Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
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SECRETARY OF THE
03 JUL 31 PM

LOBBYING REPORT

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

1. Registrant Name
Baker Healthcare Consulting, Inc.

2. Address ☐ Check if different than previously reported
One American Square, Suite 2000, Box 82058

3. Principal Place of Business (if different from line 2)
Indianapolis
City:
Indiana 46282
State/zip (or Country)

4. Contact Name: Dale E. Baker
Telephone: (317) 631-3613
E-mail (optional): BakerHealthcare@yahoo.com

5. Senate ID #: 5164

6. House ID #: 33560

7. Client Name ☐ Self
University of St. Francis

TYPE OF REPORT 8. Year 2003 Midyear (January 1-June 30) ☑ **OR** Year End (July 1-Dec

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ➪ Termination Date _____ 11. No Lobbyin

INCOME OR EXPENSES Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☒

$10,000 or more ☐ ➪ $ _____
Income (nearest $20,000)

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this repor period were:

Less than $10,000 ☐

$10,000 or more ☐ ➪ $ _____
Expenses (nearest $20,00

14. REPORTING METHOD. Check box to indicate e accounting method. See instructions for description of o

☐ **Method A.** Reporting amounts using LDA definiti
☐ **Method B.** Reporting amounts under section 603 Internal Revenue Code
☐ **Method C.** Reporting amounts under section 162(Internal Revenue Code

Signature Dale E. Baker Date July 23, 2003

Printed Name and Title Dale E. Baker, President

LD-2 (REV. 4/03)

Registrant Name Baker Healthcare Consulting, Inc. Client Name University of St. Francis

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which th engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each co** information as requested. Attach additional page(s) as needed.

15. General issue area code MMM (one per page)

16. Specific lobbying issues

See Attached

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Senate
House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Name	Covered Official Position (if applicable)
Dale E. Baker	

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

D. E. Baker Date 7-23-03

Signature _____

Printed Name and Title Dale E. Baker, President

Page ____

Form LD-2 (Rec. 4/03)

Attach

PROVENA ST. JOSEPH MEDICAL CENTER (PROVIDER NO. 14-0007)

UNIVERSITY OF ST. FRANCIS

Joliet, Illinois

NURSING EDUCATION ISSUE

BACKGROUND

Nursing education costs have long been a contentious issue for the Centers for Med & Medicaid Services (CMS). These costs, along with other allied health education and gra medical education costs have been the subject of numerous regulations, changes in the law Provider Reimbursement Review Board cases and subsequent lawsuits. CMS has always t draw a balance to pay for only the costs that hospitals have historically incurred in training above types of needed medical professionals. Obviously, if CMS defined these rules too lo arrangements would shift from public financing of these costs (generally through education institutions) to hospital programs in order to obtain the Medicare funding. On the other ha Congress, and the courts have continuously instructed CMS to pay for these educational co the hospital had historically borne these costs to insure an adequate supply of medical professionals to the communities, which rely on the hospitals (or a collaborative arrangeme with a university) for these needed educational programs.

HISTORICAL MEDICARE POLICY

The Omnibus Budget Reconciliation Act of 1989 (OBRA 89) and 1990 (OBRA 90) CMS specific instructions to continue to pay the costs of nursing education and other simil allied health educational programs. In 1992, CMS issued a proposed rule that provided ver specific standards so that the costs of a collaborative nursing program (a program that is joi administered by a hospital and a related educational institution) could continue to be reimb on a pass through cost basis for both classroom and clinical costs. The preliminary rule established certain tests for the continued payment of these costs as follows:

1. The hospital incurs at least 50% of the net costs (after deducting tuition).

2. There are four common board members.

3. All instruction is provided at the hospital.

4. The preceding criteria have been met continuously as of June 15, 1989 and continuously thereafter.

Provena St. Joseph Hospital and the University of St. Francis, both located in Joliet, Illino carefully studied this proposed regulation and crafted agreements that would meet the Me standards and insure continued pass through of costs applicable to the nursing programs. Through the year ended June 30, 2001, Medicare has consistently treated these costs (both clinical and classroom) as pass though costs for Medicare program purposes, resulting in approximately $500,000 per year of added Medicare payment.

On January 12, 2001, over ten years after the passage of OBRA 89 and 1990, in the wanin of the last administration, CMS, in a rush to complete unfinished business, published a fir which will be applicable to Provena St. Joseph Medical Center's fiscal year which began 2001 and ends June 30, 2002. **The new rule requires the hospital to maintain direct curriculum control of the program and control the administration of the education program on a day to day basis in order to obtain Medicare pass through treatment f classroom costs in a collaborative program. Based on the final regulations, the hosp legal counsel has indicated that the hospital is no longer eligible for the Medicare pa through treatments for the classroom portion of these payments.**

DISCUSSION

We have discussed the final regulations with Rebecca Hirshorn, of CMS (area code 410- 3411). Rebecca is listed as the contact person for further information on these rules liste January 12, 2001 Federal Register, which is attached. Per Rebecca, the final regulations, will have the impact of denying pass through payments to Provena St. Joseph, had a very impact on the approximately 700 hospitals throughout the country who received Medica through treatment for allied education costs. Based on our discussions with Rebecca, on handful of hospitals would lose payment under these rules.

IMPLICATIONS

With the letter from legal counsel stating that these classroom costs are no longe to pass through payment by the Medicare program, the hospital has little choice but to e disallow these costs on the Medicare cost report scheduled to be filed in November 200 include them simply to preserve appeal rights to the Provider Reimbursement Review B after giving appropriate disclosure thus avoiding any indication of an inappropriate filin the Medicare program. It is clear that under the new regulation these classroom costs a longer eligible for pass through treatment.

REQUESTED SOLUTION

We believe that the January 12, 2001 CMS Federal Register establishes a stand is tighter than what Congress intended in restricting payment to cases where the hospit historically borne these costs. There are important programmatic advantages to nursin and hospitals to have the active involvement of a university involved in day-to-day cur and administration of the four-year degreed baccalaureate program. The interpretation classroom costs in this collaborative arrangement results in the disallowanc

to deny the classroom costs [illegible] which we believe Congress intended Medicare to continue to pay. We believe that the

disallowance of Provena St. Joseph's classroom costs are an "unintended side effect" of an otherwise workable regulation. We believe that Congress clearly intended to continue Me payment to pay for these costs of collaborative arrangement between a hospital and univer that are related parties under Medicare payment principles. There are three possible soluti Provena Joseph's issues as follows:

1. **APPEAL TO COURTS.** File (with full disclosure) to include these costs Medicare cost report, obtain an audit adjustment from the fiscal intermedia appeal this issue to the Provider Reimbursement Review Board (which is b by these regulations) and subsequently to the courts. This solution would t years to implement and would be a very expensive solution to the hospital a university. It is not a practical alternative.

2. **REGULATION CHANGE.** CMS might clarify the existing regulations b grand fathering any hospitals that met the conditions outlined in the 1992 F Register (57 CFR 43659) or (2) by retroactively changing the standards to r the four criteria included in the 1992 proposed regulations. For either of th solutions CMS would need to be consulted to determine whether they woul consider such a retroactive interpretation to be applied to Provena St. Josep fiscal year beginning July 1, 2001, or whether they would agree to any regu change.

3. **STATUTORY CHANGE.** Two statutory solutions are possible (1) either grandfather hospitals paid under the 1992 provisions, or (2) "rifle shot" soli that would simply deem the Provena St. Joseph/University of St. Francis collaborative arrangement a hospital based program that would allow Medi continue paying clinical and classroom costs as the program has historically