

December 13, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 37 - *Concept Release on Auditor Independence and Audit Firm Rotation*

Dear Board Members:

Sun Healthcare Group ("we") appreciates having been given the opportunity to comment upon the Concept Release regarding Auditor Independence and Audit Firm Rotation (the "Concept Release") issued by the Public Company Accounting Oversight Board ("PCAOB") in August. We are a healthcare services company, serving principally the senior population, with consolidated annual revenues in excess of \$1.9 billion and approximately 30,000 employees in 46 states. Sun's services are provided through its subsidiaries: as of December 31, 2010, SunBridge Healthcare and its subsidiaries operates 164 skilled nursing centers, 16 combined skilled nursing, assisted and independent living centers, ten assisted living centers, two independent living centers and eight mental health centers with an aggregate of 23,053 licensed beds in 25 states; SunDance Rehabilitation provides rehabilitation therapy services to affiliated and non-affiliated centers in 36 states; CareerStaff Unlimited provides medical staffing services in 39 states; and SolAmor Hospice provides hospice services in 10 states.

We share the PCAOB's interest in ensuring the continuing high quality and reliability of audits conducted by independent registered public accountants. However, in our view, mandatory auditor rotation is clearly not the most efficient or effective way to enhance auditor independence and audit quality.

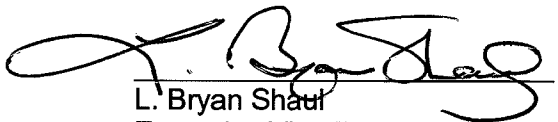
We do not believe that mandatory audit firm rotation would improve audit quality; rather we believe it would diminish the quality of an audit. It would eliminate the benefits derived from the cumulative knowledge an audit firm builds up over time about both the company and the industry in which it operates. Due to the learning curve that audit firms face, mandatory firm rotation would reduce both the effectiveness and efficiency of the audit. In an environment of increasing complexity, these challenges would have negative implications for audit quality, investor protection and the integrity of the financial system. Auditor changes could be a distraction to company personnel, including those in the financial reporting chain. More time will need to be devoted to helping the new auditor learn about the company's business, systems, and processes.

With respect to audit independence, we believe that current rules adequately support auditor independence and objectivity. For example, registered firms are inspected by the PCAOB, audit committees are composed solely of independent board members (including at least one financial expert), and the independence rules covering non-audit services have been made more restrictive with the passage of the Sarbanes-Oxley Act. In addition, there are restrictions requiring audit partner rotation.

We firmly believe it is the audit committee's responsibility to assess an audit firm's objectivity, independence and professional skepticism. We are concerned that mandatory rotation would limit the discretion of our Audit Committee in choosing when to change auditors and choosing the audit firm it believes is best suited to meet the Company's specific audit needs in light of its business and industry.

We are not supportive of mandatory audit firm rotation for a number of reasons, including those above, and believe it will not result in improved audit quality.

We appreciate your having given us the opportunity to express our views.



L. Bryan Shaul
Executive Vice President and Chief Financial Officer
Sun Healthcare Group