

HEALTHSOUTH Comments on Proposed Rules for Inpatient Rehabilitation Prospective Payment System

PRNewswire
BIRMINGHAM, Ala.

HEALTHSOUTH Corporation today commented on the proposed rules issued yesterday by the Health Care Financing Administration (HCFA) implementing a prospective payment system (PPS) for inpatient rehabilitation facilities.

Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH, said, "Upon our initial review of the proposed inpatient PPS rules, we are very excited that HCFA's proposal appears to be consistent with the data previously provided by the study HCFA commissioned from The Rand Corporation. As we have previously stated, we have been very successful in reducing costs in our inpatient rehabilitation facilities. Under the proposed rules, we will have a chance for the first time to earn a margin on our Medicare inpatient rehabilitation business. We look forward to the implementation of inpatient rehabilitation PPS, which will finally reward providers like HEALTHSOUTH that have focused on cost-effective delivery of healthcare services."

HCFA's notice of the proposed rules includes a sample database of approximately 168,000 Medicare inpatient rehabilitation discharges which indicates an \$11,509 average reimbursement rate per discharge. The proposed rules, which are subject to public comment, are currently scheduled to be implemented beginning April 1, 2001 for cost reporting years beginning on or after that date. Interested persons may review the proposed rules and other data at <http://www.hcfa.gov/medicare/irfpps.htm>.

Scrushy added, "HEALTHSOUTH operates some 22% of the nation's rehabilitation beds. We have brought the cost per Medicare discharge in our inpatient facilities down below the \$11,509 average derived from the HCFA data. Without the inclusion of our cost-effective facilities, the average reimbursement rate under the new rules would likely be much higher, resulting in significantly higher expenditures under the Medicare program. HEALTHSOUTH's efficient operations have saved Medicare substantial money in the past, and we expect they will continue to do so in the future."

HEALTHSOUTH is the nation's largest provider of outpatient surgery and rehabilitative healthcare services, with over 2,000 locations in all 50 states, the United Kingdom, Australia, Puerto Rico and Canada. HEALTHSOUTH can be found on the Web at <http://www.healthsouth.com/>.

Statements contained in this press release which are not historical facts are forward-looking statements. Without limiting the generality of the preceding statement, all statements in this press release concerning or relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, HEALTHSOUTH, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. Such forward-looking statements are necessarily estimates reflecting the best judgment of HEALTHSOUTH's senior management based upon current information, involve a number of risks and uncertainties and are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. HEALTHSOUTH's actual results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors, including those identified in this press release and in the public filings made by HEALTHSOUTH with the Securities and Exchange Commission, including HEALTHSOUTH's Annual Report on Form 10-K for the year ended December 31, 1999 and its Quarterly Reports on Form 10-Q, and forward-looking statements contained in this press release or in other public statements of HEALTHSOUTH or its senior management should be considered in light of those factors. There can be no assurance that such factors or other factors will not affect the accuracy of such forward-looking statements.

For more information, contact Richard M. Scrushy, Chairman & CEO, or Tadd McVay, Senior Vice President and Treasurer, at 205-967-7116

SOURCE: HEALTHSOUTH Corporation

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