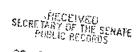
Clark of the House of Representatives Secretary of the Senate Legislative Resource Center B-106 Cannon Building Washington, DC 20515

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Office of Public Records 232 Hart Building Washington, DC 20510



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LOBBYING REPORT

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

1. Registrant Name BAYER Hool Hoon Co	sultingsInc		
2 Address Canock if different than previously reported	The state of the s		
Ove American Square, Su	ite ann Box 22052		
3. Principal Place of Business (if different from line 2)	mile to the state of the state		
CITATIANAPOLES SIE	(Gr COURTY) IN 46282		
4. Contact Name Teleplacue	E-mail (optional) 5. Senate E) #		
DALE E BOKER 317-631-361	3 BAKERHEATWAGEN 5/64		
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Ext. Mary Modinal Conte	33560		
TYPE OF REPORT 8. Year /999 Midyes	ur (January 1-June 30) 🔘 OR Year End (July 1-December 31) 🗵		
. Check if this filing amends a previously filed version of this	_ ·		
O. Check if this is a Termination Report 🛄 🗢 Termination	1 Date 11. No Lobbying Activity		
INCOME OR EXPENSES - Complete Either	r Line 12 OR Line 13		
12. Lobbying Firms	13. Organizations		
INCOME relating to lobbying activities for this reporting period was:	EXPENSES relating to lobbying activities for this reporting period were:		
	period were:		
Less than \$10,000 🛭	Less than \$10,000		
	Less than \$10,000 ☐ \$10,000 or more ☐ ⇒ \$		
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LOBBYING ACTIVITY. Select as many codes as necessengaged in lobbying on behalf of the client during the repoinformation as requested. Attach additional page(s) as nee	rting period. Using a separate page for	which the registran each code, provide	t e	•		
15. General issue area code MMM (one per page)	•					
16. Specific lobbying issues See A++ACh MeNt		•				
17. House(s) of Congress and Federal agencies contacted Sexote.	Check if None					
House of Representatives						
HCFA						
18. Name of each individual who acted as a lobbyist in this	s issue area					
Name	Covered Official Position (if appli	cable)	New			
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 Interest of each foreign entity in the specific issues listed on l 	line 16 above Check if None	:	•			
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Printed Name and Title DALE E. BAKER,	President					

Porps LD-2 (Rev.6/98)

COUNTYWIDE RECLASSIFICATION GROUP EXECUTIVE SUMMARY

In 1989 Congress established the Medicare Geographic Classification Review Board and specifically instructed the Department of Health and Human Services, Health Care Financing Administration (HCFA) to provide for countywide reclassifications. Accordingly, HCFA established criteria to demonstrate that countywide costs are "comparable" to the area to which the county seeks redesignation. Because there were no target Metropolitan Statistical Area (MSA) costs available on a current basis, HCFA chose to develop formulas comparing countywide costs per discharge to the Prospective Payment System (PPS) rates that hospitals were paid in both the home geographic area and secondly, the rate they would be paid if the hospitals were reclassified. If the countywide cost per case exceeded the base rate plus 75% of the difference between the base rate and the reclassified rate — then the county hospitals met this criteria for reclassification. HCFA used rates as a proxy for costs.

In FFY 1995 twenty-three counties were granted countywide reclassifications. Starting in 1996, the number of countywide reclassifications began to plummet until only five counties were reclassified for FFY 1999 and FFY 2000. Four of the five counties reclassified in FFY 2000 are in New Jersey; the fifth is Orange County, New York, one county north of New Jersey.

The reason for the decrease in countywide reclassifications is that the proxy doesn't work anymore. The 1988 data used in formulating this policy indicated PPS rates were only 2.7% higher than PPS unit costs. Current cost data indicates that these formerly reclassified counties generally have input costs (as measured by the average hourly wage) and output costs (costs per discharge) that are just as comparable to their target MSAs as the costs were in 1988. The proxy no longer works because of environmental and resulting structural changes in hospitals. Many hospitals have opened post acute care units (SNF, psych, rehab, home health) and now allocate fixed overhead costs to these newer units instead of the fixed costs being fully absorbed by the PPS unit. The result of this is that counties are denied reclassification simply because of the changes in how medicine is practiced in the late 90's compared to earlier years.

HCFA was informed of this problem last year during the regulatory comment period and failed to even acknowledge the issue.

We ask that a legislative solution be enacted for FFY 2000 for hospitals that filed with the MGCRB for FFY 2000 and meet the revised criteria. This would primarily affect Lake County, Indiana (Gary). For FFY 2001, the criteria would become effective for all counties and restore the countywide reclassifications to approximately the same number of counties as when originally promulgated.

We suggest the use of an actual cost comparison rather than use a "rate proxy". Such target MSA costs may need to be trended forward — HCFA would work out the details. This would eliminate the proxy problem and provide a true county to MSA cost comparison.

The proposal is budget neutral and would redirect approximately \$100 million (\$8.84 per discharge) from all hospitals to the countywide hospitals re-establishing reclassified status.

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