

Corporate Name Change and Rebranding Initiative Announcement

July 11, 2017
Supplemental Information

HEALTHSOUTH  **Encompass Health**

Forward-Looking Statements

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HEALTHSOUTH is becoming Encompass Health

The name change and rebranding initiative reflect the Company's expanding national footprint and reinforce the strategy it is pursuing to deliver integrated high-quality, cost-effective care across the post-acute continuum.

- HealthSouth Corporation will change its name to Encompass Health Corporation
- Corporate name change and ticker symbol change (from "HLS" to "EHC") effective January 2, 2018
- Both business segments (inpatient rehabilitation and home health and hospice) to transition to Encompass Health branding (expected to be complete by year end 2019)
- Rebranding initiative reinforces strategic position as an integrated provider of inpatient and home-based care
- Estimated rebranding investment of \$25 million to \$30 million to be incurred between 2017 and 2019
 - Approximately \$7 million to \$10 million expected to be incurred in 2017 (\$6 million to \$8 million in operating expenses; \$1 million to \$2 million in CAPEX)
 - Only \$1 million included in previously issued guidance

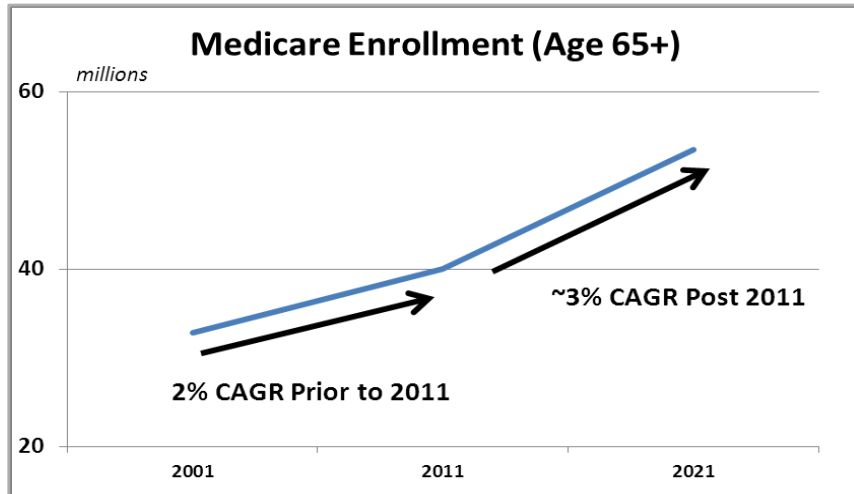
The decision to rebrand as Encompass Health Corporation resulted from a yearlong, research-intensive project and is intended to raise awareness of the Company's strategy and value proposition.

New Brand Logo and Visual Identity Will Begin Rolling Out in 2018

Sample applications



Both Business Segments Benefit from a Demographic Tailwind: Expanding Medicare Beneficiary Population



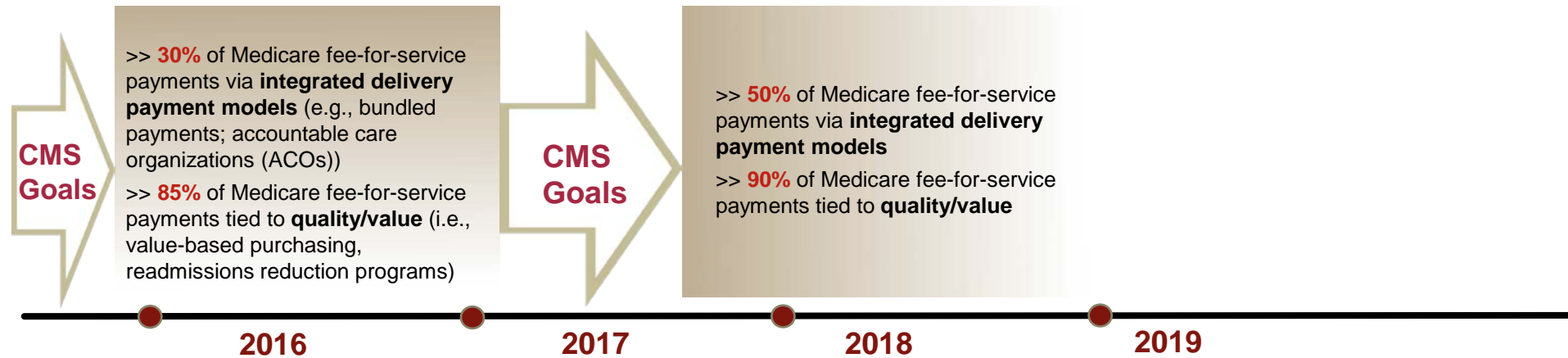
Census Data - Population Growth by Age			
5 Year CAGR			
Age	2015-2020	2020-2025	2025-2030
65 to 69 years	2.5%	2.1%	0.2%
70 to 74 years	5.3%	2.6%	2.2%
75 to 79 years	4.5%	5.4%	2.7%
80 to 84 years	2.4%	4.6%	5.6%
85 to 89 years	0.5%	2.7%	4.9%
Total 65 to 89	3.4%	3.2%	2.4%

Key Observations:

- The growth rate of Medicare beneficiaries increased in 2011 to an approx. **3% CAGR** as “baby boomers” started turning 65.
- In 2030, the Medicare population is projected to increase to 81 million beneficiaries from 55 million beneficiaries today.

	Average Age of the Company's Patients	
	IRF	Home Health
< 65 years	30%	15%
65 to 69 years	13%	11%
70 to 74 years	13%	13%
75 to 79 years	14%	14%
80 to 84 years	13%	16%
85 to 89 years	11%	16%
> 90 years	6%	15%

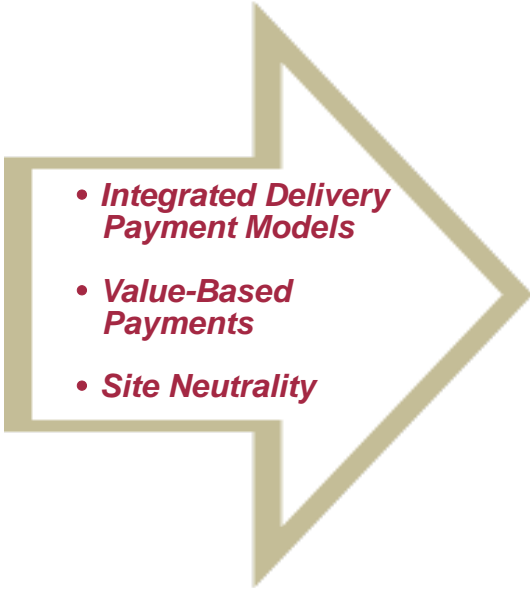
CMS Continues to Drive Change Towards Integrated Delivery Payment Models, Value-Based Purchasing, and Site Neutrality



Current Post-Acute Providers

- Medicare payments/regulations are site specific (e.g., 60% Rule, 3-Hour Rule, "preponderance" of one-to-one therapy).

- Long-Term Acute Care Hospitals
- Inpatient Rehabilitation Facilities
- Skilled Nursing Facilities
- Home Health



Future Post-Acute Providers (Timing?)

- Medicare payments/regulations will be outcome focused.
- Many existing regulations will become obsolete.

Facility-Based Post Acute Services

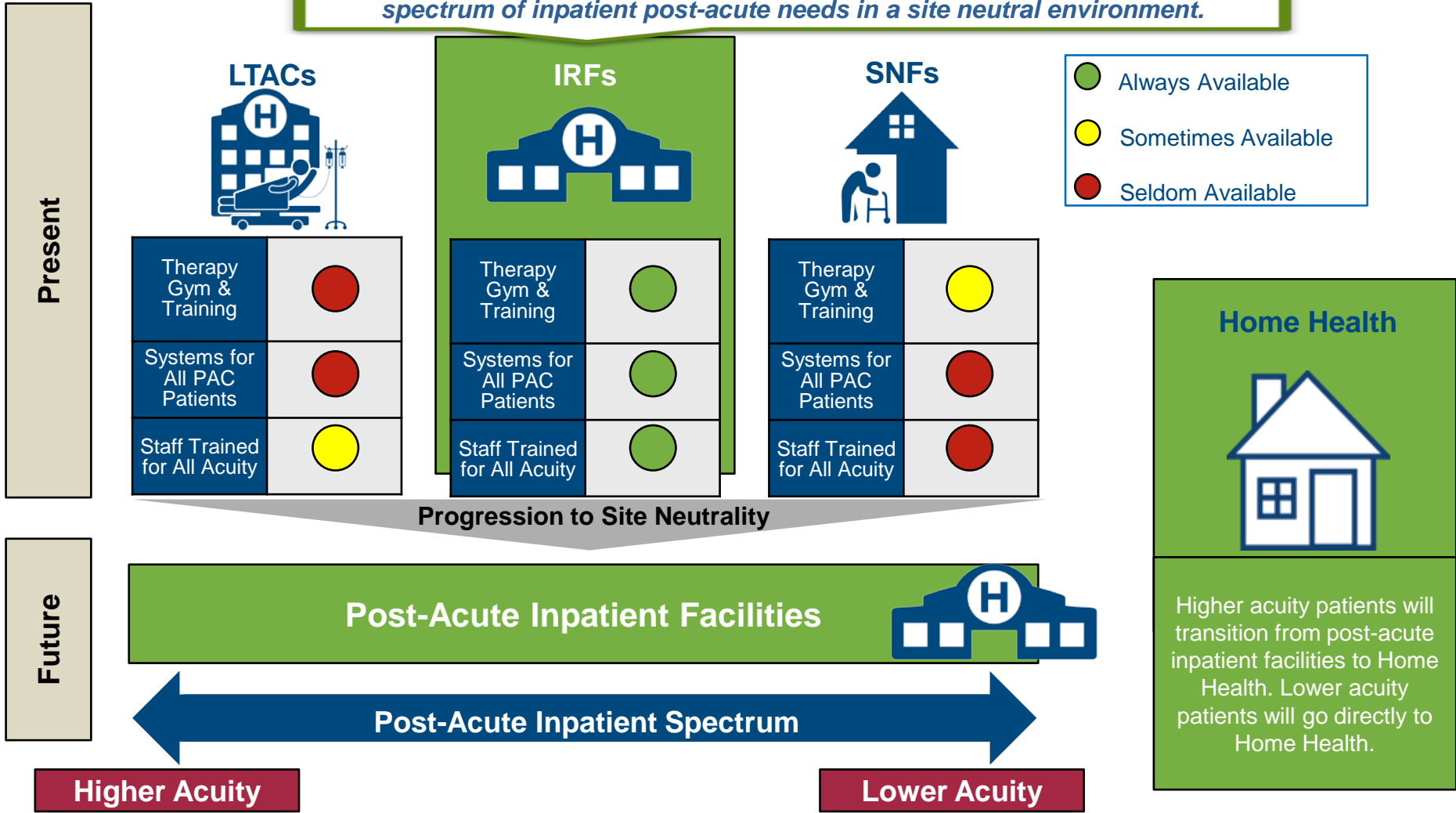
- Full range: low acuity → high acuity
- 24/7 nursing coverage
- Eliminates payment silos

Home-Based Post-Acute Services

- More care in the home (lowest cost setting)
- Differentiator: Ability to care for high-acuity, poly-chronic patients

The Company Is Well-Positioned for the Progression Towards Site Neutrality as It Will be Able to Treat All Types of Post-Acute Patients by Leveraging Operational Expertise Across Its Network of Facility-Based and Home-Based Assets

The Company's rehabilitation hospitals have the physical construct, clinical staffing, and operating expertise to "pivot from the center" to address the full spectrum of inpatient post-acute needs in a site neutral environment.

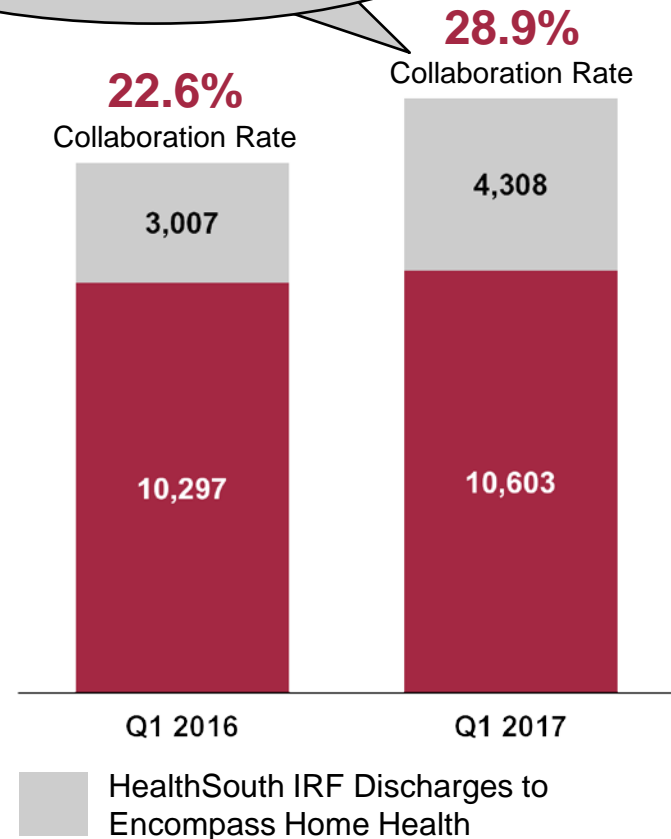


The Company Continues to Make Progress on Improving the Patient Experience Through Integrated Care Delivery

IRF-Home Health Clinical Collaboration (All Payors) Overlap Markets

- ▶ Overlap markets are defined as a HealthSouth IRF located within a 30-mile radius of an Encompass home health location.
- ▶ As of March 31, 2017, 61% of HealthSouth's IRFs were located within overlap markets.
- ▶ The Company's clinical collaboration rate goal for overlap markets is 35% to 40% within the next three years.
- ▶ In February 2017, the Company launched a clinical collaboration TeamWorks initiative.

Clinical collaboration rate between HealthSouth IRFs and Encompass Home Health increased by 630 basis points over Q1 2016



■ HealthSouth IRF Discharges to Non-Encompass Home Health

■ HealthSouth IRF Discharges to Encompass Home Health