

Encompass Health and Covenant Health announce joint venture to own and operate inpatient rehabilitation hospitals in Knoxville, Tennessee

BIRMINGHAM, Ala. and KNOXVILLE, Tenn., July 1, 2020 /PRNewswire/ -- Encompass Health Corp. (NYSE: EHC) and Covenant Health today announced they will enter into a joint venture to own and operate Covenant Health's Patricia Neal Rehabilitation Center. Serving the area since 1978, Patricia Neal Rehabilitation Center is located inside the Fort Sanders Regional Medical Center in Knoxville, Tennessee.



Encompass Health and Covenant Health plan to jointly file two certificate of need applications. The first application will be to build a new 51-bed, freestanding inpatient rehabilitation hospital on Covenant Health's Fort Sanders West campus in Knoxville. A second application will be filed to renovate and convert the existing Patricia Neal Rehabilitation Center to a 22-bed hospital-in-hospital structure, where the hospital's semi-private rooms will be converted to all private rooms with private bathrooms. The Patricia Neal Rehabilitation Center will remain open during the renovation. Both the construction of the new hospital and the renovation of the current facility are expected to be completed in 2022.

"Over the past 42 years, Patricia Neal Rehabilitation Center has built an incredible reputation for providing life-changing rehabilitative services, and we are honored to help continue building that legacy through this joint venture," said Ed Mowen, president of Encompass Health's MidAtlantic region. "We are extremely proud to be partnering with a preeminent healthcare system like Covenant Health and appreciate their trust in us to help serve the greater Knoxville metropolitan area through these hospitals."

"Covenant Health has long been committed to expanding our programs and services in order to best meet the needs of the communities we serve across our region," said Jim VanderStee, Covenant Health president and CEO. "As the region's most celebrated name in rehabilitation care, the Patricia Neal Rehabilitation Center is nationally known for excellence and innovation. Part of our long-term strategic plan for enhancing the Fort Sanders Regional Medical Center campus includes a \$15 million investment in modernization to the existing Patricia Neal Center, as well as building an additional new rehabilitative hospital to serve the west Knoxville and surrounding areas. These investments total in excess of \$50 million and are in addition to more than \$200 million that we invested recently in the expansion of Parkwest and Fort Sanders Regional. Not only is this significant in terms of the economic well-being of Knoxville, but very importantly, in terms of increased access for patients and additional jobs in Knoxville."

"The opportunity to partner with Encompass Health makes perfect sense. Our philosophies are aligned in that we both deeply value and pledge our commitment to excellence in patient care," he said. "This partnership enables us to continually share best practices for the benefit of our community and our patients, which are the cornerstones of Covenant Health's mission."

"We are very pleased to partner with Encompass Health," said Keith Altshuler, president and chief administrative officer of Fort Sanders Regional Medical Center. "Combining the legacy of the Patricia Neal Rehabilitation Center with Encompass Health's national prominence and excellent reputation is an incredible opportunity for our patients and our community."

Complementing local acute care services like those provided by Covenant Health, the inpatient rehabilitation hospitals will serve patients recovering from debilitating illnesses and injuries including strokes and other neurological disorders, brain injuries, spinal cord injuries, amputations and complex orthopedic conditions. They will offer physical, occupational and speech therapies as well as 24-hour nursing care that aim to restore functional ability and quality of life.

The formation of the joint venture is subject to customary closing conditions, and the joint venture's operation of both hospitals is subject to regulatory approvals.

About Covenant Health

Covenant Health is a community-owned health system providing comprehensive services in Tennessee. The health system includes 10 hospitals; outpatient services and clinics; specialized behavioral, oncology and rehabilitation services; home care; physician practices and community programs. With more than 10,000 employees, affiliated physicians and volunteers, Covenant Health is the Knoxville area's largest employer and has been named a Best Employer five times by Forbes. For more information about Covenant Health, visit CovenantHealth.com

About Encompass Health

As a national leader in integrated healthcare services, Encompass Health (NYSE: EHC) offers both facility-based and home-

based patient care through its network of inpatient rehabilitation hospitals, home health agencies and hospice agencies. With a national footprint that includes 136 hospitals, 245 home health locations, and 83 hospice locations in 39 states and Puerto Rico, the Company is committed to delivering high-quality, cost-effective, integrated care across the healthcare continuum. Encompass Health is ranked as one of Fortune's 100 Best Companies to Work For. For more information, visit encompasshealth.com, or follow us on our [newsroom](#), [Twitter](#) and [Facebook](#).

Forward-Looking Statements

Statements contained in this press release which are not historical facts, such as those relating to the likelihood, timing and effects of the completion of this joint venture, are forward-looking statements. In addition, Encompass Health may from time to time make forward-looking public statements concerning the matters described herein. All such estimates, projections, and forward-looking information speak only as of the date hereof, and Encompass Health undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise. Such forward-looking statements are necessarily estimates based upon current information and involve a number of risks and uncertainties. Encompass Health's actual results or events may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors which could cause actual results or events to differ materially from those anticipated include, but are not limited to, any adverse outcome of various lawsuits, claims, and legal or regulatory proceedings that may be brought by or against the Company; the possibility this project will experience unexpected delays, including in connection with the regulatory review and approval process; the continued spread of COVID-19, including the speed, depth, geographic reach and duration of the spread; the actions to be taken by Encompass Health in response to the COVID-19 pandemic; the ability to successfully complete and integrate this project consistent with Encompass Health's growth strategy, including realization of anticipated revenues, cost savings, and productivity improvements arising from the related operations and avoidance of unforeseen exposure to liabilities; changes in the regulation of the healthcare industry at either or both of the federal and state levels; competitive pressures in the healthcare industry and Encompass Health's response thereto; each hospital's ability to maintain proper local, state and federal licensing; potential disruptions, breaches, or other incidents affecting the proper operation, availability, or security of Encompass Health's information systems; Encompass Health's ability to attract and retain nurses, therapists, and other healthcare professionals in a highly competitive environment with often severe staffing shortages and the impact on Encompass Health's labor expenses from potential union activity and staffing shortages; changes, delays in (including in connection with resolution of Medicare payment reviews or appeals), or suspension of reimbursement for Encompass Health's services by governmental or private payors; general conditions in the economy and capital markets; and other factors which may be identified from time to time in Encompass Health's SEC filings and other public announcements, including Encompass Health's Form 10-K for the year ended Dec. 31, 2019 and Form 10-Q for the quarter ended March 31, 2020.

Encompass Health contacts:

Media: Hillary Carnel | 205 970-5912

hillary.carnel@encompasshealth.com

Investor Relations: Crissy Carlisle | 205 970-5860

crissy.carlisle@encompasshealth.com

Covenant Health contacts:

Media: Debby Saraceni | 865 374-0424

dsaraceni@covhlth.com

Teresa Gross | 865 374-0433

tgross2@covhlth.com



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