Risk Factors Comparison 2024-02-28 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Based on the information currently known to us, we believe that the following information identifies material risk factors affecting our company. However, the risks and uncertainties we face are not limited to those described below. Additional risks and uncertainties may also adversely affect our business. If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on our business, financial condition or results of operations. In such case, the trading price of our common stock could decline. Risks Related to Our Business and Industry Our revenue could be impacted by federal changes to reimbursement and other aspects of Medicare. We derived ~~49~~ **48** . ~~0~~ **4** % of our revenue from the Medicare program for the year ended December 31, ~~2022~~ **2023** , which is typical. In addition, other payors may use published Medicare rates as a basis for reimbursements. The Medicare program and its reimbursement rates, caps, deductibles and rules are subject to frequent change for a variety of reasons, which is discussed in Item 1., Government Regulation. Budget pressures also frequently lead the federal government to reduce or limit reimbursement rates under Medicare, and to adjust when or how those reductions or limitations are implemented. Additionally, Medicare payments can be delayed or ~~declined~~ **denied** (including retroactively) due to determinations that certain costs, services or providers are not covered. Accordingly, if Medicare reimbursement rates are reduced or fail to increase as quickly as our costs, **if we do not realize an adequate percentage of billed Medicare charges,** or if there are changes in the way these programs pay for services or what services or providers are covered, our business and results of operations would be adversely affected. CMS has also introduced in the past, and will likely introduce in the future, new payment models, such as value- based arrangements or payment models that look to numerous factors in order to issue full payment, in markets in which we operate. Those models may depend on the formation of preferred provider relationships among payors and providers. Our operations may not successfully implement or adapt to these changes and our operations could be materially impacted. ~~As discussed below,~~ Medicare reimbursement and participation may also be tied to the vaccination of employees **against COVID- 19** pursuant to **a CMS** ~~an interim final~~ rule ~~published by CMS on November 5, 2021, which the United States Supreme Court affirmed and~~ which took effect **in** ~~by the end of~~ March 2022 ~~.~~ **and was in effect until August of 2023 when CMS withdrew** ~~This~~ **this** ~~rule~~ **requirement. When CMS' s COVID- 19 vaccine mandate was in effect, it** ~~requires~~ **required** employees of certain Medicare- participating facilities and services including home health agencies and hospices to be vaccinated, which ~~has~~ affected ~~and continues to affect~~ our businesses and employees **during that time period** . Reductions in Medicaid reimbursement rates or changes in the rules governing the Medicaid program could have a material, adverse effect on our revenues, financial condition and results of operations. We derived ~~13~~ **14** . ~~3~~ **2** % of our revenue from Medicaid programs for the year ended December 31, ~~2022~~ **2023** , which is typical. Any budget reductions or funding restrictions, discontinuance or reduction of federal matching, change in payment methodology or delays in states in which we operate could adversely affect our net patient service revenue and profitability **, including the reduction of federal funds contributed to state Medicaid budgets during the COVID- 19 public health emergency** . Like Medicare payments, Medicaid payments can be delayed due to budgetary constraints of the state or state agencies responsible for making such payments, and Medicaid payments may be declined (including retroactively) due to determinations that certain costs, services or providers are not covered by the state Medicaid agency or its intermediary organizations. We can expect continuing cost containment pressures on Medicaid outlays for our services. Reforms to the U. S. healthcare system continue to impose new requirements upon us and may lower our reimbursements. Health care reform is a key political and legislative focal point. We cannot predict what effect legislative or regulatory changes (including, for instance, proposals for Medicare- for- All or public option insurers operated by one or more individual states), will have on our business, including the demand for our services or the amount of reimbursement available for those services. The consequences of ~~the recent 2022 mid- term~~ elections are not yet fully known for this industry, and ~~it~~ **our industry** may be ~~further~~ affected by the ~~commencement of~~ Presidential primary campaigns **that began** in ~~mid-~~ 2023 ~~onward~~ **and will continue this year, culminating with the presidential election in November of 2024** . It is possible new laws may lower reimbursement or increase the cost of doing business and adversely affect our business. We are subject to various government reviews, audits and investigations that could adversely affect our business, including an obligation to refund amounts previously paid to us, potential criminal charges, the imposition of fines, and / or the loss of our right to participate in Medicare and Medicaid programs. As discussed in greater detail in Item 1., Government Regulation, as a result of our participation in the Medicaid and Medicare programs, we are frequently subject to various governmental reviews, audits and investigations to verify our compliance with these programs. Private pay sources also reserve the right to conduct audits. Disagreements about billing and reimbursement are common in our industry due in part to the subjectivity inherent in patient diagnosis and care, record keeping, claims processing and other aspects of the patient service and reimbursement processes. An adverse review, audit or investigation could result in (1) an obligation to refund amounts previously paid to us by payors in amounts that could vastly exceed the revenue derived from claims actually reviewed in the audit, and could be material to our business; (2) state or federal agencies imposing fines, penalties and other sanctions on us; (3) suspension of Medicare or Medicaid payments (4) loss of our right to participate in the Medicare or Medicaid programs or one or more private payor networks; (5) an increase in private litigation against us; and (6) damage to our reputation with potential residents, referral sources, and others in various markets. In cases where claim and documentation review by any CMS contractor results in repeated poor performance, an operation can be subjected to protracted oversight. Sustained failure to demonstrate improvement towards meeting all claim filing and documentation requirements could ultimately lead to Medicare decertification. Additionally, both federal and state government agencies have heightened and coordinated civil and criminal

enforcement efforts as part of numerous ongoing investigations of healthcare companies. The focuses of these investigations includes, among other things: cost reporting and billing practices; quality of care; financial relationships with referral sources; and medical necessity of services provided. If any of our affiliated operations is decertified, loses its license (s), or is subject to criminal charges or civil claims, administrative sanctions or penalties, our revenue, financial condition or results of operations would be adversely affected. We or some of the key personnel of our independent operating subsidiaries could also be temporarily or permanently excluded from future participation in state and federal healthcare reimbursement programs such as Medicaid and Medicare. In addition, the report of such issues at any of our affiliated operations could harm our reputation for quality care and could cause us to be in default under some of our agreements, including agreements governing outstanding indebtedness. Responding to audits, litigation or enforcement efforts diverts material time, resources and attention, and could have a materially detrimental impact on our results of operations during and after any such investigation or proceedings, regardless of whether we prevail. If we do not operate in compliance with the extensive laws and regulations to which we are subject, or if these laws and regulations change, we could be required to make significant expenditures or change our operations to bring our operations into compliance. We, like other companies in the healthcare industry, are required to comply with extensive and complex laws and regulations at the federal, state and local government levels as discussed in greater detail in Item 1., Government Regulation. These laws and regulations are subject to frequent and unpredictable change. If we fail to comply with these applicable laws and regulations, we could suffer civil or criminal penalties and other detrimental consequences, including denial of reimbursement, imposition of fines, temporary suspension of admission of new patients, suspension or decertification from the Medicaid and Medicare programs, restrictions on our ability to acquire new operations or expand or operate existing operations, the loss of our licenses to operate and the loss of our ability to participate in federal and state reimbursement programs. These laws and regulations are complex, and we do not always have the benefit of significant regulatory or judicial interpretation of these laws and regulations. Changing interpretations or enforcement of these laws and regulations could subject our current or past practices to allegations of impropriety or illegality or could require us to change our operations, equipment, personnel, services, capital expenditure programs and operating expenses. Public and government calls for increased survey and enforcement efforts toward our industries could result in increased scrutiny and potential sanctions or costly remedies. Government authorities have increased the scope or number of inspections or surveys and the severity of consequent citations for alleged failure to comply with regulatory requirements. As discussed in Item 1., Government Regulation, from time to time in the ordinary course of business, we receive deficiency reports from state and federal regulatory bodies resulting from such inspections or surveys. Although most inspection deficiencies are resolved through an agreed- upon plan of corrective action, the reviewing agency typically has the authority to take further action against a licensed or certified operation, which could result in the imposition of fines and penalties, imposition of a provisional or conditional license, suspension or revocation of a license, suspension of new admission or bed holds, loss of certification as a provider under state or federal healthcare programs or termination of the operations' payment relationships with those programs, or imposition of other sanctions, including criminal penalties. Furthermore, in some states, citations issued against one operation can affect other operations in the state **, particularly where there is any element of common or affiliated ownership** . Revocation of a license or decertification at a given operation could therefore impair our ability to obtain new licenses or to renew existing licenses at other operations, which may also trigger defaults or cross- defaults under our leases and our credit arrangements, or adversely affect our ability to operate in the future. If state or federal regulators were to determine, formally or otherwise, that one operation' s regulatory history ought to impact another of our existing or prospective communities, this could also increase costs, result in additional fines or penalties, result in increased scrutiny by state and federal survey agencies, and impact our expansion plans as well as our ongoing operations. In addition, from time to time, we may opt to voluntarily stop accepting new patients pending completion of a new state survey, to avoid straining staff and other resources while retraining staff, upgrading operating systems or making other operational improvements, all of which can impact our financial results. Future cost containment initiatives undertaken by payors may limit our future revenue and profitability. Our managed care revenue and profitability may be affected by continuing efforts of third- party payors to maintain or reduce costs of healthcare by lowering payment rates, narrowing the scope of covered services and network providers, increasing case management review of services and negotiating pricing. In addition, sustained unfavorable economic conditions may affect the number of patients enrolled in managed care programs and the profitability of managed care companies, which could result in reduced revenue due to reduced reimbursement for our services. There can be no assurance that third- party payors will make timely payments for our services, not seek recoupment of payments on grounds that may or may not be valid, or that we will continue to maintain our current payor or revenue mix. We are continuing our efforts to develop our private pay sources of revenue. Any changes in payment levels from current or future third- party payors could have a material adverse effect on our business financial condition, results of operations and cash flows. In addition, enrollment in Medicare Advantage programs continues to grow nationwide, and an increasing proportion of Medicare and Medicaid funds are managed by **companies that are also third- party** payors who may seek to reduce reimbursement as described above **. Any economic downturn, deepening of an economic downturn, continued deficit spending by the Federal Government or state budget pressures may result in a reduction in payments and covered services. Adverse economic developments in the United States could lead to a reduction in Federal Government expenditures, including government- funded programs in which we participate, such as Medicare and Medicaid. In addition, if at any time the Federal Government is not able to meet its debt payments due to Congress failing to appropriate funds for the payment of these obligations, the Federal Government may stop or delay making payments on its obligations, including funding for government programs in which we participate, such as Medicare and Medicaid. Failure of the government to make payments under these programs could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Further, any failure by the United States Congress to complete the federal budget process and fund government operations may result in a Federal**

Government shutdown, potentially causing us to incur substantial costs without reimbursement under the Medicare program, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. As an example, the failure of the 2011 Joint Select Committee to meet its Deficit Reduction goal resulted in an automatic reduction in Medicare home health and hospice payments of 2 % beginning April 1, 2013 (" sequestration"- suspended from May 1, 2020 through March 31, 2022; reinstated at 1 % for the period April 1, 2022 through June 30, 2022 and at 2 % thereafter). In addition, the Federal Reserve has increased interest rates repeatedly and significantly in recent quarters and may further increase or decrease interest rates in future quarters, impacting our cost of capital, our operating costs, and the economy as a whole . Increased competition for, or a shortage of, nurses and other skilled personnel could increase our staffing and labor costs and negatively impact our operations. Our success depends upon our ability to retain and attract nurses, certified nurse assistants, social workers and speech, physical and occupational therapists, as well as skilled personnel who are responsible for the day- to- day operations of each of our affiliated operations. If we fail to attract and retain qualified and skilled personnel, or if the associated costs **to do so** increase, our independent operating subsidiaries' ability to conduct their business operations effectively could be harmed. Staffing challenges increased during the pandemic **and have persisted** due to health care worker burnout, COVID **- 19** exposures, vaccine mandates, and wage inflation, increasing the competition for qualified staff and cost of retaining personnel, and continue to affect our operations. There can be no assurance that we will be able to attract and retain key personnel going forward. We depend on our management team and local leaders, and the loss of their services could harm our business. We believe that our success depends in part on the continued services of our executive management and local leadership teams. The loss of, or failure to recruit, such key personnel could have a material adverse effect on our business and could adversely affect our strategic relationships and impede our ability to execute our business strategies. The market for qualified individuals is highly competitive and finding and recruiting suitable replacements for our leaders may be difficult, time consuming and costly. Our hospice independent operating subsidiaries are subject to annual Medicare caps calculated by Medicare. With respect to our hospice independent operating subsidiaries, overall payments made by Medicare for each Medicare beneficiary are subject to caps calculated by Medicare, as discussed in greater detail in Item 1., Government Regulation. If payments received by any one of our hospice provider numbers exceeds the caps for the beneficiary, we are required to reimburse Medicare for payments received in excess of the caps, which could have a material adverse effect on our business. Additionally, the annual increase in Medicare beneficiary caps may not keep pace with the rate of inflation **or increased operating costs** as it applies to the costs of caring for such patients, potentially resulting in our hospice independent operating subsidiaries treating these patients at a loss **.** Security breaches and other cyber- security incidents could subject us to significant liability. **Data breaches and leaks, which represent a material risk to our business, are reported to have occurred with greater frequency in 2023 than in 2022 and 2021.** Our business ~~is dependent~~ **depends** on the proper functioning and availability of our computer systems and networks. Our ~~safety and~~ security measures designed to protect our information systems, data and patient health information and disaster recovery plan may not prevent damage, interruption, or breach of our information systems and operations. In addition, hardware, software or applications we **use** ~~develop or procure from third parties~~ may contain defects in design or manufacture or other problems that could unexpectedly compromise the security of our information systems. Unauthorized parties may attempt to gain access to our systems or operations, or those of third parties with whom we do business, through fraud or other forms of deceiving our employees or contractors. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or ~~adequate~~ support of existing systems also could disrupt or reduce the efficiency of our operations. If a cyber- security attack or other unauthorized attempt to access our systems ~~or operations were to be successful~~ , such as a ransomware attack, **were to be successful,** the incident could result in the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, and could cause ~~operational or business~~ delays or disruptions that may materially impact our ability to provide various healthcare services. Any successful cyber- security attack or other unauthorized attempt to access our systems or operations also could result in negative publicity which could damage our reputation or brand with our patients, referral sources, payors or other third parties and could subject us to substantial regulatory, civil or criminal penalties, fines, investigations and enforcement actions, including under HIPAA and other federal and state privacy laws, including, for example, the California Consumer Privacy Act and Nevada Privacy Law, which includes a private right of action that may expose us to private litigation regarding our privacy practices and significant damages awards or settlements in civil litigation. State efforts to regulate or deregulate the healthcare services industry or the construction or expansion of the number of home health, hospice or senior living operations could impair our ability to expand or result in increased competition. As discussed in greater detail in Item 1., Government Regulation, our ability to acquire or establish new home health, hospice or senior living operations or expand or provide new services at existing operations would be adversely affected if we are unable to obtain the necessary approvals, if there are changes in the standards applicable to those approvals, new laws or changes in applicable laws governing CON requirements **(or increasing the circumstances where a CON is needed)** , or if we experience delays and increased expenses associated with obtaining those approvals. We may not be able to obtain licensure, CON approval, Medicare or Medicaid certification, Attorney General approval or other necessary approvals for future expansion projects. Conversely, and specific to the highly competitive senior living industry, the elimination or reduction of state regulations that limit the construction, expansion or renovation of new or existing communities could result in increased competition to us. In general, regulatory and other barriers to entry in the senior living industry are not prohibitive. Over the last several years, there has been a significant increase in the construction of new senior living communities, including in the markets where we provide services. This has resulted in increased competition in many of our markets. Such new competition may limit our ability to attract new residents, raise rents or otherwise expand our senior living business, which could have a material adverse effect on our revenues, results of operations and cash flow. Changes in federal and state employment- related laws and regulations could increase our cost of doing business. Our independent operating

subsidiaries are subject to a variety of federal and state employment- related laws and regulations, including, but not limited to, the U. S. Fair Labor Standards Act which governs such matters as minimum wages, overtime and other working conditions, the Americans with Disabilities Act (the " ADA ") and similar state laws that provide civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas, the National Labor Relations Act, regulations of the Equal Employment Opportunity Commission, regulations of the Office of Civil Rights, regulations of state Attorneys General, family leave mandates and a variety of similar laws ~~. To the extent these laws do not already apply to our independent operating subsidiaries, ongoing rulemaking under section 1557 of the ACA seeks to impose existing civil rights laws onto the delivery of healthcare where it may not otherwise already apply, creating new compliance obligations to satisfy for our independent operating subsidiaries~~ . Because labor represents a large portion of our operating costs, changes in federal and state employment- related laws and regulations could increase our cost of doing business. We also may be subject to employee-related claims such as wrongful discharge, discrimination or violation of equal employment law. Employment claims, such as wage and hour claims, frequently are the subject of class action lawsuits in many states in which our independent affiliates operate, including, for example, California. Required regulatory approvals could delay or prohibit transfers of our healthcare operations, which could result in periods in which we are unable to receive reimbursement for such properties. Our independent operating subsidiaries must be licensed under applicable state law and, depending upon the type of operation, certified or approved as providers under the Medicare and / or Medicaid programs. In the process of acquiring or transferring operating assets, our operations must receive change of ownership approvals from state licensing agencies, Medicare and Medicaid, and third party payors. If there are any delays in receiving regulatory approvals from the applicable federal, state or local government agencies, or from independent accreditation authorities that may be required by federal, state or local government agencies, or the inability to receive such approvals, such delays could result in delayed or lost reimbursement related to periods of service prior to the receipt of such approvals. By way of example, in 2022 California passed Assembly Bill 2673 which prohibits issuance of new hospice licenses and limits transfer of existing licenses. Compliance with federal and state fair housing, fire, safety and other regulations may require us to make unanticipated expenditures, which could be costly to us. We must incur the expense of complying with the federal Fair Housing Act and similar state laws, and applicable fire and safety regulations, building codes and other land use regulations and food licensing or certification requirements as they may be adopted by governmental agencies and bodies from time to time and the expense may be substantial. Changes to these laws may require us to close operations, limit occupancy, or make other costly changes. Our revenue, financial condition and results of operations could be negatively impacted by any changes in the acuity mix of patients in our affiliated operations as well as payor mix and payment methodologies. Our revenue is determined in part by the acuity of home health and hospice patients and senior living residents. Changes in the acuity level of patients we attract, as well as our payor mix among Medicare, Medicaid, managed care organizations and private payors, significantly affect our profitability because we generally receive higher reimbursement rates for high acuity patients and because the payors reimburse us at different rates. For the year ended December 31, ~~2022~~ **2023** , 62. ~~3~~ **6** % of our revenue was provided by government payors that reimburse us at predetermined rates, which is typical. If we fail to maintain our proportion of high acuity patients or if there is any significant increase in the percentage of the patients of our independent operating subsidiaries for whom we receive Medicaid reimbursement, our results of operations may be adversely affected. Among other initiatives, these payors attempt to control healthcare costs by contracting with healthcare providers to obtain services on a discounted basis. We believe that this trend will continue and may limit reimbursements for healthcare services. If insurers or managed care companies from whom we receive substantial payments were to reduce the amounts they pay for services, we may lose patients if we choose not to renew our contracts with these insurers at lower rates. We are subject to litigation that could result in significant legal costs and large settlement amounts or damage awards. Our business involves a significant risk of liability given the age and health of the patients and residents of our independent operating subsidiaries and the services we provide. The frequency and severity of litigation in the healthcare industry has increased, due in part to large verdicts and punitive damage awards. Claims are filed based upon a wide variety of assertions and theories, including deficiencies in conditions of participation under certain state and federal healthcare programs and wage and hour class actions. Plaintiffs' attorneys have become increasingly aggressive in their pursuit of claims against healthcare providers, including home health, hospice and senior living providers, employing a wide variety of advertising and solicitation activities to generate more claims. Additionally, ~~recent changes in~~ California ~~law~~ , through its passage of AB 35, has increased the non- economic (i. e., pain and suffering) damages that may be recovered by attorneys on claims of professional negligence or malpractice in ~~the~~ healthcare ~~setting~~ **cases filed in California** , and may embolden plaintiff' s attorneys to be more aggressive in their pursuit of facilities operated by our independent operating subsidiaries and the services provided through them **. Since California' s passage of AB 35, Iowa and Nevada have enacted similar laws that increase the non-economic damages that may serve as the basis for the recovery for attorney' s fees in those states, which may stimulate additional litigation in those states and could have an adverse material affect on our financial performance** . The defense of lawsuits may result in significant legal costs, regardless of the outcome. Further, such litigation against us or our independent operating subsidiaries may result in increased liability insurance premiums and / or a decline in available insurance coverage levels, which could materially and adversely affect our business, financial condition and results of operations. Instances of noncompliance can decrease our revenue. As discussed under Item 1., Monitoring Compliance in our Operations, we have internal compliance policies and procedures, including ongoing monitoring and controls, pursuant to which we have identified, and may in the future identify, deficiencies in the assessment of and recordkeeping for patients and residents. We must accrue liabilities for claim costs and interest and repay any amounts due in normal course. Failure to refund overpayments within required time frames (as described in greater detail under Item 1., Government Regulation) could result in FCA liability and other penalties, fines, or sanctions ~~. Additionally, federal and state mandates for vaccination of employees — or in some cases, state actions prohibiting vaccination — differ and may be difficult to comply with, and non- compliance may result in sanctions~~

~~or other penalties assessed upon the Company~~ . If future investigations ultimately result in findings of significant billing and reimbursement noncompliance, which require us to record significant additional provisions or remit payments, our business, financial condition and results of operations could be materially and adversely affected. We may be unable to complete future acquisitions at attractive prices or at all, which may adversely affect our revenue growth. To date, our revenue growth has been significantly accelerated by our acquisition of new operations. Subject to general market conditions and the availability of essential resources and leadership within our company, we continue to seek home health, hospice and senior living acquisition opportunities that are consistent with our geographic, financial and operating objectives. We face competition for the acquisition of operations and businesses and expect this competition to increase. Based upon factors such as our ability to identify suitable acquisition candidates, the purchase price of the operations, prevailing market conditions, the availability of leadership to manage new operations and our own willingness to take on new operations, the rate at which we have historically acquired home health, hospice and senior living operations has fluctuated and we anticipate similar fluctuation in the future. Further, acquisitions may require financing, which may not be available to us or may be available to us only on terms that are not favorable. If funds are raised through the issuance of additional equity securities, the percentage ownership of our stockholders would be diluted, and any newly issued equity securities may have rights, preferences or privileges senior to those of our common stock. We may acquire operations that prove to be non- strategic or less desirable, and we may consider disposing of such operations or exchanging them for operations which are more desirable. We may not be able to successfully integrate acquired operations, and we may not achieve the benefits we expect from our acquisitions. We may not be able to successfully or efficiently integrate new acquisitions with our existing independent operating subsidiaries, culture and systems. We also may determine that renovations of acquired operations and changes in staff and operating management personnel are necessary to successfully integrate those acquisitions into our existing operations. We may not be able to recover the costs incurred to reposition or renovate newly independent operating subsidiaries. The financial benefits we expect to realize from many of our acquisitions are largely dependent upon our ability to improve clinical performance, overcome regulatory deficiencies, rehabilitate or improve the reputation of the operations in the community, increase and maintain census, control costs, and in some cases change the patient acuity mix. Growth also places significant demands on our leaders and operational, financial and management information systems. If we are unable to accomplish any of these objectives at the independent operating subsidiaries we acquire, we will not realize the anticipated benefits and we may experience lower than anticipated profits, or even losses. In undertaking acquisitions, we may be impacted by costs, liabilities and regulatory issues that may adversely affect our operations. In undertaking acquisitions, we also may be adversely impacted by unforeseen liabilities attributable to the prior providers who operated the acquired operations, against whom we may have little or no recourse. Many operations we have historically acquired were underperforming prior to the acquisition. Even where operations have been improved, we still may face post- acquisition regulatory issues related to pre- acquisition events. These may include, without limitation, payment recoupment related to our predecessors' prior noncompliance, the imposition of fines, penalties, operational restrictions or special regulatory status. Further, we may incur post- acquisition compliance risk due to the difficulty or impossibility of immediately or quickly bringing non- compliant operations into full compliance. Diligence materials pertaining to acquisition targets, especially the underperforming operations that often represent the greatest opportunity for return, are often inadequate, inaccurate or impossible to obtain, sometimes requiring us to make acquisition decisions with incomplete information. Operations that we have acquired or may acquire in the future may generate unexpectedly low returns, may cause us to incur substantial losses (including sanctions, fines, penalties, and other liabilities that state and federal authorities may seek to impose upon us under various theories of successor liability despite our efforts to prevent such liabilities during our transactions), may require unexpected levels of management time, expenditures or other resources, or may otherwise not meet a risk profile that our investors find acceptable. We also incur regulatory risk in acquiring certain operations due to the licensing, certification and other regulatory requirements affecting our right to operate the acquired operations, which are frequently obtained post- closing. If we were denied licensure or certification for any reason, we might not realize the expected benefits of the acquisition and would likely incur unanticipated costs and other challenges which could cause our business to suffer. If our referral sources fail to view us as an attractive provider, or if our referral sources otherwise refer fewer patients or residents, our patient or resident base may decrease. We rely on appropriate referrals from physicians, hospitals and other healthcare providers in the communities we serve to attract appropriate residents and patients to our affiliated operations. Our referral sources are not obligated to refer business to us and may refer business to other healthcare providers. If we lose, or fail to maintain, existing relationships with our referral resources, fail to develop new relationships, or if we are perceived by our referral sources as not providing high quality patient care, our census could decline and our patient mix could change. In addition, if any of our referral sources have a reduction in patients whom they can refer due to a decrease in their business, our census could decline and patient mix could change. If we do not achieve and maintain competitive quality of care ratings from CMS and private organizations engaged in similar monitoring activities, our business may be negatively affected. Providing quality patient care is the cornerstone of our business. We believe that referral sources, residents and patients select us in large part because of our reputation for delivering quality care. If we should fail to attain our goals regarding acute care hospitalization readmission rates and other quality metrics, we expect our ability to generate referrals would be adversely impacted, which could have a material adverse effect upon our business financial condition, results of operations and cash flows. In addition, our home health payment rates could be reduced, as described in Item 1., Government Regulation- Home Health Value Based Purchasing (HHVBP); further, our star ratings measured by CMS on a five- star basis may decrease, resulting in lower estimation by potential residents and patients and reducing the likelihood of having those potential residents and patients use our services, as described in Item 1., Our Competitive Strengths- Superior Clinical Outcomes and Quality Care. If we are unable to obtain insurance, or if insurance becomes more costly for us to obtain, our business may be adversely affected. It may become more difficult and costly for us to obtain coverage for patient care liabilities and other risks, including property and casualty insurance. Our claims history, asset

mix, or other factors may adversely affect our ability to obtain insurance at favorable rates. **Recent legislation in Nevada that prohibits the reduction of available funds based on the costs of defending claims or litigation may result in higher premiums for our operations within that state.** Our insurance carriers may require us to pay substantially higher premiums for the same or reduced coverage for insurance, including workers compensation, property and casualty, automobile, employment practices liability, directors and officers liability, employee healthcare and general and professional liability coverages. Further, many claims and other risks we face are not insurable. Attributable to the COVID- 19 pandemic, insurers may increase their exclusions of infectious diseases or raise costs of coverage significantly affecting our ability to obtain insurance coverage. We retain certain risks related to our insurance coverage. Under its insurance policies, the Company bears the risk of loss up to specified deductible limits, which may be substantial if there is a surge in the volume of claims subject to the deductible. The Company recognizes obligations associated with these costs in the period in which a claim is incurred, including with respect to both reported claims and claims incurred but not reported. These costs generally are estimated based on our historical claims experience. Projections of self- insured retention losses are estimates that are subject to significant variability, and as a result, actual losses and expenses may be more or less than recorded liabilities. **Our self- insurance programs may expose us to significant and unexpected costs and losses. Our general liability and workers compensation insurance policies include self- insured retentions under which we are responsible to pay for a portion of each claim. We establish insurance loss reserves based on an estimation process that use information obtained from both company- specific and industry data. The estimation process requires us to continually monitor and evaluate the life cycle of claims. Using data obtained from this monitoring and our assumptions about emerging trends, we, along with an independent actuary, develop information about the size of ultimate claims based on historical experience and other available industry information. The most significant assumptions used in the estimation process include determining the trend in costs, the expected cost of claims incurred but not reported and the expected costs to settle or pay damages with respect to unpaid claims. It is possible, however, that the actual liabilities may exceed our estimates of loss. We may also experience an unexpectedly large number of successful claims or claims that result in costs or liability significantly in excess of our projections. For these and other reasons, our self- insurance reserves could prove to be inadequate, resulting in liabilities in excess of our available insurance and self- insurance. If a successful claim is made against us and it is not covered by our insurance or exceeds the insurance policy limits, our business may be negatively and materially impacted. Further, because our self- insured retentions under our general and professional liability and workers' compensation program apply on a per claim basis, there is no limit to the maximum number of claims or the total amount for which we could be responsible in any policy period. We also self- insure our employee health benefits. With respect to our health benefits self- insurance, our reserves and premiums are computed based on a mix of company specific and general industry data. Even with a combination of limited company- specific loss data and general industry data, our loss reserves are based on actuarial estimate that may not correlate to actual loss experience in the future. Therefore, our reserves may prove to be insufficient and we may be exposed to significant and unexpected losses.** The unionization of our workers may adversely affect our revenue and profitability. To date **, with the exception of one preexisting bargaining unit at an operation acquired as part of a joint venture** , our employees have chosen not to unionize. Throughout 2022 **and 2023** , however, there has been a nationwide trend of **increasing union activity, including strikes in the health care industry and in locations, such as California, in which we operate. Increasing trends of** service workers successfully organizing to unionize their workplaces, ~~which~~ may increase the likelihood of our employees seeking to unionize their activities at one or more **additional** locations controlled by our independent operating subsidiaries. If **union activity among** our employees **increases** ~~decide to unionize~~ , our cost of doing business could increase, our operations could experience disruption, and affected operations may no longer be economical to continue operating. **Further, labor disputes and unionization efforts, among our own employees or among the employees of our referral partners, payors, vendors, joint venture partners, acquisition targets, or other parties, could lead to work stoppages, slowdown, strikes, lockouts, and increased costs, which could materially impact our operations.** Because we lease ~~all~~ **most** of our affiliated senior living communities, we could experience risks associated with leased property, including risks relating to lease termination, lease extensions and special charges, which could adversely affect our business, financial position or results of operations. As of December 31, ~~2022~~ **2023** , we leased all ~~except one~~ of our senior living communities ~~and~~ **, except for one. We also leased all of our** administrative offices. Most of our leases are triple- net leases, which means that, in addition to rent, we are required to pay for the costs related to the property (including property taxes, insurance, and maintenance and repair costs), the cost of which have increased since 2020 and may adversely affect us with future increases and operating expense reconciliations due for prior years. Under certain master leases, a breach at a single community could subject one or more of the other communities covered by the same master lease to the same default risk. Failure to comply with provider requirements is a default under several of the leases and master lease agreements. In addition, lease defaults could trigger cross- default provisions in our outstanding debt arrangements and other leases. With an indivisible lease, it is difficult to restructure the composition of the portfolio or economic terms of the lease without the consent of the landlord. A housing downturn could decrease demand for assisted living services. Seniors often use the proceeds of home sales to fund their admission to assisted living communities. A downturn in the housing markets **, such as the downturn that was ongoing in 2022 and 2023 as a result of higher than normal mortgage interest rates,** could adversely affect seniors' ability to afford our resident fees and entrance fees. If national or local housing markets enter a persistent decline in prices or transaction activity, our occupancy rates, revenues, results of operations and cash flow could be negatively impacted. Failure to generate sufficient cash flow to cover required payments or meet operating covenants under our long- term debt and operating leases could result in defaults under such agreements and cross- defaults under other debt or operating lease arrangements, which could harm our independent operating subsidiaries and cause us to lose operations or experience foreclosures. We have significant future operating lease obligations. We intend to continue financing operations

through long- term operating leases, mortgage financing and other types of financing, including borrowings under our future credit facilities we may obtain. We may not generate sufficient cash flow from operations to cover required interest, principal and lease payments. If we are unable to generate sufficient cash flow from operations in the future to service our debt or to make lease payments on our operating leases, we may be required, among other things, to seek additional financing in the debt or equity markets, refinance or restructure all or a portion of our indebtedness, sell selected assets, reduce or delay planned capital expenditures or delay or abandon desirable acquisitions. Such measures might not be sufficient to enable us to service our debt or to make lease payments on our operating leases. The failure to make required payments on our debt or operating leases or the delay or abandonment of our planned growth strategy could result in an adverse effect on our future ability to generate revenue and sustain profitability and subject us to foreclosure. In addition, any such financing, refinancing or sale of assets might not be available on terms that are economically favorable to us, or at all. Our financing arrangements contain restrictions, covenants and events of default that, among other things, could limit our ability to respond to market conditions, provide for capital investment needs or take advantage of business opportunities by restricting our ability to incur or guarantee additional indebtedness or requiring us to offer to repurchase such indebtedness in the event of a change of control or a change of control triggering event; pay dividends or make distributions; make investments or acquisitions; sell, transfer or otherwise dispose of certain assets; create liens; consolidate or merge; enter into transactions with affiliates; and prepay and repurchase or redeem certain indebtedness. The condition of the financial markets, including volatility and deterioration in the capital and credit markets, could limit the availability of debt and equity financing sources to fund the capital and liquidity requirements of our business, as well as negatively impact or impair the value of our future portfolio of cash, cash equivalents and investments. Credit markets are cyclical. Volatility in financial and credit markets may reduce the availability of certain types of debt financing and restrict the availability of credit. Further, we anticipate that our future cash, cash equivalents and investments may be held in a variety of interest- bearing instruments. As a result of the uncertain domestic and global political, credit and financial market conditions, investments in these types of instruments pose risks arising from liquidity and credit concerns. Inflation may negatively impact profitability. The annual inflation rate ~~of 8. 0 %~~ in ~~2022~~ **2023** has impacted our operations, placing upward pricing pressure on all things from wages to supplies to energy costs. Inflation is expected to **remain relatively consistent in 2024, but may** continue **to** ~~in 2023 and may~~ affect the Company' s profit in providing services. We have historically derived a substantial portion of our revenue from the Medicare program. We also derive revenue from state Medicaid and similar reimbursement programs. Payments under these programs generally provide for reimbursement levels that are adjusted for inflation annually. These adjustments may not continue in the future, and even if continued, such adjustments may not reflect the actual increase in our costs for providing healthcare services. Labor and supply expenses make up a substantial portion of our cost of services. Those expenses are subject to increase in periods of rising inflation and when labor shortages occur in the marketplace. Inflation **has led, and** may ~~also~~ **continue to** lead **,** to increased interest rates, which **have and** could **continue to** increase our cost of capital, impair consumers' ability to purchase our services, or otherwise harm us financially. Extreme weather, natural disasters, or other catastrophic events could adversely effect our results from operations. We operate and are subject to long term leases in areas particularly susceptible to damage or losses caused by catastrophic or extreme weather and other natural events, including fires, snow, rain or ice storms, windstorms, tornadoes, hurricanes, earthquakes, flooding and other severe weather. Many of our services require our employees to travel to patients' homes by car. Adverse weather events could impair our ability to provide services and could cause substantial damages or losses to our communities or operations, which may not be covered by insurance. These events may also indirectly effect our business by increasing the cost of (or making unavailable) insurance on terms we find acceptable. Changes in regulations relating to climate change could require us to change the way we provide services and could result in increased costs without a corresponding increase in revenue. Delays in reimbursement may cause liquidity problems. If we experience problems with our billing information systems or if **payment** issues arise with Medicare, Medicaid or other payors, we may encounter delays in our payment cycle **or delays in submitting required cost reports** . From time to time, we have experienced such delays as a result of government payors instituting planned reimbursement delays for budget balancing purposes or as a result of prepayment reviews. Some states in which we operate ~~are operating with~~ **experience or have experienced** budget deficits or could have a budget deficit in the future, which may delay reimbursement in a manner that would adversely affect our liquidity. In addition, from time to time, procedural issues require us to resubmit claims before payment is remitted, which contributes to aged receivables. Unanticipated delays in receiving reimbursement from state programs due to changes in their policies or billing or audit procedures may adversely impact our liquidity and working capital **. Failure to timely submit required cost reports may result in financial penalties** . Compliance with the regulations of the Department of Housing and Urban Development (" HUD ") may require us to make unanticipated expenditures which could increase our costs. Seventeen of our affiliated senior living communities are currently subject to regulatory agreements with HUD that give the Commissioner of HUD broad authority to require us to be replaced as the operator of those communities in the event that the Commissioner determines there are operational deficiencies at such communities under HUD regulations. Compliance with HUD' s requirements can often be difficult because these requirements are not always consistent with the requirements of other federal and state agencies and, in some instances, may require us to make additional capital expenditures to meet HUD' s heightened requirements. Appealing a failed inspection can be costly and time- consuming and, if we do not successfully remediate the failed inspection, we could be precluded from obtaining HUD financing in the future or we may encounter limitations or prohibitions on our operation of HUD- insured communities. Failure to comply with existing environmental laws could result in increased expenditures, litigation and potential loss to our business and in our asset value. Our independent operating subsidiaries are subject to regulations under various federal, state and local environmental laws, primarily those relating to the handling, storage, transportation, treatment and disposal of medical waste; the identification and warning of the presence of asbestos- containing materials in buildings, as well as the encapsulation or removal of such materials; and the presence of other substances in the

environment. The presence of such materials may be unknown and could result in remediation costs, fines, damages and other material harm to our business. We are a holding company with no operations and rely upon our independent operating subsidiaries to provide us with the funds necessary to meet our financial obligations. We are a holding company with no direct operating assets, employees or revenues. Each of our affiliated operations is operated through a separate, independent subsidiary, which has its own management, employees and assets. Our principal assets are the equity interests we directly or indirectly hold in our independent operating subsidiaries. As a result, we are dependent upon distributions from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and have no obligation to make funds available to us. The ability of our subsidiaries to make distributions to us will depend substantially on their respective operating results and will be subject to restrictions under, among other things, the laws of their jurisdiction of organization, which may limit the amount of funds available for distribution to investors or stockholders, agreements of those subsidiaries, the terms of our financing arrangements and the terms of any future financing arrangements of our subsidiaries. Two of our directors continue to serve as a director on the Ensign board of directors, and ownership of shares of Ensign common stock or equity awards of Ensign by our directors and executive officers may create conflicts of interest or the appearance of conflicts of interest. Two of our directors continue to serve on the Ensign board of directors and ~~substantially all~~ **a portion** of our executive officers and ~~some of our~~ non- employee directors own shares of Ensign common stock. This could create, or appear to create, potential conflicts of interest when our or Ensign' s management or directors face decisions that could have different implications for us and Ensign, including **our existing long** ~~the resolution of any dispute regarding the terms~~ - **term leases** ~~of the agreements governing the Spin- Off and the relationship between us and Ensign after the Spin- Off~~ , any commercial agreements entered into in the future between us and Ensign and the allocation of such directors' time between us and Ensign. A Medicare ~~Overpayment~~ **overpayment** ~~Audit~~ **audit** of one of our ~~Independent~~ **independent** ~~Operating~~ **operating** ~~Subsidiaries~~ **subsidiaries** could result in a material loss. From June 2021 to May 2022, a united program integrity contractor (" UPIC ") for the Medicare program suspended one of our independent operating subsidiary' s rights to submit claims to and obtain reimbursement from Medicare for its hospice agency services. The suspension concluded in May 2022 and Medicare has resumed payment on new claims submitted by the agency. The payments suspended as of June 30, 2022 totaled $ 5. 2 million and represented all Medicare payments due to that independent operating subsidiary' s provider number during the suspension. During the suspension, the UPIC reviewed 107 patient records from a 10- month period to determine whether a Medicare overpayment was made to this independent operating subsidiary and whether repayment of any identified overpayment is due. Based on the results of its claim review, the UPIC alleged actual overpayments of $ 0. **4** ~~4million~~ - **million** and extrapolated overpayments of $ 5. 2 million based upon its sampled and extrapolated data. In September and October 2022, the Company submitted requests for redetermination of the alleged overpayments. The UPIC' s redetermination decision was partially favorable **, reducing the alleged overpayment from $ 5. 2 million to $ 1. 9 million** . The Company plans to continue to contest the UPIC' s initial overpayment determination for the claim samples redetermined adversely to the Company. This suspension and overpayment allegation may increase the likelihood that this or other of our independent operating subsidiaries may be subjected to additional scrutiny in the future. A Medicare contractor may review patient records from one or more of our other independent operating subsidiaries, which may lead to those agencies having their Medicare payments suspended, whether temporarily or on an indefinite or permanent basis, potentially leading to their closure and resulting adverse impacts on our revenues and profits. Risks Related to Ownership of Our Common Stock Anti- takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable. Our amended and restated certificate of incorporation and amended and restated bylaws may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions: allow us to authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings; create a classified board of directors whose members serve staggered three- year terms; and limit the ability of our stockholders to call and bring business before special meetings. Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These provisions could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and to cause us to take other corporate actions desired. Risks Related to COVID- 19 COVID- 19 has created new regulatory risks that impact our operations. COVID- 19 ~~has~~ generated ~~, and will likely continue to generate,~~ dramatic and rapid changes in the laws affecting our operations **, and the unwinding of pandemic- related activities may continue to affect our business in the foreseeable future** . U. S. Federal, state, and local regulators implemented new laws, rules, regulations, and orders, or waived or modified existing laws, rules and regulations for the duration of the COVID- 19 public health emergency (" PHE "). The ~~Biden administration has announced that the~~ PHE ~~will conclude~~ **concluded** on May 11, 2023, which ~~will require~~ **required** us to navigate the termination of federal and state waivers and flexibilities ~~, which may be staggered and result in different or inconsistent termination dates of certain federal and state waivers flexibilities. Most of the legal and regulatory changes in response to COVID- 19 were made without following typical regulatory or legislative processes and procedures, and were announced via website postings or fact sheets with limited notice and without full regulations or guidance in place. While many of the changes are beneficial in that they reduce or eliminate statutory or regulatory requirements for healthcare providers during the COVID- 19 public health emergency, we remain subject to the risk of inadvertent non- compliance due to the quantity, ambiguity and frequency of changes, including the expiration of certain waivers issued by the federal government and various state governments. In addition~~

to the regulatory changes regarding COVID- 19, the end of the emergency measures created to address it may adversely affect our operations through increased legal and operational costs related to compliance with changes and monitoring for future changes. The resumption of pre- COVID- 19 regulatory requirements at the conclusion of the public health emergency may **continue to** require significant operational changes on short notice. COVID- 19 and related risks have affected and could materially affect our results of operations, financial position and / or liquidity. The global spread of COVID- 19 and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. See " Part II — Item 5. , — Management' s Discussion and Analysis **we continue to see the after- effects** of Financial Condition and Results **these changes today. Many** of Operations — **the direct and indirect consequences of** COVID- 19 " herein. Now **on our business are now known; however, new developments in** three -- **the** years into **wake of the PHE' s termination, as well as legacy consequences from** the COVID- 19 pandemic **including** , which appears to be an endemic and ongoing circumstance to be managed, and with the end of the federal COVID- 19 PHE approaching on May 11, 2023, many of the direct and indirect consequences of COVID- 19 on our business are known; however, new developments such as waves of COVID- 19 variants, second- order effects such as supply chain **inflation, consumer demand,** and labor supply issues are ongoing. **Similarly,** The full range of their direct and indirect consequences of the COVID- 19 pandemic on our business are not **all** yet known. Similarly, the risks and consequences of the COVID- 19 PHE' s termination and conclusion of emergency responses to COVID- 19 in states and localities where we operate are not yet fully known **,** and may **yet** adversely affect our business **in ways that are evolving or may only be evident with the passage of time** . Risks presented by the ongoing effects of COVID- 19 include the following: • In addition to the hazards posed by COVID- 19 itself, the disruption **Disruption** caused by repeated waves of COVID- 19 variants, including breakthrough infections of fully vaccinated individuals, poses a risk to the Company for the foreseeable future due to the potential consequences of such variants on Company personnel, labor pool participants, availability of necessary supplies, continued adverse impact on move- in rates within senior living, and consequences for the broader economy. • Decreased home health and hospice volumes and senior living occupancy, which has **may** led **lead** to decreased revenue. • Increased costs and staffing requirements related to implementation of COVID- 19 infection prevention protocols, including increased utilization of personal protective equipment (" PPE "), COVID- 19 diagnostic testing and vaccination for staff and residents, and additional labor and cleaning supplies to frequently sterilize equipment and surfaces. • Increased labor costs due to increased overtime or premium pay, paid leave, reduced labor force participation, wage pressure from competitors, workers becoming ineligible for employment due to COVID- 19 vaccination requirements, mandatory testing costs **, reduction of the qualified workforce due to burnout and qualified personnel leaving the caregiving field** , and the increased need for temporary labor to supplement our existing staffing as our front- line employees may become unable to work while awaiting the results of COVID- 19 tests or as they recover from a COVID- 19 infection. • Increased scrutiny by regulators of **visitation requirements,** infection control and prevention measures, including imposition of new COVID- 19 disease and mortality reporting requirements, and increased enforcement of resident rights' violations related to visitation. • Disruptions to supply chains which could negatively impact consistent and reliable delivery of PPE, sanitizing supplies, food, pharmaceuticals, and other goods. • COVID- 19 related illnesses in staff may impact the quality of care, which could lead to temporary staffing shortages or reliance on less experienced personnel. • Employee concerns related to workplace safety, including potential for increase in workers' compensation claims. • Potential increase in insurance premiums and COVID- 19 related claims. • Inconsistent application or interpretation of modifications to regulatory requirements by surveyors **, including both COVID- 19 survey standards and the resumption of pre- COVID- 19 survey standards and practices** . • Potential for continued inflation **and price increases of certain goods or services** resulting from changes in economic conditions and steps taken by the federal government and the Federal Reserve, which could lead to higher inflation rates or longer- lasting inflation than anticipated, which could in turn lead to an increase in expenses, including **payroll, insurance, and** rent expense under our triple net leases. All of the triple net leases in our senior living business contain annual rent escalators tied to year- over- year increases in various consumer price indices. While these leases contain provisions capping the increased rent expense each year, increased inflation could cause our rent expense in our senior living business to increase at a greater rate than in prior years. • Potential for future investigations, sanctions, fines, or other penalties arising from the conclusion of the COVID- 19 PHE and the expiration of waivers and flexibilities enacted at the federal and state levels as a result of the PHE, and the need to update and amend policies and procedures to timely acknowledge the expiration of these waivers and flexibilities **and meet new standards concerning visitation and infection control that arose from the COVID- 19 PHE** . COVID- 19 could lead to future litigation. COVID- 19 has affected virtually all businesses in the country, and healthcare providers have been acutely impacted due to direct involvement with the virus. The challenges of dealing with a global pandemic have been amplified by supply shortages **(including testing supplies)** , lack of available tests, and constantly evolving information. It is likely that healthcare **Healthcare** companies, including those in the post- acute care and senior living industries in which we operate, could **may** become targets of plaintiffs' litigation, alleging negligence, wrongful death, and similar claims resulting from where cases of COVID- 19 occurred in senior living communities and through the direct contact with COVID- 19 positive patients of our home health and hospice providers. If we or our operations are subject to litigation of this nature **based on pandemic- era activity** , such litigation may result in legal fees, damages, fines or settlements in amounts that could be material. **Although** Rules mandating COVID- 19 vaccination may subject us to penalties and other challenges. Various federal, state and local governments have issued, or indicated an intention to issue, COVID- 19 vaccination requirements for health care workers and other workers. Most notably, on November 4, 2021, CMS issued an **and the** interim final rule requiring full vaccination of personnel working for operations reimbursed by Medicare or Medicaid. The United States Supreme Court upheld this mandate and full vaccination is now required for health care workers in all states . States where we operate have imposed **rescinded, withdrawn, or discontinued** their **requirements** own vaccine mandates as well. During 2021, California, Colorado, Oregon and Washington each issued orders requiring that all or **for** some **our** employees and contractors of our independent operating

~~subsidiaries be fully vaccinated. In addition, on December 22, 2021 California ordered that health care workers who are booster-eligible must receive a vaccine booster by March 1, 2022. Other states, however, have rescinded or allowed their healthcare worker vaccination mandate to expire. Oregon modified its vaccine mandate on April 1, 2022 so that it no longer applied to state employees, but it continued to remain in effect for healthcare workers. By July 14, 2022 the Colorado Board of Health allowed the State' s COVID- 19 vaccination requirement for healthcare workers to expire and no longer required healthcare workers to be vaccinated against the virus. Washington State also terminated its requirement for healthcare workers~~ to be vaccinated against COVID- 19 ~~on October 31~~ , **we may face risk for monitoring and ensuring compliance with these mandates while they were in effect during** 2022 **and the applicable portions of 2023** ~~. Despite this emerging inconsistency among various states, CMS' s interim final rule still requires COVID- 19 vaccination for healthcare workers at Medicare- participating facilities~~ . The Company may be subject to fines, penalties or judgments, or may otherwise be negatively impacted, if it is found not to have complied with **these** ~~any such current or future~~ vaccination requirements ~~,~~ **when they were in effect. These consequences may** ~~including~~ **include fines, penalties, and other administrative sanctions** ~~CMS' s interim final rule requiring COVID- 19 vaccination~~ . Current or prospective employees may oppose vaccination, ~~making~~ **and the prior existence of these federal, state, and local vaccination mandates may make** it more difficult to recruit or retain staff. ~~As of January 2022, the FDA and CDC approved the use of COVID- 19 vaccine booster shots for most individuals. The Company may be subject to fines, penalties, judgments, or otherwise be negatively impacted based on loss of skilled workers or increased competition and cost to acquire skilled workers in the event of worker hesitancy or aversion to vaccine booster shots, or a change in the definition or understanding of " fully vaccinated " under CMS, OSHA or other state regulations that currently, or may in the future, require employees to have received booster shots to maintain their fully vaccinated status.~~