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Financial Advisors to the
Official Committee of Unsecured Creditors

FILED
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CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

ORIGINAL

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re:	Case Nos. LA 05-22627 TD
	Chapter 11
WATTSHEALTH FOUNDATION, INC. DBA UHP HEALTHCARE, A CALIFORNIA NOT-FOR-PROFIT CORPORATION,	**MONTHLY STATEMENT OF FTI CONSULTING, INC. FOR PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES INCURRED FROM SEPTEMBER 1, 2006, TO SEPTEMBER 30, 2006**
Debtor.	

TO THE HONORABLE THOMAS B. DONOVAN, UNITED STATES BANKRUPTCY JUDGE, AND PARTIES IN INTEREST:

FTI Consulting, Inc. ("FTI"), financial advisors to the Official Committee of Unsecured Creditors (the "Committee") of WATTSHealth Foundation, Inc. dba UHP Healthcare (the "Debtor"), hereby submits its monthly professional fee statement (the "Monthly Statement") for allowance and payment of fees and reimbursable expenses incurred from **September 1, 2006**, through **September 30, 2006** (the "Statement Period"), pursuant to the Order Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals Employed At The Expense Of The Bankruptcy Estate entered by this Court on September 9, 2005 (the "Interim Fee Order"). In support of its Monthly Statement, FTI represents as follows:

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FTI billed a total of $18,474.50 in fees and incurred $387.74 in reimbursable expenses during the Statement Period. A summary of professionals fees by consultant is attached hereto as Exhibit "A". A summary of fees by activity and consultant is attached hereto as Exhibit "B". A detailed listing of time entries is attached hereto as Exhibit "C". A detailed listing of expenses by category is attached hereto as Exhibit "D". The following table summarizes FTI's fees during the Statement Period:

	Professional Fees	**Expenses**	**Total**
Total Fees and Expenses Incurred During the Statement Period	$18,474.50	$387.74	$18,862.24
Less Amount Subject to Holdback (20% of Fees)	($3,694.90)	$0.00	($3,694.90)
Total Fees and Expenses to be Paid Pursuant to this Monthly Statement	**$14,779.60**	**$387.74**	**$15,167.34**

Accordingly, FTI respectfully requests that the Debtor pays FTI a total of $15,167.34 as compensation for services rendered during the Statement Period.

The payment of fees sought in this Monthly Statement is not a final application for fees and expenses in connection with these cases. Upon the conclusion of this case, FTI will seek payment of fees and reimbursement of the expenses incurred for the totality of the services rendered. Any interim fees or reimbursement of expenses approved by this Court and received by FTI will be credited against such final fees and expenses as may be allowed by this Court.

Consistent with the Interim Fee Order, FTI is serving a copy of this Monthly Statement on the Debtor, the Debtor's reorganization counsel, the Committee's counsel, the Department of Managed Healthcare, and the Office of the United States Trustee (the "Notice Parties").

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According to the requirements of the Interim Fee Order, any objection to the Monthly Statement must (i) be in writing, (ii) set forth the precise nature of the objection and the amount of fees and/or expenses to which the objection applies, and (iii) be filed with the Court and served via U.S. Mail on both FTI and each of the Notice Parties within fifteen (15) days after service of the Monthly Fee Statement.

DATED: October 23, 2006

Respectfully submitted,

FTI CONSULTING, INC.

By: _____
MATTHEW PAKKALA
Financial Advisors to the
Official Committee of Unsecured Creditors

Watts Health Foundation Inc.
Summary of FTI Consulting, Inc. Fees By Professional
For the Period September 1, 2006 Through September 30, 2006

Professional	Title	Rate	Hours	Total
Greenspan, Ronald	Senior Managing Director	$475	0.2	$95.00
Pakkala, Matthew	Managing Director	$475	37.2	$17,670.00
Yang, Danhua	Consultant	$215	3.3	$709.50
	Total Hours and Fees		**40.7**	**$18,474.50**

EXHIBIT A

Watts Health Foundation Inc.
Summary of FTI Consulting, Inc. Fees By Activity and Professional
For the Period September 1, 2006 Through September 30, 2006

Activity/Professional	Title	Rate	Hours	Total
Cash Flow / Operations Analysis				
Pakkala, Matthew	Managing Director	$475	1.1	$522.50
Yang, Danhua	Consultant	$215	3.3	$709.50
		Activity Total	4.4	$1,232.00
Claims Administration and Objections				
Pakkala, Matthew	Managing Director	$475	3.1	$1,472.50
		Activity Total	3.1	$1,472.50
Fee/Employment Applications				
Pakkala, Matthew	Managing Director	$475	0.3	$142.50
		Activity Total	0.3	$142.50
Creditors' Committee Matters				
Greenspan, Ronald	Senior Managing Director	$475	0.2	$95.00
Pakkala, Matthew	Managing Director	$475	21.7	$10,307.50
		Activity Total	21.9	$10,402.50
Post-petition Operating Matters/ Business Planning				
Pakkala, Matthew	Managing Director	$475	4.1	$1,947.50
		Activity Total	4.1	$1,947.50
Communications with Debtors and Professionals				
Pakkala, Matthew	Managing Director	$475	3.4	$1,615.00
		Activity Total	3.4	$1,615.00
Medical Claims Reporting /IBNR Analysis				
Pakkala, Matthew	Managing Director	$475	3.5	$1,662.50
		Activity Total	3.5	$1,662.50
		Totals	**40.7**	**$18,474.50**

B

Watts Health Foundation Inc.
FTI Consulting, Inc. Detailed Time and Fee Statement
For the Period September 1, 2006 Through September 30, 2006

Rec #	*Professional*	*Rate*	*Date*	*Hours Billed*	*Total*	*Description*
Activity Classification: Cash Flow / Operations Analysis						
5	Pakkala, Matthew	$475	09/08/2006	0.5	$237.50	Analyze weekly cash flow report for sale proceeds and severance analysis; identify questions for M. Arko re: breakdown of payroll.
15	Yang, Danhua	$215	09/12/2006	3.3	$709.50	Update the Committee Presentation with the most recent financial statements. Search for Cost Trend analysis data.
29	Pakkala, Matthew	$475	09/25/2006	0.6	$285.00	Review Motion for Order allowing claims distribution procedures and accompanying declaration; draft short narrative for committee presentation.
		Total For Activity		**4.4**	**$1,232.00**	
Activity Classification: Claims Administration and Objections						
11	Pakkala, Matthew	$475	09/12/2006	0.8	$380.00	Analyze updated claims reconciliation matrix and narrative; prepare questions for group conference call.
22	Pakkala, Matthew	$475	09/15/2006	2.0	$950.00	Create scenarios based on comments from committee meeting with examples of cure payment impact on 50% distribution approach.
23	Pakkala, Matthew	$475	09/19/2006	0.3	$142.50	Multiple correspondence with N. Schultz re: interim distribution and claims analysis.
		Total For Activity		**3.1**	**$1,472.50**	
Activity Classification: Fee/Employment Applications						
27	Pakkala, Matthew	$475	09/22/2006	0.3	$142.50	Review and approve monthly invoicing re: time detail and execute declaration re: same.
		Total For Activity		**0.3**	**$142.50**	
Activity Classification: Creditors' Committee Matters						
4	Greenspan, Ronald	$475	09/06/2006	0.2	$95.00	Review memos from counsel re debtor motions and severance and contract acceptance.
7	Pakkala, Matthew	$475	09/11/2006	3.0	$1,425.00	Draft Committee presentation to update on sale, claims, transition plan with comments and observations.
10	Pakkala, Matthew	$475	09/12/2006	2.1	$997.50	Analyze 50% interim distribution proposal with respect to revised budget and anticipated recoveries; calculate risk scenarios for committee.
12	Pakkala, Matthew	$475	09/12/2006	0.6	$285.00	Analyze and draft supplemental comments to financials and budget for Committee presentation.
14	Pakkala, Matthew	$475	09/12/2006	0.5	$237.50	Teleconference with R. Diamond (DGDK) re: interim distribution, cash flows and wind-down.
19	Pakkala, Matthew	$475	09/13/2006	0.3	$142.50	Teleconference with R. Diamond (DGDK) re: Committee direction and 50% interim distribution.
16	Pakkala, Matthew	$475	09/13/2006	2.5	$1,187.50	Continue drafting of narrative on transition plan, 50% interim distribution and sale process for Committee meeting.
17	Pakkala, Matthew	$475	09/13/2006	0.5	$237.50	Analyze updated cash flow forecast data provided by M. Arko and draft additional comments for Committee presentation.

EXHIBIT C

Watts Health Foundation Inc.
FTI Consulting, Inc. Detailed Time and Fee Statement
For the Period September 1, 2006 Through September 30, 2006

Rec #	Professional	Rate	Date	Hours Billed	Total	Description
Activity Classification: Creditors' Committee Matters						
18	Pakkala, Matthew	$475	09/13/2006	1.5	$712.50	Prepare for and participate on Creditor Committee conference call.
20	Pakkala, Matthew	$475	09/14/2006	0.4	$190.00	Draft correspondence to Committee member re: follow-up on questions from Wednesday meeting.
21	Pakkala, Matthew	$475	09/15/2006	0.3	$142.50	Draft response to R .Ragland re: building and timing issues.
25	Pakkala, Matthew	$475	09/20/2006	0.4	$190.00	Draft correspondence to R. Diamond (DGDK) re: 50% interim distribution and accompanying analysis.
26	Pakkala, Matthew	$475	09/20/2006	0.7	$332.50	Teleconference with R. Diamond & S. Schwartz (DGDK) re: interim distribution.
28	Pakkala, Matthew	$475	09/22/2006	3.4	$1,615.00	Draft narrative for supplemental committee presentation based on conversation with R. Diamond and S. Schwartz re: assets, claims and interim motion and proposed strategy in preparation for near-term committee conference call.
31	Pakkala, Matthew	$475	09/27/2006	1.0	$475.00	Analysis and revise analysis on interim distribution re: building sale proceeds, IPA funds and trust claim.
33	Pakkala, Matthew	$475	09/28/2006	0.5	$237.50	Teleconference with DGDK re: committee call agenda and analysis.
37	Pakkala, Matthew	$475	09/29/2006	1.5	$712.50	Create follow-up analysis and summary for discussion with counsel per request of Committee re: interim distribution and cures.
35	Pakkala, Matthew	$475	09/29/2006	2.5	$1,187.50	Prepare for and participate on Committee conference call re: interim distribution.
		Total For Activity		**21.9**	**$10,402.50**	
Activity Classification: Post-petition Operating Matters/ Business Planning						
9	Pakkala, Matthew	$475	09/12/2006	1.0	$475.00	Review and analyze updated transition plan document forwarded by M. Arko.
24	Pakkala, Matthew	$475	09/19/2006	2.0	$950.00	Prepare updated 50% interim distribution analysis providing assumptions and insights for committee based on information forwarded by N. Schultz (STG).
30	Pakkala, Matthew	$475	09/26/2006	0.3	$142.50	Multiple teleconferences with M. Arko re: real estate listing and anticipated proceeds.
32	Pakkala, Matthew	$475	09/28/2006	0.8	$380.00	Multiple correspondence to R. Diamond, Committee members and STG on cure payments, interim distribution and related assumptions.
		Total For Activity		**4.1**	**$1,947.50**	
Activity Classification: Communications with Debtors and Professionals						
1	Pakkala, Matthew	$475	09/01/2006	0.3	$142.50	Teleconference with B. Lang re: operations and closing sale results.
2	Pakkala, Matthew	$475	09/05/2006	0.7	$332.50	Prepare for and participate on teleconference with B. Lang re: sale closing and proceeds allocation including discussion of IBNR dispute.
6	Pakkala, Matthew	$475	09/11/2006	0.2	$95.00	Teleconference with M. Arko re: cash reporting and financials.

EXHIBIT C

Watts Health Foundation Inc.
FTI Consulting, Inc. Detailed Time and Fee Statement
For the Period September 1, 2006 Through September 30, 2006

Rec #	*Professional*	*Rate*	*Date*	*Hours Billed*	*Total*	*Description*
Activity Classification: Communications with Debtors and Professionals						
13	Pakkala, Matthew	$475	09/12/2006	0.8	$380.00	Participate on conference call with B. Lang, N. Schultz, R. Diamond re: POC process, analysis and update.
8	Pakkala, Matthew	$475	09/12/2006	0.5	$237.50	Multiple teleconference and emails with M. Arko re: transition plan and budgeting.
34	Pakkala, Matthew	$475	09/29/2006	0.3	$142.50	Teleconference with Dirk (A&M) re: real estate issues and related information on listing and sale.
36	Pakkala, Matthew	$475	09/29/2006	0.6	$285.00	Draft multiple correspondence to counsels re: cure payments and outstanding claims.
		Total For Activity		**3.4**	**$1,615.00**	
Activity Classification: Medical Claims Reporting /IBNR Analysis						
3	Pakkala, Matthew	$475	09/05/2006	3.5	$1,662.50	Analyze Milliman and Mercer reports re: quantification of dispute and qualitative issues; analyze sale proceeds information and MMIP payment data provided by B. Lang and develop summary analysis for Committee.
		Total For Activity		**3.5**	**$1,662.50**	
Grand Total of Hours and Fees				**40.7**	**$18,474.50**	

EXHIBIT C

Watts Health Foundation, Inc.
FTI Consulting, Inc. Expense Detail
For the Period September 1, 2006 Through September 30, 2006

Professional	*Date*	*Amount*	*Description of Expense*
Expense Type: Express Mail			
Howell, Rheba	08/25/2006	$8.12	Federal Express To United States Bankruptcy Court, Att: In-Take Department
Howell, Rheba	08/29/2006	$6.80	Federal Express To: FTI - Rheba Howell, Los Angeles CA
Howell, Rheba	09/25/2006	$8.19	Federal Express To United States Bankruptcy Court, Att: In-Take Department
Howell, Rheba	09/27/2006	$6.86	Federal Express To FTI LA, Rheba Howell
	Total For Expense Type	$29.97	
Expense Type: Meals - Out of office			
Pakkala, Matthew	09/21/2006	$357.77	5/15/06 Lunch charge for Official Committee of Unsecured Creditors meeting at FTI's office in Los Angeles, 25 attendees including Committee, counsel and financial advisors
	Total For Expense Type	$357.77	
	GRAND TOTAL:	**$387.74**	

EXHIBIT D

PROOF OF SERVICE
STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a part to the within action; my business address is 633 West Fifth St., Suite 1600, Los Angeles, California 90071.

On October 23, 2006, I served the foregoing document described as MONTHLY STATEMENT OF FTI CONSULTING, INC. FOR PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES INCURRED FROM SEPTEMBER 1, 2006, TO SEPTEMBER 30, 2006, on the interested parties of record in the action by:

[X] placing true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

[ ] placing ___ the original ___ a true copy thereof enclosed in sealed envelopes addressed as follows:

[ ]	TELECOPY SERVICE	I caused the foregoing document to be sent via telecopier to the addressees as indicated on the attached service list. I am readily familiar with this company's practice of sending documents by facsimile. Under that practice, a cover sheet is prepared showing the telephone number of the recipient. The facsimile telephone number is shown on the attached service list. The documents were sent via facsimile and a confirmation was obtained from the facsimile machine that the transmission occurred without error.
[X]	MAIL	I caused such envelope to be deposited in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
[ ]	FEDERAL EXPRESS	I placed such envelope for collection for Federal Express on this date following ordinary business practices.

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

[ ]	HAND DELIVERY	I caused such envelope to be delivered by hand by courier service to the offices of the addressees following ordinary business practice.
[ ]	(State)	I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
[X]	(Federal)	I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on October 23, 2006, at Los Angeles, California.

RHEBA HOWELL

SERVICE LIST
In re: WATTSHealth Foundation, Inc. dba UHP Healthcare

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