



Kindred Healthcare is the largest provider of diversified post-acute care (PAC) in the United States, including 101 transitional care hospitals, 109 hospital-based and freestanding inpatient rehabilitation facilities, 100 skilled nursing

and rehabilitation facilities, 1,789 rehabilitation sites providing inpatient and outpatient rehabilitative care, and 159 home health and hospice agencies.

PAC serves a critical role in our healthcare delivery system, enabling recovery from an illness or injury to the more than 9 million patients a year who are discharged from acute care hospitals. PAC providers offer high-quality care at a lower price point than more expensive inpatient settings by reducing length of stay over an episode of care and restoring functional ability so that patients can transition home sooner. Yet significant improvements are needed for post-acute care to realize its potential. The silo-based fee-for-service payment system is not patient-centered, rewards volume and not value, and does very little to promote integrated care. There is also a lack of clarity around which patients are appropriate for each PAC setting and, equally important, how long patients should stay in each setting before it is clinically appropriate to transition to different sites of care. Finally, there is tremendous variation in spending on PAC care in different markets.

Kindred is investing in the capabilities to meet the needs of patients throughout an entire episode of post-acute care and to implement innovations in integrated care and population health that address the shortcomings of the current system. We are building out these capabilities to deliver integrated post-acute care in local integrated care markets throughout the country pursuant to a three-step approach:

Kindred's Integrated Care Strategy



- Expected results:
- Improved quality and patient satisfaction
 - Reduced hospital admissions and re-admissions
 - Lower cost per episode of care

Kindred is investing in the capabilities to meet the needs of patients throughout an entire episode of post-acute care and to implement innovations in integrated care and population health that address the shortcomings of the current silo-based fee-for-service system.

Providing effective patient-centered care management is a key ingredient to providing high-quality integrated care and also to reducing the total cost of care over an episode. Though the current reimbursement system does not pay for care management, Kindred is implementing the key aspects of care management in our integrated care markets.



Paul J. Diaz
Chief Executive Officer