



**ENCOMPASS HEALTH REHABILITATION
HOSPITAL OF MIDDLETOWN**

**Certificate of Public Review for
10-Bed Expansion Project**

Overview of Proposed Expansion Project

Existing 40-bed inpatient rehabilitation hospital

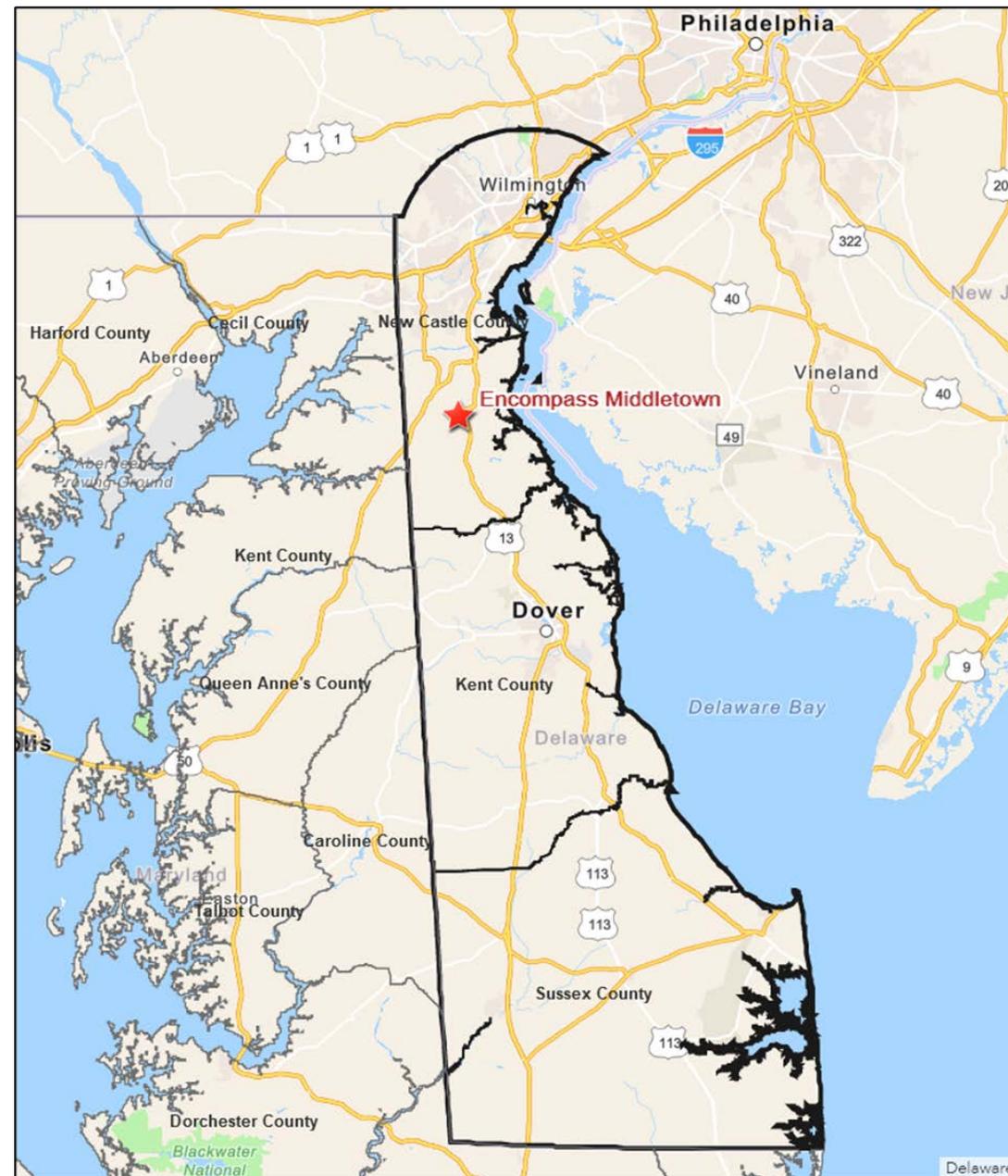
Seeking approval for 10-bed addition

Operating at consistently high occupancy

- 97.4% average occupancy in CY2021

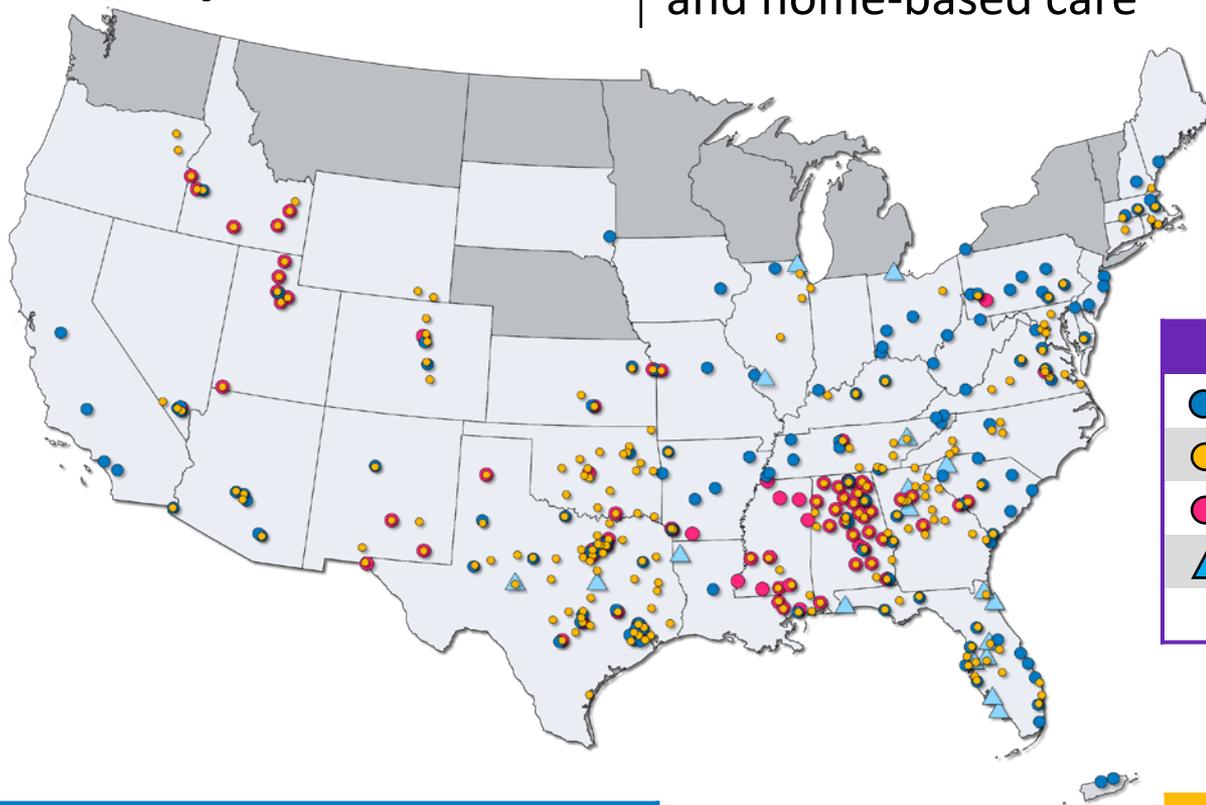
Significant need for expanding availability of specialized rehabilitative services through this expansion

- Historic high occupancy
- Access to care limited by capacity
- Growing & aging population



Encompass Health

A leading provider of inpatient rehabilitation and home-based care



Portfolio as of December 31, 2021

- Inpatient rehabilitation hospitals (“IRFs”)
- Home health locations
- Hospice locations
- ▲ 25 Future IRFs**

42 States and Puerto Rico ~43,400 employees

Inpatient rehabilitation – 12/31/21

145 IRFs

35 States and Puerto Rico

~32,500 Employees

24 % of licensed beds

31 % of Medicare patients served

Key statistics - trailing 4 quarters

~197,600 Inpatient discharges

Largest owner and operator of IRFs

4th Largest provider of Medicare-certified skilled home health services

Home health and hospice – 12/31/21

251 Home health locations

96 Hospice locations

34 States

~10,900 Employees

Key statistics - trailing 4 quarters

~200,600 Home health admissions

~13,100 Hospice admissions



Wide Range of Conditions Treated at Inpatient Rehabilitation Hospitals

Examples:

Stroke	Traumatic Brain Injury	Spinal Cord Injury	Pulmonary Conditions
Amputations	Complex Orthopedic Injuries	Cardiac Episodes	Neurological Conditions
Oncology	Parkinson's Disease	Other Disabling Impairments	

Encompass Hospital Team Members

- **Rehabilitation physicians:** manage and treat medical conditions and oversee rehabilitation program
- **Rehabilitation nurses:** implement each patient's medical care program and care for patients' daily medical needs
- **Physical therapists:** evaluate and design treatment programs to address limitations in physical function, mobility, strength, balance, and safety
- **Occupational therapists:** design and deliver activity-based therapy to promote independence in the areas of self-care, home management, and community reintegration
- **Speech-language therapists:** assess and treat individuals with communication and comprehension disorders, cognitive difficulties and swallowing disorders
- **Respiratory therapists:** ensure proper respiratory function through services such as oxygen supplements and aerosol treatments for patients with both acute and chronic dysfunction of the cardiopulmonary system
- **Dietary and nutritional counseling:** supervise all meals and ensure patients meet required nutritional needs
- **Pharmacists:** educate patients on-site regarding medications, including post-discharge care
- **Case managers:** coordinate with physicians to ensure the patient needs are met and that family and other caregivers are involved in the patient rehabilitation

Encompass Hospitals Provide an Intensive Level of Therapy Utilizing Innovative Technology and Equipment.



Encompass Utilizes Specialized Technology and Programs Designed for Inpatient Rehabilitation Care.

Proprietary Management Reporting System

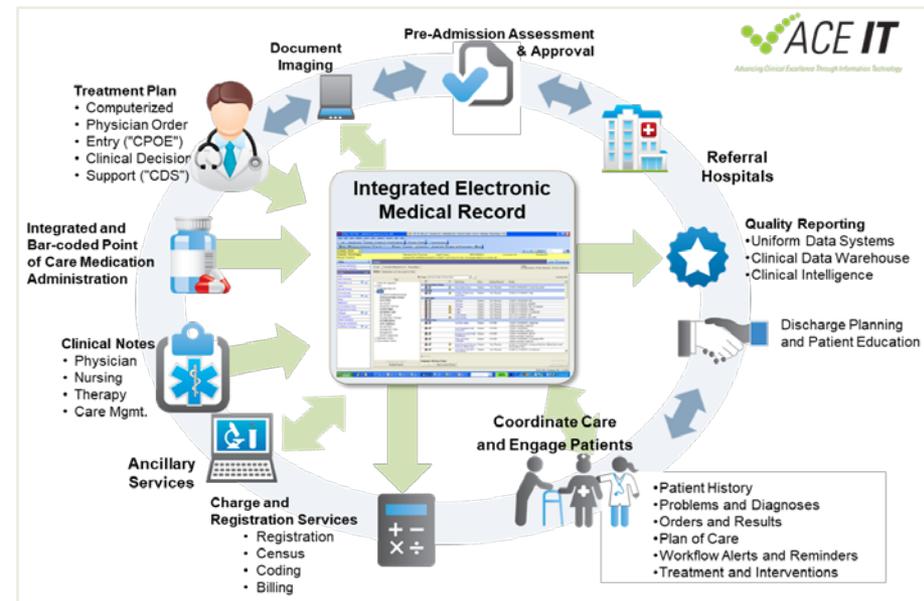
BEACON

- Proprietary operations management system that provides real-time data
- Benchmarking to promote best practices
- Capabilities include:
 - Clinical collaboration
 - Physician quality reporting
 - Readmission risk
 - Therapy outcomes
 - Quality and patient satisfaction reporting
 - Workforce and labor productivity
 - Sales and marketing analysis
 - Care management
 - Food and drug spend analysis
 - Market-by-market analysis
 - Claims analysis

Proprietary EMR

ACE IT

- ACE IT is a proprietary, rehabilitation-specific electronic medical records system that is fully implemented across our portfolio of hospitals.
- Ability to interface with acute care hospitals and exchanges.



Encompass Middletown Provides a Superior Level of Care.



The Joint Commission Accreditation

The Joint Commission Disease-Specific Care Certifications
Stroke Rehabilitation &
Hip Fracture Rehabilitation

Top 10% of All Rehabilitation Hospitals Nationwide For 4 Years

Recognized by Uniform Data System (UDS) as one of the
top rehabilitation hospitals in the United States
for Clinical Outcomes

ENCOMPASS MIDDLETOWN - NATIONAL AWARDS FROM ENCOMPASS HEALTH

Hospital of the Year

2017

2019

President's Circle

2018

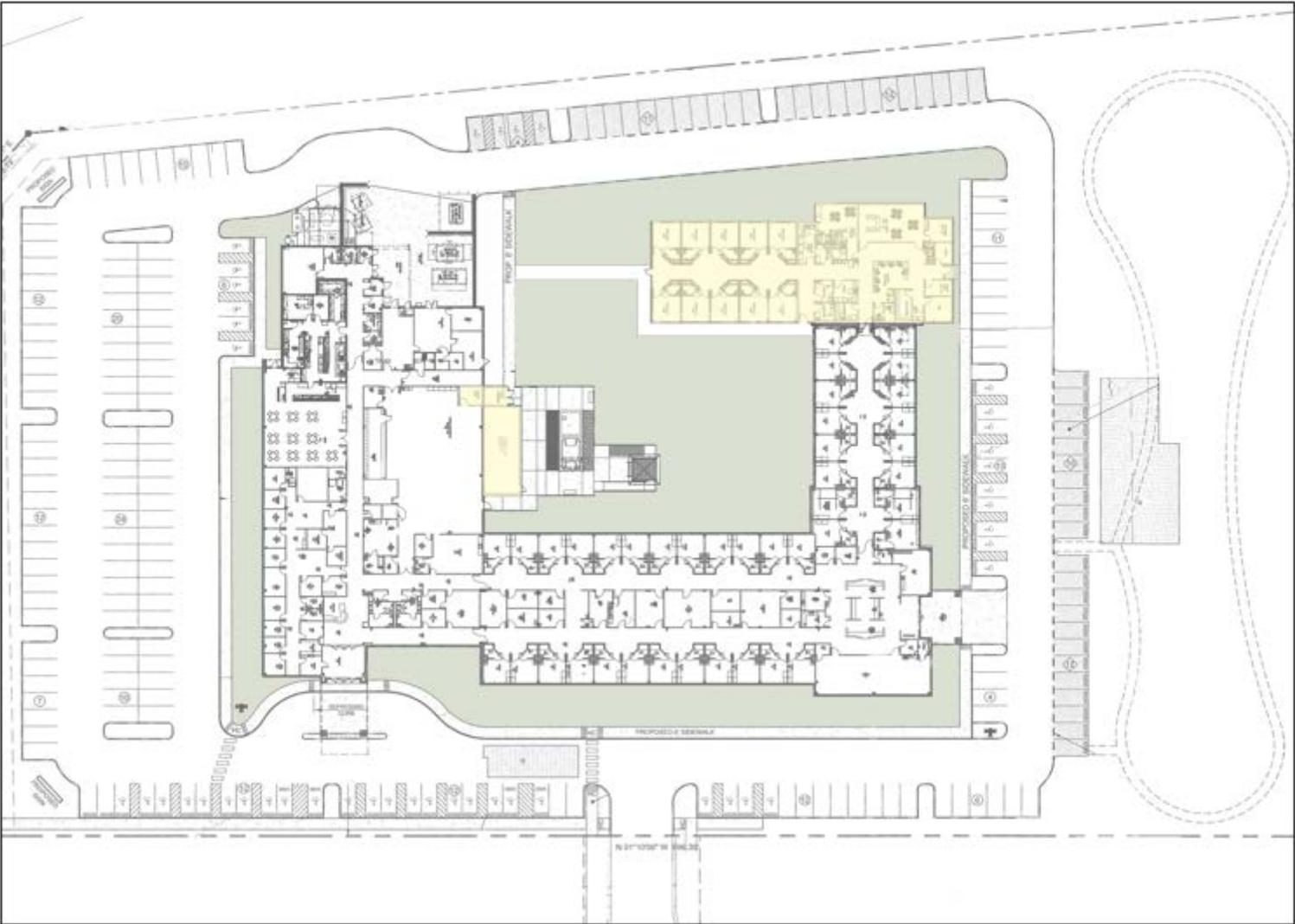
2020



Delaware Health Information Network Participant

Allows Delaware healthcare organizations
to share information
for improved coordination and patient care.

Proposed Expansion of Encompass Middletown



Proposed Expansion of Encompass Middletown



The expansion space will include a new patient wing with all private patient rooms, a new nurses' station, and other patient care areas.



Encompass Middletown has a consistent and extended history of high occupancy.

Table 1
Encompass Health Rehabilitation Hospital of Middletown
Annual Occupancy

	2016	2017	2018	2019	2020	2021
Beds	34	34*	37	37	40**	40
Discharges	849	946	1,103	1,121	1,183	1,232
Patient Days	11764	12,154	12,866	13,065	13,784	14,220
ALOS	14	12.8	11.7	11.7	11.7	11.5
ADC	32.1	33.3	35.2	35.8	37.7	39.0
Occupancy	94.4%	97.2%	95.3%	96.7%	94.8%	97.4%

Source: Encompass Middletown internal data.

Notes:

*Thirty-four beds were operational through November, with the 3-bed addition operational in December 2017. Thus, utilization is based on 12,503 available bed days in CY17.

**Three-bed addition became operational in February 2020, thus utilization is based on 14,547 available bed days in CY20 (which is a Leap Year).

Patients are unable to be admitted to Encompass Middletown due to lack of available beds.

Table 2
Encompass Middletown:
Rehab-Appropriate Patients Unable to be
Admitted Because No Bed was Available,
Jan. 2021 – Feb. 2022

Month	Patients
<i>CY2021:</i>	
January	32
February	35
March	64
April	59
May	43
June	43
July	23
August	2
September	20
October	48
November	43
December	13
<i>Subtotal, CY21</i>	<i>425</i>
<i>CY2022:</i>	
January	24
February	31
<i>Subtotal, YTD22</i>	<i>55</i>
Total	480
Source: Encompass Middletown internal data.	

Physicians in the community recognize the significant need for additional capacity at Encompass Middletown.

“When a patient is delayed or unable to be admitted to Encompass Middletown because the facility is full, the patient and family needlessly suffer. As I’m sure you can appreciate, delays in admission (or worse, no admission to intensive inpatient rehab therapy) not only prolong the patient’s acute care length of stay unnecessarily, but also delay the initiation of needed intensive inpatient rehabilitative and restorative therapy which ultimately negatively impacts the patient and his/her family. The delay in starting rehabilitation is particularly detrimental to stroke patients because stroke patients realize much better functional and cognitive outcomes when their rehabilitation is initiated as soon as possible after they are stabilized and ready for transfer.

Because there are simply too few available beds at Encompass Middletown, we find ourselves having to transfer patients out of the area to obtain the necessary comprehensive inpatient rehabilitation or seeing our patients settle for less intensive therapy at a skilled nursing facility or home health. Neither of those options are optimal for our patient’s recovery.”

Pulak Ray, M.D. (Board-Certified Neurosurgeon)

negatively impacted when the patient is not admitted to Encompass Middletown, particularly adversely impacted when the patient is not admitted to Encompass Middletown. For the reasons I’ve mentioned above, I strongly urge you to approve Encompass Middletown’s Certificate of Public Review to add 10 beds to its facility. I am certain it will have an immediate positive impact on our patients and their families. Thank you for your consideration.



Pulak Ray, MD



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1, 2022

Health Care Commission
Health Resources Board
M. Holloway Sr. Health and Social Services Campus
10th Dupont Highway
Administration Building, First Floor
Middletown, Delaware 19720

Certificate of Public Review for Encompass Health Rehabilitation Hospital of Middletown, LLC to Add Ten (10) Beds

Madam:

In writing to express my support and strong recommendation for the approval of Encompass Middletown’s Certificate of Public Review application to add 10 beds to its highly skilled inpatient rehabilitation hospital. As a Board-certified Orthopedic Surgeon, I care for many patients every year who benefit from the intensity of therapy and interdisciplinary medical care provided in a comprehensive inpatient rehabilitation hospital. I care for many patients every year who benefit from the intensity of therapy and interdisciplinary medical care provided in a comprehensive inpatient rehabilitation hospital.

IRENE C. MAVRAKAKIS, M.D.
JAMES G. MORAN, D.O.
W. SCOTT NEWCOMB, D.P.M.
WILLIAM M. NEWELL, M.D.
MICHAEL J. PUSHKAREWICZ, M.D.
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DAVID T. SOWA, M.D.
JOSEPH J. STRAIGHT, M.D.
STEVEN E. TOOZZE, M.D.
JAMES ZASLAVSKY, D.O.

“The additional beds needed at Encompass Middletown will provide my patients and others the opportunity to timely begin intensive inpatient rehabilitative and restorative care close to home. Absent the 10-bed addition, too many patients who are in need of, and would benefit from, intensive inpatient rehab care at Encompass Middletown will continue to be unable to receive that care. Because of that, I cannot impress upon you enough the importance of your approval of this Certificate of Public Review for Encompass Middletown.”

Jeremie M. Axe, M.D. (Board-Certified Orthopedic Surgeon)

The need for inpatient rehabilitation services will continue to grow in the New Castle County area in the coming years.

Population	2022	2027	Increase	% Increase
Total Population	574,320	581,865	7,545	1.3%
Ages 65 and Over	96,495	110,788	14,293	14.8%
% Ages 65 and Over	16.8%	19.0%	N/A	N/A

Source: Delaware Population Consortium Annual Projections, Version 2021.0, October 31, 2021.

County	Total Population				Population Ages 65 and Over				Ages 65 and Over as % of Pop	
	2022	2027	Increase	% Increase	2022	2027	Increase	% Increase	2022	2027
New Castle	574,320	581,865	7,545	1.3%	96,495	110,788	14,293	14.8%	16.8%	19.0%
Kent	183,592	183,920	328	0.2%	31,409	34,456	3,047	9.7%	17.1%	18.7%
Sussex	245,742	262,834	17,092	7.0%	67,530	79,123	11,593	17.2%	27.5%	30.1%
Statewide	1,003,654	1,028,619	24,965	2.5%	195,434	224,367	28,933	14.8%	19.5%	21.8%

Source: Delaware Population Consortium Annual Projections, Version 2021.0, October 31, 2021.

Questions?