Genesis Healthcare Enters into Agreements with New Generation Health to Transition the Operations of 19 West Coast Facilities

New Generation Health will provide management services and oversee operations. Genesis will provide administrative support and ancillary services.

Kennett Square, PA. – February 4, 2020 – Genesis HealthCare (Genesis or the Company), one of the nation's largest providers of post-acute care services, today announced that it has entered into a series of agreements with New Generation Health, LLC (NewGen), a healthcare consulting firm led by experienced professionals specializing in the operation of skilled nursing facilities in the Western portion of the United States. Genesis will transition operational responsibility for 19 facilities in the states of California, Washington and Nevada.

Effective February 1, 2020, Genesis sold the real estate and operations of six skilled nursing facilities and transferred the leasehold rights to 13 skilled nursing, behavioral health and assisted living facilities, for a total of $79 million. Genesis will retain an indirect 50% interest in the facilities. Net transaction proceeds were used by Genesis to repay indebtedness and fund its indirect investment. Genesis is currently assessing whether it will continue to consolidate the financial statements of these facilities for financial reporting purposes.

Concurrently, the facilities have entered, or will enter upon regulatory approval, into management services agreements with NewGen for the day-to-day operations of the facilities. Genesis will continue to provide administrative and back office services to the facilities pursuant to administrative support agreements, as well as therapy services pursuant to therapy services agreements.

"Our relationship with NewGen creates a west coast senior care provider with the flexibility of an independent, local or regional operator, but with the backing of a robust national platform," noted George V. Hager, Jr., Chief Executive Officer of Genesis. "This relationship is another example of the creative models we have employed to execute on our portfolio optimization strategy. This transaction enables Genesis to leverage NewGen's commitment of capital as well as its extensive experience and intimate knowledge of the west coast skilled nursing market, allowing for increased operational focus on our core strategic markets where we have functional and geographic density."

Nelson Hardiman, LLP represented New Generation Health, LLC.

To learn more about how Nelson Hardiman can assist your company with transactional issues, please contact:

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