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**REHABCARE AND TWO LOCAL HOSPITALS RECEIVE APPROVAL
FOR CENTRAL ILLINOIS HOSPITAL PROJECTS**

ST. LOUIS, MO, June 25, 2007— RehabCare Group, Inc. (NYSE: RHB) and two local hospitals have received approval from the state of Illinois for two projects that will bring important post-acute healthcare services to central Illinois. Both projects, one a long-term acute care hospital (LTACH) to be built in Peoria, and the other, an inpatient rehabilitation facility in Decatur, were granted certificates of need (CONS) by the Illinois Health Facilities Planning Board on June 12.

RehabCare and Methodist Medical Center plan to build a new 50-bed LTACH near downtown Peoria. Construction is expected to begin in January 2008 on a 56,000 square-foot LTACH, to be called The Greater Peoria Specialty Hospital. The facility will be located in the three-block area bordered by Richard Pryor Place, Romeo B. Garrett Avenue and Hightower Street in Peoria. An early 2009 opening is projected.

LTACHs provide specialized, around-the-clock care for extended stay patients with chronic or medically complex conditions, such as ventilator dependency, brain injury, cardiopulmonary disease, chronic pain and neuropathy. Patients are typically admitted to an LTACH following treatment in a traditional acute care hospital, and the average length of stay is 30 days.

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"Greater Peoria Specialty Hospital will complement the continuum of post-acute services we currently manage in central Illinois," said John H. Short, Ph.D., RehabCare President and CEO. "The addition of this facility means we will be able to deliver our services in an acute care, long-term acute care or a skilled nursing environment for residents of this region."

Methodist CEO and President W. Michael Bryant added, "This healthcare facility will fill a previously unmet need in central Illinois by providing care for patients who require these specialized services. We're pleased that the state of Illinois recognized this need as well."

OSF Saint Francis Medical Center in Peoria provided a letter of support to accompany this CON application, portraying the facility as an important addition to the Peoria medical community.

CONs are required in Illinois for construction or modification projects proposed by or on behalf of healthcare facilities. To obtain a CON, an entity must justify that a proposed project is needed and that it is financially and economically feasible.

The second project to receive CON approval is a 20-bed inpatient rehabilitation facility (IRF), scheduled to open late this year at St. Mary's Hospital in Decatur. The hospital is converting 20 existing skilled nursing beds into an IRF, which RehabCare will operate. The IRF will introduce needed services for the residents of Decatur, who currently travel 40 to 50 miles to Springfield or Champaign for rehabilitation.

IRFs provide physical, occupational and speech therapy to patients with a variety of conditions that require intense rehabilitation.

Established in 1982, St. Louis-based RehabCare (www.rehabcare.com) is one of the nation's leading providers of rehabilitation program management, servicing over 22,000 patient visits each day in conjunction with more than 1,300 hospitals and skilled nursing facilities (SNFs) in 43 states, the District of Columbia and Puerto Rico. The Company also operates freestanding rehabilitation hospitals and long-term acute care hospitals across the country.

Methodist Medical Center of Illinois (www.mymethodist.net) is a 353-bed comprehensive care provider serving the more than 300,000 residents of the Greater Peoria area. Founded in 1900, the hospital has been driven by its mission of delivering outstanding healthcare.

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from forecasted results. These risks and uncertainties may

include but are not limited to, our ability to consummate acquisitions and other partnering relationships at reasonable valuations; our ability to integrate acquisitions and partnering relationships within the expected timeframes and to achieve the revenue, cost savings and earnings levels from such acquisitions and relationships at or above the levels projected; our ability to comply with the terms of our borrowing agreements; changes in governmental reimbursement rates and other regulations or policies affecting reimbursement for the services provided by us to clients and/or patients; the operational, administrative and financial effect of our compliance with other governmental regulations and applicable licensing and certification requirements; our ability to attract new client relationships or to retain and grow existing client relationships through expansion of our service offerings and the development of alternative product offerings; the future financial results of any unconsolidated affiliates; the adequacy and effectiveness of our operating and administrative systems; our ability to attract and the additional costs of attracting and retaining administrative, operational and professional employees; shortages of qualified therapists and other healthcare personnel; significant increases in health, workers compensation and professional and general liability costs; litigation risks of our past and future business, including our ability to predict the ultimate costs and liabilities or the disruption of our operations; competitive and regulatory effects on pricing and margins; our ability to effectively respond to fluctuations in our census levels and number of patient visits; the proper functioning of our information systems; natural disasters and other unexpected events which could severely damage or interrupt our systems and operations; changes in federal and state income tax laws and regulations, the effectiveness of our tax planning strategies and the sustainability of our tax positions; and general and economic conditions, including efforts by governmental reimbursement programs, insurers, healthcare providers and others to contain healthcare costs.

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