of the trauma centers in Florida.

Most hospitals defended what they charge, saying their fees for activating a trauma team are reasonable.

"Providing trauma services requires highly specialized teams of caregivers, equipment and processes that have to be available 24/7," J.C. Sadler, an HCA spokeswoman, said in a statement. "Our activation fees directly reflect the actual cost in each community of mobilizing these resources for patients who receive trauma care."

HCA and many other Florida hospitals declined to detail the expenses factored into their charges. Officials at six hospitals said they could not even do the math to explain their fee based on actual expenses.

One hospital system, UF Health Shands in Gainesville, reduced its trauma charge from $10,000 to $4,000 after the *Times*began asking questions.

"The fees are so high and out of kilter to our costs," CEO Tim Goldfarb said. His hospitals' fees had ballooned, in part because Shands followed other hospitals that were raising their rates.

Eric Leonhard found out firsthand how arbitrary the trauma fee can be.

The 41-year-old understands trauma centers have to charge for the care they actually perform. But a $32,767 trauma fee before he was even treated?

"Insane," he said. "It's a bad society we live in where that's all you are: dollar signs."

A special fee

A trauma center isn't what you think.

It isn't the same as an emergency room. It's not designed to treat people for heart attacks or strokes.

Trauma centers are generally housed in a space carved out of a hospital's emergency room. They are specifically designatedto handle catastrophic injuries, the kinds caused by car crashes, shootings or devastating falls, that are too complicated or severe for regular ER doctors to treat.

Only 25 Florida hospitals are approved by the state to run adult trauma centers. Only trauma centers can charge the response fee.

For decades, hospitals across the nation have argued that they lose money on trauma because of high costs and the fact that they treat large numbers ofuninsured patients.

But hospitals now have found a way to make money treating trauma patients. A powerful but obscure committee is one reason why.

In 2002, a trade group representing trauma centers made a strong case before the National Uniform Billing Committee.

The committee, recognized in federal law, approves new categories of hospital charges.

The trade group, Trauma Resource Network, argued that its members needed a reliable source of money to bill for trauma's added expenses and avoid a spate of trauma center closures.

So the trauma response fee, officially billed under the code "68X," was created.

Here's how it's supposed to work.

When Florida paramedics respond to an emergency call, they use their expertise and a state-approved checklist to decide if someone's injury requires treatment at a certified trauma center. If so, paramedics identify the closest one and call in a trauma alert.

The alert triggers immediate action at the hospital, which activates its trauma team, a group of six to 10 medical staff trained to handle the worst injuries.

The trauma response fee is supposed to offsetthe cost of keeping the trauma team ready to go at a moment's notice.

It was envisioned as a scaled fee that hospitals would adjust based on a patient's injuries.

But the committee did not establish clear rules on how to calculate the fee. And hospitals can raise it without notice or explanation.

Today, the trauma fee has become an exorbitant cover charge for all kinds of patients.

In Florida, the average fee has gone from $2,555 in 2006 to $10,825 last year, an increase 20 times the rate of inflation.

A fair cost, according to the federal government's Medicare program, is just under $1,000.

Dr. Samir Fakhry was ecstatic when Medicare set that rate based on reams of data collected from hospitals about what their services actually cost.

Fakhry, a trauma surgeon at the Medical University of South Carolina, is one of a handful of experts who pressed the billing committee to create the fee.

At the time, he told the panel that the fee would finally give trauma centers a way to help cover their costs.

But several years ago, Fakhry surveyed trauma centers across the country and found fees ranging from $800 to $25,000. Troubled by the wild inconsistency, he published an academic paper, hoping to inspire "a better way."

He was largely ignored.

"Many people just looked at this fee and said, 'Well, can we make money?' "

Inflated bills

Florida's Agency for Health Care Administration requires hospitals to report what they charge patients.

Starting in 2006, the state required hospitals to break out the trauma response fee charged to each person. There is no way to know how much actually gets paid, because hospitals do not have to report it.

The data are peppered with examples of unnamed patients whose bills in recent years didn't match the medical care they received.

A 35-year-old woman in Palm Beach County spent an hour at St. Mary's Medical Center after burning her fingers. The trauma center gave her over-the-counter medication. Her medical bill was $1,126. Her trauma fee was another$12,500.

A 4-year-old boy spent one hour at Broward Health Medical Center in Fort Lauderdale after a car crash. Doctors diagnosed him with a headache and charged $28 for medication. The trauma fee: $4,898.

An uninsured stabbing victim spent five hours at Tampa General Hospital with wounds on his neck and forehead that turned out to be nonlife-threatening. His treatment totaled $3,804 before the hospital added an $11,414 trauma fee to his bill.

Such bills don't always translate into a payday for hospitals. The stabbing victim, for example, qualified for charity care, so Tampa General did not get paid, a hospital spokesman said.

But state officials require hospitals to report their charges, in part to hold them accountable for how they set prices.

The *Times* reviewed seven years worth of state data to determine how hospitals are using the fees.

Although many patients who get charged large trauma fees have serious injuries, the newspaper found thousands of patients charged for minor injuries.Among the findings:

• Since 2010, at least 7,200 patients were billed a trauma response fee even though they spent less than 24 hours at the hospital. Two top officials from Florida trauma centers say such short-term patients should not be counted as true trauma cases.

• For an additional 3,500 patients, the trauma response fee was higher than all of their other medical charges combined.

• Despite the original intent to scale the fee based on injuries, half of Florida's trauma centers bill the same amount to everyone they charge. As a result, people with minor cuts and bruises can face the same huge fee as life-or-death trauma patients.

• There is no consistency to how hospitals charge. Average fees differ from one hospital to the next by thousands of dollars, even for neighboring trauma centers. In Tampa, St. Joseph's Hospital charges about $1,200. Five miles away, Tampa General Hospital charges $11,400.

In 2013, HCA hospitals charged the most, $27,644 on average. They were followed by two Palm Beach County trauma hospitals, Delray and St. Mary's medical centers, both operated by the for-profit Tenet chain. Both hospitals charged an average of about $14,000.

The next highest was the nonprofit Tampa General.

Only three hospitals — St. Joseph's, Jackson Memorial in Miami and Broward Health North in Deerfield Beach — charged less than $1,500 for the fee. They were the only hospitals charging anything close to the $1,000 limit the government has set for Medicare patients.

Citing privacy concerns, officials at many hospitals said they could not discuss specific patients or their bills. But they noted that paramedics, not trauma centers, decide when to call a trauma alert, triggering the trauma charge.

Even if injuries don't turn out to be life-threatening, "the fact a trauma alert was called means the hospital had to mobilize its trauma team until the extent of the wounds could be determined," said Tampa General spokesman John Dunn.

Dunn pointed out that Tampa General is one of nine trauma centers across the state specially certified to handle the most extreme cases. He said the hospital also reviewed its fees and reduced them by about $2,000 in 2012.

The for-profit Tenet chain, whose two Palm Beach County trauma centers were among those that charged the most for minor injuries, did not respond to multiple requests for comment.

Hospitals point out that they do not charge every patient who comes into their trauma centers, only those who trigger a trauma alert. HCA, for example, charges the fee to about a third of its trauma patients.

An outrageous bill

Hospitals say their official charges, which show up on patients' bills and in state data, are misleading.

They say they rarely get paid the full amount because insurers negotiate lower rates. Many hospitals also say they offer significant discounts to the uninsured.

But there is growing national scrutiny of how hospitals bill their patients.

Eric Leonhard's experience shows that the more hospitals charge, the more they stand to collect — especially from trauma patients, who can rack up a high bill in no time.

Consider his bill for less than an hour of critical care at Lawnwood Regional.

It started with a trauma fee of nearly $33,000. The bill includes 22 additional line-items covering every aspect of his treatment down to a $203 tetanus shot.

The total bill came to $43,831, and that only included the hospital's charges. Doctors often bill separately. Leonhard faces those charges, too.

A month after the crash, the hospital offered Leonhard a discount that reduced his total bill by 65 percent. That sounds generous, but Leonhard still owes $15,779 to the hospital that flipped him through its ER doors in about an hour the night of Nov. 25, 2012.

Almost all of that is because of Lawnwood's trauma fee.

Leonhard has even bigger worries.

When Lawnwood put him on a helicopter, he was flown 130 miles along Florida's east coast, past six other trauma centers, to set down at Kendall Regional Medical Center in Miami, which is also owned by HCA.

According to the *Times'* analysis of billing records, Kendall is the most expensive trauma center in the state.

Kendall didn't charge Leonhard a trauma fee for his extensive care, but it billed him $845,599, all of which remains unpaid.

Citing federal confidentiality laws for patients, HCA officials declined to comment on Leonhard's charges.

As he waits on an auto insurance settlement from the crash, he worries about his future. His parents have dipped into savings to help him.

Before the accident, the boat captain and former lifeguard had spent months setting up a charter cruise business that he planned to manage while taking over his family's picture frame-making business. Now, he can't handle the physical demands of fishing tours on his own, or work the machinery needed to slice frames.

"We relied on him for everything," said his mother, Shirley Leonhard. "We're 70 years old. We've worked this business for 35 years. Eric was taking over. I was ready to retire. Everything fell apart."

'Not based on cost'

Hospitals have every incentive to charge as much as they can.

Even more than many other parts of the American medical system, trauma charges defy free-market logic, where consumers can make educated decisions based on cost.

Injured patients are obviously in no condition to comparison shop. Besides, they have no way to know what a trauma center charges.

And by law, paramedics are required totake trauma alert patients to the nearest trauma center, creating a monopoly based on geography.

With no pressure to keep prices down, hospitals charge whatever they want for their trauma response fee.

"It's just an easy thing to make a lot of money at," said Glenn Melnick, an expert in health care economics and a professor at the University of Southern California. "You get a local monopoly on your services, which you can set very high prices for."

None of the hospital officials who spoke to the *Times* would itemize the expenses that go into their trauma fees. Some said they didn't even have that kind of a document.

"It's not based on our cost," Robyn Farrington, a trauma administrator at Broward Health, told the *Times*in a 2013 interview.

Farrington said her hospital's average fee of $4,473 was based more on "the market," or what other hospitals charged.

Recently, a hospital spokeswoman said the fee was based on actual costs, but these costs could not be separated line-by-line.

Officials at Tallahassee Memorial said they took a similar look at their peers to set the hospital's$6,500 fee.

It's easy to see why the trauma fee keeps increasing.

Some hospitals said they raised rates after they saw another trauma center doing it.

That's what happened in 2012 at Lakeland Regional Medical Center when administrators read about Lawnwood's fee in a newspaper.

"We found out that there was a ceiling," said Dr. Olumide Sobowale, director of trauma. "We were at the floor."

Lakeland doubled its fee to $10,000.

Padding the tab

When it comes to charging patients, the response fee is just the beginning. Using lesser known billing codes, hospitals engage in all kinds of accounting acrobatics under the guidance of experts specially trained in billing for maximum advantage.

One day last fall, administrators from trauma centers across the country gathered at a conference under the rose-colored chandeliers of a banquet hall in Reno, Nev.

A national health care finance consultant was there to show attendees how to make up for lost revenue when a patient didn't meet the criteria for the trauma response fee.

Patients who get dropped off by a relative or a friend technically can't be billed the fee. But savvy hospitals can still find a way to charge for trauma response.

Hospitals, she said, should tack on more fees under other billing codes.

In the audience, a woman pointed her cellphone camera at the slides and snapped. She was HCA's vice president of trauma services.

The title of the presentation: "Yes, you can charge."

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