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FOR IMMEDIATE RELEASE
January 19, 2007

**REHABCARE AND METHODIST MEDICAL CENTER ANNOUNCE PLANS TO
DEVELOP NEW LONG-TERM ACUTE CARE HOSPITAL IN PEORIA, IL**

ST. LOUIS, MO and PEORIA, IL, January 19, 2007—RehabCare Group, Inc. (NYSE: RHB) and Methodist Medical Center announced today their intention to form a joint venture that would develop, own and operate a new 50-bed long-term acute care hospital (LTACH) near downtown Peoria. The proposed partners are applying for a Certificate of Need (CON) through the state of Illinois and would begin construction of the new hospital following CON approval, as well as necessary licensure through the Illinois Department of Health. Financial terms were not disclosed.

The 56,000 square-foot LTACH, to be called The Greater Peoria Specialty Hospital, 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. Once fully operational, the LTACH will provide jobs for an estimated 150 full-time employees.

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.

"The lack of a long-term acute care hospital in Peoria creates a great deal of stress for families who need access to these special services," said John H. Short, Ph.D., RehabCare President and CEO. "This project will give us

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the opportunity to blend our expertise and resources with one of the area's leading healthcare providers to not only fill a void for the community but increase our service offerings in a key geographic market."

Methodist CEO and President W. Michael Bryant added, "We're proud to lead the way in bringing this new service to our community. It's a further reflection of Methodist's commitment to providing the full continuum of care for patients in Central Illinois."

OSF Saint Francis Medical Center views the LTACH as an important addition to the Peoria medical community and has provided a letter of support to accompany the Certificate of Need application. Sue Wozniak, Chief Operating Officer at OSF Saint Francis, said: "This new hospital will complement the existing facilities in our area and will provide patients with quality healthcare in an environment that will promote healing. We commend Methodist and RehabCare for taking this initiative."

Established in 1982, St. Louis-based RehabCare (www.rehabcare.com) is one of the nation's leading providers of rehabilitation program management, servicing over 24,000 patient visits each day in conjunction with more than 1,400 hospitals and skilled nursing facilities (SNFs) in 42 states, the District of Columbia and Puerto Rico.

Methodist Medical Center of Illinois (www.methodistmedicalcenter.org) 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; and general and economic conditions, including efforts by governmental reimbursement programs, insurers, healthcare providers and others to contain healthcare costs.

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