

### **How Amounts Generally Billed (AGB) is calculated**

This policy applies to all hospitals owned or operated by Providence Health & Services and its Affiliates (collectively “Providence Hospitals”).<sup>1</sup> No individual determined eligible for financial assistance under a Providence Hospital’s financial assistance policies will be charged more for emergency or medically necessary hospital care than the amounts generally billed (“AGB”) to individuals with insurance covering such care. AGB is a percentage of Providence’s full, undiscounted charges for such care. The AGB for Providence Hospitals is calculated as follows:

- (1) For 2016, Providence is using the “look-back method” to calculate the AGB for each Providence Hospital. This method bases AGB on fully paid hospital claims with a primary payer of either Medicare fee-for-service or a commercial payer during the period of September 1, 2014 through August 31, 2015. Providence divides the sum of total payments made by those payers by the sum of total hospital charges for those claims to identify the “AGB percentage” for each Providence Hospital.
- (2) The AGB percentage is calculated separately for each Providence Hospital, but all Providence Hospitals within certain regions adopt the lowest AGB percentage from among all the Providence Hospitals located within the same region. Each Providence Hospital will charge patients eligible for financial assistance no more than the below-noted AGB percentage for emergency or medically necessary services in 2016:
  - a. California: All Providence Hospitals located in California will use the lowest-AGB percentage from all of the Providence Hospitals in that state, which is 17.9 percent.
  - b. Alaska, Montana, Oregon and Washington: Providence Hospitals located in Alaska, Montana, Oregon, and Washington will use the lowest AGB percentage of all of the Providence Hospitals within those combined regions, which is 28.1 percent.
- (3) Each Providence Hospital will re-calculate its AGB at least annually.

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<sup>1</sup> Affiliates include Swedish Health Services, Swedish Edmonds, Kadlec Regional Medical Center, and Inland Northwest Health Services.