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October 11, 2006

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General Counsel
National Association of Long Term Hospitals (NALTH)
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Dear Ed:

I am sure you have studied, as we have, the LTAC hospital legislation, H.R. 6236, recently introduced by U.S. Rep. Phil English and U.S. Rep. Earl Pomeroy. Even though the bill would reduce the growth in LTAC hospital spending, ALTHA supports the bill because it would address many of the concerns raised by CMS and MedPAC.

You and your board have been most gracious in meeting with ALTHA's board on a number of occasions over the past ten months. Like you, we would like to find a way for both ALTHA and NALTH to support similar public policy approaches.

We would ask you to consider supporting the English-Pomeroy legislation. Alternatively, we would ask you to use the English-Pomeroy bill as a starting point for further discussions. You have raised concerns about the bill and your board is not now able to endorse it. I wanted to write today to let you know ALTHA continues to hope that we can eventually endorse a common approach.

While we support the English-Pomeroy bill, we remain open to discussing any policy alternatives that anyone may wish to put on the table for consideration. There are a good many issues on which we agree: the need for a LTAC hospital patient assessment tool; budget neutrality issues; improved QIO review; and quality outcomes measurement.

However, ALTHA continues to believe that any bill must generate budgetary savings for the Medicare program in order to be taken seriously by Congress or by CMS.

More than two years ago, when Congress first expressed concern about the growing number of LTAC hospitals, ALTHA endorsed the principle that patients should be cared and paid for in the most appropriate clinical setting. Patients who can be safely and effectively treated in less-intensive post-acute facilities should not be treated in an LTAC hospital.

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Therefore, ALTHA's board concluded that patients in need of lower-acuity rehabilitation and psychiatric services are best treated in other settings and should not be admitted as LTAC hospital patients.

In closing, I would note that many of NALTH's hospitals do better under the English-Pomeroy legislation than do many of ALTHA's hospitals. ALTHA's board of directors decided to support the English-Pomeroy bill because it provides our hospital community with a degree of regulatory stability and begins to rationalize the entire post-acute continuum of care.

In our view, the English-Pomeroy legislation recognizes that LTAC hospitals play a distinct role in meeting the needs of post-acute patients. Granted, that distinct role may not be as broad as some would like, but we believe it is more in line with what CMS and MedPAC believe to be the core mission of LTAC hospitals.

I remain grateful to you, as well as our friends at the American Hospital Association and the Federation of American Hospitals, for all of the efforts over the past year to help develop a joint public policy position. I look forward to working with you in the months ahead.

Sincerely yours,

A handwritten signature in black ink that reads "Bill Walters". The signature is written in a cursive style and is positioned to the left of a vertical red line.

William Walters
Chief Executive Officer
Acute Long Term Hospital Association (ALTHA)