

Messenger



**MAY
2008**

C O N T E N T S

Page 3
Hospital News

Page 8
People Focus

Page 9
In the Community

Page 10
**Corporate
Departmental
Updates**

Page 13
Letterbag

Letter from Jay Grinney

Dear Fellow Employees,

We recently reported the operating results for the first quarter of 2008 and I'm pleased to say that we are off to a great start. Compared to the first quarter of 2007, our net operating revenues increased by 5.8%, discharges increased by 2.7%, and net income increased by \$76.4 million. These results are a clear indication that our growth strategies are gaining traction and I appreciate all you have done to make this happen.

Some of our increase in discharges can be attributed to the success of our TeamWorks initiative, which has now been implemented in 63 of our 94 hospitals. Based on the comparative data between our hospitals where the initiative has been implemented and those where it hasn't, we have confidence the program is working. I'm proud of those who have worked diligently to develop and implement this program and am anxious to see what happens in the coming months as the program is implemented in the remaining hospitals.

In the past month, we also have announced the appointment of two new members of our senior management team: Steve Royal, Senior Vice President of Development, and Peter Mantegazza, President of the Northeast Region.

Steve will oversee the company's development of new hospitals, the creation of joint ventures and the acquisition of competitor inpatient rehabilitation hospitals. Steve has more than 35 years of healthcare management experience in both the for-profit and not-for-profit sectors and brings outstanding leadership capabilities to this important position.

Peter, who has been CEO of HealthSouth's Fairlawn Rehabilitation Hospital in Worcester, MA since 1996, has extensive experience in the post-acute sector and will oversee operations for all of the hospitals in the Northeast Region. Peter began his career at the Burke Rehabilitation Hospital and joined HealthSouth in 2008. He is a widely-respected CEO and is a very welcomed addition to the company's senior management team.

Please join me in welcoming Steve and Peter to their new roles. Once again, I am very pleased with the progress we are making as the preeminent provider of inpatient rehabilitative care and ask that you continue the great work you do every day to make this company great. As always, if you have questions or comments, please forward them to feedback@healthsouth.com.

Sincerely,

Jay Grinney
President
Chief Executive Officer

HEALTHSOUTH News

HealthSouth hospitals recognized as Stroke Centers of Excellence

Congratulations to the eight HealthSouth hospitals that recently were honored as Stroke Centers of Excellence. They join the seven hospitals that already hold the distinction and are awarded for their ability to outshine the averages of clinical programming and patient outcomes related to stroke treatment and prevention.

HealthSouth is proud to recognize the following hospitals as Stroke Centers of Excellence:

- ◆ Rehabilitation Hospital of Tinton Falls
- ◆ Van Matre HealthSouth Rehabilitation Hospital
- ◆ HealthSouth Rehabilitation Hospital of Fayetteville
- ◆ Howard A. Rusk Rehabilitation Center
- ◆ HealthSouth Harmarville Rehabilitation Hospital
- ◆ Yuma Rehabilitation Hospital
- ◆ HealthSouth Scottsdale Rehabilitation Hospital
- ◆ HealthSouth Emerald Coast Rehabilitation Hospital



WE'RE PROUD TO BE TEXARKANA'S ONLY STROKE REHABILITATION CENTER OF EXCELLENCE

HealthSouth Rehabilitation Hospital of Texarkana is proud to announce our recognition as a Stroke Rehabilitation Center of Excellence in both 2006 and 2007. This designation is based on clinical outcome measures, recognizing HealthSouth of Texarkana as one of the rehab industry leaders based on the following criteria:

- ◆ 82% of the stroke patients are discharged back to the community, exceeding the 2006 national average of 69%.
- ◆ Total FIM (Functional Improvement) for patients graduating from the stroke program exceed the national average.
- ◆ Patient satisfaction responses to "Would you recommend our facility?" reflect greater scores than the national average.
- ◆ 20% of patients represent 20% of all inpatient rehabilitation admissions.
- ◆ Treatment team includes physical therapists, occupational therapists and registered nurses who have completed advanced neuro-training courses.
- ◆ Program is led by a medical director who is a board-certified physician with expertise and specialized stroke treatment training.

For more information on HealthSouth of Texarkana's stroke program, or for a free assessment by a registered nurse, call 803 735-5011.

HEALTHSOUTH
Rehabilitation Hospital of Texarkana
515 W. 12th Street • Texarkana, TX 75503 • 803 735-5011 • Fax 803 732-8967
healthsouth.com

Above: HealthSouth Texarkana is one of the 15 hospitals to be recognized as a Stroke Rehabilitation Center of Excellence.

HealthSouth Spring Hill celebrates St. Patrick's Day

The staff of HealthSouth Spring Hill got into the St. Patrick's Day mood, and the patients and visitors loved it!



Below: (seated) Linda Allen, Director of First Impressions – a.k.a. Receptionist; (standing) Myra Merillo, HIM Manager; Rebecca Morrison, PPS Coordinator; and Heather Loring, Clinical Scheduler.

Fairlawn OTs participate in ABC's Extreme Makeover Home Edition

A group of occupational therapy professionals from Fairlawn Rehabilitation Hospital recently participated in Extreme

Makeover Home Edition, an ABC-TV program dedicated to building homes for people in need. The eight-member Fair-

lawn crew helped construct a fully-accessible home in Maynard, Mass., for Paul Guinta, a brain injury survivor, his wife and their three young children.

Guinta was injured in a motor vehicle accident two years ago while returning from a local hospital to visit his wife and their newborn daughter. Unable to return to his family's non-accessible home, Guinta had been living with his parents in a nearby wheelchair-accessible retirement community.

Fairlawn's OTs helped with a variety of tasks at the construction site, including moving furniture and the family's belongings. Jessica Wayland, a Fairlawn OT who grew up in Maynard, consulted on the layout for an accessible master bathroom in the home.

"It was nice to be able to bring an OT's perspective to the project," said Jessica, who also facilitated a donation of an adaptive shower seat for the home. "And it was a good opportunity for all of us to work together outside of the hospital."

The program about the Guinta family aired Sunday, May 11.



Above: Fairlawn OTs weathered cold New England temperatures to help out with an Extreme Makeover Home Edition project in Maynard, Mass.

HealthSouth Tenaya holds “Show us your Socks” contest

As part of a month-long program for healthcare communities to show their support and help increase awareness of Deep-Vein Thrombosis (DVT), HealthSouth at Tenaya held its first “Show us your socks” contest. Contestants designed their socks using a variety of materials and themes. Themes ranged from DVT-related socks to the best of Las Vegas.

Contest day arrived with a high level of excitement and anticipation in the air. All the socks were laid out for judging, and artists were preparing to model their work down the red carpet runway. As the first entry strutted down the red carpet, the music of ZZ Top’s “Legs” could be heard in the background. Deafening applause and cheers greeted each model. In the spirit of camaraderie and good fun, several employees jumped in and modeled socks for those employees who were not there.

Judging was done by Barb Hornbeck, RN, Regional Director of Quality for HealthSouth. After much deliberation, she arrived at her decision for 1st, 2nd and 3rd Places, as well as Honorable Mention.

First place went to Aida Galang, RN, nights. Aida’s sock best displayed the theme of DVT. Second place was awarded to Carol Ong, RN, night charge. Carol best described the end of a long shift. Third place went to Karen Nelson, RN, Case Manager. Karen best described the essence of Las Vegas, down to the glitter and the dice. Honorable Mention went to Elizabeth Solomon, RN, CNO, and Todd Thelin, acting CEO, for best representation of Ma West and Pa Kettle, while modeling socks in tandem for two employees who could not attend the festivities. Let’s face it...they brought the house down.



Above: HealthSouth Tenaya shows off their socks and their support for Deep-Vein Thrombosis (DVT) awareness.

HealthSouth Valley of the Sun attends the Starlight Safari

The Brain Injury Association of Arizona held the Starlight Safari at the Phoenix Zoo on March 15. The annual event during National Brain Injury Month allows the community to nominate people and organizations that make a positive impact for Brain Injury survivors during the year.



Many former patients of HealthSouth Valley of the Sun attended and enjoyed the festivities. Chris Hotaling, who is the leader of the TBI support group at Valley of the Sun, was among those recognized. Chris, a TBI survivor, received the Advocate Award. He and his wife, Amy, moved to Arizona and started the group in November 2006. Attendance at the monthly meetings continues to grow. Valley of the Sun plans to add a second group to provide support to even more survivors and their family members.

Left: (left to right) DMO Summer Witkemper, SLP Beth Lynch, brain injury support leaders Amy and Chris Hotaling and CDO Beth Bacher are pictured at the Starlight Safari in Phoenix.

HOT LINES!

EMPLOYEE FEEDBACK HOTLINE

E-mail address:

feedback@healthsouth.com

Toll-free: (866) 818-9577

COMPLIANCE HOTLINE

Toll-free: (888) 800-2577

BENEFITS HOTLINE

E-mail address: employee_benefits@healthsouth.com

Toll-free: (800) 500-3401

“Don’t drink the water” HealthSouth City View

Don’t drink the water was the sound heard at City View Fri., Feb. 29 when the plant operations assistant director received a call from the City of Fort Worth reporting that the southwest section of the city was experiencing a power outage and had shut down operations for two of the main water plants in the area. City View, along with four other hospitals in the area, and local residents felt the impact. All restraints were closed due to the possible water contamination.

The city of Fort Worth declared that all water in the area be considered contaminated and the water would not be appropriate for drinking. Within minutes of the announcement, the State’s Health Department declared City View’s kitchen closed due to the water contamination.

City View’s disaster process, with a 12-hour without water plan in place, went into action. But when the outage extended to approximately 24 hours, the dedicated staff took charge. Water pitchers were removed from patients’ besides, ice machines were shut down and signs declared, “Do Not Drink Hydrant Water, per the City of Fort Worth.” Bottled water was brought-in for patients, staff and visitors. Central Supply depleted its supply of hand sanitizers, placing them in the patient areas.

The City of Fort Worth tested the water for contaminants once the system returned to normal operation and the City alerted the community that if the water was determined to be contaminated, all hospitals, facilities and residents should flush drinkable water lines for twenty minutes. It was determined that the water was free of

contamination and suitable for drinking. And, City View returned to normal operation.

Utilities management disasters involving water are rare in the City of Fort Worth due to an expansive water treatment system. The incident did, however, test City View’s disaster plan for utilities management. The Utilities Disaster incident

proved very educational and showed how City View staff and family work together. Go Team!



Above: HealthSouth City View Rehabilitation Hospital

MESSENGER TIPS

HOW TO HAVE YOUR HOSPITAL FEATURED

♦ Only submit the best.

Choose to highlight your hospital’s single greatest accomplishment.

Ideas include:

- Recent accomplishments of staff and/or hospital
- Staff recognition events
- Participation in and/or sponsorship of local events such as conferences, health fairs, Heart Walk, etc.
- Congressional visits
- Holiday events/celebrations
- Patient stories or letters

♦ Be concise.

All submissions should be 300 words or less.

♦ Include a photo.

If possible, accompany your article with an appropriate photo, preferably sent as a separate file.

♦ Follow HIPAA guidelines.

All patient stories, patient letters and patient pictures must have the approved release form completed. For a version of the release, contact Lindsay Jones (205 970-7319 or lindsay.jones@healthsouth.com).

♦ Contact Lindsay King Jones.

Send all articles to her attention via e-mail or fax. Please feel free to contact her with questions and/or suggestions for content.

Fax: (205) 969-4993

E-mail:

lindsay.jones@healthsouth.com

HealthSouth Memphis celebrates Joint Commission results

HealthSouth Memphis completed its tri-annual unannounced Joint Commission survey Jan. 25 and received full accreditation with no recommendations or follow up required.

"We are thrilled!" said CEO Traci Willis. "Our staff gives great patient care every day, and they did a phenomenal job showing the surveyors what a great job they do."

The team celebrated in true Memphis style with ribs, barbeque pork and all the trimmings from the famous Rendezvous. All full time, part time and



Above: The staff from the Rendezvous serving food to HealthSouth Memphis employees.

PRN staff from each shift enjoyed Memphis' best barbeque to celebrate the best Joint Commission score a hospital can receive.

Celebrity Athletes visit HealthSouth Deaconess Rehabilitation Hospital

HealthSouth Deaconess Rehabilitation Hospital hosted a luncheon and autograph session with members of the Good Sports Build in February.

The Good Sports Build is a program that combines the efforts of Habitat of Evansville and a variety of celebrity athletes from the Evansville commu-

nity to build homes for the survivors of the 2005 tornado.

During the Good Sports Build visit at Deaconess, six of the celebrities gave patients and staff an opportunity to ask questions and receive autographs. Everyone enjoyed themselves and the athletes were incredible people to meet.



Left: The celebrity athletes are pictured with the following HealthSouth administrative staff: (front row) Sue Nolte, Diane Riley, Barb Butler, Tina Densley, Rozanna Blackford, (back row) Preston Mattingly, Larry Stallings, Boots Day, Don Buse, Bobby Plump and Andy Benes.

JUNE HEALTHCARE OBSERVANCES

According to the American Hospital Association, the following are recognized as the healthcare observances for June 2008.

MONTH-LONG OBSERVANCES

Aphasia Awareness Month, Fireworks Eye Safety Month, Hernia Awareness Month, Scleroderma Awareness Month and Vision Research Month.

RECOGNITION DAYS/EVENTS

June 1	Cancer Survivors Day
June 1-7	Headache Awareness Week
June 1-7	Dystonia Awareness Week
June 3	Healthcare Recruiter Recognition Day
June 9-13	Vascular Nursing Week
June 9-15	Men's Health Week
June 12-19	Nursing Assistants Week
June 16-20	Healthcare Risk Management Week
June 22-28	Helen Keller Deaf-Blind Awareness Week

HealthSouth Largo's "Journey"

The staff at HealthSouth Largo participated in a "Journey" to develop better customer service and employee retention by implementing best practices. A contest was held to name the journey and the winning entry was

"PRIDE: Our Spirit of Excellence", with PRIDE representing Professionalism, Respect, Innovation, Dedication and Empowerment.

Each staff member met with the CEO and department leaders to provide input to define the desired culture of excellence. A multi-departmental team crafted this input into Standards of Performance representing each component of PRIDE. Standards were written in behavioral terms, such as, "I will keep an open mind and be flexible regarding change." Leadership Standards of Performance also were written with input from all staff.



Above: The staff at HealthSouth Largo visits Dedication Island on their journey to improve service excellence.

Passports were issued containing the standards. Participants boarded their "cruise ship" to visit each of the "Republics of PRIDE" where they participated in educational and fun activities to discuss the standards, their importance, and how to enforce the standards on a daily basis. Participants completing the activity and post-test were eligible for prize drawings. Planned follow-up activities include a "Standard of the Month" for hospital-wide education and performance improvement.

Vanderbilt Stallworth Rehabilitation Hospital

Representative Marsha Blackburn, R-Tennessee, recently visited Vanderbilt Stallworth Rehabilitation Hospital in

Nashville for a tour and discussion of current healthcare-related legislative issues.



Left: (left to right) Stewart Young, DTO; Representative Blackburn; Susan Heath, CEO; Nathan Johnson, Director Quality/Case Management; and Bob Cox, MD, Chief Medical Officer.

HealthSouth Toms River sponsors dance contest

HealthSouth Toms River kept the art of romance alive by sponsoring the second annual Sweetheart Ball.

To attend the ball, participants from the area competed for a winning ticket on the Bob and Marianne morning show at WOBN 1160 AM and more than 50 dancing couples spent their Valentine's Day afternoon dancing with their special someone. It was all heart throughout the afternoon as the couples were treated to a light luncheon, raffle prizes and great dancing. Denise Gaffney, Area Director of Business Development, led the way and orchestrated the dance contest where the couples competed in a variety of dances for prizes and a whole lot of fun.

"Sponsoring events like this is a way for HealthSouth to engage our community, offer events that bring the community together and showcase the vital services we provide," said HealthSouth Tinton Falls CEO Patty Ostaszewski. "We invite the public to stop by, tour the facility and learn how HealthSouth is making a difference in the lives of those who are in need of physical, occupational and speech therapies."



Above: Evelyn Morano and Lou Mattia win the Second Annual Sweetheart Ball Dance Contest.

HealthSouth RIOSA brings San Antonio's fiesta tradition to patients and guests

Physicians, Case Managers, Employees and patients of RIOSA gathered in April to celebrate the opening of the Center for Pain and Movement Disorders. In keeping with San Antonio's annual fiesta theme, the hospital was adorned with bright, colorful, Mexican fiesta decorations, fresh flowers, balloons and colorful streamers. A catered Mexican cuisine meal also was provided, complete with virgin Margaritas, buñuelos (sweetened tortillas) and cookies for dessert.

A highlight of the evening featured a special performance from Mariachi Mexicanismo, a local group who performed music in the garden patio that was beautifully



Above: Mariachi Mexicanismo performs at the opening of the Center for Pain and Movement Disorders.

decorated with bright pink bougainvilleas. The mariachi band also circulated through the hallways and played music for the patients and staff on duty. More than 100 visitors attended the event.

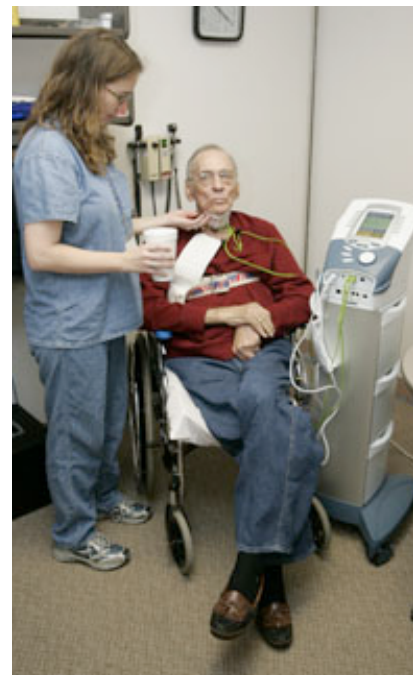
Guests were treated to impromptu tours of the new Pain Center and the renovated orthopedic wing featuring a new nurse's station, as well as remodeled patient rooms and hallways. The renovation is part of a \$2M facility enhancement project undertaken earlier this year that will encompass renovation and enhancements to all patient-care areas of the hospital.

The Center for Pain and Movement Disorders will be overseen by Dr. Christine Vidouria, a Physical Medicine and Rehabilitation physician, Board Certified and Fellowship-trained in Interventional Pain Management. The Center will specialize in Spasticity and Intrathecal Baclofen Pump management, Spinal Cord Stimulator trials and management and services such as nerve blocks, injection therapy and osteopathic manipulative treatments.

HealthSouth Arlington has high tech rehab

HealthSouth Arlington is proud to have Vitalstim Experia – the latest technology in dysphagia treatment. Experia combines biofeedback and electrical stimulation to create a powerful tool that helps patients recover their ability to swallow. HealthSouth patients and therapists alike have been impressed with the device and pleased with the outcomes.

HealthSouth Arlington also has begun to use the Nintendo Wii to provide patients with a fun, effective way to do therapy. Patients have received physical, occupational and speech therapy utilizing the game to work towards physical and cognitive goals. Not surprisingly, since the Wii became part of therapy, our refusal rate has gone down considerably.



Above: A patient at HealthSouth Arlington receives Vitalstim Experia therapy.

HEALTHSOUTH

People Focus

HealthSouth Steve Royal



Steve Royal has been appointed as HealthSouth's Senior Vice President of Development. In this capacity, Steve will oversee development of new hospitals, the creation of joint ventures and the acquisition of competitor rehabilitation hospitals.

Steve joined HealthSouth as Interim Senior Vice President of Development in 2008. He has more than 35 years of healthcare management experience and, most recently, he served as President of the Hospital Corporation of America's (HCA) East Florida Division, which is comprised of 13 hospitals, a regional laboratory, 10 ambulatory surgery centers and eight imaging centers.

HealthSouth Peter Mantegazza



Peter recently was named President of the Northeast Region. In this role, he will oversee operations for HealthSouth hospitals in the states of Pennsylvania, Massachusetts, Maine, New Hampshire, New Jersey, Indiana and Maryland.

Having worked in rehabilitation management for 30 years, Peter most recently

served as Chief Executive Officer at Fairlawn Rehabilitation Hospital, a joint venture between HealthSouth and the University of Massachusetts. He previously served as Chief Operating Officer at Fairlawn. As an active leader in healthcare in the Northeast, Peter serves on numerous industry boards and local community organizations.

HealthSouth Rehabilitation Hospitals of Midland and Odessa Ellen Shankles, CEO



Ellen Shankles, CEO of HealthSouth Rehabilitation Hospitals of Midland and Odessa, was the guest speaker for the Business Professional Women of Midland.

HealthSouth was invited to discuss women's health issues, with a focus on hip fractures. It was a surprising topic to many in the audience who were not aware that women are at greater risk of hip fractures and complications from hip fractures. The audience supported HealthSouth's efforts and asked many questions regarding insurance reimbursement and CMS13.

HealthSouth Rehabilitation Hospital of Memphis 2007 Employee, Nurse and Clinician of the Year

HealthSouth Memphis hosted a luncheon to recognize their 2007 Employee, Nurse and Clinician of the Year. Congratulations to the following winners:

Employee of the Year:
Dianne Marshall, Admissions Supervisor

Nurse of the Year:
Sherl Ross-Lambert, LPN

Clinician of the Year:
Andrea Sorensen, PTA



Above: ((left to right)) Employee, Nurse and Clinician of the Year winners: Andrea Sorensen, Sherl Ross-Lambert and Dianne Marshall.

HealthSouth Rehabilitation Hospital of Baton Rouge Karolyn Bull, RN



Kitty Bull received the Louisiana Association for Healthcare Quality (LAHQ) Outstanding Committee Chair award for her dedication and hard work serving as Chair of the Education Committee. She was recognized at the state conference in April.

Kitty has been with HealthSouth Baton Rouge for more than 10 years and currently serves as Quality Manager.

HEALTHSOUTH In the Community

HealthSouth North Houston and HealthSouth Humble
**Making great strides for
stroke awareness**



Above: On a cold winter morning, a team of 25 walkers from HealthSouth North Houston and HealthSouth Humble showed their dedication to fight stroke and raise awareness of its symptoms and effects at the 2008 Stride4Stroke event.

HealthSouth North Houston and HealthSouth Humble participated in the 2008 Stride4Stroke Walk/Run held March 8. The two hospitals joined forces to become the HealthSouth Striders with the motto: "We take the first step so our patients can take the next."

The two hospitals exceeded their goal and raised more than \$1,200 to benefit the worthy cause. HealthSouth North Houston and HealthSouth Humble had a great showing at the event. The 25 HealthSouth walkers, coordinated by Danielle James and Jessica Grant, joined the more than 2,800 participants and 40 corporate sponsors to help raise more than \$700,000 for stroke awareness in the Houston area.

Stride4Stroke targets the diverse age groups and ethnicities throughout the area and focuses on educating the public on stroke symptoms, treatment and prevention. The event includes activities such as a series of health screenings and Healthy Knowledge seminars.

MAY HEALTHCARE OBSERVANCES

According to the American Hospital Association, the following are recognized as the healthcare observances for May 2008.

MONTH-LONG OBSERVANCES

Allergy and Asthma Awareness Month, American Stroke Month, Arthritis Month, Better Hearing and Speech Month, Better Sleep Month, Critical Care Awareness and Recognition Month, Healthy Vision Month, Hepatitis Awareness Month, High Blood Pressure Education Month, Huntington's Disease Awareness Month, Lupus Awareness Month, Melanoma/Skin Cancer Detection and Prevention Month, Motorcycle Safety Month, Neurofibromatosis Awareness Month, Older Americans Month and Oncology Nursing Month, Osteoporosis Awareness & Prevention, Physical Fitness and Sports Month, Stroke Awareness Month, Trauma Awareness Month and Tuberos Sclerosis Awareness Month.

RECOGNITION DAYS/EVENTS

May 4-10	Hug Holiday Week
May 4-10	North American Occupational Safety & Health Week
May 6	Nurses Day
May 6-12	Nurses Week
May 7	Occupational Safety and Health Professional Day
May 11-17	Alcohol and Other Drug-Related Birth Defects Week
May 11-17	Hospital Week
May 11-17	Food Allergy Awareness Week
May 11-17	Nursing Home Week
May 18-24	Emergency Medical Services Week
May 18-24	Medical Transcriptionist Week
May 18-24	Running and Fitness Week
May 21	Employee Health and Fitness Day
May 28	Senior Health and Fitness Day
May 31	No Tobacco Day

HEALTHSOUTH

Corporate Departmental Updates

Organizational Development Leadership Orientation

With an emphasis on expanding our markets, growing volume and increasing the quality of patient care, we also are focusing on the development of hospital leadership to create a successful work environment for employees.

Introducing HealthSouth's Leadership Orientation

This quarterly program begins this month and will target new hires in the roles of CEO, Controller, Director of Marketing Operations, Chief Nursing Officer, Director of Therapy Operations, Director of Human Resources and Director of Quality/Risk. The purpose of the program is to equip hospital leadership with information and resources during the first months in their jobs by providing critical information, resources and contacts through a consistent message and vision.

NOTE: New hires should attend this program after being in their roles in the hospital for at least 30 days.

The two-and-a-half day program includes a general session appropriate for all roles; the remaining one-and-a-half day program addresses topics in smaller, role-based breakouts.

The next program is scheduled for Aug. 19-21, 2008, in Birmingham, Ala. For more information, go to the Learning Center home page through the intranet. If you are interested in attending this program, please contact Ellen Derr, Aaron Lincove or Lisa Dayball.

HEALTHSOUTH'S ORGANIZATIONAL DEVELOPMENT

Lisa Dayball lisa.dayball@healthsouth.com,
Ellen Derr ellen.derr@healthsouth.com
Aaron Lincove aaron.lincove@healthsouth.com

Internal Audit Fraud and what to do if you suspect it

Fraud is any deceptive act where a individual personally benefits or allows others to benefit from unethical or criminal actions.

These types of activities can include taking kickbacks from vendors, falsifying financial statements or documents, theft of company assets or submitting overtime the person did not work.

If you suspect fraud or criminal misconduct is occurring, talk to your supervisor about it. If you do not feel comfortable reporting it to your supervisor or wish to remain anonymous, call the Compliance Hotline at (888) 800-2577.

You also can call the Internal Audit Hotline at (800) 755-8215 or e-mail the Internal Audit Investigations Department at internalaudit@healthsouth.com.

If you are a manager and suspect fraud, call the Investigations department before taking any action to coordinate the investigation.

The Internal Audit department is led by Inspector General, Sandy Vollman. Phone: (205) 970-5709

The Investigations department is directed by Tom Slimick. Phone: (205) 970-7805

24-HOUR INTERNAL AUDIT MESSAGE LINE

(800) 755-8215,
internalaudit@healthsouth.com

Compliance

Super-Hero Captain Integrity: He aims to hit you right between the ears

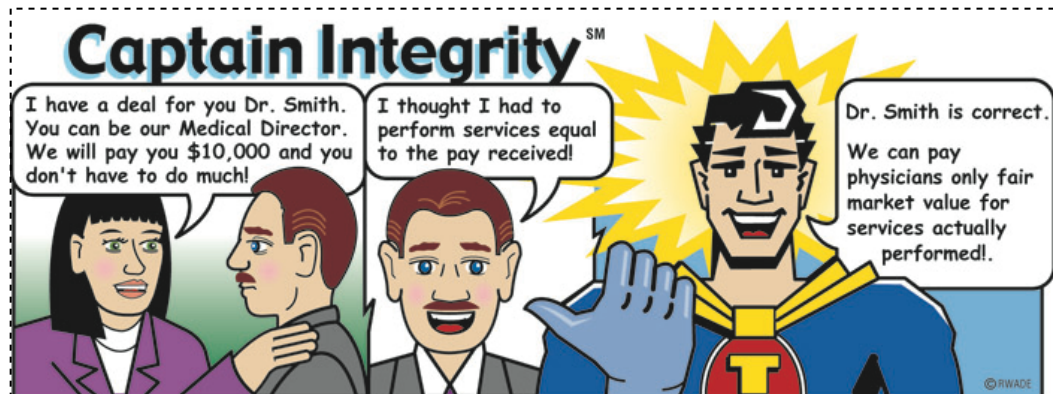
Please take a minute and read the Captain Integrity cartoons below. Captain Integrity is a monthly series that the Compliance Office is considering purchasing for use in the Messenger, and we would like to get your thoughts. Do the cartoons get your attention? Do they make you think? Do they remind you of real-life situations (where we ultimately did the right thing, of course)?

Please send your comments, pros or cons, to Dennis Douglas by e-mail at dennis.douglas@healthsouth.com or by telephone at (205) 970-5572.

Unresolved compliance issue

COMPLIANCE HOTLINE

(888) 800-2577



Supply Chain Operations

SCO CATALOG MANAGEMENT Behind the Scenes

Have you ever placed a purchase order for an item at one price and had the invoice come in at another price?

For every electronic "SmartOrder" generated out of SmartSystem, the supplier sends back an electronic confirmation that the order has been received. In addition to a price discrepancy, the confirmation tells us which items may have a back order status, unit of measure discrepancy, item substitution or order rejection.

Approximately 150 discrepancies are identified daily. As we continue to cleanse our data files and implement new contracts, the number of discrepancies will decrease. Here are a few other benefits Discrepancy Management will address:

Benefits:

- ◆ Ability for SCO to review pricing and product inconsistencies prior to invoice.
- ◆ Ability for SCO to monitor supplier and individual product service levels to ensure product arrives at facility.
- ◆ Reduction in order discrepancies by SCO working proactively on front end of process.
- ◆ Reduction in suspended invoices due to the ability to identify and correct issues prior to invoice.
- ◆ Reduction in Days Sales Outstanding (DSO) – which allows facilities to take advantage of prompt payment discounts and avoid credit hold with suppliers.

CONTACT SCO HELP!(800) 237-2521 or scohelp@healthsouth.com

ITG SAFE**From the May
7th edition of
USA Today*****“Identity thieves prey on
patients' medical records***

Doctors' offices, clinics and hospitals are a fruitful hunting ground for identity thieves, who are using increasingly sophisticated methods to steal patient information, lawyers and privacy experts say. Recent disclosures that hospital workers snooped into the medical files of Maria Shriver, Britney Spears and George Clooney highlight the vulnerability of patients to the merely curious and the criminal.

Legal experts say lawbreakers use medical information to get credit card numbers, drain bank accounts or falsely bill Medicare and other insurers...”

In Florida last year, a front-desk coordinator at the Cleveland Clinic was convicted of identity theft, computer fraud and other charges after downloading patient information and selling it to a cousin, who submitted more than \$2.5 million in phony bills to Medicare.

In April, a former New York-Presbyterian Hospital employee was arrested for participating in an identity theft scheme in which he allegedly accessed nearly 50,000 patient records over two years.

False information from fake billings can end up in patients' medical files — and creditors might seek payment from the patients. Until the creditors call, patients might not know their medical information has been accessed.

In January, California began requiring that consumers receive notice when their medical information is improperly accessed. It is only the second state, besides Arkansas, to do so, says Pam Dixon, executive director of the World Privacy Forum. ”

Our patients deserve the best healthcare possible but they also deserve to have their medical and personal information safeguarded. Let's all do our part to make that happen. We always want to encourage you to contact ITG Security with any questions or concerns. If you wish to contact us please do so by email at itgsecurity@healthsouth.com

ITG SUPPORT CENTER

Help Desk: 800 646-9404

<http://support.healthsouth.com>

HEALTHSOUTH Letterbag

PORTIONS OF A LETTER RECEIVED BY NEW ENGLAND REHABILITATION HOSPITAL OF PORTLAND

My father, Walter Soule, spent time at New England Rehab Hospital. He was unhappy upon release from Maine Medical Center to find that he would be required to spend time in rehab before going home. Fortunately, as he is a dialysis patient, you had a bed for him. He was happy to realize that being at NERHP allowed him to have on-site dialysis, eliminating the need of being transported to another facility.

He quickly became attached to several staff members including Dr. Kazmi, whom he asked to be his full-time physician. My father, a man of 87 and used to viewing the world with a somewhat jaundiced eye, found all staff to be pleasant and responsive. I heard few, if any, complaints. He developed quite a rapport with his roommate – a gentleman just beginning dialysis. The two had lots to talk about.

The staff at NERHP never faltered in their delivery of the many services my father required, and they did so with a combination of caring, practicality, humor and professionalism. In a world where we hear many complaints about lack of kindness, lack of time given and lack of personal attention related to delivery of medical services, it is clear that not one of those issues could be said to exist at NERHP.

It is because of the wonderful treatment my father received that I felt a letter to you, which I hope will be passed along to staff, was in order. Many heartfelt thanks to everyone. Congratulations to all of you as you continue tending to those in need. The devotion and caring of the staff at NERHP is evident to all who pass through your doors.

With gratitude,
Elizabeth B. Waldron

“The staff at NERHP never faltered in their delivery of the many services my father required, and they did so with a combination of caring, practicality, humor and professionalism.”

Elizabeth B. Waldron, daughter of patient Walter Soule
New England Rehabilitation Hospital of Portland

RECEIVED BY HEALTHSOUTH REHABILITATION HOSPITAL OF AUSTIN

“Thank my God for You”

by: *Josie Acosta, patient at HealthSouth Austin*

My family HealthSouth
I thank my God for you
I'll miss you when I return to my house
And the time we've spent together, too

This whole ordeal has touched my heart
In so many different ways
I don't even know where to start
And I'm running out of days

We've made some wonderful connections
Who would have expected
There's so much love, support and affection
And no one is left feeling rejected

I'll always remember each one I met
Everything we've accomplished together
The many emotions all without regret
And you will be in my heart forever
I thank my God for you.

LETTER RECEIVED BY HEALTHSOUTH REHABILITATION HOSPITAL OF SPRING HILL

I am writing to you today to give you some insight regarding some of the fine people you have on your staff at HealthSouth. Both my mother and father were recently patients at your hospital. Although my 88 year-old dad has recovered and is living comfortably at an assisted living facility, my mom has not been so fortunate. My mother left HealthSouth last Tuesday and was released to Hospice care. During her time at HealthSouth, she received excellent care from all the nurses and CNAs. Dr. Santos made herself available to answer all our family's questions and always seemed to take my mother's comfort and dignity into consideration before making any decisions. I found Dr. Santos to be both skillful and compassionate, a truly valuable combination of traits for a doctor!

The other individual I would like to bring your attention is my mother's case manager, Michael Vargas. I cannot tell you how much it meant to my family to get honest, straight answers from someone regarding my mom's options at every step of the way. If Mike was not able to answer one of our questions, he would get the answer as soon as possible. I feel he was truly interested in my mom's care and was a source of optimism for my mom on many occasions. I know that these brief words cannot convey how much I appreciate these individuals. Suffice it to say that you should be proud of them as representatives of your hospital. I was honored to know both Dr. Santos and Michael Vargas. My mother could not have had more capable people care for her in the twilight of her life.

Sincerely,
Bob Quinn