



# Sequoia

THE BRANCH PROGRAM

## Long Term Acute Care (LTAC) Hospitals

**The Myth: The cost of care is significantly less than acute care hospitals**

**The Fact: The cost of care may be higher than acute care hospitals**

An emerging trend is evolving charge rates and claim practices for LTACs. The Branch team has identified:

- Room and Board Charges for reduced acuity services can exceed the average daily charge from the transferring acute care hospital.
- Non-payable charges including floor stock supplies and nursing/patient monitoring services may be billed which can materially impact the contract payable charges.
- Adverse patient events including nosocomial infection may significantly increase the claims as well as the length of stay.

**Daily payable charge comparison  
LTAC versus Acute Care for same  
patient acuity and ancillary services:**

**LTAC  
32 Days  
Inpatient Stay**

**Acute Care  
32 Days  
Inpatient Stay**

<b>Billed Charges</b>	<b>\$559,962</b>	<b>\$416,934</b>
<b>Contract Payable Charge</b>	<b>\$363,975</b>	<b>\$250,160</b>
<b>Average Daily Payable Charge</b>	<b>\$11,374</b>	<b>\$7,818</b>
<b>Payable Charge Difference - \$</b>	<b>\$113,815</b>	
<b>Payable Charge Difference - %</b>	<b>45.5%</b>	

Have questions or need assistance? Your Branch concierge team is available to provide support and risk management solutions for this challenging new issue.

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