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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**CMS PROPOSED RULE EXACERBATES
REGULATORY INSTABILITY FOR LTAC HOSPITALS**

ALTHA member hospitals believe “certification criteria,” not additional payment reductions, should address concerns of federal regulators.

*Members of the U.S. Congress have made their intent clear.
ALTHA encourages CMS to work with Congress and the hospital community.*

WASHINGTON (January 29, 2007) – On Thursday, January 25, 2007, the Centers for Medicare and Medicaid Services (CMS) proposed regulatory changes for long-term acute-care (“LTAC”) hospitals. The proposed rule is subject to a 60-day public comment period.

Of the many new policies in the proposed regulation, the most significant is CMS’ proposal to expand the existing limit on the number of patients an LTACH can admit from any one facility. Today, this 25% limitation applies only to “hospitals-within-hospitals.” If adopted, the proposed regulation would mean all LTAC hospitals would have to comply with this expansion beginning July 1, 2007 with the general 25% limit taking effect October 1, 2007.

Peter Baronoff, Chairman of Promise Healthcare of Boca Raton, Florida and President of the ALTHA Board of Directors said: “The extension of the 25% rule is entirely arbitrary and we oppose it. This proposed rule marks the fifth time in five years that CMS has made significant changes in the way LTAC hospitals are regulated. It comes at a time when many of our hospitals are still absorbing the other major policy changes implemented by CMS over the past several years. These proposed policies threaten access to quality services that are needed by Medicare’s most medically complex patients.”

William Walters, CEO of ALTHA, the Washington-based trade association representing two-thirds of LTAC hospitals noted: “Three years ago, MedPAC called on CMS to implement ‘certification criteria’ for LTAC hospitals. Today, with this proposed rule, CMS continues to rely on an improvised and makeshift approach to our hospitals. CMS should re-consider its proposed rule in light of legislation recently introduced in Congress. Members of Congress – from both houses and from both parties – support legislation which would achieve savings in the LTAC hospital space while also ensuring patients have access to LTAC hospital care. We believe the Congressional legislation -- S. 338 in the U.S. Senate and H.R. 562 in the U.S. House -- promotes a rational approach to post-acute care.”

CMS is also proposing as part of this regulation a financial update of less-than-market-basket and other reductions in LTAC hospital reimbursements. Of these changes, Walters said: “LTAC hospitals should receive a full market-basket update. This CMS proposed rule comes at a time when MedPAC estimates that LTAC hospital margins are near zero. CMS policy changes over the past several years have addressed the concerns of federal regulators: LTAC hospital growth has now slowed to a standstill and margins have been substantially suppressed. The LTAC hospital community looks forward to demonstrating to CMS and Congress the value of the care we provide.”

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ABOUT LONG-TERM ACUTE-CARE HOSPITALS

Long-term acute-care (LTAC) hospitals serve a valuable role in the continuum of American healthcare by caring for patients who need longer than usual hospital stays, on average twenty-five days. LTAC hospital patients are severely-ill, medically-complex patients with multiple comorbidities. Congress created LTAC hospitals to care for the small population of extremely ill patients for whom the cost of care is beyond the scope of most general hospitals.

ABOUT THE ACUTE LONG TERM HOSPITAL ASSOCIATION (ALTHA)

ALTHA is the Washington-based trade association of LTAC hospitals, representing two-thirds of LTAC hospitals nationwide. The ALTHA Board of Directors endorses the principle that patients should be cared and paid for in the most appropriate setting. Patients who can be safely and effectively cared for in other post-acute facilities should not be treated and paid for in an LTAC hospital. For more information, please visit <http://www.altha.org/> or call Kate Bohonos, Director of Communications at ALTHA, 703-518-9900.



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