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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)
City: INDIANAPOLIS State/Zip (or Country) IN 46282

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
Longmont United Hospital

TYPE OF REPORT 8. Year 1999 Midyear (January 1-June 30) ☐ OR Year End (July 1-December 31) ☒

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 Lobbying Activity ☐

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 reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ ______ Expenses (nearest $20,000)

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature: Dale E. Baker

Printed Name and Title: DALE E BAKER, President

LD-2 (REV. 6/98)

Registrant Name Baker Healthcare Consult Client Name Longmont United Hospital

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

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

16. Specific lobbying issues

See Attachment

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

Senate

House of Representatives

HCFA

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

Name	Covered Official Position (if applicable)	New
DALE E. BAKER		☐
		☐
		☐
		☐
		☐
		☐
		☐
		☐

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

Signature Dale E. Baker Date 2-3-2000

Printed Name and Title DALE E. BAKER, President

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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