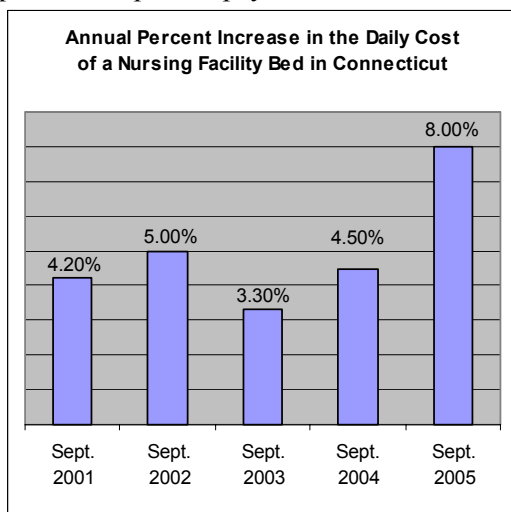


STATE OF CONNECTICUT
ANNUAL NURSING FACILITY CENSUS
SEPTEMBER 30, 2005

COST OF CARE

The cost of nursing home care for private pay residents rose precipitously in 2005. As of September 30th, the average cost of a semi-private room was \$284 a day, an eight percent increase over the average daily rate of \$263 in 2004. The annual percentage change over the last five years was five percent for private pay rates.



In addition to inflation, the increased cost of nursing home care in 2005 may be in part attributed to a provider tax imposed on nursing facilities by the State of Connecticut as of July 1, 2005. As part of this action, the nursing facilities also received an increase in their Medicaid reimbursement rate, as mandated in Public Act 05-251.

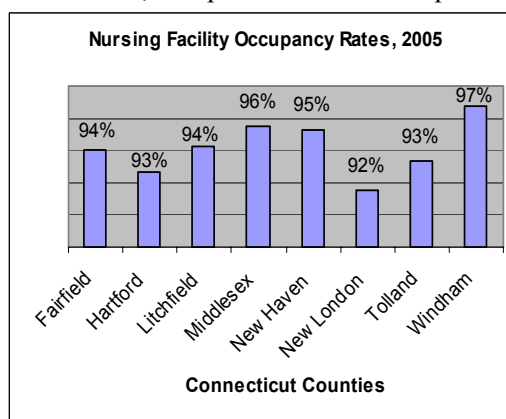
NURSING FACILITIES

On September 30, 2005, there were 247 licensed nursing facilities in Connecticut. The majority of these facilities were for profit (76%), a two percent increase from 2004. As in the previous year, virtually all of these facilities were certified by Medicare (99%) and 95 percent were certified by Medicaid.

In Connecticut, nursing facilities are licensed at two levels of care: Chronic and Convalescent Nursing Homes (CCNH), also known as Skilled Nursing Facilities, and Rest Homes with Nursing Supervision (RHNS), also called Intermediate Care Facilities. Of the 247 nursing facilities in Connecticut, 207 (84%) have a CCNH license, 33 (13%) have both a CCNH and a RHNS license, and seven facilities (3%) provide care under a RHNS license only.

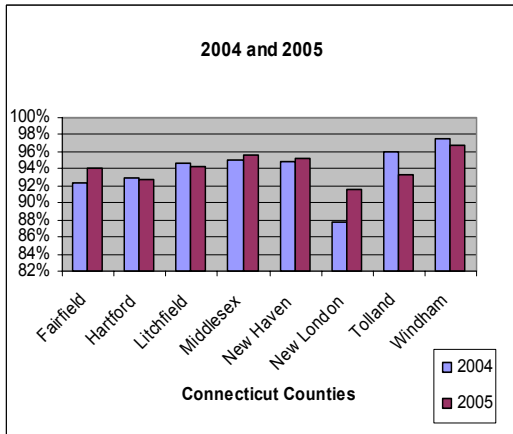
On September 30, 2005, there were 28,354 CCNH beds and 1,289 RHNS beds licensed in Connecticut. The number of CCNH beds remained basically stable between 2004 and 2005, with an increase of less than one-half of a percent (100). However, there was a 17 percent decrease (258) in RHNS beds from the previous year, continuing a trend of eliminating RHNS beds or converting them to CCNH beds.

Of the 29,643 licensed nursing facility beds in the state, 94 percent were occupied on



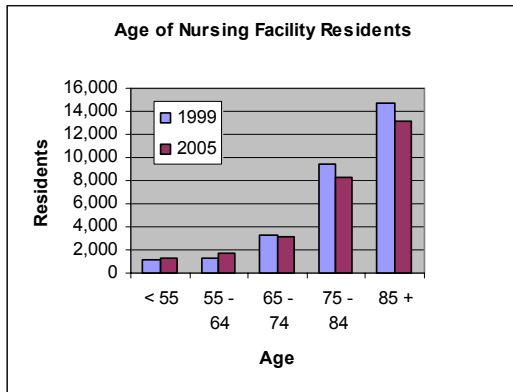
September 30, 2005. Regionally, the availability of beds varied, ranging from New London, with an occupancy rate of 92 percent to Windham County, with an occupancy rate of 97 percent.

There were some notable changes in bed occupancy between September 30th, 2004 and 2005. The percentage of beds occupied in New London County rose from 88 percent to 92 percent. Moving in the opposite direction, Tolland County dropped from an occupancy rate of 96 percent in 2004 to 93 percent in 2005.



RESIDENT DEMOGRAPHICS

On September 30, 2005, there were 27,840 individuals residing in Connecticut nursing facilities, a seven percent decrease from



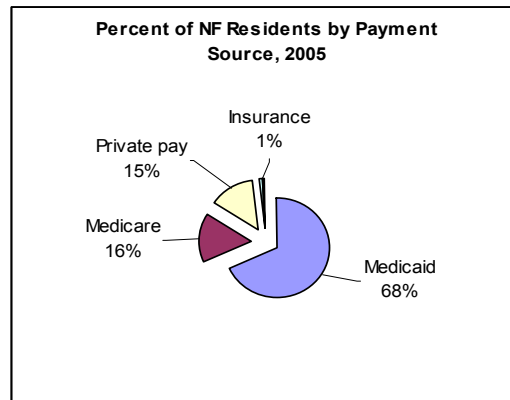
individuals receiving care in a nursing facility on the same date in 1999. In 2005, the majority of residents were white (89%),

female (71%), and without a spouse (83%); a profile that has remained consistent over the years. Ten percent of the residents were under age 65, 42 percent were between age 65 and 84, and 48 percent were age 85 or older.

In 2005 there were more residents under the age of 65 and fewer older residents than in 1999. During that time, the number of residents under age 55 increased by 18 percent and those between age 55 and 64 increased by 38 percent. A decrease of 11 percent was seen in residents 75 and older.

PAYMENT SOURCE

Medicaid remained the dominant source of payment for nursing facility stays in



Connecticut in 2005, covering 68 percent of the residents. Medicare covered the next largest segment of residents (16%), followed by residents who pay privately out-of-pocket (15%). The remaining one percent of residents were covered by either private medical insurance or long-term care insurance. Over 30 percent of long-term care insurance coverage was paid through Connecticut Partnership for Long-Term Care policies.

From 1997 until 2003, the State of Connecticut Nursing Facility Registry provided a longitudinal database of demographic and health data for all Connecticut nursing facility residents. Beginning in 2004, this registry was modified and renamed. The Connecticut Annual Nursing Facility Census provides aggregate information on the status of nursing facilities and their residents for September 30th of each year.

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