

Skilled Healthcare Announces Revised 2011 Guidance

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FOOTHILL RANCH, Calif., Sept. 8, 2011 /PRNewswire/ -- Skilled Healthcare Group, Inc. (NYSE: [SKH](#) [1]) today announced its revised guidance for its fiscal year ending December 31, 2011. This new guidance incorporates the effect of the July 29, 2011 announcement by the Centers for Medicare & Medicaid Services (CMS) of its final rule for its fiscal year 2012, which begins October 1, 2011. CMS reduced Medicare reimbursement rates for skilled nursing facilities by 11.1% and also made changes to rehabilitation therapy regulations which will negatively impact Skilled Healthcare's revenue and costs. Skilled Healthcare now expects consolidated revenue for its fiscal year 2011 to be between \$865 million and \$870 million, Adjusted EBITDA(1) to be in the range of \$128 million to \$131 million, Adjusted EBITDAR(2) to be in the range of \$147 million to \$150 million and adjusted net income per common share(3) to be between \$1.07 and \$1.12. This guidance assumes the following:

Decline in skilled nursing Medicare revenue of approximately \$7.0 million for the fourth quarter of 2011 due to the CMS rate reduction. Combined decrease in revenue and increase in expense for rehabilitation therapy of approximately \$3.5 million for the fourth quarter of 2011. Other state Medicaid revenue reductions of approximately \$1.0 million for the fourth quarter of 2011 as a result of state rate reductions. Of an anticipated combined negative annualized impact of approximately \$45 million from the aforementioned CMS final rule and from Medicaid reductions, the Company expects to be able to mitigate approximately \$15 million on an annualized basis through a combination of enterprise-wide cost savings and productivity improvements in its rehabilitation therapy business. A portion of the cost savings will be effective immediately and the remainder will be phased in through

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