

2018 Quality Report

**Delivering Solutions
for Medically
Complex and
Rehab-Intensive
Patients Through
Partnerships,
Innovation and
Quality**





Unique Patients

Innovation

Partnerships

Quality



Committed to Doing the Right Thing for Our Patients, People and Partners and Delivering Quality Every Day

I am proud to share Kindred Healthcare's 11th Annual Quality Report. 2018 was a truly transformative year for Kindred, as we restructured our Company to reflect the challenging and changing dynamics of the healthcare system. In 2018, we reorganized into two separate specialty healthcare companies: Kindred at Home, focused on supportive care delivered in home settings; and *Kindred Healthcare, a specialty hospital company focused on providing care to the nation's most medically complex and rehab-intensive patients in our Long-Term Acute Care (LTAC) Hospital and Inpatient Rehabilitation Hospital settings.*

The new Kindred Healthcare that is the subject of this Report plays a vital role in our healthcare ecosystem as the nation's leading specialty hospital and rehabilitation provider. We focus on treating the most medically complex and rehab-intensive patients—the 10% subset of patients who account for over 60% of healthcare costs. Without our care these patients fall through the cracks in an otherwise disjointed healthcare system. We provide solutions for this unique subset of patients through our partnerships with hospitals, payers and other providers in the healthcare continuum. And we deliver compassionate care in a culture steeped in innovation, with a relentless focus on quality. As summarized in this 2018 Quality Report, our unique approach to care results in quality outcomes that exceed national benchmarks, reduced hospital readmissions, lower costs, and ultimately, a more positive patient experience.

This Report describes the great care and patient experience we delivered in 2018, but also shows how we are driving innovation for the unique patient population we serve. To name just a few exciting initiatives:

- **Technology Solutions** – Kindred partnered with Netsmart, a leading healthcare technology solutions company to create and deploy cutting edge electronic health records in all of our care settings. Through these technology solutions we will be able to connect seamlessly with our partners across the care continuum and to leverage advanced analytics to make care more effective and efficient.
- **Patient Engagement** – We launched RehabTracker, a proprietary patient engagement app that enables real-time communication between patients, the clinical team and loved ones. This application has already resulted in measurable improvements in outcomes for patients as well as improvements in patient and family experience.
- **Partnerships** – Kindred has 20 Joint Venture partnerships for Inpatient Rehabilitation Hospital services with some of the nation's leading academic and non-profit hospital systems. In 2018, we

entered into three definitive agreements to partner with additional systems to expand our unique brand of care for the growing population of patients in need of intensive rehabilitation services. Kindred's partnership model leverages the strengths of both the acute and post-acute systems and creates a seamless continuity of care for this unique population.

- **Care Management/Transitions of Care** – In 2018, Kindred formed Lacuna Health, a subsidiary focused on partnering with ACOs, physicians and providers across the post-acute continuum to help manage patients' transitions from hospital to home and to bridge gaps in care. Lacuna's nurses maintain connection with patients discharged to home not only to ensure smooth transitions but to identify care needs to avoid costly hospital readmissions and to maintain independence at home. In 2018, Lacuna engaged with over 230,000 patients and their families.

Of course, our 35,700 dedicated employees of Kindred Healthcare are at the core of what we do each day. Last year, they worked together to build on our record of outperforming national benchmarks in key quality metrics, leveraged new technologies to better serve our patients and make recovery possible, and created innovative solutions on behalf of our patients, partners and payers.

Improving the lives of patients is what we do, and to us, that means more than treating their medical conditions. This is why we have fostered a culture of giving – supporting health, cultural and educational institutions that make a positive impact every day. In 2018, through the Kindred Foundation, we again invested in and matched employee donations to organizations that are committed to improving the communities in which we live, work and serve, including the American Heart Association, the American Lung Association and the American Stroke Association. We do so to improve the communities in which our patients and our teammates live.

On behalf of our dedicated and talented people, I thank you for letting us share some of the ways in which we are improving recovery and wellness.



Benjamin A. Breier
President and Chief Executive Officer
Kindred Healthcare

Quality Outcomes – the Foundation for Exceptional Patient Care and Recovery

Achieving High-Quality Performance...

In 2018, our LTAC hospitals improved patient ventilator wean rates to 67%.

Kindred's Acute Rehabilitation Units and freestanding Inpatient Rehabilitation Hospitals outperformed national benchmarks with fewer patient rehospitalizations and shorter lengths of stay than our peers.

In 2018, RehabCare therapists significantly improved patients' functional outcome measures in partner nursing centers.

In 2018, our LTAC hospitals had low hospital readmission rates of 8.6%.

In partnership with Netsmart, we will deploy state-of-the-art, fully interoperable electronic health records in all of our settings to improve care outcomes and address gaps in patient care.

...To Improve the Patient Experience and...

In 2018, RehabTracker – our clinical and patient engagement app – provided a proven increase in quality metrics in participating facilities.

Over 11,000 patients to date have benefited from RehabTracker patient engagement app.

In 2018, the percentage of patients who are "likely to recommend" Kindred Hospitals improved by 11%.

Lacuna Health assisted approximately 230,000 patients and their families in navigating a disjointed post-acute care system in 2018.

...To Make Recovery Possible.

In 2018, RehabCare delivered therapy to more than 430,600 patients, aiding in their recovery and return to home.

Upon discharge from RehabCare, patients regained 81.9% of the function that they had prior to injury or illness that necessitated the therapy services.

Lacuna Health's nurse-led teams helped identify more than 45,000 clinical needs post-discharge in 2018.

Our freestanding Inpatient Rehabilitation Facilities successfully discharged 79% of patients back to their home or community in 2018 and created much greater improvement in function than national benchmarks.



OUR VISION

Patients reach their highest potential for health and healing.

OUR MISSION

To help our patients reach their highest potential for health and healing with intensive medical and rehabilitative care through a compassionate patient experience.

Kindred Is

35,700 dedicated teammates taking care of more than

450,000 people in

1,800

hospitals and health facilities in

45 states.

Kindred Hospitals

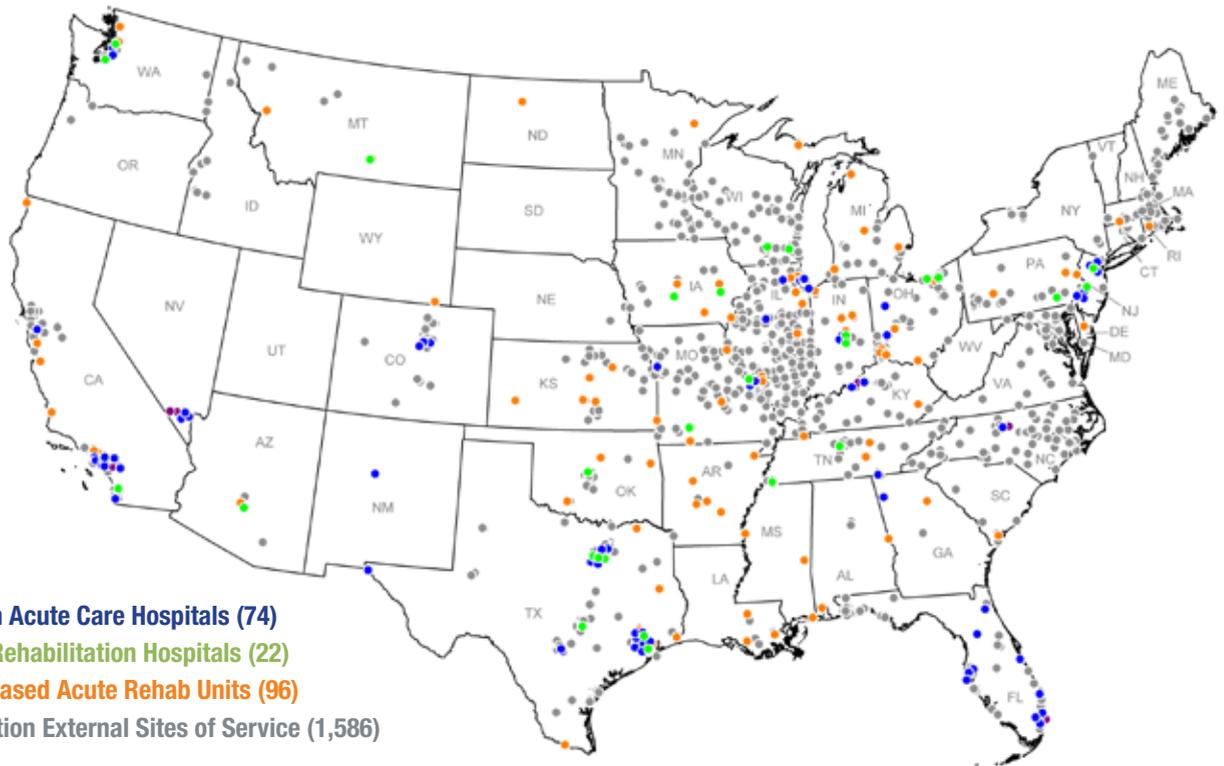
Patients in Kindred Hospitals (certified as long-term acute care hospitals) are among the sickest in the nation. Our patients are critically and chronically ill with multiple comorbidities requiring the specialized care and extended recovery time they need to reach their full potential.

Our hospitals feature physician-led interdisciplinary teams, 24/7 ICU/CCU-level clinical care and specially trained staff who help drive improved outcomes and reduce costly readmissions. With staffing that offers three times the resources per patient than skilled nursing facilities (SNFs) and expertise in the most medically complex patient population, our readmission rate is only 8.6%, compared to 24% from SNFs.

Inpatient Rehabilitation

For patients with the greatest rehabilitation needs, Inpatient Rehabilitation Facilities (IRFs) – often referred to as Inpatient Rehabilitation Hospitals – provide the intensive, interdisciplinary clinical and rehabilitation services necessary for improved function and independence.

We also specialize in care for patients with increasingly more complex needs. These patients are often recovering from stroke, spinal cord injury, brain injuries and other neurological conditions. Our clinicians deliver a sophisticated level of care that isn't available in other settings, such as SNFs, assisted living centers or through home health.



RehabCare

RehabCare is the nation's premier provider of contract rehabilitation services with more than 9,000 therapists delivering medically necessary rehabilitation therapies to patients in nearly 1,600 healthcare settings.

Our partners face a variety of challenges in providing rehabilitative services both clinically and from a management perspective. We work with our partners to help navigate everything from compliance to staffing to reimbursement challenges. We've also developed specialty clinical programs to improve function while supporting the highest quality of life possible.

Lacuna Health

Lacuna Health is a clinical engagement company with a mission to fill gaps and improve care for patients. Through contact center, transition of care and physician practice solutions, Lacuna Health currently partners with hospitals, university health systems, physicians, post-acute care providers and accountable care organizations (ACOs) to improve the continuity of care.

Built on the experience of its 24/7 RN-led contact center and intelligent technology, Lacuna extends the reach and effectiveness of its partners across the continuum.



A Unique Patient Population Demands Care Solutions

Aging Population with Unique Care Needs

Our nation is facing a wave of aging Americans with new and increasing healthcare needs. The numbers are quite striking – by 2030, there will be more than 80 million Americans 65 or older – up from 56 million today. Not only is there a larger aging population, they are also sicker, with more than 66 percent of Medicare beneficiaries having two or more chronic conditions that are very difficult and costly to care for. A recent report by the nonpartisan Congressional Budget Office (CBO) stated that “while the sheer number of older adults is rising, so too is the cost of their healthcare as individuals are more frequently living with multiple chronic and complex medical conditions.”

In fact, only 10 percent of all Medicare beneficiaries account for 60 percent of the program’s annual costs. These are the very patients that Kindred specializes in treating – the most medically complex, costly patients that require specialized care at a lower cost.

Kindred Healthcare Is Delivering Innovative Solutions

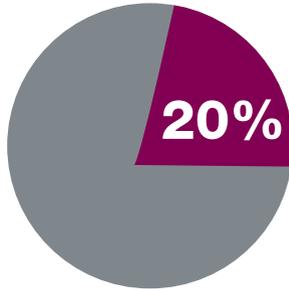
In order to best meet patient need and deliver exceptional medical and rehabilitative care that supports recovery and return to home, Kindred has significantly expanded its care management capabilities, developed a groundbreaking technology-driven clinical platform and implemented new strategic partnerships across the continuum.

Addressing the growing demand for value-based care, we have put key resources in place to help consumers navigate a confusing system. This also helps ensure patients receive the right care for the right duration with targeted clinical interventions to support shorter lengths of stay, prevent rehospitalizations and bolster ongoing wellness.



America is aging rapidly...

By 2029, Medicare beneficiaries will account for more than 20% of the nation's population.



US Census: The Baby Boom Cohort in the United States: 2012 to 2060, May 2014

... and in turn getting sicker.

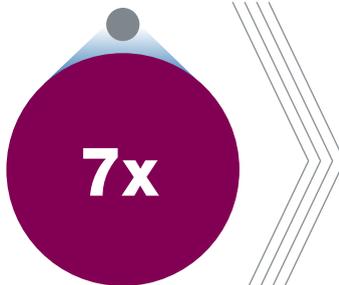
14% of Medicare beneficiaries have more than six chronic conditions



CMS: Chronic Conditions Among Medicare Beneficiaries, 2012 Chartbook

Higher acuity brings clinical and cost challenges.

Patients with multiple chronic conditions cost up to seven times as much as patients with only one chronic condition.



Erdem, Erkan et al, Medicare Payments: How Much Do Chronic Conditions Matter?, Medicare & Medicaid Research Review 2013: Volume 3, Number 2

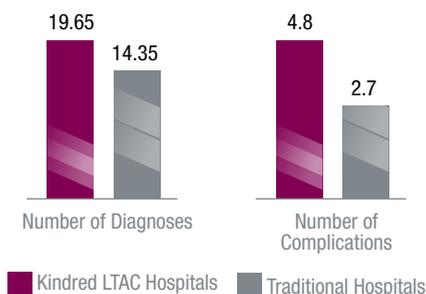
10% of Medicare beneficiaries – the most chronic and medically complex patients – consume 60% of annual costs



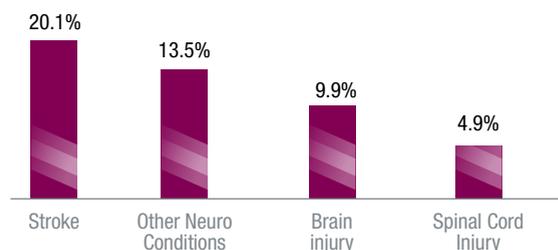
MedPAC 2018 Data Book: Healthcare Spending and the Medicare Program

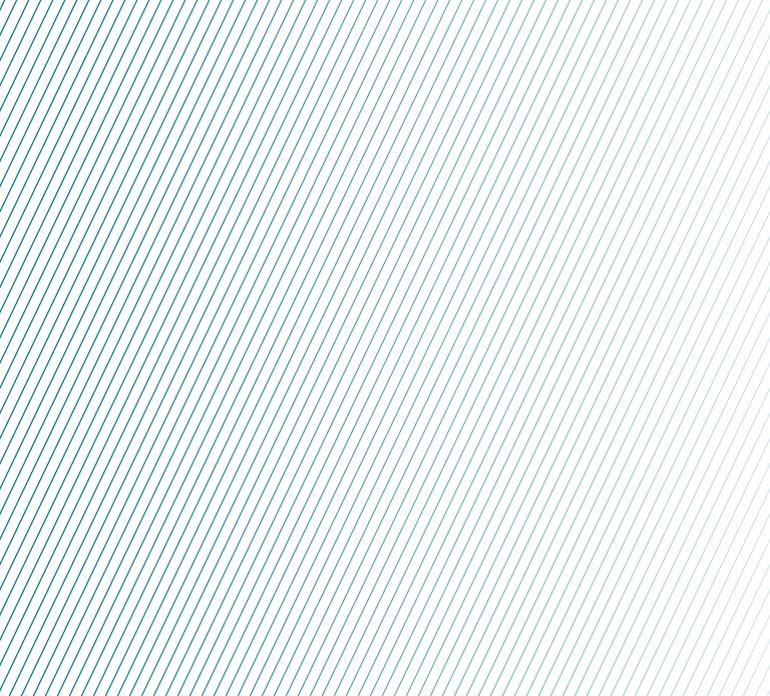
Kindred specializes in caring for these patients while actively improving outcomes and reducing costs.

Kindred LTAC Hospital Patients are Sicker than Those in Traditional Hospitals



Kindred Inpatient Rehabilitation Hospitals are Caring for More Medically Intensive Patients





A Post-Acute Care Solution for Hospital Systems

Kindred's specialty hospital and contract rehabilitation presence in local markets nationwide – complemented by its key capabilities of care coordination, data analytics to predict the optimal patient discharge setting and tools that follow and support a patient on an ongoing basis – helps hospital systems develop high-performing post-acute networks, efficiently manage patients and appropriately navigate associated risks. Kindred's positive partnerships with hospital systems are helping to advance integrated care and expand the reach of the hospital far beyond its four walls. This is especially true for the most clinically complex and difficult-to-treat patients.

Delivering Solutions to Payers for the Most Costly and Difficult-to-Treat Patients

At the same time that health providers are experiencing new risk-based payment models, payers are demanding higher-quality clinical outcomes, shorter lengths of stay and lower rates of rehospitalizations. Kindred offers payers effective solutions for the most difficult-to-treat post-acute patients with our platform, which manages costly, medically complex and chronically ill populations.

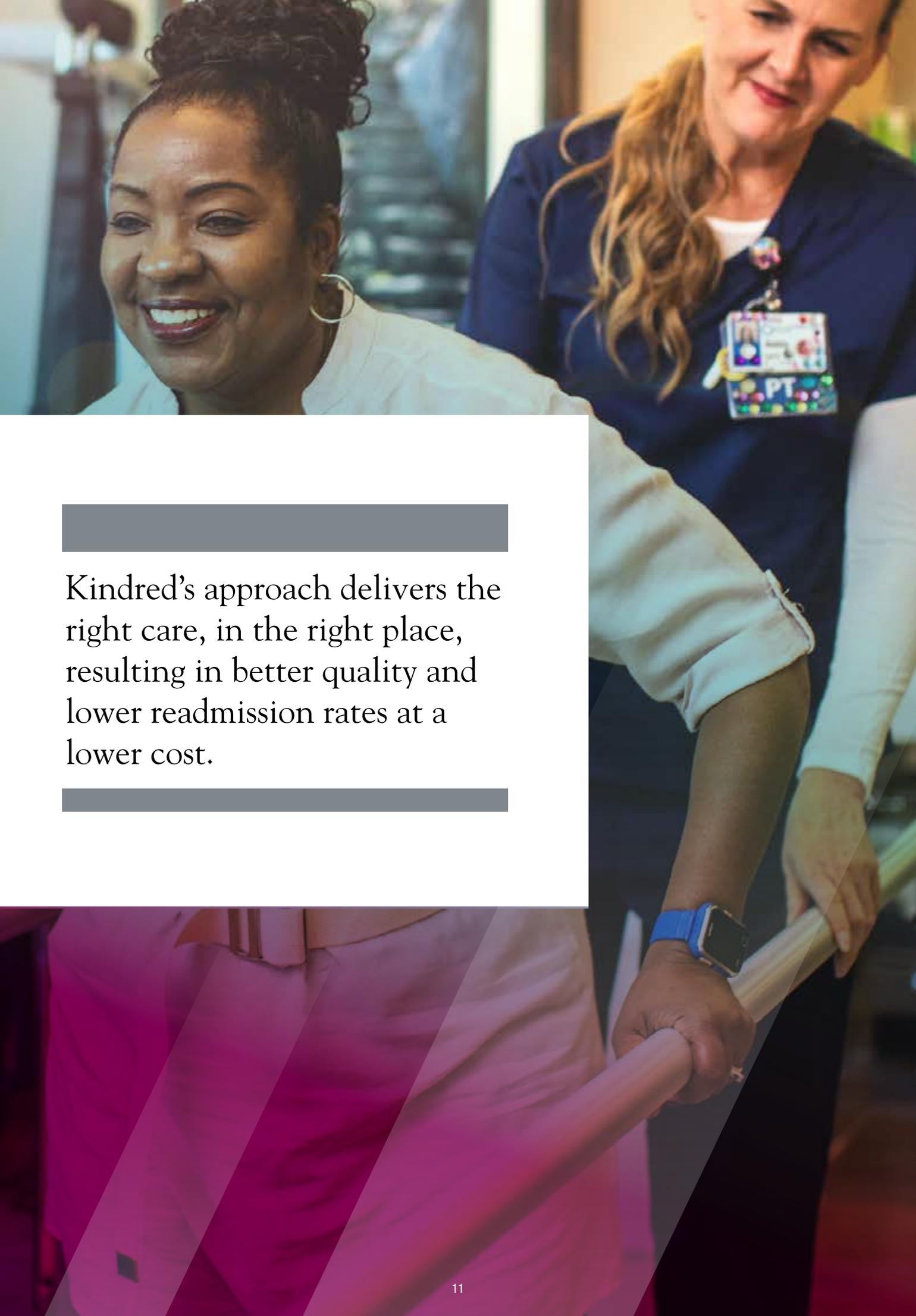
Providing the right care in the right place allows us to create care models that support wellness and prevent the need for a hospital admission. Transition management and post-discharge patient support further enables Kindred to deliver population health and integrated care management.



“Medicare can cut 5% to 10% of its total spending if it focuses on chronic disease prevention and coordinated care for those with chronic conditions.”

Ken Thorpe, PhD, health policy professor at Emory University in Atlanta, 2012





Kindred's approach delivers the right care, in the right place, resulting in better quality and lower readmission rates at a lower cost.



Partnerships to Improve Patient Care

Partnerships Powering Improved Outcomes and Engagement

As part of Kindred's response to the rapidly evolving healthcare environment, we are building robust alliances to support effective care coordination and improved clinical outcomes across the continuum. Strong partnerships, joint venture agreements and clinical collaborations position Kindred Healthcare to deliver comprehensive post-acute solutions that patients, hospitals, health systems and payers need.

Joint Ventures

Kindred continues to forge joint venture partnerships with some of the nation's leading health systems and universities to drive efficiencies and clinical integration in inpatient rehabilitation hospitals,

transitional care hospitals and care management. These partnerships continue to produce strong quality performance with optimal clinical outcomes.

Accountable Care Organizations (ACOs)

Kindred LTAC Hospitals and IRFs are preferred providers in many hospital-led ACOs nationally. In addition, Kindred is an owner and strategic partner in the Silver State ACO, which covers approximately 25,000 lives and 44 physician practices representing 270 physicians across the state of Nevada. The Centers for Medicare & Medicaid Services (CMS) announced in late 2017 that this ACO was among the 31% of U.S. Medicare Shared Savings ACOs that earned shared savings – and the only one in Nevada.

Kindred Healthcare is partnering with leading hospitals and health systems around the country to improve care and reduce costs.



For the second year, in 2017, Silver State earned savings for the 2016 performance year of over \$15 million and its quality scores increased to 88.6%.

Medicare Advantage (MA) Partnerships

Kindred has also forged partnerships with managed care and Medicare Advantage plans to help manage the most medically complex populations and offer value through:

- **Lower cost of care** – The average cost per day at an LTAC hospital is between 25 - 55% lower than at a traditional hospital.
- **Specialized clinical capabilities** – ICU, diagnostic capabilities and diverse physician specialists help manage patients with high acute needs.
- **Reduced acute care length of stay** – Decreasing acute care bed days by earlier transitions of patients to LTAC hospitals.
- **Optimal patient outcomes** – In 2018, Kindred LTAC hospitals in California discharged more than 55% of MA patients to a lower level of care, including home.

Kindred recently entered into an early-stage, value-based contract with Humana, the nation's largest Medicare Advantage plan. This arrangement includes graduated per diems by length of stay for medically complex patients. In 2018, Kindred experienced a 44% increase in medically complex Humana patients treated.

“Kindred has been a valuable partner to our Medicare Advantage Plan by taking care of our most vulnerable patients. The Kindred model has been ideal for us in managed care, but should be an example for patient care in all populations.”

Osmundo Saguil, MD, FACP, Medical Director, Desert Oasis Healthcare, A Medicare Advantage Plan





Investing in Innovations to Improve Patient Care and Reduce Costs

Unique Partnership to Innovate EMR Solutions

In 2018, Kindred and Netsmart combined teams from both organizations to create a state-of-the-art electronic, integrated clinical record platform. This leading edge electronic medical record system will feature advanced analytics, which will serve to improve quality outcomes and facility efficiency. Additionally, it will be fully interoperable with our partners' electronic record systems. Together, Kindred and Netsmart will rapidly expand the functionality of Kindred's existing proprietary medical records solutions to address needs in information exchange and care coordination across a fully integrated specialty care platform. This includes Kindred's LTAC Hospitals, Inpatient Rehabilitation Hospitals and Lacuna Health's care engagement solutions.



In 2018, RehabTracker – our clinical and patient engagement app – provided a proven increase in quality metrics in participating facilities.

Patient Engagement Technology

The latest patient engagement offering from Kindred Rehabilitation Services – the RehabTracker app – is another example of our ability to provide innovative solutions to our patients and partners. RehabTracker allows patients to set goals with their therapists, track their progress, share their results with invited family and friends and even receive messages of support – all at the touch of a button. It also gives our partners access to innovative tools without the heavy lift and burden of creating their own application. This patient engagement tool has been deployed in Kindred freestanding rehab hospitals, acute rehabilitation units and LTAC hospitals, and is being tested in partner skilled nursing facilities.

Applying Groundbreaking Technologies for Optimal Patient Outcomes

Kindred Rehabilitation Services is the nation’s largest user of the Ekso GT, an innovative, wearable robotic “exoskeleton” designed to help patients who are

living with stroke or spinal cord injuries improve gait training. The Ekso GT is approved by the U.S. Food and Drug Administration (FDA) for clinic use as it promotes early mobility and uses muscle stimulation to maximize mobility and function for a broad range of patients.

Partnering with Universities to Drive Technological Innovation

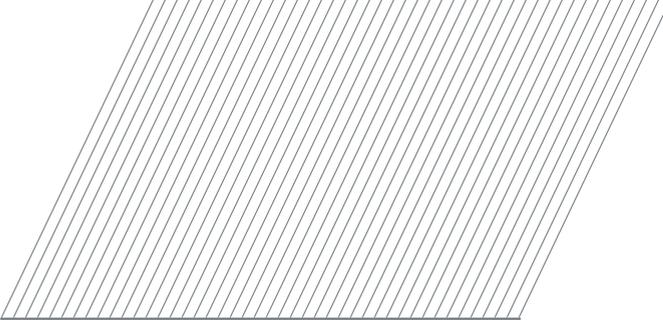
Kindred and the University of Louisville’s Speed School of Engineering formed an innovative partnership, called HIVE, focused on creating healthcare technology solutions that improve the lives and the delivery of services for an aging population. At the site, Kindred employees work with students and faculty from the school to develop apps that will improve care and lower costs.





Kindred Hospitals

Online reviews for Kindred Hospitals increased by more than 16% as compared to the previous year, with 92% of all reviews being positive. Our hospitals earned an average rating of 4.6 out of 5 stars from thousands of reviews.



“For patients recovering from severe acute illness, admission to a long-term acute care hospital is an increasingly common alternative to continued management in an intensive care unit.”

Jeremy Kahn et al, “Effectiveness of long-term acute care hospitalization in elderly patients with chronic critical illness.” Med Care. 2013 Jan;51(1):4-10



Patient-Centered Interdisciplinary Care

In order to treat patients with an acute diagnosis on top of multiple chronic illnesses, multi-organ system failure, or who require a lengthy reliance on a ventilator, we have established clinical programs, condition-specific pathways and outcome measures to support optimal clinical recovery. Our physician-led interdisciplinary teams coordinate all aspects of specialty care for the nation’s sickest patients (1% of Medicare beneficiaries) to save lives, improve clinical outcomes and make recovery possible.

Disease-Specific Certifications Setting Kindred Hospitals Apart

Kindred Hospitals have attained advanced-level certification – Disease-Specific Care (DSC) Certification – by The Joint Commission to further develop expertise and best practices in caring for the most difficult-to-treat patients. In 2018, several Kindred LTAC Hospitals received DSC Certification

in two disease areas that most affect our patients – respiratory failure and pulmonary rehabilitation – with a goal of having all hospitals achieve this advanced-level certification. Pursuing this DSC Certification represents our commitment to find new and innovative ways to improve the quality of patient care, improve our culture of care and continuously improve the level of expertise of our dedicated clinicians.

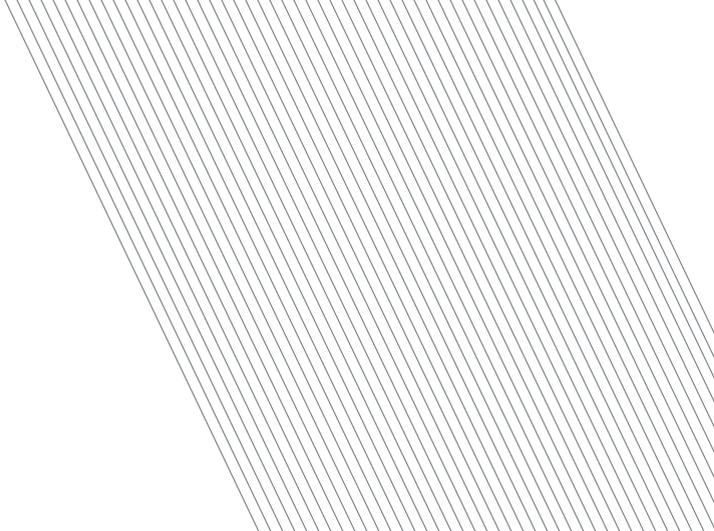
Post-Transplant Care

Patients receiving organ transplants often need additional specialized care and rehabilitation to facilitate full recovery. Kindred’s interdisciplinary teams coordinate closely with the patient’s transplant team at the referring hospital to support optimal recovery. Our hospitals commonly treat patients after successful liver, kidney, lung or heart organ transplants.

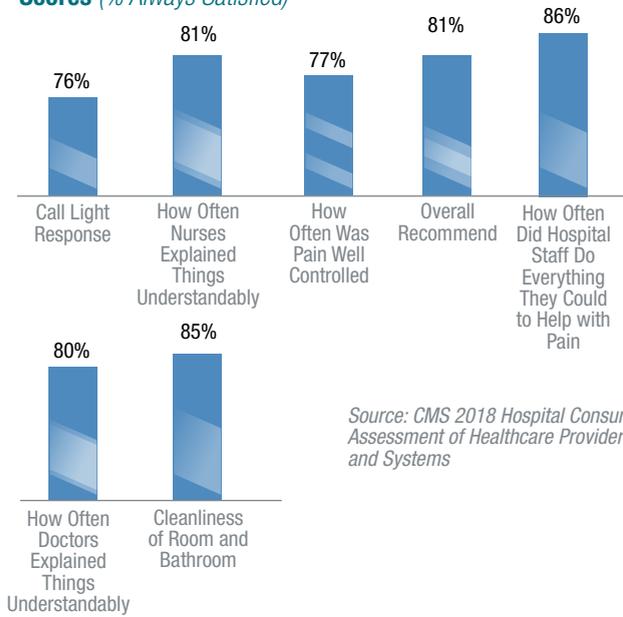


In 2017, patients were **21%** more likely to be rehospitalized during a SNF stay than during an LTAC hospital stay.

Analysis of MedPAC presentation of 2017 CMS data

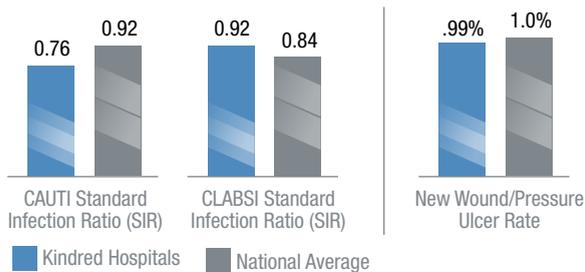


Kindred 2018 LTAC Hospital Patient/Family Satisfaction Scores (% Always Satisfied)



Source: CMS 2018 Hospital Consumer Assessment of Healthcare Providers and Systems

Kindred 2018 LTAC Hospital Quality Indicators*

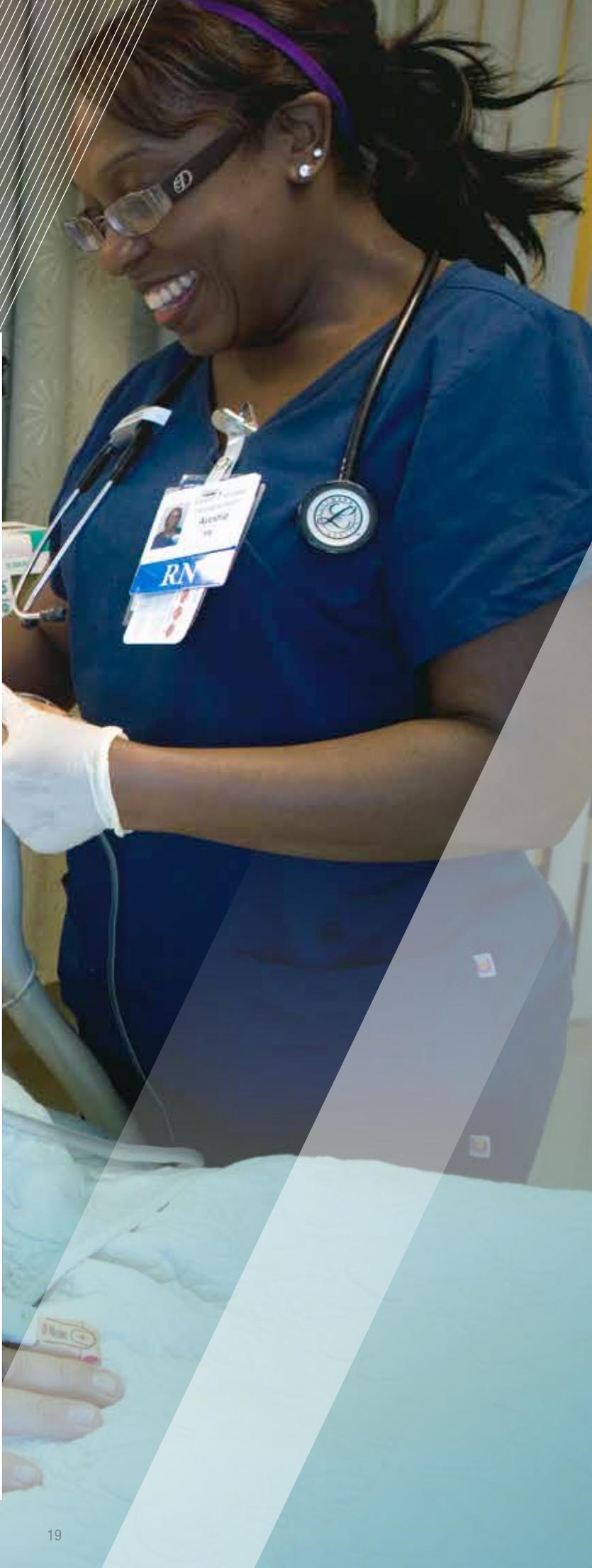


*Lower is better

Source: Kindred Internal Data

Kindred Hospitals have improved ventilator wean rates to **67%** and have a 30-day readmission rate of just **8.6%**.





Investing in Technology and State-of-the-Art Equipment that Improves Lives

For patients who require extended recovery times, a hospital bed is critical to avoid skin breakdown, falls and to improve function. We have invested in refitting our hospitals with state-of-the-art beds from Arjo, a leading bed manufacturer, that will help to improve the outcomes of our patients and help our caregivers deliver on their promise of quality care.

The patented technology in these beds' surfaces offers help to patients with wounds ranging from stage I to stage IV. Our new beds also have the ability to put patients into an upright chair position, to encourage movement as early in their recovery as possible. The ability to start getting our patients to an upright position only helps that process. Additionally helpful in these efforts is the bed's ability to get low to the ground to ease patients' ability to stand up out of the bed.

These beds aren't only better for our patients but better for our caregivers, making patient interactions easier and safer.





For patients with the greatest rehabilitation needs, Inpatient Rehabilitation Facilities (IRFs) – certified as hospitals and sometimes referred to as Rehabilitation Hospitals – provide the intensive, interdisciplinary clinical and rehabilitation services necessary for improved function and independence. Patients must be able to participate in at least three hours of therapies each day, five days a week under the direction of a doctor specialized in rehabilitation and physical medicine, a physiatrist and 24/7 nursing care.

Patient-Centered Clinical Programming

We improve care quality using interdisciplinary patient-centered clinical programs, identifying the most appropriate patients for the right program, and leading them to their optimal outcomes. These

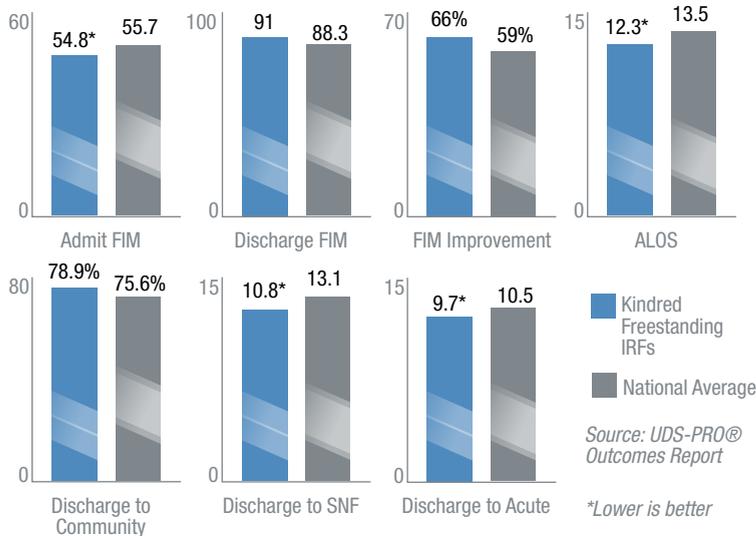
condition-specific programs include: Synapse Neurorehab, a stroke and brain injury rehab program; Steady Rhythms, a cardiopulmonary rehab program; and Steady Steps, a fall management program.

Supporting Partners through Regulatory Compliance

Kindred leaders are skilled in navigating the highly regulated rehabilitation hospital sector and collaborate with CMS and other regulatory agencies to maintain compliance protocols that far exceed regulatory standards. This compliance expertise and ongoing monitoring of regulatory changes relieves the burden on the partner-hospital administration for our managed acute rehabilitation units.

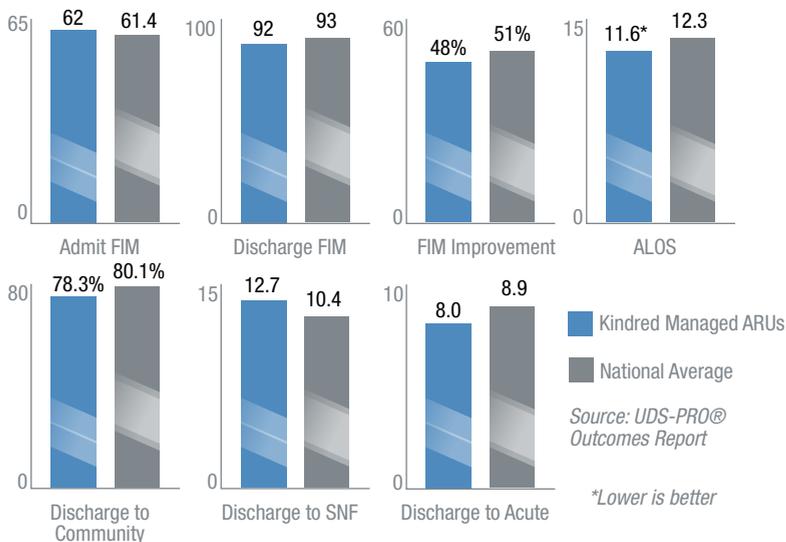
In 2018, Kindred's Freestanding IRFs earned a Program Evaluation Model (PEM) score of **85%**.

Kindred Freestanding IRFs Performance in 2018 Key Quality Measures



In 2018, Kindred's ARUs improved their Program Evaluation Model (PEM) score by **35%**.

Kindred Managed ARUs Performance in 2018 Key Quality Measures



IRFs Driving Unique Value to Unique Patients

For select patient populations, studies have demonstrated that the more intensive rehabilitation provided in IRFs leads to better outcomes than in other settings. Specifically, research has demonstrated that IRFs treat patients with more severe medical and functional profiles on admission than SNFs. Studies demonstrate that IRF hip fracture and joint replacement patients had the most comorbid conditions compared to SNFs and Home Health Agencies (HHAs).

The specialized care furnished in IRFs enables and accelerates superior quality outcomes. Stroke patients have significantly better outcomes when treated at an IRF rather than a SNF. IRF patients had an 8% lower mortality rate and 5% fewer ER visits, and an average length of stay of less than half as long as SNF patients. Patients with a stroke whose post-acute care trajectory included an IRF stay achieved greater functional gains in mobility, daily activity and applied cognition than those who received treatment in a SNF. IRF joint replacement patients achieved larger motor FIM gains and achieved them in a shorter time than patients in SNFs. IRFs have an average hospital readmission rate of 13.4% compared to 22.4% for short-term SNF patients.

In 2017, IRF patients were 90% more likely than SNF patients to be discharged to the community.

Analysis of MedPAC presentation of 2017 CMS data



Helping Customers Navigate a New Payment System

In October 2019, CMS will implement the Patient Driven Payment Model (PDPM) for Skilled Nursing Facilities, which will move away from therapy as a driver for payment. Under the new payment system the focus will move away from the amount of therapy delivered in favor of patient outcomes. Quality of care will be measured in a facility's performance in preventing rehospitalizations, in their ability to discharge patients to the least restrictive setting, and in patient status on discharge. RehabCare's Right Path interdisciplinary clinical pathways model will deliver the expertise for our partner nursing facilities to achieve high-quality patient outcomes as well as improve operational performance.

RehabCare therapists' experience and expertise treating and coding within the LTAC and rehabilitation hospitals payment models will prove invaluable to partner facilities under the new PDPM.

“RehabCare is always on the cutting edge. Excellent support and resources are provided to our teams at the community and home office levels.”

Sara Hamm, SVP of Successful Aging and Health Services, Lifespace Communities

Therapists Committed to Strong Outcomes Across the Continuum

RehabCare is the nation's premier provider of contract rehabilitation services with thousands of therapists delivering medically necessary rehabilitation care and services across a full range of affiliated and unaffiliated healthcare settings to bring about recovery and improved function while supporting the highest quality of life possible.

RehabCare provides contract therapy services across post-acute and senior living settings. The rehabilitation teams use an interdisciplinary approach to drive patient-centered care and track progress through an extensive outcomes-based system. RehabCare serves as a trusted contract rehabilitation partner in 1,586 settings nationwide.

Right Path Clinical Pathways

RehabCare offers a comprehensive suite of clinical excellence programs that are unique to the needs of each partner community and designed to improve patient outcomes, improve transitions



home, and reduce rehospitalizations through an interdisciplinary care approach that extends far beyond the rehab gym. RehabCare’s Right Path Clinical Pathways include targeted programs for fall management, cognitive care, cardiopulmonary rehab, medication management, stroke and brain injury rehab, urinary incontinence, orthopedic rehab and successful transitions home.

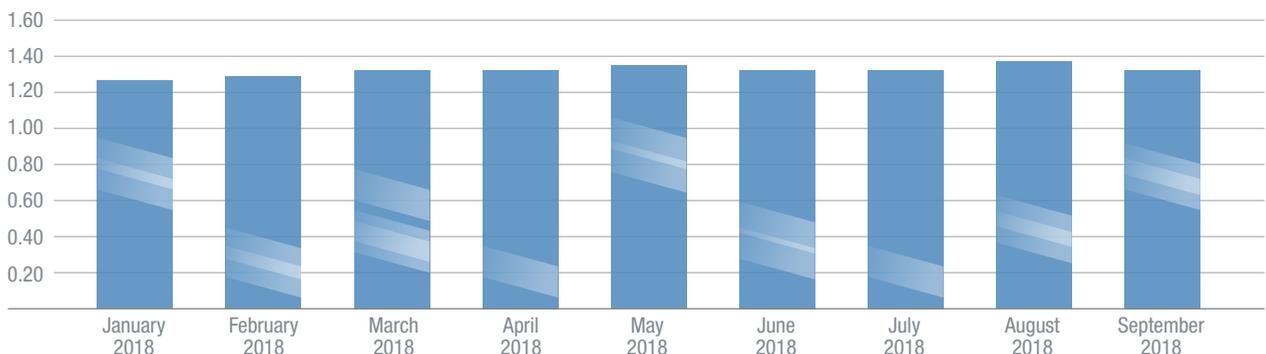
Additionally, we offer clinical excellence programs that meet the unique needs of our assisted living and independent living partners that are designed to maximize health and independence.



“The RehabCare group we have in our building are truly members of our team and take our mission and goals to heart.” *Jane Sheeran, Administrator, Fairview Care Center*



RehabCare’s Functional Outcome Measure Change Evaluation to Discharge



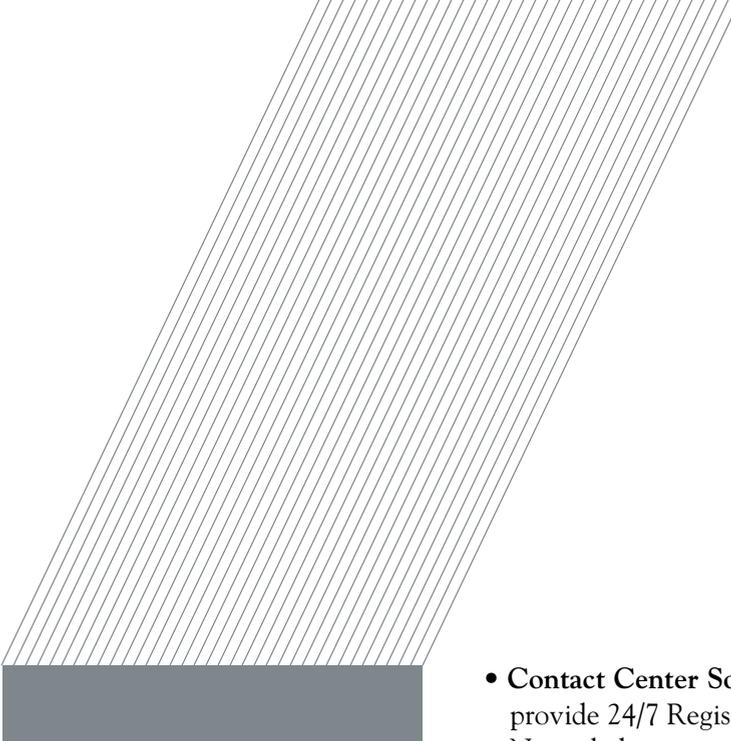
Source: Kindred Internal RehabCare Division Data, Using Modified “Functional Outcomes Measures” (FOMs)
 *2017 FOMs not comparable to prior year performance. Historic 7-point FOM scale changed to a 6-point scale in 2017 to match the CMS outcome measurement scale on MDS.

A woman with dark hair, wearing a headset, is smiling and looking at a laptop screen. The background is blurred, suggesting a call center or office environment. There are teal and grey diagonal graphic elements on the page.

LACUNA

HEALTH

In 2018, Lacuna Health helped support and assist approximately 230,000 patients and their families and our nurse-led teams helped identify more than 45,000 clinical needs post-discharge.



Improving Care Transitions and Supporting Integrated Care

Significant work is already underway to reduce Medicare per-patient costs as it also seeks to improve patient care, including the patient experience, clinical outcomes and reduced rehospitalizations. At Kindred Healthcare, we saw that patients needed continued support after they were discharged from our services in order to fully recover and prevent a decline in their health status. Recognizing this need, we developed Lacuna Health, a subsidiary, to provide ongoing care management and patient engagement services for Kindred patients, as well as unaffiliated partners.

Lacuna Health currently partners with organizations including hospitals, university health systems, physicians, post-acute care providers and ACOs with its Registered Nurse-led programs.

The nurse-led clinical model is designed to address key areas of quality by creating safe patient transitions, improving patient engagement and reducing hospital readmissions. Lacuna Health's three product categories include:



Lacuna Health's mission is to fill gaps in patient engagement and care management along the care continuum to deliver on the promise of an integrated and positive patient experience.



- **Contact Center Solutions** provide 24/7 Registered Nurse-led support and resources to identify the best clinical solutions to meet the specific needs of patients and their families, to help navigate a confusing health system and to answer tough insurance and coverage questions as part of broader consumer-focused engagement efforts.
- **Transitions of Care Services** provide Registered Nurse-led telephone-based patient engagement to identify and manage clinical gaps and medication management as patients transition from a hospital and/or post-acute setting or service.
- **Physician Practice Support** offers clinical resources to support physicians with on-call and after hours services as well as CMS-sponsored care management programs including chronic care management, transitional care management and remote patient monitoring.

Lacuna Health's nurse-led engagement creates positive and personal experiences for patients and caregivers and enables more coordinated care across the continuum. Lacuna Health powers clients to fulfill their promise of patient-centered healthcare through improved patient engagement, better clinical outcomes and lower costs.



Kindred Gives

Giving to Build a Healthy Community

Caring for patients drives everything we do. But our patients are more than their condition. They're fathers, teachers, daughters, cashiers, librarians and all the other things that make a community. Their health, and the health of the community, needs to be cared for. That's why we foster a culture of giving back. Through our dedicated team, we've volunteered thousands of hours for community service, and with their generosity of spirit, given monetary support to health, cultural and educational institutions around the country.

We know that recovery requires a team that comes together to provide care. Building a community also requires coming together. At Kindred, together we give.

A Foundation for Partnership

The Kindred Foundation maximizes resources so our locations are able to support non-profit organizations in their communities, while we nationally develop strong partnerships with two key healthcare-related organizations whose missions are closely aligned with our business – the American Lung Association and the American Heart Association.

We hope to help raise awareness about these important organizations and aid in funding research through our commitment to dollar-for-dollar matching funds for Kindred locations that participate and raise funds for events sponsored by these organizations and many others.

American Lung Association

We've been at the forefront of respiratory care for over three decades. The mission of the American Lung Association is incredibly important to us. Through our involvement in their Fight for Air Climb, Fight for Air Ride, and Trek events we help bring together thousands of people to share in the importance of lung health. Through participation in Lung Force Walks we are raising awareness and funds to help those impacted by lung cancer and other lung diseases, including asthma and COPD.

American Heart Association

Cardiovascular conditions and strokes are prevalent with the patients we serve. Through our partnership with the American Heart Association and participation in events like the Heart Walk we hope to help them in their goal to reduce death and disability from cardiovascular diseases and stroke by 20 percent by 2020.

A Dedication to Education

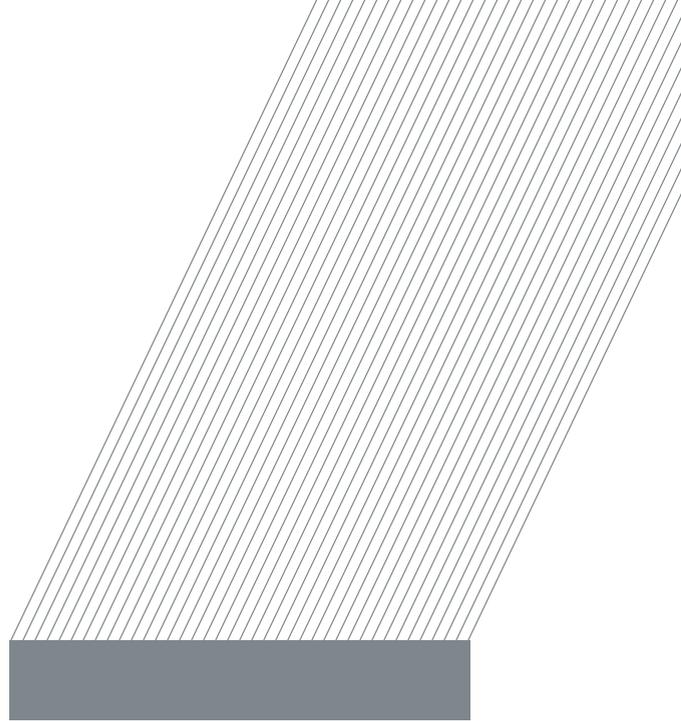
We value the important work our well-trained teammates do each day to care for those in need. To assure the clinical competencies and adoption of best practices by our teams in the field, we are proud to invest in their training, continuing medical education and leadership skills so they may always provide the highest-quality care to our patients. We also believe in maximizing the potential of our employees and offer opportunities to grow by promoting from within.



Showing Compassion for Each Other

Kindred's business is taking care of our patients and families, but sometimes employees themselves need assistance. The HOPE Fund was founded in 1999 to provide monetary assistance to Kindred employees who experience financial hardship due to a catastrophic life event or natural disaster.

Over time, the fund has grown considerably through the generous donations of Kindred employees. In fact, since 2005, the fund has been able to contribute more than \$9.5 million to more than 5,000 team members struggling with loss due to fire or natural disaster, the death of an employee or immediate family member, medical events, domestic violence and other situations that result in severe financial challenges.



Nearly \$1.5 million to non-profit organizations aligned with our mission

\$3 million in tuition reimbursement



We've invested nearly
\$7 million
in employee training

In 2018 The HOPE Fund gave
over **\$1 million**
in hurricane relief



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Dedicated to Hope, Healing and Recovery

We accept patients for care regardless of age, race, color, national origin, religion, sex, disability, being a qualified disabled veteran, being a qualified disabled veteran of the Vietnam era, or any other category protected by law, or decisions regarding advance directives.