



COVENANT CARE

QUALITY UPDATE



TOUCHING LIVES IS
AT THE HEART OF
CARING



WE ARE FAMILY SERVING FAMILIES

Table of Contents

Our Company.....	1
Our Communities.....	5
Our Industry.....	6
Our Future	6

Our MISSION is to meet the needs of those we serve.

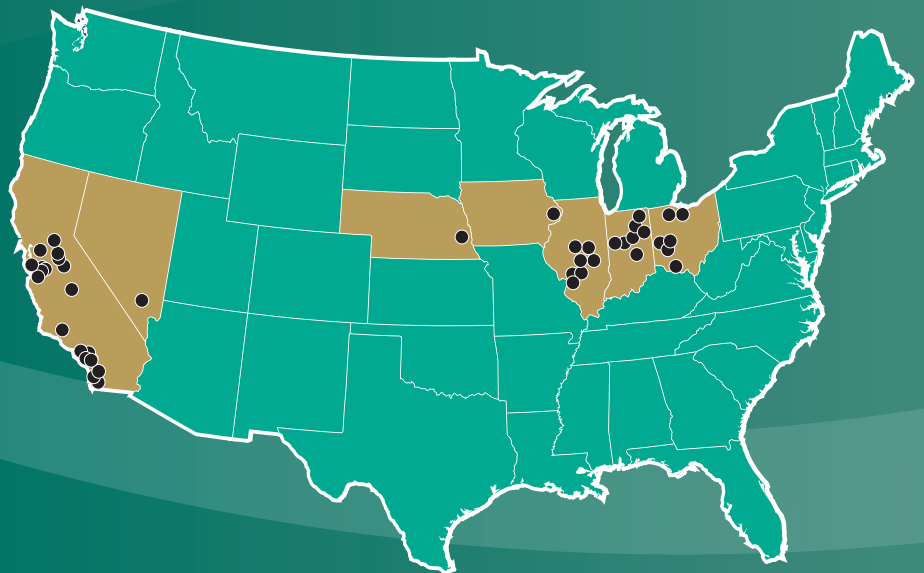
We covenant to: Treat every person with dignity, respect and kindness; Attract and retain skilled, compassionate and dedicated employees; Provide high-quality medical care and exceptional ancillary services; Maintain a safe, clean and comfortable environment; Act as responsible, accountable stewards of financial resources; Improve the quality of life through adaptive, innovative and progressive strategies.

Leading long-term healthcare service provider to elderly and post-acute patients

- 55 Skilled Nursing (“SNF”) and Residential Care Facilities (“RCF”) in seven states

51 SNFs – 5,669 licensed beds
4 RCFs – 247 licensed beds

- Senior campus consisting of 70 bed SNF and 30 unit RCF opening Spring of 2012





“Covenant Care is making a difference in thousands of peoples lives, everyday. The difference is profoundly positive. The quality of care our employees provide allows our residents to live fuller, more active lives. This is in part what we mean when we say, **We are Family, Serving Families.**”

~Bob Levin, *Covenant Care, CEO/President*

Our Company | We are FAMILY serving FAMILIES

Covenant Care was founded in 1994 by healthcare industry professionals who wanted to create a company that would exceed customer expectations through quality care. Through modest and focused growth, our "Family" has grown to include over 8,000 healthcare professionals in over 50 skilled nursing and residential care facilities in seven states.

Our goal is to provide compassionate and comprehensive care in a comfortable and safe environment. We provide 24-hour care ranging from short-term therapy and rehabilitation to quality long-term nursing care.

We measure success one patient at a time. Our highly trained, dedicated professionals deliver care that allows our patients to achieve their highest level of independence.

Covenant Care facilities are known for providing excellent clinical and rehabilitation care, returning approximately 52% of patients back home and to their communities. Additionally, we not only provide therapy services to patients of our facilities, we also provide therapy services to a significant number of non-affiliated skilled nursing and assisted living facilities.





Skilled Nursing

Covenant Care facilities offer 24-hour skilled short-term and long-term care under the supervision of our Medical Directors or an attending physician. Our

HEALTHCARE WITH HEART

mission is to promote the independence of our patients and the quality of their lives to the fullest

extent, no matter what stage of life they are in. Patients, as well as their family and friends, can rest assured knowing that our specially trained, dedicated professionals are providing quality care and rehabilitation.

Some of our Services and Programs include:

Stroke Recovery Program	Fall Prevention
Respiratory Specialty Program	Diabetic Management
Orthopedic-Fracture Recovery	Outpatient Therapy
Wound Care and Skin Management	Cardiac Recovery
Continence Improvement Program	Interdisciplinary Walking Rounds
Contracture Management	
Pain Management	Pre-surgery registration

Assisted Living

Assisted Living facilities, also known as Residential Care Facilities (RCF), are committed to providing quality care. Our goal is to promote independence and improve our resident's quality of life. We understand the varying needs of seniors and offer three levels of care that address each individual's specific needs.

Our home environment and intimate settings provide a comfortable atmosphere, and daily activities and social functions offer carefree enjoyment for our residents.

EXPERIENCE THE
DIFFERENCE

GET TO KNOW US, GET TO KNOW THE DIFFERENCE

Interdisciplinary (IDT) Walking Rounds

At Covenant Care, Walking Rounds are an important part of the care process. We take our team of caregivers out of the conference room and into the resident room, bringing assessment and planning to the bedside. These face-to-face contacts, beginning within 72-hours of admission, allows the resident and their family to be key participants in the planning process. This holistic care approach improves satisfaction and communication for our patients, their loved ones, and for our staff.

Homeward Bound / Transitional Living Unit (TLU)

The Homeward Bound Program provides ongoing evaluation & treatment with state-of-the-art rehabilitation equipment and interventions. This program helps our patients improve their functional levels in safe ambulation, strength and endurance, cognition and communication. Our TLU is set up to resemble a patient's own home and helps our team evaluate if the patient is able to live successfully in a home environment. These programs enable us to provide quality rehabilitation and nursing services to maximize our patients functional abilities. Their success enabled us to send over 52% of our patients home in 2010.

HOMeward BOUND

We sent over 8,600 residents home in 2010 through our Homeward Bound program.



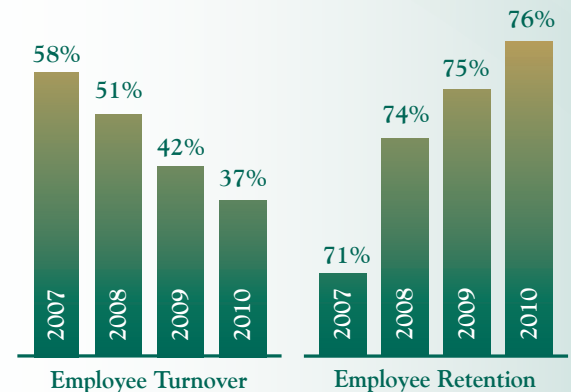
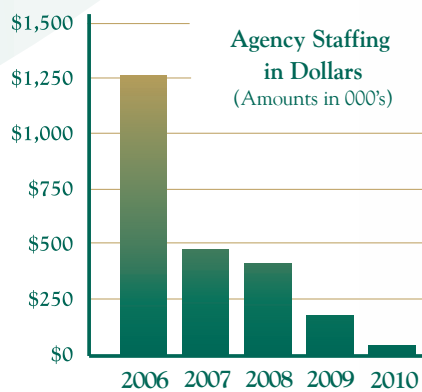
Select Therapies



Select Therapies is a nationwide company dedicated to providing quality rehabilitation therapy services. Our therapy departments provide comprehensive physical, occupational and speech therapies to patients of our facilities as well as non-affiliated skilled nursing and assisted living facilities. We believe therapy is a necessary and beneficial service that allows patients to function as independently as possible.

The goal of rehabilitation therapy services is to promote the highest level of functional mobility, activity and communication while teaching the participant and those closest to them the methods used to work toward restoration. Our services are provided to patients of all ages, from adults to the elderly. All rehabilitation is specifically tailored to the individual needs of participants and their family circumstances.

Through a multi-disciplinary team approach and state of the art equipment, we are able to provide optimum care throughout the rehabilitation process.



TOUCHING LIVES IS
AT THE HEART OF
CARING

Recognizing Excellence

At Covenant Care, our staff regularly go above and beyond the norm and we believe that it is important to recognize that commitment.

AN INSPIRATION
IN CARE...

We recognize superior performance by presenting annual awards to facilities that achieve Clinical and Operational

Excellence. Criteria for these awards include clinical and operational outcomes that significantly exceed state requirements and industry quality measures. In 2010 – an impressive 83% of our facilities achieved Clinical Excellence and sixteen skilled facilities achieved Operational Excellence.

Additionally, Covenant Care recognizes an Employee of the Year and gives an Efficiency Team Award to teams that implement improved processes and systems. Covenant Care facility administrators earn the designation of CEO by displaying excellence in leadership and performance.



“Care comes together here...”

~ Le Cofield, Lead N.P., Talbert Medical Group

The Communities We Serve

Covenant Care invests in our communities. We provide a valuable healthcare service with unparalleled quality. We work closely with our local suppliers, hospitals and other exceptional healthcare providers. Our facilities host continuing education seminars and partner with local schools to provide nursing students an opportunity to complete their clinical rotations. Our employees spend countless hours giving back to their communities through volunteering, participating in fundraising activities and organizing blood drives and health fairs. Our dedication to our communities makes us the preferred choice in healthcare and rehabilitation within the areas we serve.

Recognizing Excellence

Covenant Care made a public commitment to quality through our active participation in the American Health Care Association's Nation Quality Awards program. To date, an impressive 66% of our facilities have earned the Bronze award. This program is based on the core values and criteria of the Baldrige Performance Excellence Program. Facility leaders and staff publicly demonstrate their commitment to achieving excellence in the quality of care, the quality of service and the quality of our patients' lives. We are committed to comprehensive quality every day.



**WE ARE FAMILY
SERVING
FAMILIES**

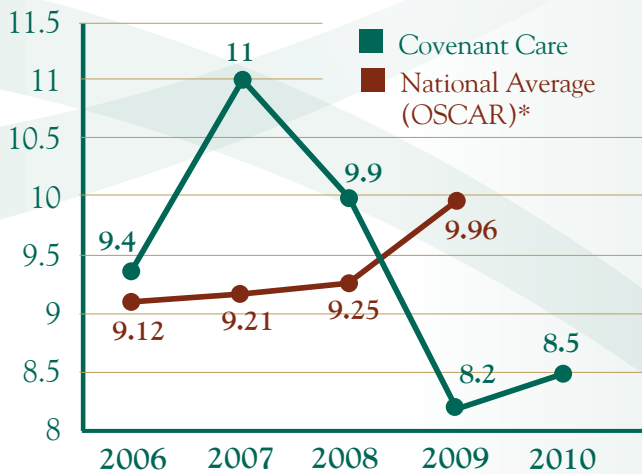


Some awards and recognition our facilities received in 2010 include:

- Villa Springfield (Springfield, OH) won the **2010 International Torch award** given by the Council of Better Business Bureaus to recognize businesses and executives exhibiting integrity in the marketplace and exemplary dedication to fostering trust between businesses and consumers. Villa Springfield is the only Skilled Nursing facility in the nation to win this award.
- Clinton House (Frankfort, IN) and Waldron Nursing and Rehabilitation (Waldron, IN) were named **“Best Nursing Homes”, US News & World Report**
- Residence at McCormick's Creek (Spencer, IN) named **“Best in Owen County”**
- Downey Care Center (Downey, CA) voted **Best Senior Service** by viewers of **“Best of LA”**
- Royal Care Skilled Nursing Center (Long Beach, CA) received the **2010 AMDA Foundation/Evercare Award** for improving the quality of life for persons living in nursing homes. Royal Care was one of only three facilities in the U.S. to receive this award.

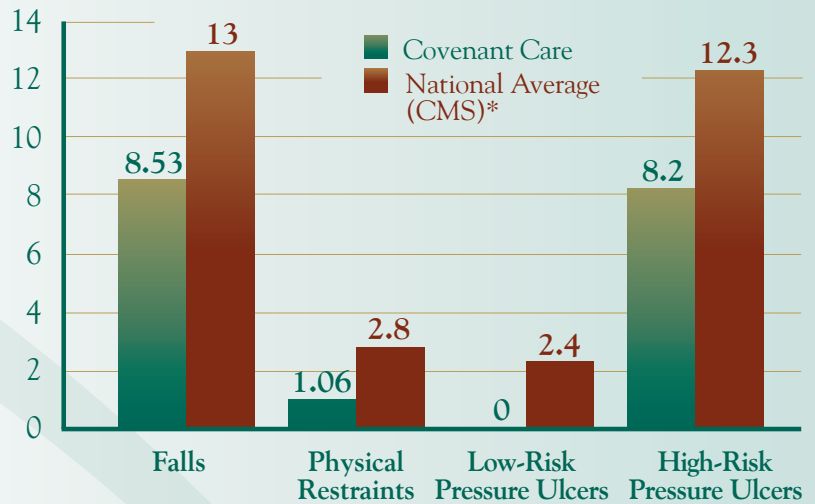


Average Number of Survey Deficiencies (Standard)



* from publicly available OSCAR and CMS MDS QM/QI data

2010 QM/QI Results as of 09/30/10



Our Industry

Covenant Care is committed to continuous and sustainable quality and we are proud of our performance results. All of our facilities participate in *Quality First, Keeping the Promise* and *Advancing Excellence in America's Nursing Home* campaigns, key national quality initiatives. We believe all employees want to do their best and quality is achieved through teamwork and participation. This quality focus is supported by our organizational culture, practices and shared values.

TOUCHING LIVES IS
AT THE HEART OF
CARING


“The kind and caring way in which the staff took care of me is a rare and special thing.”

Mary, resident of St. Edna Nursing and Rehabilitation

Our Future

We have embraced additional quality efforts that meet the needs of our stakeholders. In the changing healthcare environment, we are investing in Integrated Business Systems and improving our Healthcare Informatics. In 2011 our facilities implemented Vocollect, a voice activated, voice recognition system. Vocollect allows direct care givers to chart at the bedside, thus improving efficiency and communication, and allowing more time for direct patient care. We are actively participating in ACO open forums and pilot programs to improve continuity of care, reduce the rate of rehospitalizations and improve efficiencies. We continue to move forward on our quality journey... stay tuned for our next Quality Update early in 2012.





WE ARE FAMILY
SERVING
FAMILIES



COVENANT CARE

Covenant Care Resource Center

27071 Aliso Creek Road, Suite 100

Aliso Viejo, California 92656

tel (800) 861-0086 | fax (949) 349-1900

www.covenantcare.com