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GOOD SHEPHERD AND THE UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM FORM NEW ORGANIZATION TO ENHANCE REHABILITATION CARE IN THE REGION

Philadelphia, PA – Good Shepherd Rehabilitation Network and the University of Pennsylvania Health System (UPHS) today announced the creation of Good Shepherd Penn Partners, a joint venture and strategic alliance that creates one of the largest and most comprehensive continuums of post-acute medical care in eastern Pennsylvania.

Good Shepherd Penn Partners will provide specialized inpatient long-term acute care and medical and physical rehabilitation for patients transferred from medical, surgical and intensive care units at UPHS's three hospitals. UPHS's outpatient centers also will be operated by the joint venture, as will rehabilitation therapy services for UPHS's three hospitals and three skilled nursing facilities. Good Shepherd will be the controlling interest in Good Shepherd Penn Partners through majority ownership and a majority board membership.

“The synergies created by two national leaders in rehabilitation care will benefit patients in the Philadelphia area as well as the seven-county region in eastern Pennsylvania served by Good Shepherd,” says Sally Gammon, FACHE, president & CEO, Good Shepherd Rehabilitation Network. “The fusion of the two organizations’ intellectual and clinical strengths will allow Good Shepherd Penn Partners to offer excellent comprehensive rehabilitation and long-term care, returning a larger number of people to their highest potential of functional independence as quickly as possible.”

The joint venture plans to operate a new 58-bed inpatient rehabilitation facility, named the Penn Institute for Rehabilitation Medicine, which will be the result of consolidating and relocating UPHS's existing rehabilitation units from the Hospital of the University of Pennsylvania and Pennsylvania Hospital. The Penn Institute for Rehabilitation Medicine will provide physician-directed physical, occupational and speech therapy for conditions such as stroke, traumatic brain injury, spinal cord injury, orthopedic injury, amputation or multiple traumas.

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The joint venture also plans to open a new 38-bed long-term acute care hospital (LTACH), named Good Shepherd Specialty Hospital -- Philadelphia, which will provide specialized care to medically complex patients who are not ready for the rigorous therapies provided at an inpatient rehabilitation facility. LTACHs treat patients who require a higher level of care than can be provided by a skilled nursing facility, with the national average length of stay at an LTACH during fiscal year '05 at more than 25 days. Long-term acute care represents a new area of specialized care for UPHS.

“This new initiative provides UPHS with the opportunity to extend and expand our capacity to care for patients requiring the services of a specialty hospital,” added Ralph W. Muller, chief executive officer of the University of Pennsylvania Health System. “We will be able to provide patients the finest post-acute and rehabilitative care along a continuum of care. The physicians who treated a patient during the acute care phase of illness will have easier access to follow patients in the post-acute phase of their rehabilitation, if necessary.”

The two new hospitals created by the joint venture will be located in a six-story building at 1800 Lombard Street, on the current Graduate Hospital campus, which is scheduled for purchase by UPHS this spring. Good Shepherd Penn Partners anticipates operating three floors in the building, which is located on the campus at the corner of 19th and Lombard streets. Renovations are expected to begin in spring 2007, and the inpatient rehabilitation facility and LTACH are expected to open in summer 2008.

During the building’s conversion from an acute care to specialty care facility, an urgent care center will be opened and staffed by UPHS physicians, nurses and other health-care personnel to accommodate community health needs. Special arrangements will be made to transition care for those with chronic conditions. Patients requiring hospitalization previously served by Graduate Hospital will receive care at several nearby medical facilities including Hahnemann University Hospital, the Hospital of the University of Pennsylvania, Pennsylvania Hospital, Thomas Jefferson University Hospital, and Penn Presbyterian Medical Center.

It is expected that more than 100 new jobs will be created in Philadelphia by the joint venture’s LTACH and administrative services. There will be an estimated 414 FTEs employed by Good Shepherd Penn Partners in the first year of full operation for the LTACH.

Good Shepherd Penn Partners will focus on offering quality post-acute care that will improve the functional independence of its patients thanks to the strengths of both Good Shepherd and UPHS. Good Shepherd, whose sole focus is post-acute care, will bring its patient-focused brand of care and expertise in assistive and rehabilitation technology to more people in a larger geographic region. UPHS will bring to the joint venture its national recognition for its rehabilitation care; the Hospital of the University of Pennsylvania currently ranks among the leaders in the annual U.S. News & World Report list of best rehabilitation hospitals.

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In addition, both organizations will collaborate on rehabilitation research, and many of the 30 sites where Good Shepherd currently provides care may be options for UPHS's resident and fellowship training. The University of Pennsylvania School of Medicine is the oldest medical school in the nation training physical medicine and rehabilitation physicians (also known as physiatrists). "While none of Good Shepherd's current programs and services will be part of the joint venture, Good Shepherd's partnership with UPHS, one of the country's most respected academic health-care systems, will bring substantial benefits to Good Shepherd in the areas of research and education," adds Gammon.

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Good Shepherd Rehabilitation Network based in Allentown, Pennsylvania

Good Shepherd is a nationally recognized rehabilitation leader, offering a continuum of care for people with physical and cognitive disabilities and specializing in assistive and rehabilitation technology. More than 35,000 people come to Good Shepherd each year for specialized programs in stroke, orthopedics, brain injury, spinal cord injury, pediatrics, amputation and more. Good Shepherd provides rehabilitation services at 30 sites in 7 eastern Pennsylvania counties. In addition, Good Shepherd operates 14 outpatient sites, 4 inpatient sites, a long-term acute care hospital, 2 long-term care homes for people with disabilities, an independent living facility, a Work Services division that provides employment training and job placement and a lifestyle products store called Reability. Good Shepherd was founded in 1908 when The Rev. John and Estella Raker invited a disabled orphan named Viola into their Allentown, Pennsylvania, home. For more information, visit www.goodshepherdrehab.org.

University of Pennsylvania Health System based in Philadelphia, Pennsylvania

The University of Pennsylvania Health System is part of PENN Medicine, a \$2.9 billion enterprise dedicated to the related missions of medical education, biomedical research, and high-quality patient care. PENN Medicine consists of the University of Pennsylvania School of Medicine (founded in 1765 as the nation's first medical school) and the University of Pennsylvania Health System (UPHS). UPHS includes three hospitals, all of which have received numerous national patient-care honors (Hospital of the University of Pennsylvania; Pennsylvania Hospital, the nation's first hospital; and Penn Presbyterian Medical Center); a faculty practice plan; a primary care provider network; two multi-specialty satellite facilities; and home care and hospice. Penn's School of Medicine is ranked #2 in the nation for receipt of NIH research funds, and ranked #3 in the nation in U.S. News & World Report's most recent ranking of top research-oriented medical schools. Supporting 1,400 full-time faculty and 700 students, the School of Medicine is recognized worldwide for its superior education and training of the next generation of physician-scientists and leaders of academic medicine. For more information, visit www.pennhealth.com.

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