



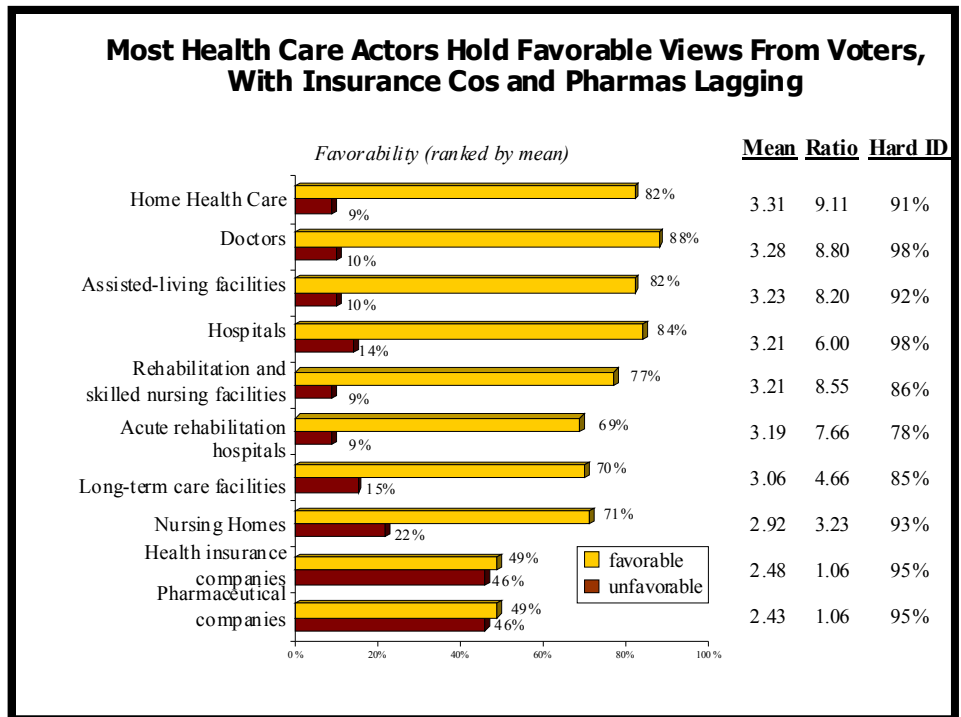
To: Interested Parties
From: The Mellman Group, Inc.
Re: National Survey On Skilled Nursing Facilities
Date: June 11, 2010

This analysis represents the findings from a survey of 1000 likely 2010 general election voters. Interviews were conducted by telephone May 13-17, 2010. To ensure an unbiased sample, random-digit-dialing techniques were used and respondents were screened for their likelihood to vote in the 2010 general election. The margin of error for this survey is +/-3.1% at the 95% level of confidence. The margin of error is higher for subgroups.

The nursing home and skilled nursing facility brands are quite strong, as are most actors in the healthcare system. Voters, across every demographic group, overwhelmingly oppose cuts in funding for these facilities, even in the name of balanced budgets. Moreover, in an anti-incumbent political environment, voters are hostile to legislators at the federal or state level who would slash reimbursements to these facilities. Opposition to funding cuts is focused around the impact they will have on the quality of care, patients, and the industry's workforce.

Voters Feel Favorably Toward Nursing Homes And Most Other Providers

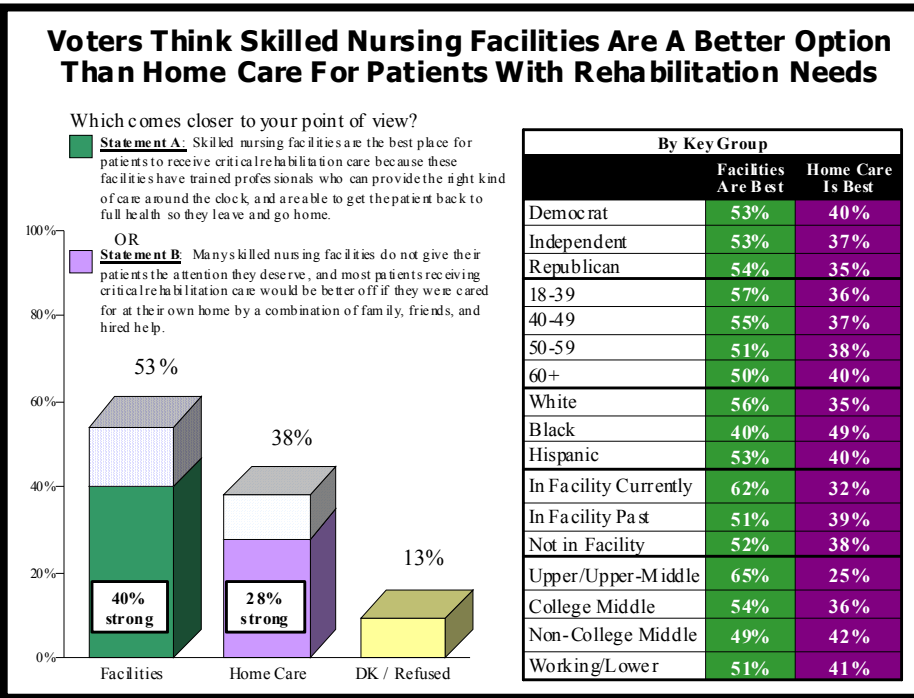
Seventy-one percent (71%) of voters express favorable views of nursing homes while just 22% hold unfavorable views). Rehabilitation and skilled nursing facilities are even more highly regarded, with over three-quarters (77%) offering favorable opinions (9% unfavorable). Moreover, these long-term care providers enjoy substantially more positive images than health insurance companies (49% favorable, 46% unfavorable) and pharmaceutical companies (46% favorable, 49% unfavorable), and they draw impressions comparable to other providers like home health care (82% favorable), doctors (88% favorable), assisted-



living facilities (82% favorable) and hospitals (84% favorable).

For Rehabilitation, Skilled Nursing Facilities Are Judged Better Options Than Home Care

By 53%-38%, voters agree that skilled nursing facilities are the “best place for patients to receive critical rehabilitation care” rather than be taken care of at home.¹ Support for skilled nursing facilities over home



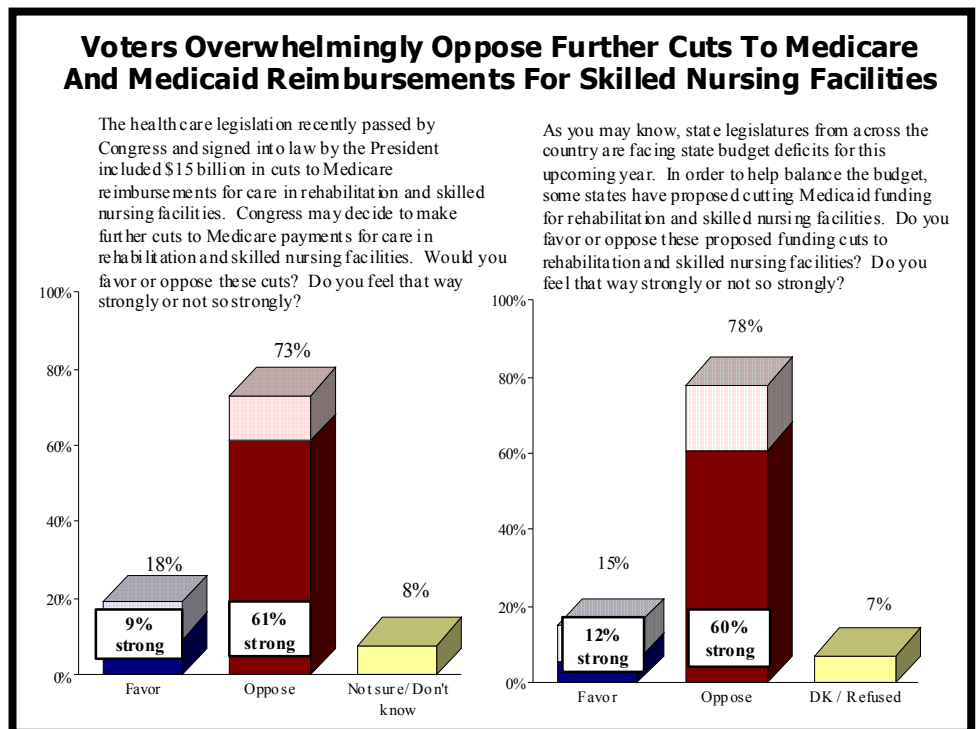
health care extends across nearly every demographic group. Democrats (by 13 points), independents (by 16 points), and Republicans (by 19 points) agree that the “trained professionals” at skilled nursing facilities are better suited for long-term care.

Those who are themselves currently residing or have a family member in a nursing home or assisted-living facility favor skilled care by a wider margin than those who are not. Voters who are currently in a facility themselves or have a family member in one favor skilled care by a 62%-32%

margin, compared to a 51%-39% margin for those with a past experience and 52%-38% for those with no resident experience. Across class and age, voters also agree that skilled care is a better option for those in need of rehabilitation.

Voters Oppose Cuts In Funding For Nursing Home Care And Claim They Will Punish Elected Officials Who Support Such Cuts

In the midst of a national debate about deficits and government spending, voters overwhelmingly oppose cutting both Medicare and Medicaid funding for nursing homes and skilled nursing facilities. By a 73%-18% margin, voters oppose Congress cutting funding for Medicare reimbursements to skilled nursing facilities,



¹ **Statement A:** Skilled nursing facilities are the best place for patients to receive critical rehabilitation care because these facilities have trained professionals who can provide the right kind of care around the clock, and are able to get the patient back to full health so they leave and go home.

Statement B: Many skilled nursing facilities do not give their patients the attention they deserve, and most patients receiving critical rehabilitation care would be better off if they were cared for at their own home by a combination of family, friends, and hired help.

including 61% who are strongly opposed. Every demographic group is strongly opposed, including Republicans who oppose the cuts by a 77%-17% margin, while conservatives oppose them by a 75%-16% margin.

Moreover, voters say they will vote against Members of Congress who support such cuts. Sixty percent (60%) of those likely to vote in the 2010 midterm elections say they are more likely to vote against (42% much more) a Member of Congress who votes to cut Medicare reimbursements for skilled nursing facilities, to only 12% who say they are more likely to vote for such a Member. This sentiment extends across partisan lines as strong majorities of Democrats (59%-11%), independents (53%-11%), and Republicans (67%-11%) say they are more likely to vote against their Member of Congress who supports these cuts.

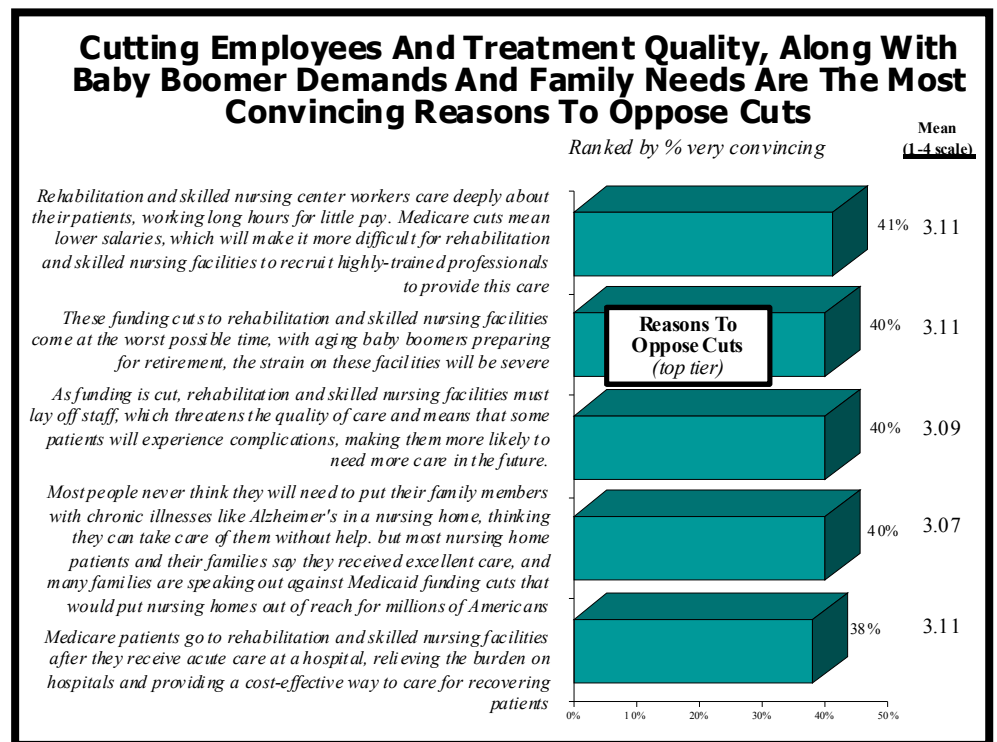
Opposition to cuts at the federal level is replicated in the states. Three-quarters (78%, 60% strongly) of likely voters oppose their state legislatures cutting Medicaid reimbursements for nursing homes, even after being told that these cuts will help meet balanced budget requirements. Only 15% favor these cuts. Heavy opposition to these cuts is evident in every region of the country, from 74% opposing the cuts in the Northeast to 80% opposition in the South.

By a 64%-11% margin, Americans say they are more likely to vote against a state legislator who supports Medicaid cuts to nursing homes, including 45% who say they are much more likely to oppose him or her. Again, sentiment extends across party lines as 63% of independents, 69% of Republicans, and 71% of Democrats say they are more likely to vote against a state legislator who votes for these cuts.

Voters oppose cutting funding for nursing homes so strongly, they even support additional federal funding to help stave off cuts at the state level. By a 62%-28% margin, voters favor additional federal funding for Medicaid. Even Republicans support additional federal funding by a margin of 52%-36%.

Opposition To Cuts Centers On Concern About The Impact On Employees And Quality Of Care

The most effective arguments in cultivating opposition to funding cuts focus on the human toll cuts will take. Forty-one percent (41%) of voters find an argument stating that cuts mean lower salaries for skilled facility workers a very convincing reason to oppose those cuts. Forty percent (40%) say the same when told that the coming baby boomer retirement will put a “severe” strain on these facilities.



Another 40% are very convinced by the argument that cuts would force layoffs and reduce the quality of care for patients. An empathetic message that relays how most Americans never think they will need to place a

family member in a nursing home but end up approving of the care those facilities provide is very convincing for 40% as well.

Conclusion

Large majorities oppose any cuts to Medicare and Medicaid funding for nursing homes and skilled nursing facilities. While the electoral narrative for this year centers on voter opposition to government spending, these results demonstrate that skilled nursing care is a notable exception. Voters want their legislators to protect these facilities and say they are prepared to punish incumbents who reduce payments to them.