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Harborside Healthcare Announces Entry into Home Health Care

Boston Firm Acquires Physician's Health Care

For Immediate Release Boston, MA (May 24, 2006) Harborside Healthcare, one of the nation's most respected skilled-nursing and long-term care companies, today announces that it will acquire Physician's Health Care (PHC) of Quincy MA.

Founded in 2000, by John Talbot and Dr. Timothy Lowney, PHC is a unique home health care company that works closely with physicians to deliver high quality clinical care in patients' homes. PHC offers patients and payers a real choice: an exceptional program that provides physician-directed medical, rehabilitation and behavioral services in the comfort and safety of the patient's home. PHC offers an innovative, proven, high quality, low cost model of care that effectively meets the needs for patients, payers, doctors and hospitals.

Under terms of the agreement, Mr. Talbot and Dr. Lowney will maintain 25% ownership of the company with Harborside Healthcare assuming the remaining 75%. PHC will continue to operate as Physician's Health Care. PHC will remain a separate healthcare provider from Harborside Healthcare. In markets served by both Harborside skilled nursing facilities and Physician's Health Care, PHC will be one choice for patients needing home health services after discharge.

"It is an exciting opportunity", said Harborside CEO Damian Dell'Anno. "Our success is based on our ability to improve the lives of the patients who rely on us and to meet the healthcare needs of the communities we serve. With the support of home health care, patients are able to leave the skilled setting and get back to their homes where they belong, and get the services they need. Physician's Health Care will form the nucleus of our expansion into a range of health services to complement our core business of long-term care."

In a typical year, approximately 50% of the 16,000 discharges from Harborside long-term care facilities go home with home health services. Currently, PHC's primary market is in Eastern Massachusetts. Going forward, Harborside's plans include growing with PHC to meet the needs of the patients in other communities served by Harborside facilities, to provide patients with access to a continuum of care approach to their recovery and rehabilitation.

"One of the things about PHC that made this transaction so attractive is that the founders, John Talbot and Tim Lowney, along with the entire PHC staff, share the same values that we do.", continued Dell'Anno. "A critical part of their business strategy has been to align their services with the needs of the patient, rather than the other way around. We are committed to that approach as well."

“Harborside is an ideal partner.” said John Talbot. “Harborside and PHC share the belief that Companies have a responsibility to offer and deliver high quality, low cost services to the health care community. Our goal is develop a true continuum of Post-Acute programs and services for patients that will connect our affiliated physicians with the patient’s primary care physician and specialists. PHC delivers all of its services through medically directed interdisciplinary teams that meet on a weekly basis to review and discuss patient goals and progress. The Team becomes a strong advocate for the patient while understanding the many needs that face patients in today’s fast paced and complicated health care system.

Harborside operates 53 facilities and employs more than 8,000 full and part-time employees in nine states in New England, the Mid-Atlantic and the Midwest. Nearly 7,000 individuals receive care at its facilities in Connecticut, Indiana, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Kentucky and Rhode Island. The company was founded in 1987.

In 2002, Harborside Healthcare was one of the first in its profession to adopt an industry-driven, voluntary quality initiative in which the company and its employees pledged to follow a formal code of conduct and ethical management practices known as “Quality First.” Harborside Healthcare was also the first long-term care company in the nation to publish the results of a detailed, annual quality survey of all of its facilities.

Harborside facilities have won more national quality awards than any other long-term care provider of its size, including three of the prestigious American Health Care Association (AHCA) Step II Quality Awards recognizing long-term care organizations that seek excellence in all aspects of providing care and services. For more information please see, <http://www.harborsidehealthcare.com>.