

Centric Health Provides Additional Update about Recent Regulatory Changes

TORONTO, May 28, 2018 /CNW/ - Centric Health Corporation ("Centric Health" or the "Company") (TSX:CHH), Canada's leading diversified healthcare services company, wishes to provide an update about recently announced regulatory changes.

Following extensive and constructive discussions with the Alberta Government over the past several weeks, Centric Health executed the new Alberta Blue Cross Pharmaceutical Services Agreement effective May 17, 2018. The Company believes that this step was in the best interests of Alberta seniors, their families and our home operator partners. In conjunction with the Company's execution of the agreement, the Government has expressed a willingness to have an ongoing dialogue and work with the Company to gather additional evidence about the clinical and economic value that pharmacy services provide in designated supportive living facilities in Alberta.

Centric Health is implementing changes to our operating model to adapt to the new funding framework in Alberta. These changes are part of the previously announced business re-engineering plan in the Specialty Pharmacy business, execution of which is underway and on track. We expect that the business re-engineering plan will significantly mitigate the impact of recent regulatory developments, while ensuring that we continue to offer market-leading service to home operators and their residents.

The Company is now able to estimate that the net annualized EBITDA impact of the two recent regulatory changes – the Pan-Canadian generic drug pricing agreement and the new Alberta funding framework – will be up to \$2 million. As previously announced, the Company still expects to deliver year-over-year Adjusted EBITDA growth in 2018 despite these changes.

"Although these regulatory changes are disappointing, our team has worked diligently on the business re-engineering plan to significantly offset the impact," said David Murphy, President and Chief Executive Officer. "As our Specialty Pharmacy business moves from a historically decentralized, regional operating model to one which maximizes the efficiencies of a truly national platform, we are able to optimize our operation, overcome these short-term challenges, and continue on a growth trajectory."

About Centric Health

Centric Health's vision is to be Canada's most respected and recognized provider in the independent healthcare sectors in which it operates, world renowned for delivering the highest levels of quality care and outcomes, innovative solutions and value to patients, clients and stakeholders. To this end, Centric Health primarily focuses on two core healthcare businesses:

- Centric Health's Specialty Pharmacy team is committed to delivering the highest standards of services and care focusing on "Senior's First". The current infrastructure is represented by a national network of 19 fulfilment centres serving more than 28,000 seniors in over 440 seniors communities (long-term care facilities, retirement homes and assisted living facilities) in four provinces. The Specialty Pharmacy division also provides pharmaceutical dispensing services for employees insured by corporate health plans.
- The Surgical & Medical Centres division is Canada's largest independent surgical provider operating five facilities across four provinces. It serves a diversified customer base with private paid non-insured surgeries and diagnostics, government outsourcing of insured surgeries and diagnostics and other procedures funded by third-party payors (including Workers Compensation) and is the proud owner of Canada's first Centre of Excellence in Metabolic and Bariatric Surgery.

With national networks of facilities in each of its businesses, deep knowledge and experience of healthcare delivery and extensive, trusted relationships with payers, physicians, and government agencies, the Company is uniquely positioned to address current and future healthcare needs in growing markets as the Canadian healthcare industry goes through a major transformation over the medium to long term. www.centrichealth.ca

This press release contains statements that may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. These forward-looking statements include, among others, statements regarding business strategy, plans and other expectations, beliefs, goals, strategies, alternatives, objectives, information and statements about possible future events, including the ability to mitigate the effects of regulatory changes such as through the execution of the Company's business re-engineering plan. Readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are based on current expectations, estimates and assumptions that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Centric Health and described in the forward-looking statements contained in this press release. No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits Centric Health will derive therefrom. The Company does not undertake to update any forward-looking information contained herein, except as required by applicable Canadian securities legislation.

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