SELECT MEDICAL HOLDINGS CORPORATION
(Exact name of Registrant as specified in its Charter)

4714 Gettysburg Road, P.O. Box 2034
Mechanicsburg, PA 17055

(Registrant’s telephone number, including area code)

For the Quarterly Period Ended March 31, 2022

Select Medical Holdings Corporation had outstanding 130,627,340 shares of common stock.

Unless the context indicates otherwise, any reference in this report to “Holdings” refers to Select Medical Holdings Corporation and any reference to “Select” refers to Select Medical Corporation, the wholly owned operating subsidiary of Holdings, and any of Select’s subsidiaries. Any reference to “Concentra” refers to Concentra Group Holdings Parent, LLC (“Concentra Group Holdings Parent”) and its subsidiaries, including Concentra Inc. References to the “Company,” “we,” “us,” and “our” refer collectively to Holdings, Select, and Concentra.
TABLE OF CONTENTS

PART I     FINANCIAL INFORMATION 3
ITEM 1.   CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated balance sheets 3
Condensed consolidated statements of operations 4
Condensed consolidated statements of comprehensive income 5
Condensed consolidated statements of changes in equity and income 6
Condensed consolidated statements of cash flows 7
Notes to condensed consolidated financial statements 8

ITEM 2.   MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 19

ITEM 3.   QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK 38

ITEM 4.   CONTROLS AND PROCEDURES 38

PART II    OTHER INFORMATION 39
ITEM 1.   LEGAL PROCEEDINGS 39
ITEM 1A.  RISK FACTORS 39
ITEM 2.   UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS 39
ITEM 3.   DEFAULTS UPON SENIOR SECURITIES 39
ITEM 4.   MINE SAFETY DISCLOSURES 39
ITEM 5.   OTHER INFORMATION 39
ITEM 6.   EXHIBITS 40

SIGNATURES
## PART I: FINANCIAL INFORMATION
### ITEM 1.  CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Select Medical Holdings Corporation  
Condensed Consolidated Balance Sheets  
( unaudited )  
(in thousands, except share and per share amounts)  

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td>$7,360,171</td>
<td>$7,535,944</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>74,310</td>
<td>130,881</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>889,303</td>
<td>941,434</td>
</tr>
<tr>
<td>Prepaid income taxes</td>
<td>55,620</td>
<td>40,761</td>
</tr>
<tr>
<td>Other current assets</td>
<td>120,206</td>
<td>137,775</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,139,439</td>
<td>1,250,851</td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>1,078,754</td>
<td>1,102,710</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>961,467</td>
<td>952,926</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3,448,912</td>
<td>3,465,456</td>
</tr>
<tr>
<td>Identifiable intangible assets, net</td>
<td>374,879</td>
<td>368,850</td>
</tr>
<tr>
<td>Other assets</td>
<td>356,720</td>
<td>395,151</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7,360,171</td>
<td>$7,535,944</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td>$7,360,171</td>
<td>$7,535,944</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>42,353</td>
<td>34,745</td>
</tr>
<tr>
<td>Current operating lease liabilities</td>
<td>229,334</td>
<td>234,420</td>
</tr>
<tr>
<td>Current portion of long-term debt and notes payable</td>
<td>17,572</td>
<td>24,513</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>233,844</td>
<td>238,150</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>247,292</td>
<td>242,749</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>144,048</td>
<td>148,114</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>29,002</td>
<td>9,932</td>
</tr>
<tr>
<td>Accrued other</td>
<td>244,312</td>
<td>232,297</td>
</tr>
<tr>
<td>Government advances</td>
<td>83,790</td>
<td>20,862</td>
</tr>
<tr>
<td>Unearned government assistance</td>
<td>93</td>
<td>194</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,437</td>
<td>3,175</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>1,273,077</td>
<td>1,189,151</td>
</tr>
<tr>
<td>Non-current operating lease liabilities</td>
<td>916,540</td>
<td>938,423</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>3,556,385</td>
<td>3,738,299</td>
</tr>
<tr>
<td>Non-current deferred tax liability</td>
<td>142,792</td>
<td>156,407</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>106,442</td>
<td>105,098</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>5,995,236</td>
<td>6,127,378</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 14)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable non-controlling interests</td>
<td>39,033</td>
<td>41,670</td>
</tr>
<tr>
<td>Stockholders’ Equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.001 par value, 700,000,000 shares authorized, 133,884,817 and 131,769,303 shares issued and outstanding at 2021 and 2022, respectively</td>
<td>134</td>
<td>132</td>
</tr>
<tr>
<td>Capital in excess of par</td>
<td>504,314</td>
<td>489,794</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>593,251</td>
<td>596,079</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>12,282</td>
<td>52,135</td>
</tr>
<tr>
<td>Total Stockholders’ Equity</td>
<td>1,109,981</td>
<td>1,138,140</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>215,921</td>
<td>228,756</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,325,902</td>
<td>1,366,896</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>$7,360,171</td>
<td>$7,535,944</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed consolidated financial statements.
Select Medical Holdings Corporation  
Condensed Consolidated Statements of Operations  
( unaudited )  
(in thousands, except per share amounts)  

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1,546,463</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
</tr>
<tr>
<td>Cost of services, exclusive of depreciation and amortization</td>
<td>1,293,449</td>
</tr>
<tr>
<td>General and administrative</td>
<td>35,403</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>49,620</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>1,378,472</td>
</tr>
<tr>
<td>Other operating income</td>
<td>34,021</td>
</tr>
<tr>
<td>Income from operations</td>
<td>202,012</td>
</tr>
<tr>
<td>Other income and expense:</td>
<td></td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries</td>
<td>9,919</td>
</tr>
<tr>
<td>Interest income</td>
<td>4,749</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(34,402)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>182,278</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>45,064</td>
</tr>
<tr>
<td>Net income</td>
<td>137,214</td>
</tr>
<tr>
<td>Less: Net income attributable to non-controlling interests</td>
<td>26,668</td>
</tr>
<tr>
<td>Net income attributable to Select Medical Holdings Corporation</td>
<td>$110,546</td>
</tr>
<tr>
<td>Earnings per common share (Note 13):</td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>$0.82</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed consolidated financial statements.
<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Net income</td>
<td>$137,214</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax:</td>
<td></td>
</tr>
<tr>
<td>Gain on interest rate cap cash flow hedge</td>
<td>8,151</td>
</tr>
<tr>
<td>Reclassification adjustment for losses (gains) included in net income</td>
<td>—</td>
</tr>
<tr>
<td>Net change, net of tax benefit (expense) of $(2,834) and $(13,284)</td>
<td>8,151</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>145,365</td>
</tr>
<tr>
<td>Less: Comprehensive income attributable to non-controlling interests</td>
<td>26,668</td>
</tr>
<tr>
<td>Comprehensive income attributable to Select Medical Holdings Corporation</td>
<td>$118,697</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed consolidated financial statements.
### Select Medical Holdings Corporation

#### Condensed Consolidated Statements of Changes in Equity and Income
(unaudited)
(in thousands)

#### For the Three Months Ended March 31, 2022

<table>
<thead>
<tr>
<th>Total Stockholders’ Equity</th>
<th>Common Stock Issued</th>
<th>Common Stock Par Value</th>
<th>Capital in Excess of Par</th>
<th>Retained Earnings</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Total Stockholders’ Equity</th>
<th>Non-controlling Interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2021</td>
<td>133,884</td>
<td>$ 134</td>
<td>$ 504,314</td>
<td>$ 593,251</td>
<td>$ 12,282</td>
<td>$ 1,109,981</td>
<td>$ 215,921</td>
<td>$ 1,325,902</td>
</tr>
<tr>
<td>Net income attributable to Select Medical Holdings Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends declared for common stockholders ($0.125 per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(16,691)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of restricted stock</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vesting of restricted stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,288</td>
<td>8,288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase of common shares</td>
<td>(2,128)</td>
<td>(2)</td>
<td>(23,459)</td>
<td>(28,215)</td>
<td></td>
<td>(51,676)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of non-controlling interests</td>
<td>651</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests acquired in business combination, measurement period adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to and purchases of non-controlling interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption value adjustment on non-controlling interests</td>
<td>(1,381)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,381)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>39,853</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2022</td>
<td>131,769</td>
<td>$ 132</td>
<td>$ 489,794</td>
<td>$ 596,079</td>
<td>$ 52,135</td>
<td>$ 1,138,140</td>
<td>$ 228,756</td>
<td>$ 1,366,896</td>
</tr>
</tbody>
</table>

#### For the Three Months Ended March 31, 2021

<table>
<thead>
<tr>
<th>Total Stockholders’ Equity</th>
<th>Common Stock Issued</th>
<th>Common Stock Par Value</th>
<th>Capital in Excess of Par</th>
<th>Retained Earnings</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Total Stockholders’ Equity</th>
<th>Non-controlling Interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2020</td>
<td>134,850</td>
<td>$ 135</td>
<td>$ 509,128</td>
<td>$ 553,244</td>
<td>(2,027)</td>
<td>$ 1,060,480</td>
<td>$ 192,493</td>
<td>$ 1,252,973</td>
</tr>
<tr>
<td>Net income attributable to Select Medical Holdings Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of restricted stock</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeitures of unvested restricted stock</td>
<td>(14)</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vesting of restricted stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,173</td>
<td>6,173</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests acquired in business combination</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to and purchases of non-controlling interests</td>
<td>(787)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(13,458)</td>
<td>(14,245)</td>
<td></td>
</tr>
<tr>
<td>Redemption value adjustment on non-controlling interests</td>
<td>(38,405)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>8,151</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(178)</td>
<td>(4)</td>
<td>(182)</td>
<td></td>
<td></td>
<td>371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at March 31, 2021</td>
<td>134,838</td>
<td>$ 135</td>
<td>$ 514,336</td>
<td>$ 625,381</td>
<td>$ 6,124</td>
<td>$ 1,145,976</td>
<td>$ 204,641</td>
<td>$ 1,350,617</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed consolidated financial statements.
## Condensed Consolidated Statements of Cash Flows

### (unaudited)

(in thousands)

**For the Three Months Ended March 31,**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$137,214</td>
<td>$55,926</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions from unconsolidated subsidiaries</td>
<td>11,633</td>
<td>7,486</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>49,620</td>
<td>51,039</td>
</tr>
<tr>
<td>Provision for expected credit losses</td>
<td>67</td>
<td>94</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries</td>
<td>(9,919)</td>
<td>(5,397)</td>
</tr>
<tr>
<td>Loss (gain) on sale or disposal of assets</td>
<td>72</td>
<td>(23)</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>6,709</td>
<td>8,823</td>
</tr>
<tr>
<td>Amortization of debt discount, premium and issuance costs</td>
<td>543</td>
<td>558</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(897)</td>
<td>420</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities, net of effects of business combinations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(60,142)</td>
<td>(52,225)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(4,425)</td>
<td>(1,819)</td>
</tr>
<tr>
<td>Other assets</td>
<td>961</td>
<td>2,686</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>23,460</td>
<td>16,074</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>21,167</td>
<td>(31,076)</td>
</tr>
<tr>
<td>Government advances</td>
<td>—</td>
<td>(62,928)</td>
</tr>
<tr>
<td>Unearned government assistance</td>
<td>19,207</td>
<td>101</td>
</tr>
<tr>
<td>Income taxes</td>
<td>44,618</td>
<td>16,598</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$239,888</td>
<td>$6,337</td>
</tr>
</tbody>
</table>

| **Investing activities** |        |        |
| Business combinations, net of cash acquired | (6,314) | (5,186) |
| Purchases of property and equipment | (39,719) | (46,845) |
| Investment in businesses | (6,571) | (3,337) |
| Proceeds from sale of assets | 19 | 37 |
| **Net cash used in investing activities** | (52,585) | (55,331) |

| **Financing activities** |        |        |
| Borrowings on revolving facilities | — | 280,000 |
| Payments on revolving facilities | — | (100,000) |
| Borrowings of other debt | 8,915 | 15,794 |
| Principal payments on other debt | (9,342) | (9,188) |
| Dividends paid to common stockholders | — | (16,691) |
| Repurchase of common stock | — | (51,676) |
| Decrease in overdrafts | — | (7,608) |
| Proceeds from issuance of non-controlling interests | — | 5,229 |
| Distributions to and purchases of non-controlling interests | (13,663) | (10,295) |
| **Net cash provided by (used in) financing activities** | (14,090) | 105,565 |
| **Net increase in cash and cash equivalents** | 750,274 | 130,881 |

| **Supplemental Information** |        |        |
| Cash paid for interest | $52,470 | $53,517 |
| Cash paid for taxes | 1,343 | 923 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*
1. **Basis of Presentation**

The unaudited condensed consolidated financial statements of Select Medical Holdings Corporation (“Holdings”) include the accounts of its wholly owned subsidiary, Select Medical Corporation (“Select”). Holdings conducts substantially all of its business through Select and its subsidiaries. Holdings, Select, and Select’s subsidiaries are collectively referred to as the “Company.” The unaudited condensed consolidated financial statements of the Company as of March 31, 2022, and for the three month periods ended March 31, 2021 and 2022, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim reporting and the accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, certain information and disclosures required by GAAP, which are normally included in the notes to the consolidated financial statements, have been condensed or omitted pursuant to those rules and regulations, although the Company believes the disclosure is adequate to make the information presented not misleading. In the opinion of management, such information contains all adjustments, which are normal and recurring in nature, necessary for a fair statement of the financial position, results of operations and cash flow for such periods. All significant intercompany transactions and balances have been eliminated.

The results of operations for the three months ended March 31, 2022, are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2022. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2021, contained in the Company’s Annual Report on Form 10-K filed with the SEC on February 24, 2022.

2. **Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

3. **Credit Risk Concentrations**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash balances and accounts receivable. The Company’s excess cash is held with large financial institutions. The Company grants unsecured credit to its patients, most of whom reside in the service area of the Company’s facilities and are insured under third-party payor agreements.

Because of the diversity in the Company’s non-governmental third-party payor base, as well as their geographic dispersion, accounts receivable due from the Medicare program represent the Company’s only significant concentration of credit risk. Approximately 15% of the Company’s accounts receivable is due from Medicare at both December 31, 2021 and March 31, 2022.

4. **Redeemable Non-Controlling Interests**

The ownership interests held by outside parties in subsidiaries, which include limited liability companies and limited partnerships, controlled by the Company are classified as non-controlling interests. Some of the Company’s non-controlling ownership interests consist of outside parties that have certain redemption rights that, if exercised, require the Company to purchase the parties’ ownership interests. These interests are classified and reported as redeemable non-controlling interests and have been adjusted to their approximate redemption values, after the attribution of net income or loss.
The changes in redeemable non-controlling interests are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of January 1</td>
<td>$398,171</td>
<td>$39,033</td>
</tr>
<tr>
<td>Net income attributable to redeemable non-controlling interests</td>
<td>9,626</td>
<td>1,918</td>
</tr>
<tr>
<td>Distributions to and purchases of redeemable non-controlling interests</td>
<td>(614)</td>
<td>(1,198)</td>
</tr>
<tr>
<td>Redemption value adjustment on redeemable non-controlling interests</td>
<td>38,405</td>
<td>1,381</td>
</tr>
<tr>
<td>Other</td>
<td>343</td>
<td>536</td>
</tr>
<tr>
<td>Balance as of March 31</td>
<td>$445,931</td>
<td>$41,670</td>
</tr>
</tbody>
</table>

5. Variable Interest Entities

Certain states prohibit the “corporate practice of medicine,” which restricts the Company from owning medical practices which directly employ physicians and from exercising control over medical decisions by physicians. In these states, the Company enters into long-term management agreements with medical practices that are owned by licensed physicians, which, in turn, employ or contract with physicians who provide professional medical services. The management agreements provide for the Company to direct the transfer of ownership of the medical practices to new licensed physicians at any time. Based on the provisions of the management agreements, the medical practices are variable interest entities for which the Company is the primary beneficiary.

As of December 31, 2021 and March 31, 2022, the total assets of the Company’s variable interest entities were $225.1 million and $242.0 million, respectively, and are principally comprised of accounts receivable. As of December 31, 2021 and March 31, 2022, the total liabilities of the Company’s variable interest entities were $74.8 million and $79.1 million, respectively, and are principally comprised of accounts payable and accrued expenses. These variable interest entities have obligations payable for services received under their management agreements with the Company of $150.3 million and $163.4 million as of December 31, 2021 and March 31, 2022, respectively. These intercompany balances are eliminated in consolidation.

6. Leases

The Company has operating and finance leases for its facilities. The Company leases its corporate office space from related parties.

The Company’s total lease cost is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease cost</td>
<td>$70,114</td>
<td>$1,799</td>
</tr>
<tr>
<td>Finance lease cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of right-of-use assets</td>
<td>35</td>
<td>—</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>251</td>
<td>—</td>
</tr>
<tr>
<td>Short-term lease cost</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Variable lease cost</td>
<td>13,009</td>
<td>3</td>
</tr>
<tr>
<td>Sublease income</td>
<td>(2,234)</td>
<td>—</td>
</tr>
<tr>
<td>Total lease cost</td>
<td>$81,175</td>
<td>$1,802</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease cost</td>
<td>$73,962</td>
<td>$1,809</td>
</tr>
<tr>
<td>Finance lease cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of right-of-use assets</td>
<td>347</td>
<td>—</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>340</td>
<td>—</td>
</tr>
<tr>
<td>Short-term lease cost</td>
<td>35</td>
<td>—</td>
</tr>
<tr>
<td>Variable lease cost</td>
<td>13,655</td>
<td>39</td>
</tr>
<tr>
<td>Sublease income</td>
<td>(1,966)</td>
<td>—</td>
</tr>
<tr>
<td>Total lease cost</td>
<td>$86,373</td>
<td>$1,848</td>
</tr>
</tbody>
</table>

Table of Contents
Supplemental cash flow information related to leases is as follows:

<table>
<thead>
<tr>
<th>Three Months Ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Cash paid for amounts included in the measurement of lease liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flows for operating leases</td>
<td>72,437</td>
<td>77,689</td>
</tr>
<tr>
<td>Operating cash flows for finance leases</td>
<td>251</td>
<td>340</td>
</tr>
<tr>
<td>Financing cash flows for finance leases</td>
<td>58</td>
<td>344</td>
</tr>
<tr>
<td>Right-of-use assets obtained in exchange for lease liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>79,987</td>
<td>88,636</td>
</tr>
<tr>
<td>Finance leases</td>
<td>138</td>
<td>—</td>
</tr>
</tbody>
</table>

Supplemental balance sheet information related to leases is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrelated Parties</td>
<td>Related Parties</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Leases</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>$ 1,052,603</td>
<td>$ 26,151</td>
</tr>
<tr>
<td>Current operating lease liabilities</td>
<td>$ 222,865</td>
<td>$ 6,469</td>
</tr>
<tr>
<td>Non-current operating lease liabilities</td>
<td>894,104</td>
<td>22,436</td>
</tr>
<tr>
<td>Total operating lease liabilities</td>
<td>$ 1,116,969</td>
<td>$ 28,905</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrelated Parties</td>
<td>Related Parties</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td><strong>Finance Leases</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 8,505</td>
<td>$ —</td>
</tr>
<tr>
<td>Current portion of long-term debt and notes payable</td>
<td>$ 1,404</td>
<td>$ —</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>16,679</td>
<td>—</td>
</tr>
<tr>
<td>Total finance lease liabilities</td>
<td>$ 18,083</td>
<td>$ —</td>
</tr>
</tbody>
</table>

The weighted average remaining lease terms and discount rates are as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weighted average remaining lease term (in years):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>7.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Finance leases</td>
<td>24.7</td>
<td>24.8</td>
</tr>
<tr>
<td><strong>Weighted average discount rate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>5.6 %</td>
<td>5.6 %</td>
</tr>
<tr>
<td>Finance leases</td>
<td>7.4 %</td>
<td>7.4 %</td>
</tr>
</tbody>
</table>
As of March 31, 2022, maturities of lease liabilities are approximately as follows:

<table>
<thead>
<tr>
<th></th>
<th>Operating Leases</th>
<th>Finance Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>2022 (remainder of year)</td>
<td>$222,152</td>
<td>$2,040</td>
</tr>
<tr>
<td>2023</td>
<td>259,672</td>
<td>2,747</td>
</tr>
<tr>
<td>2024</td>
<td>219,375</td>
<td>2,384</td>
</tr>
<tr>
<td>2025</td>
<td>175,699</td>
<td>2,101</td>
</tr>
<tr>
<td>2026</td>
<td>145,837</td>
<td>2,126</td>
</tr>
<tr>
<td>Thereafter</td>
<td>495,998</td>
<td>28,181</td>
</tr>
<tr>
<td>Total undiscounted cash flows</td>
<td>1,518,733</td>
<td>39,579</td>
</tr>
<tr>
<td>Less: Imputed interest</td>
<td>345,890</td>
<td>21,840</td>
</tr>
<tr>
<td>Total discounted lease liabilities</td>
<td>$1,172,843</td>
<td>$17,739</td>
</tr>
</tbody>
</table>

7. Intangible Assets

Goodwill

The following table shows changes in the carrying amounts of goodwill by reporting unit for the three months ended March 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Critical Illness Recovery Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2021</td>
<td>$1,131,440</td>
<td>$442,155</td>
<td>$654,125</td>
<td>$1,221,192</td>
<td>$3,448,912</td>
</tr>
<tr>
<td>Acquisition of businesses</td>
<td>—</td>
<td>—</td>
<td>409</td>
<td>2,884</td>
<td>3,293</td>
</tr>
<tr>
<td>Measurement period adjustment</td>
<td>13,251</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13,251</td>
</tr>
<tr>
<td>Balance as of March 31, 2022</td>
<td>$1,144,691</td>
<td>$442,155</td>
<td>$654,534</td>
<td>$1,224,076</td>
<td>$3,465,456</td>
</tr>
</tbody>
</table>

Identifiable Intangible Assets

The following table provides the gross carrying amounts, accumulated amortization, and net carrying amounts for the Company’s identifiable intangible assets:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>March 31, 2022</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Carrying Amount</td>
<td>Accumulated Amortization</td>
<td>Net Carrying Amount</td>
<td>Gross Carrying Amount</td>
<td>Accumulated Amortization</td>
<td>Net Carrying Amount</td>
<td>Gross Carrying Amount</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Indefinite-lived intangible assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trademarks</td>
<td>$166,698</td>
<td>—</td>
<td>$166,698</td>
<td>$166,698</td>
<td>—</td>
<td>$166,698</td>
<td>$166,698</td>
</tr>
<tr>
<td>Certificates of need</td>
<td>21,478</td>
<td>—</td>
<td>21,478</td>
<td>21,625</td>
<td>—</td>
<td>21,625</td>
<td>21,478</td>
</tr>
<tr>
<td>Accreditations</td>
<td>1,874</td>
<td>—</td>
<td>1,874</td>
<td>1,874</td>
<td>—</td>
<td>1,874</td>
<td>1,874</td>
</tr>
<tr>
<td>Finite-lived intangible assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trademarks</td>
<td>5,000</td>
<td>(5,000)</td>
<td>—</td>
<td>5,000</td>
<td>(5,000)</td>
<td>—</td>
<td>5,000</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>304,289</td>
<td>(141,111)</td>
<td>163,178</td>
<td>305,839</td>
<td>(148,283)</td>
<td>157,556</td>
<td>304,289</td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>36,746</td>
<td>(15,095)</td>
<td>21,651</td>
<td>37,087</td>
<td>(15,990)</td>
<td>21,097</td>
<td>36,746</td>
</tr>
<tr>
<td>Total identifiable intangible assets</td>
<td>$536,085</td>
<td>$(161,206)</td>
<td>$374,879</td>
<td>$538,123</td>
<td>$(169,273)</td>
<td>$368,850</td>
<td>$536,085</td>
</tr>
</tbody>
</table>

The Company’s accreditations and trademarks have renewal terms and the costs to renew these intangible assets are expensed as incurred. At March 31, 2022, the accreditations and trademarks have a weighted average time until next renewal of 1.5 years and 7.5 years, respectively.

The Company’s finite-lived intangible assets amortize over their estimated useful lives. Amortization expense was $7.1 million and $7.6 million for the three months ended March 31, 2021 and 2022, respectively.
8. Long-Term Debt and Notes Payable

As of March 31, 2022, the Company’s long-term debt and notes payable were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Principal Outstanding</th>
<th>Unamortized Premium (Discount)</th>
<th>Unamortized Issuance Costs</th>
<th>Carrying Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.250% senior notes</strong></td>
<td>$1,225,000</td>
<td>$26,131</td>
<td>$(13,121)</td>
<td>$1,237,919</td>
<td>$1,262,118</td>
</tr>
<tr>
<td>Credit facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving facility</td>
<td>340,000</td>
<td>—</td>
<td>—</td>
<td>340,000</td>
<td>338,725</td>
</tr>
<tr>
<td>Term loan</td>
<td>2,103,437</td>
<td>(5,890)</td>
<td>(6,421)</td>
<td>2,091,126</td>
<td>2,079,773</td>
</tr>
<tr>
<td>Other debt, including</td>
<td>93,961</td>
<td>—</td>
<td>(194)</td>
<td>93,767</td>
<td>93,767</td>
</tr>
<tr>
<td>finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>$3,762,398</td>
<td>$20,241</td>
<td>$(19,827)</td>
<td>$3,762,812</td>
<td>$3,774,383</td>
</tr>
</tbody>
</table>

Principal maturities of the Company’s long-term debt and notes payable were approximately as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.250% senior notes</strong></td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
<td>$1,225,000</td>
<td>$ —</td>
<td>$1,225,000</td>
</tr>
<tr>
<td>Credit facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving facility</td>
<td>—</td>
<td>—</td>
<td>340,000</td>
<td>—</td>
<td>—</td>
<td>340,000</td>
<td></td>
</tr>
<tr>
<td>Term loan</td>
<td>—</td>
<td>4,757</td>
<td>11,150</td>
<td>2,087,530</td>
<td>—</td>
<td>—</td>
<td>2,103,437</td>
</tr>
<tr>
<td>Other debt, including</td>
<td>22,143</td>
<td>31,064</td>
<td>26,081</td>
<td>1,824</td>
<td>1,286</td>
<td>11,563</td>
<td>93,961</td>
</tr>
<tr>
<td>finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>$ 22,143</td>
<td>$ 35,821</td>
<td>$ 377,231</td>
<td>$ 2,089,354</td>
<td>$ 1,226,286</td>
<td>$ 11,563</td>
<td>$3,762,398</td>
</tr>
</tbody>
</table>

As of December 31, 2021, the Company’s long-term debt and notes payable were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Principal Outstanding</th>
<th>Unamortized Premium (Discount)</th>
<th>Unamortized Issuance Costs</th>
<th>Carrying Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.250% senior notes</strong></td>
<td>$1,225,000</td>
<td>$27,635</td>
<td>$(13,951)</td>
<td>$1,238,684</td>
<td>$1,297,104</td>
</tr>
<tr>
<td>Credit facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving facility</td>
<td>160,000</td>
<td>—</td>
<td>—</td>
<td>160,000</td>
<td>159,400</td>
</tr>
<tr>
<td>Term loan</td>
<td>2,103,437</td>
<td>(6,386)</td>
<td>(6,961)</td>
<td>2,090,090</td>
<td>2,087,661</td>
</tr>
<tr>
<td>Other debt, including</td>
<td>85,398</td>
<td>—</td>
<td>(215)</td>
<td>85,183</td>
<td>85,183</td>
</tr>
<tr>
<td>finance leases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>$3,573,835</td>
<td>$21,249</td>
<td>$(21,127)</td>
<td>$3,573,957</td>
<td>$3,629,348</td>
</tr>
</tbody>
</table>

9. Interest Rate Cap

The Company is subject to market risk exposure arising from changes in interest rates on its term loan, which bears interest at a rate that is indexed to one-month LIBOR. The Company’s objective in using an interest rate derivative is to mitigate its exposure to increases in interest rates. The interest rate cap limits the Company’s exposure to increases in the one-month LIBOR rate to 1.0% on $2.0 billion of principal outstanding under the term loan, as the interest rate cap provides for payments from the counterparty when interest rates rise above 1.0%. The interest rate cap has a $2.0 billion notional amount and became effective March 31, 2021 for the monthly periods from and including April 30, 2021 through September 30, 2024. The Company will pay a monthly premium for the interest rate cap over the term of the agreement. The annual premium is equal to 0.0916% of the notional amount, or approximately $1.8 million.

The interest rate cap has been designated as a cash flow hedge and is highly effective at offsetting the changes in cash outflows when one-month LIBOR exceeds 1.0%. Changes in the fair value of the interest rate cap, net of tax, are recognized in other comprehensive income and are reclassified out of accumulated other comprehensive income and into interest expense when the hedged interest obligations affect earnings.
The following table outlines the changes in accumulated other comprehensive income, net of tax, during the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1</td>
<td>$(2,027)</td>
<td>$12,282</td>
</tr>
<tr>
<td>Gain on interest rate cap cash flow hedge</td>
<td>8,151</td>
<td>39,814</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive income</td>
<td>—</td>
<td>39</td>
</tr>
<tr>
<td>Balance as of March 31</td>
<td>$6,124</td>
<td>$52,135</td>
</tr>
</tbody>
</table>

The Company expects that approximately $16.9 million of estimated pre-tax gains will be reclassified from accumulated other comprehensive income into interest expense within the next twelve months.

Refer to Note 10 – Fair Value of Financial Instruments for information on the fair value of the Company’s interest rate cap contract and its balance sheet classification.

10. Fair Value of Financial Instruments

Financial instruments which are measured at fair value, or for which a fair value is disclosed, are classified in the fair value hierarchy, as outlined below, on the basis of the observability of the inputs used in the fair value measurement:

• Level 1 – inputs are based upon quoted prices for identical instruments in active markets.
• Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data.
• Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the instrument.

The Company’s interest rate cap contract is recorded at its fair value in the condensed consolidated balance sheets on a recurring basis. The fair value of the interest rate cap contract is based upon a model-derived valuation using observable market inputs, such as interest rates and interest rate volatility, and the strike price.

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Balance Sheet Classification</th>
<th>Level</th>
<th>December 31, 2021 (in thousands)</th>
<th>March 31, 2022 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate cap contract, current portion</td>
<td>Other current assets</td>
<td>Level 2</td>
<td>$ —</td>
<td>$15,745</td>
</tr>
<tr>
<td>Interest rate cap contract, non-current portion</td>
<td>Other assets</td>
<td>Level 2</td>
<td>18,055</td>
<td>55,523</td>
</tr>
</tbody>
</table>

The Company does not measure its indebtedness at fair value in its condensed consolidated balance sheets. The fair value of the credit facilities is based on quoted market prices for this debt in the syndicated loan market. The fair value of the senior notes is based on quoted market prices. The carrying value of the Company’s other debt, as disclosed in Note 8 – Long-Term Debt and Notes Payable, approximates fair value.

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Level</th>
<th>December 31, 2021 (in thousands)</th>
<th>March 31, 2022 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.250% senior notes</td>
<td>Level 2</td>
<td>$1,238,684</td>
<td>$1,297,104</td>
</tr>
<tr>
<td>Credit facilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving facility</td>
<td>Level 2</td>
<td>160,000</td>
<td>159,400</td>
</tr>
<tr>
<td>Term loan</td>
<td>Level 2</td>
<td>2,090,090</td>
<td>2,087,661</td>
</tr>
</tbody>
</table>

The Company’s other financial instruments, which primarily consist of cash and cash equivalents, accounts receivable, and accounts payable, approximate fair value because of the short-term maturities of these instruments.
11. Segment Information

The Company’s reportable segments consist of the critical illness recovery hospital segment, rehabilitation hospital segment, outpatient rehabilitation segment, and Concentra segment. Other activities include the Company’s corporate shared services, certain investments, and employee leasing services with non-consolidating subsidiaries.

The Company evaluates the performance of its segments based on Adjusted EBITDA. Adjusted EBITDA is defined as earnings excluding interest, income taxes, depreciation and amortization, gain (loss) on early retirement of debt, stock compensation expense, gain (loss) on sale of businesses, and equity in earnings (losses) of unconsolidated subsidiaries. The Company has provided additional information regarding its reportable segments, such as total assets, which contributes to the understanding of the Company and provides useful information to the users of the consolidated financial statements.

The following tables summarize selected financial data for the Company’s reportable segments.

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$594,872</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>207,804</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>251,961</td>
</tr>
<tr>
<td>Concentra</td>
<td>422,840</td>
</tr>
<tr>
<td>Other</td>
<td>68,986</td>
</tr>
<tr>
<td>Total Company</td>
<td>$1,546,463</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted EBITDA:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$113,272</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>50,534</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>26,329</td>
</tr>
<tr>
<td>Concentra</td>
<td>82,015</td>
</tr>
<tr>
<td>Other (1)</td>
<td>(13,809)</td>
</tr>
<tr>
<td>Total Company</td>
<td>$258,341</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$2,233,067</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>1,188,387</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>1,321,268</td>
</tr>
<tr>
<td>Concentra</td>
<td>2,468,157</td>
</tr>
<tr>
<td>Other</td>
<td>709,902</td>
</tr>
<tr>
<td>Total Company</td>
<td>$7,920,781</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchases of property and equipment:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$14,385</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>665</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>7,335</td>
</tr>
<tr>
<td>Concentra</td>
<td>12,680</td>
</tr>
<tr>
<td>Other</td>
<td>4,654</td>
</tr>
<tr>
<td>Total Company</td>
<td>$39,719</td>
</tr>
</tbody>
</table>

(1) For the three months ended March 31, 2021, Adjusted EBITDA included other operating income of $16.1 million related to the recognition of payments received under the Provider Relief Fund for health care related expenses and loss of revenue attributable to the coronavirus disease 2019 ("COVID-19").
A reconciliation of Adjusted EBITDA to income before income taxes is as follows:

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2021</th>
<th>Critical Illness Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$113,272</td>
<td>$50,534</td>
<td>$26,329</td>
<td>$82,015</td>
<td>$13,809</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(13,050)</td>
<td>(7,060)</td>
<td>(7,191)</td>
<td>(19,898)</td>
<td>(2,421)</td>
<td></td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(536)</td>
<td>(6,173)</td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>$100,222</td>
<td>$43,474</td>
<td>$19,138</td>
<td>$61,581</td>
<td>$22,403</td>
<td>$202,012</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries</td>
<td>9,919</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,749</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(34,402)</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$182,278</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2022</th>
<th>Critical Illness Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$35,967</td>
<td>$42,379</td>
<td>$26,596</td>
<td>$89,469</td>
<td>$30,564</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(14,618)</td>
<td>(6,802)</td>
<td>(8,029)</td>
<td>(18,812)</td>
<td>(2,778)</td>
<td></td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(535)</td>
<td>(8,288)</td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>$21,349</td>
<td>$35,577</td>
<td>$18,567</td>
<td>$70,122</td>
<td>$41,630</td>
<td>$103,985</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries</td>
<td>5,397</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(35,514)</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$73,868</td>
</tr>
</tbody>
</table>

12. Revenue from Contracts with Customers

The following tables disaggregate the Company’s revenue for the three months ended March 31, 2021 and 2022:

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2021</th>
<th>Critical Illness Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient service revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>$232,140</td>
<td>$102,375</td>
<td>$36,291</td>
<td>$230</td>
<td>—</td>
<td>$371,036</td>
</tr>
<tr>
<td>Non-Medicare</td>
<td>361,152</td>
<td>95,342</td>
<td>200,819</td>
<td>420,654</td>
<td>—</td>
<td>1,077,967</td>
</tr>
<tr>
<td>Total patient services revenues</td>
<td>593,292</td>
<td>197,717</td>
<td>237,110</td>
<td>420,884</td>
<td>—</td>
<td>1,449,003</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,580</td>
<td>10,087</td>
<td>14,851</td>
<td>1,956</td>
<td>68,986</td>
<td>97,460</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$594,872</td>
<td>$207,804</td>
<td>$251,961</td>
<td>$422,840</td>
<td>68,986</td>
<td>$1,546,463</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2022</th>
<th>Critical Illness Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient service revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>$218,987</td>
<td>$103,021</td>
<td>$41,904</td>
<td>$177</td>
<td>—</td>
<td>$364,089</td>
</tr>
<tr>
<td>Non-Medicare</td>
<td>380,986</td>
<td>107,142</td>
<td>214,113</td>
<td>422,046</td>
<td>—</td>
<td>1,124,287</td>
</tr>
<tr>
<td>Total patient services revenues</td>
<td>599,973</td>
<td>210,163</td>
<td>256,017</td>
<td>422,223</td>
<td>—</td>
<td>1,488,376</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,782</td>
<td>10,471</td>
<td>15,923</td>
<td>1,200</td>
<td>81,795</td>
<td>111,171</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$601,755</td>
<td>$220,634</td>
<td>$271,940</td>
<td>$423,423</td>
<td>81,795</td>
<td>$1,599,547</td>
</tr>
</tbody>
</table>
13. Earnings per Share

The Company’s capital structure includes common stock and unvested restricted stock awards. To compute earnings per share (“EPS”), the Company applies the two-class method because the Company’s unvested restricted stock awards are participating securities which are entitled to participate equally with the Company’s common stock in undistributed earnings. Application of the Company’s two-class method is as follows:

(i) Net income attributable to the Company is reduced by the amount of dividends declared and by the contractual amount of dividends that must be paid for the current period for each class of stock. There were no contractual dividends paid for the three months ended March 31, 2021 and 2022.

(ii) The remaining undistributed net income of the Company is then equally allocated to its common stock and unvested restricted stock awards, as if all of the earnings for the period had been distributed. The total net income allocated to each security is determined by adding both distributed and undistributed net income for the period.

(iii) The net income allocated to each security is then divided by the weighted average number of outstanding shares for the period to determine the EPS for each security considered in the two-class method.

The following table sets forth the net income attributable to the Company, its common shares outstanding, and its participating securities outstanding.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$137,214</td>
<td>$55,926</td>
<td></td>
</tr>
<tr>
<td>Less: net income</td>
<td>26,668</td>
<td>6,809</td>
<td></td>
</tr>
<tr>
<td>attributable to</td>
<td>110,546</td>
<td>49,117</td>
<td></td>
</tr>
<tr>
<td>non-controlling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>interests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable</td>
<td>3,698</td>
<td>1,643</td>
<td></td>
</tr>
<tr>
<td>to the Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributed and</td>
<td>106,848</td>
<td>47,474</td>
<td></td>
</tr>
<tr>
<td>undistributed income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>attributable to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>participating securities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following tables set forth the computation of EPS under the two-class method:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>(in thousands, except for per share amounts)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income Allocation</td>
<td>106,848</td>
<td>47,474</td>
<td></td>
</tr>
<tr>
<td>Shares&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>130,329</td>
<td>129,010</td>
<td></td>
</tr>
<tr>
<td>Basic and Diluted EPS</td>
<td>82</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Net Income Allocation</td>
<td>3,698</td>
<td>1,643</td>
<td></td>
</tr>
<tr>
<td>Shares&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>4,511</td>
<td>4,464</td>
<td></td>
</tr>
<tr>
<td>Basic and Diluted EPS</td>
<td>82</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Total Company</td>
<td>110,546</td>
<td>49,117</td>
<td></td>
</tr>
</tbody>
</table>

(1) Represents the weighted average share count outstanding during the period.
14. Commitments and Contingencies

Litigation

The Company is a party to various legal actions, proceedings, and claims (some of which are not insured), and regulatory and other governmental audits and investigations in the ordinary course of its business. The Company cannot predict the ultimate outcome of pending litigation, proceedings, and regulatory and other governmental audits and investigations. These matters could potentially subject the Company to sanctions, damages, recoupments, fines, and other penalties. The Department of Justice, Centers for Medicare & Medicaid Services ("CMS"), or other federal and state enforcement and regulatory agencies may conduct additional investigations related to the Company’s businesses in the future that may, either individually or in the aggregate, have a material adverse effect on the Company’s business, financial position, results of operations, and liquidity.

To address claims arising out of the Company’s operations, the Company maintains professional malpractice liability insurance and general liability insurance coverages through a number of different programs that are dependent upon such factors as the state where the Company is operating and whether the operations are wholly owned or are operated through a joint venture. For the Company’s wholly owned operations, the Company currently maintains insurance coverages under a combination of policies with a total annual aggregate limit of up to $37.0 million for professional malpractice liability insurance and $40.0 million for general liability insurance. The Company’s insurance for the professional liability coverage is written on a “claims-made” basis, and its commercial general liability coverage is maintained on an “occurrence” basis. These coverages apply after a self-insured retention limit is exceeded. For the Company’s joint venture operations, the Company has designed a separate insurance program that responds to the risks of specific joint ventures. Most of the Company’s joint ventures are insured under a master program with an annual aggregate limit of up to $80.0 million, subject to a sublimit aggregate ranging from $23.0 million to $33.0 million for most joint ventures. The policies are generally written on a “claims-made” basis. Each of these programs has either a deductible or self-insured retention limit. The Company also maintains additional types of liability insurance covering claims which, due to their nature or amount, are not covered by or not fully covered by the Company’s professional and general liability insurance policies. These insurance policies also do not generally cover punitive damages and are subject to various deductibles and policy limits. The Company reviews its insurance program annually and may make adjustments to the amount of insurance coverage and self-insured retentions in future years. Significant legal actions, as well as the cost and possible lack of available insurance, could subject the Company to substantial uninsured liabilities. In the Company’s opinion, the outcome of these actions, individually or in the aggregate, will not have a material adverse effect on its financial position, results of operations, or cash flows.

Healthcare providers are subject to lawsuits under the qui tam provisions of the federal False Claims Act. Qui tam lawsuits typically remain under seal (hence, usually unknown to the defendant) for some time while the government decides whether or not to intervene on behalf of a private qui tam plaintiff (known as a relator) and take the lead in the litigation. These lawsuits can involve significant monetary damages and penalties and award bounties to private plaintiffs who successfully bring the suits. The Company is and has been a defendant in these cases in the past, and may be named as a defendant in similar cases from time to time in the future.

Oklahoma City Subpoena. On August 24, 2020, the Company and Select Specialty Hospital – Oklahoma City, Inc. ("SSH–Oklahoma City") received Civil Investigative Demands from the U.S. Attorney’s Office for the Western District of Oklahoma seeking responses to interrogatories and the production of various documents principally relating to the documentation, billing and reviews of medical services furnished to patients at SSH-Oklahoma City. The Company does not know whether the subpoena has been issued in connection with a qui tam lawsuit or in connection with possible civil, criminal or administrative proceedings by the government. The Company is producing documents in response to the subpoena and is fully cooperating with this investigation. At this time, the Company is unable to predict the timing and outcome of this matter.
**New Jersey Litigation.**  In December 2020, the United States District Court for the District of New Jersey unsealed a qui tam complaint in the United States of America and State of New Jersey ex rel. Keith A. DiLello, Sr. v. Hackensack Meridian Health, Jersey Shore University Medical Center, Ocean Medical Center, Seaview Orthopaedics, Shrewsbury Surgery Center, Kessler Rehabilitation, Dr. Halambros Demetriades, Dr. Theodore Kutzan, Dr. Adam Myers, Dr. Hoan-Vu Nguyen, Dr. Frederick De Paola, ABC Corporations 1-10, and John/Jane Does 1-10, Case 3:20-cv-02949-FLW-ZNQ. The complaint was filed under seal in March 2020 and was unsealed after the United States and the State of New Jersey declined to intervene in the case. In the complaint, the plaintiff-relator, an automobile accident victim and former patient of the defendant providers, alleges that they routinely billed both personal injury protection (“PIP”) carriers and CMS. He alleges that they violated federal and state law by billing CMS when other insurance is available and failing to return payment to CMS after payment was made by the PIP carriers. In March 2021, defendant Kessler Rehabilitation waived service of process of the complaint. In April 2022, the Court granted defendant Kessler Rehabilitation’s motion to dismiss the complaint, dismissing all counts without prejudice. The Court also gave the plaintiff-relator leave to amend his complaint, within 30 days of the Court’s order, to cure the deficiencies outlined in the Court’s opinion. The Company intends to vigorously defend this action, but at this time the Company is unable to predict the timing and outcome of this matter.

**Physical Therapy Billing.**  On October 7, 2021, the Company received a one-page letter from a Trial Attorney at the U.S. Department of Justice, Civil Division, Commercial Litigation Branch, Fraud Section (“DOJ”). The letter stated that the DOJ, in conjunction with the U.S. Department of Health and Human Services, is investigating the Company in connection with potential violations of the False Claims Act, 31 U.S.C. § 3729, *et seq.* The letter specified that the investigation relates to the Company’s billing of physical therapy services. The Company is producing documents and data in response to such letter and is fully cooperating with this investigation. At this time, the Company is unable to predict the timing and outcome of this matter.

15. **Subsequent Event**

On May 5, 2022, the Company’s board of directors declared a cash dividend of $0.125 per share. The dividend will be payable on or about June 1, 2022 to stockholders of record as of the close of business on May 19, 2022.
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion together with our unaudited condensed consolidated financial statements and accompanying notes.

Forward-Looking Statements

This report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “target,” “estimate,” “project,” “intend,” and similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, including the potential impact of the COVID-19 pandemic on those financial and operating results, our business strategy and means to implement our strategy, our objectives, the amount and timing of capital expenditures, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs, and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding our services, the expansion of our services, competitive conditions, and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- developments related to the COVID-19 pandemic including, but not limited to, the duration and severity of the pandemic, additional measures taken by government authorities and the private sector to limit the spread of COVID-19, and further legislative and regulatory actions which impact healthcare providers, including actions that may impact the Medicare program;
- changes in government reimbursement for our services and/or new payment policies may result in a reduction in revenue, an increase in costs, and a reduction in profitability;
- the failure of our Medicare-certified long term care hospitals or inpatient rehabilitation facilities to maintain their Medicare certifications may cause our revenue and profitability to decline;
- the failure of our Medicare-certified long term care hospitals and inpatient rehabilitation facilities operated as “hospitals within hospitals” to qualify as hospitals separate from their host hospitals may cause our revenue and profitability to decline;
- a government investigation or assertion that we have violated applicable regulations may result in sanctions or reputational harm and increased costs;
- acquisitions or joint ventures may prove difficult or unsuccessful, use significant resources, or expose us to unforeseen liabilities;
- our plans and expectations related to our acquisitions and our ability to realize anticipated synergies;
- private third-party payors for our services may adopt payment policies that could limit our future revenue and profitability;
- the failure to maintain established relationships with the physicians in the areas we serve could reduce our revenue and profitability;
- shortages in qualified nurses, therapists, physicians, or other licensed providers, or the inability to attract or retain healthcare professionals due to the heightened risk of infection related to the COVID-19 pandemic, could increase our operating costs significantly or limit our ability to staff our facilities;
- competition may limit our ability to grow and result in a decrease in our revenue and profitability;
- the loss of key members of our management team could significantly disrupt our operations;
- the effect of claims asserted against us could subject us to substantial uninsured liabilities;
- a security breach of our or our third-party vendors’ information technology systems may subject us to potential legal and reputational harm and may result in a violation of the Health Insurance Portability and Accountability Act of 1996 or the Health Information Technology for Economic and Clinical Health Act; and
• other factors discussed from time to time in our filings with the SEC, including factors discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as such risk factors may be updated from time to time in our periodic filings with the SEC.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events, or otherwise. You should not place undue reliance on our forward-looking statements. Although we believe that the expectations reflected in forward-looking statements are reasonable, we cannot guarantee future results or performance.

Investors should also be aware that while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to securities analysts any material non-public information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any securities analyst irrespective of the content of the statement or report. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of the Company.

Overview

We began operations in 1997 and, based on number of facilities, are one of the largest operators of critical illness recovery hospitals, rehabilitation hospitals, outpatient rehabilitation clinics, and occupational health centers in the United States. As of March 31, 2022, we had operations in 46 states and the District of Columbia. We operated 105 critical illness recovery hospitals in 28 states, 30 rehabilitation hospitals in 12 states, and 1,901 outpatient rehabilitation clinics in 38 states and the District of Columbia. Concentra operated 518 occupational health centers in 41 states as of March 31, 2022. Concentra also provides contract services at employer worksites.

Our reportable segments include the critical illness recovery hospital segment, the rehabilitation hospital segment, the outpatient rehabilitation segment, and the Concentra segment. We had revenue of $1,599.5 million for the three months ended March 31, 2022. Of this total, we earned approximately 38% of our revenue from our critical illness recovery hospital segment, approximately 14% from our rehabilitation hospital segment, approximately 17% from our outpatient rehabilitation segment, and approximately 26% from our Concentra segment. Our critical illness recovery hospital segment consists of hospitals designed to serve the needs of patients recovering from critical illnesses, often with complex medical needs, and our rehabilitation hospital segment consists of hospitals designed to serve patients that require intensive physical rehabilitation care. Patients are typically admitted to our critical illness recovery hospitals and rehabilitation hospitals from general acute care hospitals. Our outpatient rehabilitation segment consists of clinics that provide physical, occupational, and speech rehabilitation services. Our Concentra segment consists of occupational health centers that provide workers’ compensation injury care, physical therapy, and consumer health services as well as onsite clinics located at employer worksites that deliver occupational medicine services.
Non-GAAP Measure

We believe that the presentation of Adjusted EBITDA, as defined below, is important to investors because Adjusted EBITDA is commonly used as an analytical indicator of performance by investors within the healthcare industry. Adjusted EBITDA is used by management to evaluate financial performance and determine resource allocation for each of our segments. Adjusted EBITDA is not a measure of financial performance under GAAP. Items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, income from operations, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Adjusted EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying definitions, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.

We define Adjusted EBITDA as earnings excluding interest, income taxes, depreciation and amortization, gain (loss) on early retirement of debt, stock compensation expense, gain (loss) on sale of businesses, and equity in earnings (losses) of unconsolidated subsidiaries. We will refer to Adjusted EBITDA throughout the remainder of Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following table reconciles net income and income from operations to Adjusted EBITDA and should be referenced when we discuss Adjusted EBITDA:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021  (in thousands)</td>
<td>2022</td>
</tr>
<tr>
<td>Net income</td>
<td>$137,214</td>
<td>$55,926</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>45,064</td>
<td>17,942</td>
</tr>
<tr>
<td>Interest expense</td>
<td>34,402</td>
<td>35,514</td>
</tr>
<tr>
<td>Interest income</td>
<td>(4,749)</td>
<td>—</td>
</tr>
<tr>
<td>Equity in earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of unconsolidated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Included in general</td>
<td>5,460</td>
<td>6,949</td>
</tr>
<tr>
<td>and administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Included in cost of</td>
<td>1,249</td>
<td>1,874</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td>49,620</td>
<td>51,039</td>
</tr>
<tr>
<td>amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$258,341</td>
<td>$163,847</td>
</tr>
</tbody>
</table>
**Effects of the COVID-19 Pandemic on our Results of Operations**

We have provided revenue and certain operating statistics below for each of our segments for the three months ended March 31, 2022 and 2021, as well as the comparable pre-COVID-19 pandemic period in 2019. We believe this additional data provides insight into how each segment has performed in comparison to the year prior to the widespread emergence of COVID-19 in the United States. The effects of the COVID-19 pandemic, including the duration and extent of disruption on our operations, continues to create uncertainties about our future operating results and financial condition. Please refer to the risk factors in Item 1A and the section titled “Effects of the COVID-19 Pandemic on our Results of Operations” in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021 for further discussion.

### Critical Illness Recovery Hospital

<table>
<thead>
<tr>
<th></th>
<th>Revenue (in thousands)</th>
<th>Patient Days</th>
<th>Occupancy Rate</th>
<th>Number of Hospitals(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$457,534</td>
<td>258,129</td>
<td>71 %</td>
<td>96</td>
</tr>
<tr>
<td>2021</td>
<td>$594,872</td>
<td>293,118</td>
<td>75 %</td>
<td>99</td>
</tr>
<tr>
<td>2022</td>
<td>$601,755</td>
<td>289,217</td>
<td>71 %</td>
<td>105</td>
</tr>
</tbody>
</table>

### Rehabilitation Hospital

<table>
<thead>
<tr>
<th></th>
<th>Revenue (in thousands)</th>
<th>Patient Days</th>
<th>Occupancy Rate</th>
<th>Number of Hospitals(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$154,558</td>
<td>82,816</td>
<td>76 %</td>
<td>18</td>
</tr>
<tr>
<td>2021</td>
<td>$207,804</td>
<td>102,439</td>
<td>84 %</td>
<td>20</td>
</tr>
<tr>
<td>2022</td>
<td>$220,634</td>
<td>103,802</td>
<td>84 %</td>
<td>20</td>
</tr>
</tbody>
</table>

### Outpatient Rehabilitation

<table>
<thead>
<tr>
<th></th>
<th>Revenue (in thousands)</th>
<th>Visits (in thousands)</th>
<th>Working Days(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$246,905</td>
<td>2,054,483</td>
<td>63</td>
</tr>
<tr>
<td>2021</td>
<td>$251,961</td>
<td>2,100,154</td>
<td>63</td>
</tr>
<tr>
<td>2022</td>
<td>$271,940</td>
<td>2,310,086</td>
<td>64</td>
</tr>
</tbody>
</table>

### Concentra

<table>
<thead>
<tr>
<th></th>
<th>Revenue (in thousands)</th>
<th>Visits (in thousands)</th>
<th>Working Days(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$396,321</td>
<td>2,911,607</td>
<td>63</td>
</tr>
<tr>
<td>2021</td>
<td>$422,840</td>
<td>2,795,574</td>
<td>63</td>
</tr>
<tr>
<td>2022</td>
<td>$423,423</td>
<td>3,116,898</td>
<td>64</td>
</tr>
</tbody>
</table>

(1) Represents the number of hospitals included in our consolidated financial results at the end of each period presented and does not include the managed hospitals in which we have a minority ownership interest.

(2) Represents the number of days in which normal business operations were conducted during the periods presented.

Please refer to “Summary Financial Results” and “Results of Operations” for further discussion of our segment performance measures for the three months ended March 31, 2021 and 2022. Please refer to “Operating Statistics” for further discussion regarding the uses and calculations of the metrics provided above, as well as the operating statistics data for each segment for the three months ended March 31, 2021 and 2022.

**Other Significant Events**

**Dividend Payments**

On February 17, 2022, the Company’s board of directors declared a cash dividend of $0.125 per share. The dividend, totaling $16.7 million, was paid on March 16, 2022 to stockholders of record as of the close of business on March 4, 2022.
Summary Financial Results

**Three Months Ended March 31, 2022**

The following tables reconcile our segment performance measures to our consolidated operating results:

### Three Months Ended March 31, 2022

<table>
<thead>
<tr>
<th>Critical Illness Recovery Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 601,755</td>
<td>$ 220,634</td>
<td>$ 271,940</td>
<td>$ 423,423</td>
<td>$ 81,795</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(565,788)</td>
<td>(178,255)</td>
<td>(245,344)</td>
<td>(334,489)</td>
<td>(120,647)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(14,618)</td>
<td>(6,802)</td>
<td>(8,029)</td>
<td>(18,812)</td>
<td>(2,778)</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>$ 21,349</td>
<td>$ 35,577</td>
<td>$ 18,567</td>
<td>$ 70,122</td>
<td>(41,630)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>14,618</td>
<td>6,802</td>
<td>8,029</td>
<td>18,812</td>
<td>2,778</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>535</td>
<td>8,288</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 35,967</td>
<td>$ 42,379</td>
<td>$ 26,596</td>
<td>$ 89,469</td>
<td>(30,564)</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>6.0 %</td>
<td>19.2 %</td>
<td>9.8 %</td>
<td>21.1 %</td>
<td>N/M</td>
</tr>
</tbody>
</table>

### Three Months Ended March 31, 2021

<table>
<thead>
<tr>
<th>Critical Illness Recovery Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 594,872</td>
<td>$ 207,804</td>
<td>$ 251,961</td>
<td>$ 422,840</td>
<td>$ 68,986</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(499,487)</td>
<td>(157,270)</td>
<td>(225,632)</td>
<td>(341,361)</td>
<td>(105,102)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(13,050)</td>
<td>(7,060)</td>
<td>(7,191)</td>
<td>(19,898)</td>
<td>(2,421)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>17,887</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16,134</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>$ 100,222</td>
<td>$ 43,474</td>
<td>$ 19,138</td>
<td>$ 61,581</td>
<td>(22,403)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,050</td>
<td>7,060</td>
<td>7,191</td>
<td>19,898</td>
<td>2,421</td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>536</td>
<td>6,173</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 113,272</td>
<td>$ 50,534</td>
<td>$ 26,329</td>
<td>$ 82,015</td>
<td>(13,809)</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>19.0 %</td>
<td>24.3 %</td>
<td>10.4 %</td>
<td>19.4 %</td>
<td>N/M</td>
</tr>
</tbody>
</table>

Net income was $55.9 million for the three months ended March 31, 2022, compared to $137.2 million for the three months ended March 31, 2021.

The following table summarizes the changes in our segment performance measures for the three months ended March 31, 2022, compared to the three months ended March 31, 2021:

<table>
<thead>
<tr>
<th>Critical Illness Recovery Hospital</th>
<th>Rehabilitation Hospital</th>
<th>Outpatient Rehabilitation</th>
<th>Concentra</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in revenue</td>
<td>1.2 %</td>
<td>6.2 %</td>
<td>7.9 %</td>
<td>0.1 %</td>
<td>18.6 %</td>
</tr>
<tr>
<td>Change in income from operations</td>
<td>(78.7)%</td>
<td>(18.2)%</td>
<td>(3.0)%</td>
<td>13.9%</td>
<td>N/M</td>
</tr>
<tr>
<td>Change in Adjusted EBITDA</td>
<td>(68.2)%</td>
<td>(16.1)%</td>
<td>1.0%</td>
<td>9.1%</td>
<td>N/M</td>
</tr>
</tbody>
</table>

N/M — Not meaningful.
Regulatory Changes

Our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 24, 2022, contains a detailed discussion of the regulations that affect our business in Part I — Business — Government Regulations. The following is a discussion of some of the more significant healthcare regulatory changes that have affected our financial performance in the periods covered by this report, or are likely to affect our financial performance and financial condition in the future. The information below should be read in conjunction with the more detailed discussion of regulations contained in our Form 10-K.

Medicare Reimbursement

The Medicare program reimburses healthcare providers for services furnished to Medicare beneficiaries, which are generally persons age 65 and older, those who are chronically disabled, and those suffering from end stage renal disease. The program is governed by the Social Security Act of 1965 and is administered primarily by the Department of Health and Human Services (“HHS”) and CMS. Revenue generated directly from the Medicare program represented approximately 23% of our revenue for both the three months ended March 31, 2022 and for the year ended December 31, 2021.

Federal Health Care Program Changes in Response to the COVID-19 Pandemic

On January 31, 2020, HHS declared a public health emergency under section 319 of the Public Health Service Act, 42 U.S.C. § 247d, in response to the COVID-19 outbreak in the United States. The HHS Secretary renewed the public health emergency determination for 90-day periods effective on April 26, 2020, July 25, 2020, October 23, 2020, January 21, 2021, April 21, 2021, July 20, 2021, October 18, 2021, January 16, 2022, and April 16, 2022. On March 13, 2020, President Trump declared a national emergency due to the COVID-19 pandemic and the HHS Secretary authorized the waiver or modification of certain requirements under Medicare, Medicaid and the Children’s Health Insurance Program (“CHIP”) pursuant to section 1135 of the Social Security Act. Under this authority, CMS issued a number of blanket waivers that excuse health care providers or suppliers from specific program requirements. The following blanket waivers, while in effect, may impact our results of operations:

i. Inpatient rehabilitation facilities (“IRFs”), IRF units, and hospitals and units applying to be classified as IRFs, can exclude patients admitted solely to respond to the emergency from the calculation of the “60 percent rule” thresholds to receive payment as an IRF.

ii. Long-term care hospitals (“LTCHs”) are exempt from the greater-than-25-day average length of stay requirement for all cost reporting periods that include the COVID-19 public health emergency period. Hospitals seeking LTCH classification can exclude patient stays from the greater-than-25-day average length of stay requirement where the patient was admitted or discharged to meet the demands of the COVID-19 public health emergency.

iii. Medicare expanded the types of health care professionals who can furnish telehealth services to include all those who are eligible to bill Medicare for their professional services. This allows health care professionals who were previously ineligible to furnish and bill for Medicare telehealth services, including physical therapists, occupational therapists, speech language pathologists, and others, to receive payment for Medicare telehealth services.

iv. Medicare will not require out-of-state physician and non-physician practitioners to be licensed in the state where they are providing services when they are licensed in another state, subject to certain conditions and state or local licensure requirements.

v. Many requirements under the hospital conditions of participation (“CoPs”) are waived during the emergency period to give hospitals more flexibility in treating COVID-19 patients.

vi. Hospitals can operate temporary expansion locations without meeting the provider-based entity requirements or certain requirements in the physical environment CoP for hospitals during the emergency. This waiver also allows hospitals to change the status of their current provider-based department locations to meet patient needs as part of the state or local pandemic plan.

vii. The HHS Secretary waived sanctions under the physician self-referral law (i.e., Stark law) for certain types of remuneration and referral arrangements that are related to a COVID-19 purpose. The Office of the Inspector General (“OIG”) will also exercise enforcement discretion to not impose administrative sanctions under the federal anti-kickback statute for many payments covered by the Stark law waivers.
Pursuant to the Coronavirus Preparedness and Response Supplemental Appropriations Act, Public Law 116-123, CMS has waived Medicare telehealth payment requirements during the emergency so that beneficiaries in all areas of the country (not just rural areas) can receive telehealth services, including in their homes, beginning on March 6, 2020. CMS issued additional waivers to permit more than 160 additional services to be furnished by telehealth, allow physicians to monitor patient services remotely, and fulfill face-to-face requirements in IRFs.

In addition to these agency actions, the CARES Act was enacted on March 27, 2020. It provides additional waivers, reimbursement, grants and other funds to assist health care providers during the COVID-19 public health emergency. Some of the CARES Act provisions that may impact our operations include:

i. $100 billion in appropriations for the Public Health and Social Services Emergency Fund to be used for preventing, preparing, and responding to COVID-19 and for reimbursing “eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus.” The Paycheck Protection Program and Health Care Enhancement Act, Public Law 116-139, added $75 billion to this fund. The Consolidated Appropriations Act, 2021, added another $3 billion to this fund. HHS began distributing these funds to providers in April 2020. HHS initially allocated funds for a general distribution to providers that received Medicare fee-for-service payments in 2019. Later general distributions required providers to submit an application to HHS. Other funding was allocated for targeted distributions for specific provider types. Recipients of payments must report data to HHS on the use of the funds via an online portal by specific deadlines established by HHS based on the date of the payment. Any funds that a provider does not apply towards expenses or lost revenue attributable to COVID-19 must be returned to HHS within 30 calendar days after the end of the applicable reporting period. All recipients of funds are subject to audit by HHS, the HHS OIG, or the Pandemic Response Accountability Committee. Audits may include examination of the accuracy of the data providers submitted to HHS in their applications for payments.

ii. Expansion of the Accelerated and Advance Payment Program to advance three months of payments to Medicare providers. CMS has the ability to recoup the advanced payments through future Medicare claims. Section 2501 of the Continuing Appropriations Act, 2021 and Other Extensions Act, Public Law 116-159, modified the terms of repayment so that a provider can request no recoupment for one year after the advanced payment was issued, followed by a 25% offset the next 11 months, and a 50% offset the last 6 months. Any amounts that remain unpaid after 29 months will be subject to a 4% interest rate (instead of 10.25%). CMS began recouping advance payments on March 30, 2021, but the actual date for each provider is based on the first anniversary of when the provider received the first payment. CMS publishes repayment data every six months, beginning June 28, 2021.

iii. Temporary suspension of the 2% cut to Medicare payments due to sequestration so that, for the period of May 1, 2020 to December 31, 2020, the Medicare program would be exempt from any sequestration order. The Consolidated Appropriations Act, 2021, extended this temporary suspension of the 2% sequestration cut through March 31, 2021. The Medicare sequester relief bill, which became Public Law 117-7, extended the temporary suspension of the sequestration cut again, through December 31, 2021. To pay for the continued suspension of the sequestration cuts through December 31, 2021, Congress increased the sequestration cut that will apply in fiscal year 2030. The Protecting Medicare and American Farmers from Sequester Cuts Act, signed into law by President Biden on December 10, 2021, further extended the suspension of the sequestration cut through March 31, 2022, and reduces the sequestration cut to 1% from April 1, 2022 through June 30, 2022. The full 2% sequestration cut will resume July 1, 2022. To pay for this relief, Congress increased the sequestration cut to Medicare payments to 2.25% for the first six months of fiscal year 2030 and to 3% for the final six months of fiscal year 2030. The same legislation defers an across-the-board 4% payment cut due to the American Rescue Plan from the FY 2022 Statutory Pay-As-You-Go (“PAYGO”) scorecard to the FY 2023 PAYGO scorecard.

iv. Two waivers of Medicare statutory requirements regarding site neutral payment to LTCHs. The first waives the LTCH discharge payment percentage requirement (i.e., 50% rule) for the cost reporting period(s) that include the emergency period. The second waives application of the site neutral payment rate so that all LTCH cases admitted during the emergency period will be paid the LTCH-PPS standard federal rate.

v. Waiver of the IRF 3-hour rule so that IRF services provided during the public health emergency period do not need to meet the coverage requirement that patients receive at least 3 hours of therapy a day or 15 hours of therapy per week.

vi. Broader waiver authority for HHS under section 1135 of the Social Security Act to issue additional telehealth waivers.
Medicare Reimbursement of LTCH Services

The following is a summary of significant regulatory changes to the Medicare prospective payment system for our critical illness recovery hospitals, which are certified by Medicare as LTCHs, which have affected our results of operations, as well as the policies and payment rates that may affect our future results of operations. Medicare payments to our critical illness recovery hospitals are made in accordance with the long-term care hospital prospective payment system (“LTCH-PPS”).

**Fiscal Year 2021.** On September 18, 2020, CMS published the final rule updating policies and payment rates for the LTCH-PPS for fiscal year 2021 (affecting discharges and cost reporting periods beginning on or after October 1, 2020 through September 30, 2021). Certain errors in the final rule were corrected in a document published December 7, 2020. The standard federal rate was set at $43,755, an increase from the standard federal rate applicable during fiscal year 2020 of $42,678. The update to the standard federal rate for fiscal year 2021 included a market basket increase of 2.3% with no productivity adjustment. The standard federal rate also included an area wage budget neutrality factor of 1.0016837. The fixed-loss amount for high cost outlier cases paid under LTCH-PPS was set at $30,988, an increase from the fixed-loss amount in the 2020 fiscal year of $26,778. The fixed-loss amount for high cost outlier cases paid under the site-neutral payment rate was set at $29,064, an increase from the fixed-loss amount in the 2020 fiscal year of $26,552.

**Fiscal Year 2022.** On August 13, 2021, CMS published the final rule updating policies and payment rates for the LTCH-PPS for fiscal year 2022 (affecting discharges and cost reporting periods beginning on or after October 1, 2021 through September 30, 2022). The standard federal rate was set at $44,714, an increase from the standard federal rate applicable during fiscal year 2021 of $43,755. The update to the standard federal rate for fiscal year 2022 included a market basket increase of 2.6%, less a productivity adjustment of 0.7%. The standard federal rate also included an area wage budget neutrality factor of 1.002848. As a result of the CARES Act, all LTCH cases are paid at the standard federal rate during the public health emergency. If the public health emergency ends during fiscal year 2022, then CMS will return to using the site-neutral payment rate for reimbursement of cases that do not meet the LTCH patient criteria. The fixed-loss amount for high cost outlier cases paid under LTCH-PPS was set at $33,015, an increase from the fixed-loss amount in the 2021 fiscal year of $27,195. The fixed-loss amount for high cost outlier cases paid under the site-neutral payment rate was set at $30,988, an increase from the fixed-loss amount in the 2021 fiscal year of $29,064.

**Fiscal Year 2023.** On April 18, 2022, CMS released a display copy of the proposed rule to update policies and payment rates for the LTCH-PPS for fiscal year 2023 (affecting discharges and cost reporting periods beginning on or after October 1, 2022 through September 30, 2023). CMS is expected to issue the final rule in August 2022 or shortly thereafter. The proposed standard federal rate for fiscal year 2023 is $45,953, an increase from the standard federal rate applicable during fiscal year 2022 of $44,714. The proposed update to the standard federal rate for fiscal year 2023 includes a market basket increase of 3.1%, less a productivity adjustment of 0.4%. The proposed standard federal rate also includes an area wage budget neutrality factor of 1.000691. As a result of the CARES Act, all LTCH cases are paid at the standard federal rate during the public health emergency. If the public health emergency ends before or during fiscal year 2023, then CMS will return to using the site-neutral payment rate for reimbursement of cases that do not meet the LTCH patient criteria. The proposed fixed-loss amount for high cost outlier cases paid under LTCH-PPS is $44,182, an increase from the fixed-loss amount in the 2022 fiscal year of $33,015. The proposed fixed-loss amount for high cost outlier cases paid under the site-neutral payment rate is $43,214, an increase from the fixed-loss amount in the 2022 fiscal year of $30,988.

Medicare Reimbursement of IRF Services

The following is a summary of significant regulatory changes to the Medicare prospective payment system for our rehabilitation hospitals, which are certified by Medicare as IRFs, which have affected our results of operations, as well as the policies and payment rates that may affect our future results of operations. Medicare payments to our rehabilitation hospitals are made in accordance with the inpatient rehabilitation facility prospective payment system (“IRF-PPS”).

**Fiscal Year 2021.** On August 10, 2020, CMS published the final rule updating policies and payment rates for the IRF-PPS for fiscal year 2021 (affecting discharges and cost reporting periods beginning on or after October 1, 2020 through September 30, 2021). The standard payment conversion factor for discharges for fiscal year 2021 was set at $16,856, an increase from the standard payment conversion factor applicable during fiscal year 2020 of $16,489. The update to the standard payment conversion factor for fiscal year 2021 included a market basket increase of 2.4% with no productivity adjustment. CMS decreased the outlier threshold amount for fiscal year 2021 to $7,906 from $9,300 established in the final rule for fiscal year 2020.
Fiscal Year 2022. On August 4, 2021, CMS published the final rule updating policies and payment rates for the IRF-PPS for fiscal year 2022 (affecting discharges and cost reporting periods beginning on or after October 1, 2021 through September 30, 2022). The standard payment conversion factor for discharges for fiscal year 2022 was set at $17,240, an increase from the standard payment conversion factor applicable during fiscal year 2021 of $16,856. The update to the standard payment conversion factor for fiscal year 2022 included a market basket increase of 2.6%, less a productivity adjustment of 0.7%. CMS increased the outlier threshold amount for fiscal year 2022 to $9,491 from $7,906 established in the final rule for fiscal year 2021.

Fiscal Year 2023. On April 6, 2022, CMS published a proposed rule to update policies and payment rates for the IRF-PPS for fiscal year 2023 (affecting discharges and cost reporting periods beginning on or after October 1, 2022 through September 30, 2023). The standard payment conversion factor for discharges for fiscal year 2023, if adopted, would be set at $17,698, an increase from the standard payment conversion factor applicable during fiscal year 2022 of $17,240. The update to the standard payment conversion factor for fiscal year 2023, if adopted, would include a market basket increase of 3.2%, less a productivity adjustment of 0.4%. CMS proposed to increase the outlier threshold amount for fiscal year 2023 to $13,038 from $9,491 established in the final rule for fiscal year 2022.

Medicare Reimbursement of Outpatient Rehabilitation Clinic Services

Outpatient rehabilitation providers enroll in Medicare as a rehabilitation agency, a clinic, or a public health agency. The Medicare program reimburses outpatient rehabilitation providers based on the Medicare physician fee schedule. For services provided in 2017 through 2019, a 0.5% update was applied each year to the fee schedule payment rates, subject to an adjustment beginning in 2019 under the Merit-Based Incentive Payment System (“MIPS”). In 2019, CMS added physical and occupational therapists to the list of MIPS eligible clinicians. For these therapists in private practice, payments under the fee schedule are subject to adjustment in a later year based on their performance in MIPS according to established performance standards. Calendar year 2021 is the first year that payments are adjusted, based upon the therapist’s performance under MIPS in 2019. Providers in facility-based outpatient therapy settings are excluded from MIPS eligibility and therefore not subject to this payment adjustment. For services provided in 2020 through 2025, a 0.0% percent update will be applied each year to the fee schedule payment rates, subject to adjustments under MIPS and the alternative payment models (“APMs”). In 2026 and subsequent years, eligible professionals participating in APMs who meet certain criteria would receive annual updates of 0.75%, while all other professionals would receive annual updates of 0.25%.

Each year from 2019 through 2024 eligible clinicians who receive a significant share of their revenues through an advanced APM (such as accountable care organizations or bundled payment arrangements) that involves risk of financial losses and a quality measurement component will receive a 5% bonus. The bonus payment for APM participation is intended to encourage participation and testing of new APMs and to promote the alignment of incentives across payors.

In the 2020 Medicare physician fee schedule final rule, CMS refined enrollment and payment policies and increased the valuation for evaluation and management (“E/M”) office visit codes, beginning in 2021. Because the Medicare physician fee schedule is budget-neutral, any revaluation of E/M services that will increase spending by more than $20 million requires a budget neutrality adjustment. To increase values for the E/M codes while maintaining budget neutrality under the fee schedule, CMS cut the values of other codes to make up the difference, beginning in 2021.

In the 2021 Medicare physician fee schedule final rule, CMS increased the values for the E/M office visit codes and cuts to other specialty codes to maintain budget neutrality. As a result, therapy services provided in our outpatient rehabilitation clinics received an estimated 3.6% decrease in payment from Medicare in calendar year 2021. The Consolidated Appropriations Act, 2021, provided relief in the form of a one-time 3.75% increase in payments in calendar year 2021 for therapy services and other services paid under the physician fee schedule.

In the calendar year 2022 physician fee schedule final rule, CMS announced that Medicare payments for the therapy specialty are expected to decrease 1% in 2022. After CMS issued the final rule, Congress passed the Protecting Medicare and American Farmers from Sequester Cuts Act, which provided in Section 3 a one-time 3% increase in payments in calendar year 2022 to offset most of the 3.75% cut to payments for therapy services and other services paid under the physician fee schedule. In the final rule, CMS also adopted its plan to transition the MIPS program to MIPS Value Pathways (“MVPs”). CMS will begin the transition to MVPs in 2023 with an initial set of MVPs in which reporting is voluntary. Beginning in 2026, multispecialty groups must form subgroups to report MVPs. CMS plans to develop more MVPs from 2024 to 2027 and is considering that MVP reporting would become mandatory in 2028. Each MVP would include population health claims-based measures and require clinicians to report on the Promoting Interoperability performance category measures. In addition, MVP participants would select certain quality measures and improvement activities and then report data for such measures and activities.
Modifiers to Identify Services of Physical Therapy Assistants or Occupational Therapy Assistants

In the Medicare physician fee schedule final rule for calendar year 2019, CMS established two new modifiers (CQ and CO) to identify services furnished in whole or in part by physical therapy assistants (“PTAs”) or occupational therapy assistants (“OTAs”). These modifiers were mandated by the Bipartisan Budget Act of 2018, which requires that claims for outpatient therapy services furnished in whole or part by therapy assistants on or after January 1, 2020 include the appropriate modifier. In the final 2020 Medicare physician fee schedule rule, CMS clarified that when the physical therapist is involved for the entire duration of the service and the PTA provides skilled therapy alongside the physical therapist, the CQ modifier is not required. Also, when the same service (code) is furnished separately by the physical therapist and PTA, CMS will apply the de minimis standard to each 15-minute unit of codes, not on the total physical therapist and PTA time of the service, allowing the separate reporting, on two different claim lines, of the number of units to which the new modifiers apply and the number of units to which the modifiers do not apply. In the calendar year 2022 physician fee schedule final rule, CMS implemented the final part of the requirements in the Bipartisan Budget Act of 2018 regarding PTA and OTA services. For dates of service on and after January 1, 2022, CMS will pay for physical therapy and occupational therapy services provided by PTAs and OTAs at 85% of the otherwise applicable Part B payment amount. CMS also modified the de minimis standard for calendar year 2022. Specifically, CMS will allow a timed service to be billed without the CQ or CO modifier when a PTA or OTA participates in providing care, but the physical therapist or occupational therapist meets the Medicare billing requirements without including the PTA’s or OTA’s minutes. This occurs when the physical therapist or occupational therapist provides more minutes than the 15-minute midpoint.
Operating Statistics

The following table sets forth operating statistics for each of our reportable segments for the periods presented. The operating statistics reflect data for the period of time we managed these operations. Our operating statistics include metrics we believe provide relevant insight about the number of facilities we operate, volume of services we provide to our patients, and average payment rates for services we provide. These metrics are utilized by management to monitor trends and performance in our businesses and therefore may be important to investors because management may assess our performance based in part on such metrics. Other healthcare providers may present similar statistics, and these statistics are susceptible to varying definitions. Our statistics as presented may not be comparable to other similarly titled statistics of other companies.

### Critical illness recovery hospital data:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consolidated hospitals—start of period</td>
<td>99</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Number of hospitals acquired</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of hospital start-ups</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Number of hospitals closed/sold</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of consolidated hospitals—end of period&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>99</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>Available licensed beds&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>4,380</td>
<td>4,524</td>
<td></td>
</tr>
<tr>
<td>Admissions&lt;sup&gt;(3)(4)&lt;/sup&gt;</td>
<td>9,859</td>
<td>9,457</td>
<td></td>
</tr>
<tr>
<td>Patient days&lt;sup&gt;(3)(5)&lt;/sup&gt;</td>
<td>293,118</td>
<td>289,217</td>
<td></td>
</tr>
<tr>
<td>Average length of stay (days)&lt;sup&gt;(3)(6)&lt;/sup&gt;</td>
<td>30</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Revenue per patient day&lt;sup&gt;(3)(7)&lt;/sup&gt;</td>
<td>$2,024</td>
<td>$2,075</td>
<td></td>
</tr>
<tr>
<td>Occupancy rate&lt;sup&gt;(3)(8)&lt;/sup&gt;</td>
<td>75 %</td>
<td>71 %</td>
<td></td>
</tr>
<tr>
<td>Percent patient days—Medicare&lt;sup&gt;(3)(9)&lt;/sup&gt;</td>
<td>40 %</td>
<td>37 %</td>
<td></td>
</tr>
</tbody>
</table>

### Rehabilitation hospital data:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consolidated hospitals—start of period</td>
<td>19</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Number of hospitals acquired</td>
<td>1</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of hospital start-ups</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of hospitals closed/sold</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of consolidated hospitals—end of period&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Number of unconsolidated hospitals managed—end of period&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Total number of hospitals (all)—end of period</td>
<td>30</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Available licensed beds&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,361</td>
<td>1,391</td>
<td></td>
</tr>
<tr>
<td>Admissions&lt;sup&gt;(3)(4)&lt;/sup&gt;</td>
<td>7,131</td>
<td>7,182</td>
<td></td>
</tr>
<tr>
<td>Patient days&lt;sup&gt;(3)(5)&lt;/sup&gt;</td>
<td>102,439</td>
<td>103,802</td>
<td></td>
</tr>
<tr>
<td>Average length of stay (days)&lt;sup&gt;(3)(6)&lt;/sup&gt;</td>
<td>15</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Revenue per patient day&lt;sup&gt;(3)(7)&lt;/sup&gt;</td>
<td>$1,853</td>
<td>$1,943</td>
<td></td>
</tr>
<tr>
<td>Occupancy rate&lt;sup&gt;(3)(8)&lt;/sup&gt;</td>
<td>84 %</td>
<td>84 %</td>
<td></td>
</tr>
<tr>
<td>Percent patient days—Medicare&lt;sup&gt;(3)(9)&lt;/sup&gt;</td>
<td>49 %</td>
<td>47 %</td>
<td></td>
</tr>
</tbody>
</table>

### Outpatient rehabilitation data:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consolidated clinics—start of period</td>
<td>1,503</td>
<td>1,572</td>
<td></td>
</tr>
<tr>
<td>Number of clinics acquired</td>
<td>8</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Number of clinic start-ups</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Number of clinics closed/sold</td>
<td>(4)</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Number of consolidated clinics—end of period</td>
<td>1,517</td>
<td>1,584</td>
<td></td>
</tr>
<tr>
<td>Number of unconsolidated clinics managed—end of period</td>
<td>292</td>
<td>317</td>
<td></td>
</tr>
<tr>
<td>Total number of clinics (all)—end of period</td>
<td>1,809</td>
<td>1,901</td>
<td></td>
</tr>
<tr>
<td>Number of visits&lt;sup&gt;(3)(10)&lt;/sup&gt;</td>
<td>2,100,154</td>
<td>2,310,086</td>
<td></td>
</tr>
<tr>
<td>Revenue per visit&lt;sup&gt;(3)(11)&lt;/sup&gt;</td>
<td>$104</td>
<td>$102</td>
<td></td>
</tr>
<tr>
<td>Concentra data:</td>
<td>2021</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Number of consolidated centers—start of period</td>
<td>517</td>
<td>518</td>
<td></td>
</tr>
<tr>
<td>Number of centers acquired</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Number of center start-ups</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Number of centers closed/sold</td>
<td>(1)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Number of consolidated centers—end of period</td>
<td>519</td>
<td>518</td>
<td></td>
</tr>
<tr>
<td>Number of onsite clinics operated—end of period</td>
<td>133</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td>Number of visits</td>
<td>2,795,574</td>
<td>3,116,898</td>
<td></td>
</tr>
<tr>
<td>Revenue per visit</td>
<td>$125</td>
<td>$125</td>
<td></td>
</tr>
</tbody>
</table>

(1) Represents the number of hospitals included in our consolidated financial results at the end of each period presented.
(2) Represents the number of hospitals which are managed by us at the end of each period presented. We have minority ownership interests in these businesses.
(3) Data excludes locations managed by the Company. For purposes of our Concentra segment, onsite clinics are excluded.
(4) Represents the number of patients admitted to our hospitals during the periods presented.
(5) Each patient day represents one patient occupying one bed for one day during the periods presented.
(6) Represents the average number of days in which patients were admitted to our hospitals. Average length of stay is calculated by dividing the number of patient days, as presented above, by the number of patients discharged from our hospitals during the periods presented.
(7) Represents the average amount of revenue recognized for each patient day. Revenue per patient day is calculated by dividing patient service revenues, excluding revenues from certain other ancillary and outpatient services provided at our hospitals, by the total number of patient days.
(8) Represents the portion of our hospitals being utilized for patient care during the periods presented. Occupancy rate is calculated using the number of patient days, as presented above, divided by the total number of bed days available during the period. Bed days available is derived by adding the daily number of available licensed beds for each of the periods presented.
(9) Represents the portion of our patient days which are paid by Medicare. The Medicare patient day percentage is calculated by dividing the total number of patient days which are paid by Medicare by the total number of patient days, as presented above.
(10) Represents the number of visits in which patients were treated at our outpatient rehabilitation clinics and Concentra centers during the periods presented.
(11) Represents the average amount of revenue recognized for each patient visit. Revenue per visit is calculated by dividing patient service revenue, excluding revenues from certain other ancillary services, by the total number of visits. For purposes of this computation for our Concentra segment, patient service revenue does not include onsite clinics.
Results of Operations

The following table outlines selected operating data as a percentage of revenue for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>100.0 %</td>
<td>100.0 %</td>
<td></td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services, exclusive of depreciation and amortization(^{(1)})</td>
<td>83.6</td>
<td>88.0</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>2.3</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3.2</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>89.1</td>
<td>93.5</td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td>2.2</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Income from operations</td>
<td>13.1</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries</td>
<td>0.6</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>0.3</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2.2)</td>
<td>(2.2)</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>11.8</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>2.9</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>8.9</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td>1.8</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to Select Medical Holdings Corporation</td>
<td>7.1 %</td>
<td>3.1 %</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Cost of services includes salaries, wages and benefits, operating supplies, lease and rent expense, and other operating costs.
The following table summarizes selected financial data by segment for the periods indicated:

<table>
<thead>
<tr>
<th>Segment</th>
<th>2021 (in thousands, except percentages)</th>
<th>2022</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$594,872</td>
<td>$601,755</td>
<td>1.2 %</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>207,804</td>
<td>220,634</td>
<td>6.2</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>251,961</td>
<td>271,940</td>
<td>7.9</td>
</tr>
<tr>
<td>Concentra</td>
<td>422,840</td>
<td>423,423</td>
<td>0.1</td>
</tr>
<tr>
<td>Other(1)</td>
<td>68,986</td>
<td>81,795</td>
<td>18.6</td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>$1,546,463</strong></td>
<td><strong>$1,599,547</strong></td>
<td><strong>3.4 %</strong></td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$100,222</td>
<td>$21,349</td>
<td>(78.7)%</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>43,474</td>
<td>35,577</td>
<td>(18.2)</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>19,138</td>
<td>18,567</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Concentra</td>
<td>61,581</td>
<td>70,122</td>
<td>13.9</td>
</tr>
<tr>
<td>Other(1)(2)</td>
<td>(22,403)</td>
<td>(41,630)</td>
<td>N/M</td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>$202,012</strong></td>
<td><strong>$103,985</strong></td>
<td><strong>(48.5)%</strong></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$113,272</td>
<td>$35,967</td>
<td>(68.2)%</td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>50,534</td>
<td>42,379</td>
<td>(16.1)</td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>26,329</td>
<td>26,596</td>
<td>1.0</td>
</tr>
<tr>
<td>Concentra</td>
<td>82,015</td>
<td>89,469</td>
<td>9.1</td>
</tr>
<tr>
<td>Other(1)(2)</td>
<td>(13,809)</td>
<td>(30,564)</td>
<td>N/M</td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>$258,341</strong></td>
<td><strong>$163,847</strong></td>
<td><strong>(36.6)%</strong></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA margins</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>19.0 %</td>
<td>6.0 %</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>24.3</td>
<td>19.2</td>
<td></td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>10.4</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Concentra</td>
<td>19.4</td>
<td>21.1</td>
<td></td>
</tr>
<tr>
<td>Other(1)(2)</td>
<td>N/M</td>
<td>N/M</td>
<td></td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>16.7 %</strong></td>
<td><strong>10.2 %</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$2,233,067</td>
<td>$2,367,490</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>1,188,387</td>
<td>1,187,118</td>
<td></td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>1,321,268</td>
<td>1,350,374</td>
<td></td>
</tr>
<tr>
<td>Concentra</td>
<td>2,468,157</td>
<td>2,339,940</td>
<td></td>
</tr>
<tr>
<td>Other(1)</td>
<td>709,902</td>
<td>291,022</td>
<td></td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>$7,920,781</strong></td>
<td><strong>$7,535,944</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Purchases of property and equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical illness recovery hospital</td>
<td>$14,385</td>
<td>$19,569</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation hospital</td>
<td>665</td>
<td>6,274</td>
<td></td>
</tr>
<tr>
<td>Outpatient rehabilitation</td>
<td>7,335</td>
<td>9,414</td>
<td></td>
</tr>
<tr>
<td>Concentra</td>
<td>12,680</td>
<td>10,240</td>
<td></td>
</tr>
<tr>
<td>Other(1)</td>
<td>4,654</td>
<td>1,348</td>
<td></td>
</tr>
<tr>
<td><strong>Total Company</strong></td>
<td><strong>$39,719</strong></td>
<td><strong>$46,845</strong></td>
<td></td>
</tr>
</tbody>
</table>

(1) Other includes our corporate administration and shared services, as well as employee leasing services with our non-consolidating subsidiaries. Total assets include certain non-consolidating joint ventures and minority investments in other healthcare related businesses.

(2) During the three months ended March 31, 2021, we recognized other operating joint ventures and minority investments in other healthcare related businesses.

N/M — Not meaningful.
Three Months Ended March 31, 2022, Compared to Three Months Ended March 31, 2021

In the following, we discuss our results of operations related to revenue, operating expenses, other operating income, Adjusted EBITDA, depreciation and amortization, income from operations, equity in earnings of unconsolidated subsidiaries, interest, income taxes, and net income attributable to non-controlling interests.

Please refer to “Effects of the COVID-19 Pandemic on our Results of Operations” above for further discussion.

Revenue

Our revenue increased 3.4% to $1,599.5 million for the three months ended March 31, 2022, compared to $1,546.5 million for the three months ended March 31, 2021.

Critical Illness Recovery Hospital Segment. Revenue increased 1.2% to $601.8 million for the three months ended March 31, 2022, compared to $594.9 million for the three months ended March 31, 2021. The increase in revenue was due to an increase in revenue per patient day during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. Revenue per patient day increased 2.5% to $2,075 for the three months ended March 31, 2022, compared to $2,024 for the three months ended March 31, 2021. We experienced increases in both our non-Medicare and Medicare revenue per patient day during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Our patient days were 289,217 for the three months ended March 31, 2022, compared to 293,118 days for the three months ended March 31, 2021. Our patient days for the three months ended March 31, 2021 benefited from an increase in referrals from general acute care hospitals, which was due in part to an increase in volume in the intensive care units in those hospitals as a result of the COVID-19 pandemic. As COVID-19 cases which require hospitalization decline, the patient volume experienced in intensive care units has also declined. This adversely impacted the level of referrals we received during the three months ended March 31, 2022. Occupancy in our critical illness recovery hospitals was 71%, 75%, and 71% for the three months ended March 31, 2022, 2021, and 2019, respectively.

Rehabilitation Hospital Segment. Revenue increased 6.2% to $220.6 million for the three months ended March 31, 2022, compared to $207.8 million for the three months ended March 31, 2021. The increase in revenue resulted principally due to an increase in revenue per patient day during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Our revenue per patient day increased 4.9% to $1,943 for the three months ended March 31, 2022, compared to $1,853 for the three months ended March 31, 2021. We experienced increases in both our Medicare and non-Medicare revenue per patient day during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Our patient days increased 1.3% to 103,802 days for the three months ended March 31, 2022, compared to 102,439 days for the three months ended March 31, 2021. Occupancy in our rehabilitation hospitals was 84%, 84%, and 76% for the three months ended March 31, 2022, 2021, and 2019, respectively.

Outpatient Rehabilitation Segment. Revenue increased 7.9% to $271.9 million for the three months ended March 31, 2022, compared to $252.0 million for the three months ended March 31, 2021. The increase in revenue was due to an increase in visits, which increased 10.0% to 2,310,086 for the three months ended March 31, 2022, compared to 2,100,154 and 2,054,483 visits for the three months ended March 31, 2021 and 2019, respectively. The increase in visits was attributable to outpatient rehabilitation clinics which commenced operations since March 31, 2021, as well as improvement in volume in our clinics which operated during both the three months ended March 31, 2022 and 2021. Our patient visit volume was adversely impacted by the ongoing effects of the COVID-19 pandemic during the three months ended March 31, 2021. Our revenue per visit was $102 for the three months ended March 31, 2022, compared to $104 for the three months ended March 31, 2021. The decrease in revenue per visit was primarily due to a decrease in the reimbursement rates received under the Medicare physician fee schedule, as described further under “Regulatory Changes.” Additionally, we experienced a greater proportion of Medicare visits during the three months ended March 31, 2022. These visits yield lower per visit rates.

Concentra Segment. Revenue increased to $423.4 million for the three months ended March 31, 2022, compared to $422.8 million for the three months ended March 31, 2021. The increase in revenue was primarily attributable to an increase in visits, which increased 11.5% to 3,116,898 for the three months ended March 31, 2022, compared to 2,795,574 and 2,911,607 visits for the three months ended March 31, 2021 and 2019, respectively. This increase was offset partially by a decline in the revenue generated from our COVID-19 screening and testing services. These services contributed $9.1 million of revenue during the three months ended March 31, 2022, compared to $51.7 million during the three months ended March 31, 2021. Our revenue per visit was $125 for both the three months ended March 31, 2022 and 2021. We experienced increases in the reimbursement rates for our employer services and workers’ compensation visits during the three months ended March 31, 2022. The increases in our reimbursement rates were offset, however, by a greater percentage of employer services visits, which yield lower per visit rates.
Operating Expenses

Our operating expenses consist principally of cost of services and general and administrative expenses. Our operating expenses were $1,444.5 million, or 90.3% of revenue, for the three months ended March 31, 2022, compared to $1,328.9 million, or 85.9% of revenue, for the three months ended March 31, 2021. Our cost of services, a major component of which is labor expense, was $1,407.0 million, or 88.0% of revenue, for the three months ended March 31, 2022, compared to $1,293.4 million, or 83.6% of revenue, for the three months ended March 31, 2021. The increase in our operating expenses relative to our revenue was principally due to increased labor costs within our critical illness recovery hospital and rehabilitation hospital segments, as discussed further below under “Adjusted EBITDA.” General and administrative expenses were $37.5 million, or 2.3% of revenue, for the three months ended March 31, 2022, compared to $35.4 million, or 2.3% of revenue, for the three months ended March 31, 2021.

Other Operating Income

For the three months ended March 31, 2021, we had other operating income of $34.0 million. Of this amount, $16.1 million related to the recognition of payments received under the Public Health and Social Services Emergency Fund, also referred to as the Provider Relief Fund, for healthcare related expenses and lost revenues attributable to COVID-19. This income is included within the operating results of our other activities. The remaining $17.9 million is related to the outcome of litigation with CMS. This income is included within the operating results of our critical illness recovery hospital segment.

Adjusted EBITDA

Critical Illness Recovery Hospital Segment. Adjusted EBITDA was $36.0 million for the three months ended March 31, 2022, compared to $113.3 million for the three months ended March 31, 2021. Our Adjusted EBITDA margin for the critical illness recovery hospital segment was 6.0% for the three months ended March 31, 2022, compared to 19.0% for the three months ended March 31, 2021. Our Adjusted EBITDA and Adjusted EBITDA margin for the three months ended March 31, 2022 were adversely affected by the incurrence of additional labor costs. Constrained staffing due to a shortage of healthcare workers, which has led to increases in incentive and bonus pay for our employees, and greater dependence on contract clinical workers have contributed to the increased labor costs. Our use of contract clinical workers has increased by approximately 26.0% during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. For the three months ended March 31, 2022, our contracted clinical labor represented approximately 27.0% of our workforce, compared to approximately 21.0% for the three months ended March 31, 2021. Additionally, the cost of contract clinical labor has risen significantly due to the demand for healthcare professionals. These costs were approximately 23.0% higher during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. During the three months ended March 31, 2021, our Adjusted EBITDA and Adjusted EBITDA margin also benefited from the recognition of $17.9 million of other operating income, as described further above under “Other Operating Income.”

Rehabilitation Hospital Segment. Adjusted EBITDA was $42.4 million for the three months ended March 31, 2022, compared to $50.5 million for the three months ended March 31, 2021. Our Adjusted EBITDA margin for the rehabilitation hospital segment was 19.2% for the three months ended March 31, 2022, compared to 24.3% for the three months ended March 31, 2021. Our Adjusted EBITDA and Adjusted EBITDA margin for the three months ended March 31, 2022 were adversely affected by the incurrence of additional labor costs. Constrained staffing due to a shortage of healthcare workers, which has led to increases in incentive and bonus pay for our employees, and greater dependence on contract clinical workers have contributed to the increased labor costs. Additionally, the cost of contract clinical labor has risen significantly due to the demand for healthcare professionals. The increase in contracted clinical labor usage and labor rates occurred predominantly within our hospitals operating in California and New Jersey.

Outpatient Rehabilitation Segment. Adjusted EBITDA increased 1.0% to $26.6 million for the three months ended March 31, 2022, compared to $26.3 million for the three months ended March 31, 2021. Our Adjusted EBITDA margin for the outpatient rehabilitation segment was 9.8% for the three months ended March 31, 2022, compared to 10.4% for the three months ended March 31, 2021. The increase in Adjusted EBITDA was principally driven by an increase in patient visit volume during the three months ended March 31, 2022. Our Adjusted EBITDA and Adjusted EBITDA margin for the three months ended March 31, 2022 were adversely affected by disruptions in our workforce which were caused by the COVID-19 Omicron variant.

Concentra Segment. Adjusted EBITDA increased 9.1% to $89.5 million for the three months ended March 31, 2022, compared to $82.0 million for the three months ended March 31, 2021. Our Adjusted EBITDA margin for the Concentra segment was 21.1% for the three months ended March 31, 2022, compared to 19.4% for the three months ended March 31, 2021. The increases in Adjusted EBITDA and Adjusted EBITDA margin were primarily attributable to an increase in patient visits in our centers during the three months ended March 31, 2022.
Depreciation and Amortization

Depreciation and amortization expense was $51.0 million for the three months ended March 31, 2022, compared to $49.6 million for the three months ended March 31, 2021.

Income from Operations

For the three months ended March 31, 2022, we had income from operations of $104.0 million, compared to $202.0 million for the three months ended March 31, 2021. The increase in labor costs experienced within our critical illness recovery hospital and rehabilitation hospital segments was the primary cause of the decrease in income from operations, as discussed above under “Adjusted EBITDA.” Additionally, we recognized other operating income of $34.0 million during the three months ended March 31, 2021, as described further under “Other Operating Income.”

Equity in Earnings of Unconsolidated Subsidiaries

For the three months ended March 31, 2022, we had equity in earnings of unconsolidated subsidiaries of $5.4 million, compared to $9.9 million for the three months ended March 31, 2021. The decrease in equity in earnings is due in part to an increase in labor costs incurred by the rehabilitation businesses in which we are a minority owner. Additionally, certain of these rehabilitation businesses recognized income during the three months ended March 31, 2021 for the payments they received under the Provider Relief Fund for health care related expenses and lost revenues attributable to COVID-19.

Interest

Interest expense was $35.5 million for the three months ended March 31, 2022, compared to $34.4 million for the three months ended March 31, 2021. The increase in interest expense was caused by the borrowings we made under our revolving facility during the three months ended March 31, 2022.

For the three months ended March 31, 2021, we recognized interest income of $4.7 million. The interest income is related to the outcome of litigation with CMS.

Income Taxes

We recorded income tax expense of $17.9 million for the three months ended March 31, 2022, which represented an effective tax rate of 24.3%. We recorded income tax expense of $45.1 million for the three months ended March 31, 2021, which represented an effective tax rate of 24.7%.

Net Income Attributable to Non-Controlling Interests

Net income attributable to non-controlling interests was $6.8 million for the three months ended March 31, 2022, compared to $26.7 million for the three months ended March 31, 2021. The decrease in net income attributable to non-controlling interests was principally due to a decrease in the net income of our less than wholly owned critical illness recovery hospitals and rehabilitation hospitals. Many of these hospitals were impacted by increases in labor costs during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The decline in net income attributable to non-controlling interests was also due to a change in our ownership interest of Concentra Group Holdings Parent. Since March 31, 2021, we have acquired additional outstanding membership interests of Concentra Group Holdings Parent.
Liquidity and Capital Resources

Cash Flows for the Three Months Ended March 31, 2022 and Three Months Ended March 31, 2021

In the following, we discuss cash flows from operating activities, investing activities, and financing activities.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (in thousands)</td>
<td>2022</td>
</tr>
<tr>
<td>Cash flows provided by operating activities</td>
<td>$239,888</td>
<td>$6,337</td>
</tr>
<tr>
<td>Cash flows used in investing activities</td>
<td>(52,585)</td>
<td>(55,331)</td>
</tr>
<tr>
<td>Cash flows provided by (used in) financing activities</td>
<td>(14,090)</td>
<td>105,565</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>173,213</td>
<td>56,571</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>577,061</td>
<td>74,310</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$750,274</td>
<td>$130,881</td>
</tr>
</tbody>
</table>

Operating activities provided $6.3 million of cash flows for the three months ended March 31, 2022, compared to $239.9 million of cash flows for the three months ended March 31, 2021. The decrease in cash flows from operating activities was primarily due to our financial performance during the three months ended March 31, 2022. We also repaid $62.9 million of Medicare advance payments received under the Accelerated and Advance Payment Program during the three months ended March 31, 2022. CMS began recouping these payments in April 2021.

Our days sales outstanding was 53 days at March 31, 2022, compared to 52 days at December 31, 2021. Our days sales outstanding was 56 days at both March 31, 2021 and December 31, 2020. Our days sales outstanding will fluctuate based upon variability in our collection cycles and patient volumes.

Investing activities used $55.3 million of cash flows for the three months ended March 31, 2022. The principal uses of cash were $46.8 million for purchases of property and equipment and $8.5 million for investments in and acquisitions of businesses. Investing activities used $52.6 million of cash flows for the three months ended March 31, 2021. The principal uses of cash were $39.7 million for purchases of property and equipment and $12.9 million for investments in and acquisitions of businesses.

Financing activities provided $105.6 million of cash flows for the three months ended March 31, 2022. The principal source of cash was net borrowings under our revolving facility of $180.0 million. The principal uses of cash were $51.7 million of cash for repurchases of common stock, $16.7 million of dividend payments to common stockholders, and $10.3 million for distributions to and purchases of non-controlling interests. Financing activities used $14.1 million of cash flows for the three months ended March 31, 2021. The principal use of cash was $13.7 million for distributions to and purchases of non-controlling interests.
Capital Resources

Working capital. We had net working capital of $61.7 million at March 31, 2022, compared to a net working capital deficit of $133.6 million at December 31, 2021. The increase in working capital was primarily due to increases in our cash and cash equivalents and accounts receivable, as well as a reduction in our liability related to the payments we received under the Accelerated and Advance Payment Program.

Credit facilities. At March 31, 2022, Select had outstanding borrowings under its credit facilities consisting of a $2,103.4 million term loan (excluding unamortized original issue discounts and debt issuance costs of $12.3 million) and borrowings of $340.0 million under its revolving facility. At March 31, 2022, Select had $252.8 million of availability under its revolving facility after giving effect to $57.2 million of outstanding letters of credit.

Stock Repurchase Program. Holdings’ board of directors has authorized a common stock repurchase program to repurchase up to $1.0 billion worth of shares of its common stock. The common stock repurchase program will remain in effect until December 31, 2023, unless further extended or earlier terminated by the board of directors. Stock repurchases under this program may be made in the open market or through privately negotiated transactions, and at times and in such amounts as Holdings deems appropriate. Holdings funds this program with cash on hand and borrowings under its revolving facility. During the three months ended March 31, 2022, Holdings repurchased 2,128,494 shares at a cost of approximately $51.7 million, or $24.28 per share, which includes transaction costs. Since the inception of the program through March 31, 2022, Holdings has repurchased 42,480,122 shares at a cost of approximately $466.9 million, or $10.99 per share, which includes transaction costs.

Use of Capital Resources. We may from time to time pursue opportunities to develop new joint venture relationships with large, regional health systems and other healthcare providers. We also intend to open new outpatient rehabilitation clinics and occupational health centers in local areas that we currently serve where we can benefit from existing referral relationships and brand awareness to produce incremental growth. In addition to our development activities, we may grow through opportunistic acquisitions.

Liquidity

The duration and extent of the impact from the COVID-19 pandemic on our operations and liquidity depends on future developments that cannot be accurately predicted at this time; however, we believe our internally generated cash flows and borrowing capacity under our revolving facility will allow us to finance our operations in both the short and long term. As of March 31, 2022, we had cash and cash equivalents of $130.9 million and $252.8 million of availability under the revolving facility after giving effect to $340.0 million of outstanding borrowings and $57.2 million of letters of credit.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, may be funded from operating cash flows or other sources and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Dividend

On May 5, 2022, our board of directors declared a cash dividend of $0.125 per share. The dividend will be payable on or about June 1, 2022 to stockholders of record as of the close of business on May 19, 2022.

There is no assurance that future dividends will be declared. The declaration and payment of dividends in the future are at the discretion of our board of directors after taking into account various factors, including, but not limited to, our financial condition, operating results, available cash and current and anticipated cash needs, the terms of our indebtedness, and other factors our board of directors may deem to be relevant.

Recent Accounting Pronouncements

There were no new accounting standards issued since December 31, 2021, which will have a material effect on the financial statements upon adoption.
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to interest rate risk in connection with our variable rate long-term indebtedness. Our principal interest rate exposure relates to the loans outstanding under our credit facilities, which generally bear interest rates that are indexed against LIBOR.

At March 31, 2022, Select had outstanding borrowings under its credit facilities consisting of a $2,103.4 million term loan (excluding unamortized original issue discounts and debt issuance costs of $12.3 million) and $340.0 million of borrowings under its revolving facility.

In order to mitigate our exposure to rising interest rates, we entered into an interest rate cap transaction to limit our 1-month LIBOR rate to 1.0% on $2.0 billion of principal outstanding under our term loan. The agreement applies to interest payments through September 30, 2024. As of March 31, 2022, the 1-month LIBOR rate was 0.45%. A 0.25% change in market interest rates would impact the interest expense on our variable rate debt by $6.1 million until 1-month LIBOR exceeds 1.0%, at which time the impact of increases in 1-month LIBOR on the interest expense incurred on our term loan borrowings will be mitigated in part by the interest rate cap, as described further in Note 9 – Interest Rate Cap of the notes to our condensed consolidated financial statements included herein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered in this report. Based on this evaluation, as of March 31, 2022, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures, including the accumulation and communication of disclosure to our principal executive officer and principal financial officer as appropriate to allow timely decisions regarding disclosure, are effective to provide reasonable assurance that material information required to be included in our periodic SEC reports is recorded, processed, summarized, and reported within the time periods specified in the relevant SEC rules and forms.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) identified in connection with the evaluation required by Rule 13a-15(d) of the Securities Exchange Act of 1934 that occurred during the first quarter ended March 31, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.
PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to the “Litigation” section contained within Note 14 – Commitments and Contingencies of the notes to our condensed consolidated financial statements included herein.

ITEM 1A. RISK FACTORS

The risk factor set forth in this report updates, and should be read together with, the risk factors discussed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer

Holdings’ board of directors authorized a common stock repurchase program to repurchase up to $1.0 billion worth of shares of its common stock. The program will remain in effect until December 31, 2023, unless further extended or earlier terminated by the board of directors. Stock repurchases under this program may be made in the open market or through privately negotiated transactions, and at times and in such amounts as Holdings deems appropriate.

The following table provides information regarding repurchases of our common stock during the three months ended March 31, 2022.

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased</th>
<th>Average Price Paid Per Share</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</th>
<th>Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 - January 31, 2022</td>
<td>—</td>
<td>$</td>
<td>—</td>
<td>$ 584,796,612</td>
</tr>
<tr>
<td>February 1 - February 28, 2022</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$ 584,796,612</td>
</tr>
<tr>
<td>March 1 - March 31, 2022</td>
<td>2,128,494</td>
<td>24.28</td>
<td>2,128,494</td>
<td>533,120,670</td>
</tr>
<tr>
<td>Total</td>
<td>2,128,494</td>
<td>$</td>
<td>2,128,494</td>
<td>$ 533,120,670</td>
</tr>
</tbody>
</table>

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.
ITEM 6. EXHIBITS

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.1</td>
<td>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>32.1</td>
<td>Certification of Chief Executive Officer, and Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as</td>
</tr>
<tr>
<td></td>
<td>adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>101.INS</td>
<td>XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the</td>
</tr>
<tr>
<td></td>
<td>Inline XBRL document.</td>
</tr>
<tr>
<td>101.CAL</td>
<td>Inline XBRL Taxonomy Extension Calculation Linkbase Document.</td>
</tr>
<tr>
<td>101.DEF</td>
<td>Inline XBRL Taxonomy Extension Definition Linkbase Document.</td>
</tr>
<tr>
<td>101.LAB</td>
<td>Inline XBRL Taxonomy Extension Label Linkbase Document.</td>
</tr>
<tr>
<td>104</td>
<td>Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags</td>
</tr>
<tr>
<td></td>
<td>are embedded within the Inline XBRL document.</td>
</tr>
</tbody>
</table>
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SELECT MEDICAL HOLDINGS CORPORATION

By: /s/ Martin F. Jackson

Martin F. Jackson
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer)

By: /s/ Scott A. Romberger

Scott A. Romberger
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Dated: May 5, 2022