

HealthSouth Announces Final Agreement on Previously Disclosed Settlement with Federal Government

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HealthSouth Corporation today announced it has signed a definitive agreement with the United States Department of Justice on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) to resolve issues associated with various practices under the Company's previous management team. The settlement amount of \$14.2 million was previously disclosed in the Company's 3Q Form 10-Q filing with the Securities and Exchange Commission and was recorded as a charge in the Company's 3Q 2007 financial statements.

"This settlement, previously disclosed in our third quarter financial filings, relates to actions of the Company's previous management team, which were discovered and self-disclosed by the new management team more than two years ago," said HealthSouth President and Chief Executive Officer Jay Grinney. "The new HealthSouth is dedicated to a corporate culture characterized by integrity, quality and compliance -- and supporting our employees in their ongoing efforts to provide high quality care to patients across the country while providing the best return for our shareholders."

As it is the Company's obligation as a participant in Medicare and other federal health care programs, HealthSouth routinely conduct audits and reviews of the accuracy of our billing systems and other regulatory compliance matters. As a result of these reviews, the Company has made, and will continue to make, disclosures to the United States Department of Health & Human Services Office of Inspector General relating to amounts that the Company suspect represent overpayments from these programs, whether due to inaccurate billing or otherwise.

About HealthSouth

HealthSouth is the nation's largest provider of inpatient rehabilitation services. Operating in 26 states across the country and in Puerto Rico, HealthSouth serves more than 250,000 patients annually through its network of inpatient rehabilitation hospitals, long-term acute care hospitals, outpatient rehabilitation satellites, and home health agencies. HealthSouth strives to be the health care company of choice for its patients, employees, physicians and shareholders and can be found on the Web at <http://www.healthsouth.com/>.

Media Contact

HealthSouth: Andy Brimmer, 205-410-2777

First Call Analyst:
FCMN Contact:

SOURCE: HealthSouth Corporation

CONTACT: Andy Brimmer, HealthSouth Corporation, +1-205-410-2777

Web site: <http://www.healthsouth.com/>

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