

KING'S DAUGHTERS MEDICAL CENTER FINANCIAL RESOURCE CENTER

POLICY & PROCEDURE

EFFECTIVE DATE: 12/20/2017

**SUPERSEDES POLICY DATED: 10/16/2015;
12/20/16**

SECTION:

SUBJECT: LIMITATION ON CHARGES

POLICY:

King's Daughters Medical Center ("KDMC"), in compliance with the final rule for IRS §§1.501(r) – 5(b)(3) published 31 December 2014, establish this Amounts Generally Billed (AGB) policy as it relates to patients who are screened and determined to be eligible for assistance with out-of-pocket expenses as outlined by Administrative Policy A(1) – Financial Assistance and Collection Activities.

Patients who meet the qualifications set forth in Administrative Policy A(1) – Financial Assistance and Collection Activities will have their patient responsibility limited to the Amounts Generally Billed (AGB) as set forth in IRS §§1.501(r) – 5(b)(3) *Look-back Method* and outlined in this policy.

PROCEDURE:

- A. Annually, KDMC will review all claims which were processed for payment by Medicare fee-for-service and all private health insurers which pay claims to the hospital for the 12 month review period, which begins annually on the 1st day of September and ends on the 31st day of August.
- B. The allowable amount (i.e. amount paid by the insurer combined with the patient's responsibility as determined the insurer) for the subject claims will be divided by the gross charges for those subject claims to determine the AGB percentage.

Allowable Amount of Subject Claims / Gross Charges of Subject Claims = AGB Percentage

(\$273,616,750.80) / (\$938,106,069) = 0.29 = 29%

- C. A single AGB percentage will be calculated and utilized for services performed at KDMC.
- D. The AGB percentage will then be applied to all charges associated with claims for emergency and medically necessary care which have been found to be eligible for consideration for financial assistance in accordance with the guidelines established within Administrative Policy A(1) – Financial Assistance and Collection Activities. This will establish the maximum amount billable to the patient for covered service if the patient is eligible for assistance under Administrative Policy A(1) – Financial Assistance and Collection Activities.
- E. Utilization of new AGB calculations will be implemented annually by the 29th day of December (within 120 days of end of review period) annually.
- F. This policy will be made available to the public via www.kingsdaughtershealth.com.

Mark Beilstein
Revenue Cycle Director
