



NEWS RELEASE

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KALEIDA HEALTH, GRACE MANOR ANNOUNCE MILESTONES IN FACILITY'S TURNAROUND EFFORTS

BUFFALO, N.Y. (Monday, October 6, 2008) – Kaleida Health and Grace Manor Health Care Facility, Inc. today announced two major milestones in the long term care facility's financial and operational turnaround.

Grace Manor and 1199SEIU United Healthcare Workers East recently agreed to a new three-year agreement that improves employee wages and benefits.

The new contract covers over 200 employees. The previous agreement expired earlier this spring.

In addition, the long-term care facility announced that it recently received re-certification from the New York State Department of Health. The department survey was one of the strongest in Grace Manor's history and noted the facility's improved resident outcomes, higher quality of care and facility enhancements.

"In a very short time, and with the involvement of our physicians, employees and residents, we have dramatically improved Grace Manor," said Marc Walker, Administrator for Grace Manor Health Care Facility Inc. "We have made changes from the resident environment, clinical care delivery and leadership areas, all of which will enable us to continue to serve as a respected and viable health care provider in the City of Buffalo."

Kaleida Health has been serving as the receiver of Grace Manor, which is a 167-bed long term care facility that serves urban Buffalo, since April.

"We are very pleased to see the progress of Grace Manor's operations," said James R. Kaskie, President and CEO of Kaleida Health. "For the past six months, Kaleida Health has been developing a strategy that aligns Grace Manor with long term care services in Buffalo. We remain committed to finding a solution, so the facility can continue to serve its critical role for the urban population."

Since taking over as receiver, Kaleida Health has implemented changes at Grace Manor including, most significantly, a reduction in administrative costs and enhancement of administrative leadership, the realignment of personnel to enhance the patient care, improvement the quality of care of the residents, improvements to the facility's physical plant and the streamlining/improvement of many internal processes.

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In March, the board of directors of Grace Manor requested state approval to have Kaleida Health assume the role of receiver and to work to address the long-term operational problems.

Based on the agreement, Kaleida Health may act as the caretaker for as long as 18 months. The receivership will also make certain that there will be no service interruptions at the facility.

"We are very pleased with our partnership with Kaleida Health," said Mattie L. Rhodes, Ph.D., chair of the Grace Manor board of directors. "Together, we are improving care for our residents every day. This is so important as we continue our mission of serving the urban long-term care population of Buffalo in which cultural diversity is acknowledged, respected and accommodated."