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## HealthSouth Corporation Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator instructions) We ask that you please limit yourself to one question and one follow up question. Your first question is from the line Adam Feinstein with Barclays Capital.

#### Adam Feinstein – Barclays Capital

Okay. Thank you. Good morning, everyone.

#### Jay Grinney

Good morning, Adam.

#### Adam Feinstein – Barclays Capital

A very strong quarter here. I just wanted to talk about the volumes. I mean clearly, you're running well ahead of what you had anticipated earlier in the year. I'm just curious in terms of your thoughts in terms of what's leading to the acceleration. Is it market share gains? Have you seen a big acceleration? Is this in overall utilization for the industry? Just additional thoughts would be great, and just – and I'm just curious, I know you'll probably cue later today, but if you can talk about the mix between the different types of patients and maybe just highlight where you saw the highest growth. That would be great. Thank you.

#### Jay Grinney

With respect to what's driving the volume growth. We really do attribute that to our focus on the standardized sales and marketing initiative TeamWorks. We, as you know, in the third quarter, had the TeamWorks platform rolled out across all of the hospitals with the exception of the recently acquired Vineland Hospital, Vineland, New Jersey hospital. So it's really just committing ourselves to going out, looking at a wider range of potential referral sources for patients who require inpatient rehabilitative care.

In terms of taking market share, we do believe that that is exactly what's happening. As you know, we report from time to time on how our volumes compare to those participating in the UDS data system. And for the second quarter this year, if you recall, our discharges were up 5.6%. The UDS sites participating in that data source was actually down 2.4%. So there's clearly market share shifts that are occurring, and we are very pleased with the efforts of our TeamWorks. And now, are actually putting out a sustainability module to make sure that the lessons learned, the standardized approaches, and so on continue into the future.

I'll ask Mark Tarr to talk about our program mix.

**Mark Tarr**

Hey, good morning, Adam.

**Adam Feinstein – Barclays Capital**

Good morning.

**Mark Tarr**

Our program mix, the single largest program mix category that we have is our stroke programs. The strongest growth that we saw for the quarter was in neurological non-traumatic brain injury, and then other ortho. And another positive sign is we continue to grow our neuro programs. We continue to see a decrease in the joint replacement. So our efforts to better grow our neuro program, our staff for neuro programs, is stringing recent benefits.

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