Mercy Health
Supplement to the Healthcare Financial Assistance Policy
Amounts Generally Billed (AGB) Calculation Summary
Effective March 1, 2019

Pursuant to Treasury Regulations §1.501(r)-5(a)(1), a hospital must limit the amount charged for care provided to any individual who is eligible for assistance under its financial assistance policy to not more than amounts generally billed (AGB) in the case of emergency and other medically necessary care. §1.501(r)-5(b)(1) provides two methods for hospital facilities to use to determine AGB: (1) look-back method; or (2) Medicaid method. As stated in Mercy Health's Healthcare Financial Assistance Policy (FAP), Mercy Health calculates an AGB percentage for each Mercy Health hospital based on the look-back method.

Mercy Health hospitals selected the "look-back" method based on actual claims paid to each hospital facility. In accordance with §1.501(r)-5(b)(3)(i), each Mercy Health hospital facility calculates its AGB percentage based on the Medicare fee-for-service and all private health insurers that pay claims to the hospital facility. The AGB for each hospital is calculated annually by dividing the sum of the amounts of all of its claims for emergency and other medically necessary care that have been allowed by Medicare and Commercial insurers during a prior 12-month period by the sum of the associated gross charges for those claims. For 2019, the 12-month period utilized for each hospital facility's AGB calculation was November 1, 2017 – October 31, 2018.

The AGB calculation was determined for each hospital. Correlating to the variation of the charge master and the managed care contract rates, the AGB calculations for the hospitals ranged from 17% to 44%. Effective March 1, 2019, Mercy Health established an AGB percentage of 17% of gross charges applicable to all hospital facilities based on the AGB percentage that yielded the largest discount.