

Office of Clinical Research Revenue Cycle  
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Baltimore, MD 21231  
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January 29, 2015

Dear Investigator,

I am pleased to inform you of a change in the method used to apply a research rate for services paid for by research sponsor/grant funds through study Internal Order numbers (IO#s).

Prior to June 30, 2014 research study prices for hospital services used a "blended rate" calculated from the Medicare Cost Report filed for each facility. Using the blended rate Patient Financial Services (PFS) staff would determine the adjusted price and apply it to the Internal Order transfer. For example:

$$\frac{\text{Item Charge}}{\$1,000} \times \frac{\text{Blended Rate}}{78.24\%} = \frac{\text{Adjusted Amount for IO\# Transfer to Research Budget}}{\$782.40 \text{ billed to the research study IO\#}}$$

For hospital services after **July 1, 2014** charged to research study budgets by Patient Financial Services the new "blended rate equivalent" will be reduced and applied equally across all JHM sites. **A lower equivalent rate (28.2%) percentage will be applied to research charges from studies with financial support from Government or Not-For-Profit sponsors. A higher equivalent rate (42.3%) will apply to research charges from studies with financial support from For-Profit and Pharmaceutical Industry Firms.**

Using the previous example, the transfer initiated by PFS for the same service charged to a Government agency funded study IO# would be:

$$\frac{\text{Item Charge}}{\$1,000} \times \frac{\text{Government/NFP Rate}}{28.2\%} = \frac{\text{Adjusted Amount for IO\# Transfer to Research Budget}}{\$282.00 \text{ billed to the research study IO\#}}$$

Note that this change does not affect existing research pricing for Lab/Path, Imaging or Professional Fee services. A summary illustrating the application of the rate equivalent for your study will accompany your statement. The blended rate equivalent percentage figures will be adjusted and communicated accordingly each year upon the release of the Medicare Fee Schedule tool by CMS.

Should you have further questions about the nature of the calculation and transfer within SAP for study charges to your IO# please contact Dianne Kalm, at (443) 997-0187 or [dkalm1@jhmi.edu](mailto:dkalm1@jhmi.edu). For questions about budget development and use of the new methodology for study pricing please contact Karen Roz, Associate Director for Clinical Research Support Services at (410) 955-7682 or [rozka@jhmi.edu](mailto:rozka@jhmi.edu).

Thank you,

A handwritten signature in black ink, appearing to read "Scott A. Streibich".

Scott A. Streibich, MBA, MHS  
Associate Director, Clinical Research Revenue Cycle