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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - All Filers Are Required to Complete This Page

1. Registrant name	
Organization Baker Healthcare Consulting, Inc.	
2. Address Check if different than previously reported	
Address 1 One American Square	Suite 2000
City Indianapolis State In	Zip Code 46282 Country US
3. Principal place of business (if different than line 2)	
City State ; City State/Zi	Zip Code Country
4a. Contact Name b. Telephone number Prefix Full Name	c. E-mail 5. Senate ID#
to the state of th	rhealthcare@yahoo.com 5164
7. Client Name Self	6. House ID #
Carolinas Höspital System	33560
TYPE OF REPORT 8. Year 2004 Midyear (Januar 9. Check if this filing amends a previously filed version of this report 10. Check if this is a Termination Report Termination Date	12/31/04 11. No Lobbying Ac
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INCOME OR EXPENSES - Complete Either Line 1 12. Lobbying Firms	2 OR Line 13 13. Organizations

12. Lobbying Firms INCOME relating to lobbying activities for this reporting period	13. Organizations EXPENSES relating to lobbying activities for this reporti
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engaged in lobbying on beh information as requested. A	alf of the client during the	necessary to reflect the general issue areas in which the reporting period. Using a separate page for each coos needed.		
15. General issue area code	MMM - Medicare/Medicaid (one per page)			
16. Specific lobbying issues	Add page to continue specific issues description for this issue			
See Attached				
17. House(s) of Congress a	nd Federal agencies contac	cted Check if None		
Senate House of Representative	IS			
		A la language		
18. Name of each individua		' - -		
Name Las		In this issue area Add a page to continue additing iobbyists for Covered Official Position (if applicable)		
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Name Las	ne	' - -		
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LD-2DS (REV. 4/03)

Page _2

Registrant Name Baker He	althcare Consulting, Inc.	Client Name Carolina	as Hospital System
Information Updat	e Page - Complete ONLY	Y where registration info	rmation has changed.
20. Client new address Address City		State Zip Coc	
City	place of business (if different than	State Zip Cod	Country
22. New general description	on of client's business or activitie		
LOBBYIST UPDAT 23. Name of each previous First Name	E ously reported individual who Last Name Suffix	is no longer expected to ac	t as a lobbyist for the client Last Name S
1 2		3 4	
ISSUE UPDATE		Find the code t	o select below.
24. General lobbying is	sues that no longer pertain	7	
AFFILIATED ORG. 25. Add the following a			
Name		Address	Principal place of Busine (city and state or count
	Address C/S/Z Address C/S/Z		City State Country City State
	ously reported organization th	at is no longer affiliated wi	-¬ /
FOREIGN ENTITII 27. Add the following for			
Name	Address Street Address City State/Province Cou	Principal place of business (city and state or country)	Amount of contribution per for lobbying activities cli
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28. Name of each previou affiliated organization	isly reported foreign entity that n	o longer owns, <u>or</u> controls, <u>or</u>	is affiliated with the registrant
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EXECUTIVE SUMMARY

In December 2003, Congress legislated and the President signed the Medicare Modernization Act of 2003 (MMA). Section 508 of the MMA instru the Secretary of Health and Human Services to issue instructions for one-time, three-year hospital geographic reclassification appeals to the Medicare Geographic Classification Review Board (MGCRB) to be submitted by February 15, 2004. approved these hospitals would receive a three year reclassification for dischargoccurring April 1, 2004 through March 31, 2007. A three-year budget of \$900 million was legislated to pay for these reclassifications designed to help hospitathat were unable to meet the MGCRB reclassification guidelines but needed was index reclassifications. The MGCRB approved 121 hospitals for these reclassifications.

The Centers for Medicare & Medicaid Services (CMS) issued instruction the January 6^{th} Federal Register (and corrections on February 13^{th}) interpreting statute. CMS set forth eight criteria (2a-2h) for the MGCRB to approve applications. Criteria 2a through 2g were targeted to specific hospitals and hos groups for reclassification.

CMS stated in the Federal Register: "After decisions by the MGCRB ba on hospitals meeting criteria 2(a) through 2(g) above,... the MGCRB may appr a hospital to be reclassified if the hospitals 3-year AHW (average hourly wage) at least 106% of the 3-year AHW of the hospitals geographically located in the area in which the hospital is located". The hospital would be reclassified to another MSA in the state with a 3-year AHW nearest to the individual hospitals AHW. The hospital must have a 3-year AHW equal to or greater than 82% of 1 target areas 3-year AHW.

There were 155 2(h) hospitals (including Regional Medical Center of NF were approved by the MGCRB but only one hospital (Samuel Mahelona Memcin Kapaa, Hawaii) was funded. The \$900 million was apparently exhausted wi only one 2(h) hospital receiving the 3-year reclassification.

We further ask Congress to consider a supplemental appropriation to approve, in part at least, to fund the hospital appeals that met the criteria, but w not funded by CMS as a result of the formula used to limit approved hospital funding.