2019 J.P. Morgan Healthcare Conference

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January 8, 2019

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Note regarding presentation of non-GAAP financial measures
The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, including Adjusted EBITDA, leverage ratios, adjusted earnings per share, and adjusted free cash flow. The Company's Form 8-K, dated January 7, 2019, to which the following presentation is attached as Exhibit 99.1, provides further explanation and disclosure regarding Encompass Health's use of non-GAAP financial measures and should be read in conjunction with this presentation. Schedules that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States are included in that Form 8-K.

Company overview

National leader of inpatient rehabilitation hospitals and home-based care

130
IRFs

220
Home Health locations

58
Hospice locations

36
States and Puerto Rico

Committed to delivering high-quality, cost-effective care across the post-acute continuum

Company overview - Inpatient Rehabilitation

Largest owner and operator of IRFs

of Licensed beds

of Medicare patients served

32
States & Puerto Rico

130
Inpatient Rehabilitation Hospitals

45
Operate as joint ventures with acute care hospitals

114
Hospitals hold one or more disease-specific certifications

~30,100
employees

~178,300
patients

~$3.3 billion
revenues

Company overview - Home Health and Hospice

4th largest provider of Medicare-certified skilled home health services

220
Home Health locations

58
Hospice locations

30
States

95%
Home health agencies ≥3 stars for quality of care

90%
Home health agencies ≥3 stars in patient satisfaction

~10,300
employees

~134,000
home health admissions

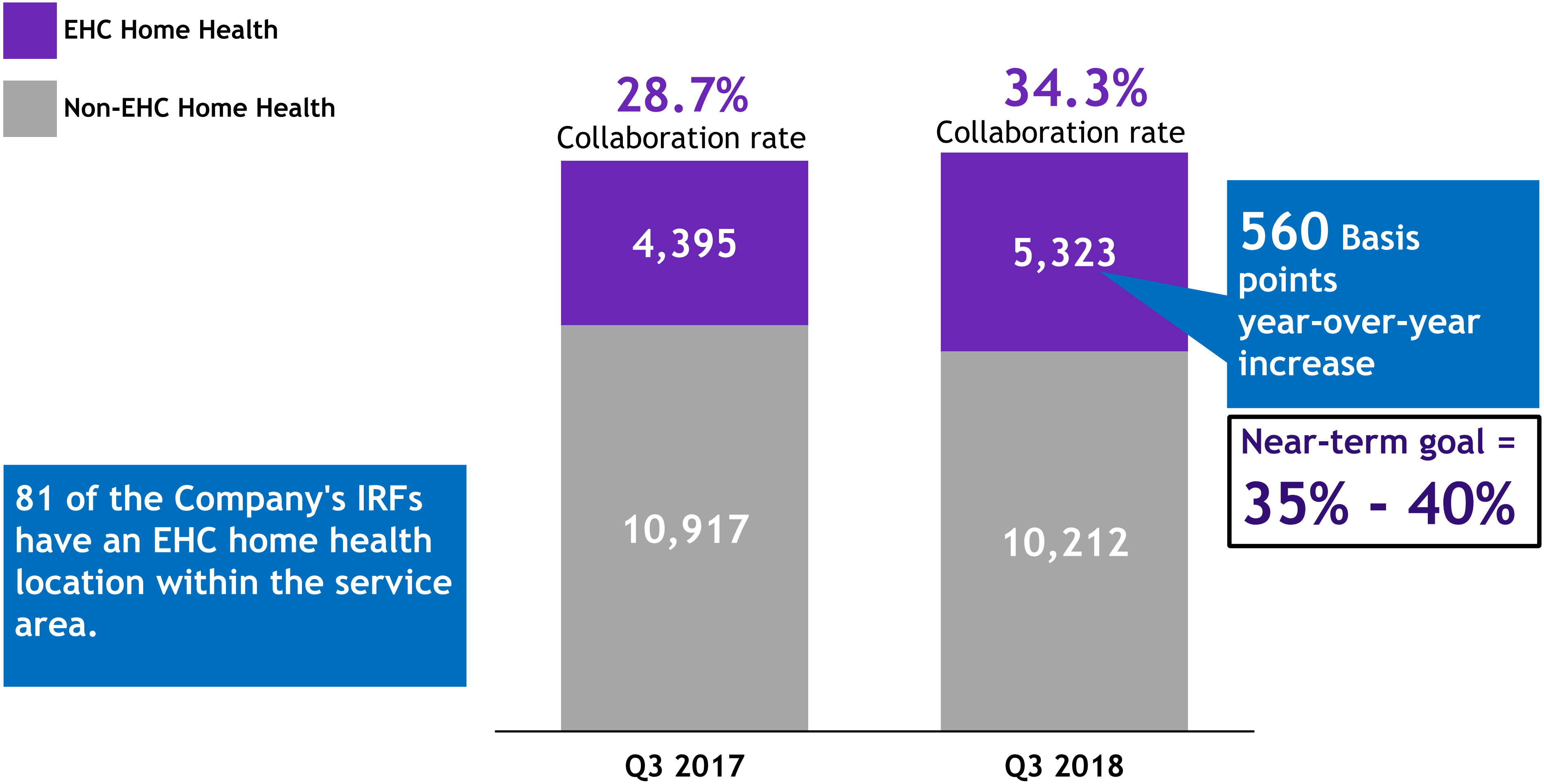
~6,800
hospice admissions

~$887 million
revenues

Clinical collaboration in overlap markets

Improving the patient experience and reducing total costs through integrated care delivery

Encompass Health IRF discharges to:



81 of the Company's IRFs have an EHC home health location within the service area.

Near-term goal = **35% - 40%**

Preliminary Q4 2018 results

- **Preliminary and subject to change**
- **Earnings Release scheduled for February 7, 2019**

Q4 2018

Operating Metrics

- IRF discharge growth of 3.5%; same store = 1.8%
  - ✓ same-store discharge growth negatively impacted by ~50 basis points due to ongoing effects of Hurricane Michael on operations in Panama City, Florida
- Home health admissions growth of 10.6%; same store = 5.4%
- Clinical collaboration rate of 34.9%, a 320 basis points increase over Q4 2017

Expansion Activity

- Began operating new 68-bed inpatient rehabilitation hospital in Winston-Salem, North Carolina, a joint venture with Novant Health, Inc.
- Added four home health locations in Alabama, Massachusetts and South Carolina and two hospice locations in Alabama and Texas

Updated 2018 guidance

2018 previous guidance	2018 updated guidance
Net operating revenues $4,250 million to $4,300 million	**Net operating revenues** $4,260 million to $4,280 million
Adjusted EBITDA $880 million to $890 million	**Adjusted EBITDA** $890 million to $895 million
Adjusted earnings per share from continuing operations attributable to Encompass Health $3.55 to $3.63	**Adjusted earnings per share from continuing operations attributable to Encompass Health** $3.62 to $3.66

2018 Highlights

FINANCE (2018 Updated Guidance Ranges)

Net operating revenues $4.26 to $4.28 billion	Adjusted EBITDA $890 to $895 million	Adjusted EPS $3.62 to $3.66	Free cash flow $480 to $505 million

GROWTH

Opened 4 new hospitals	Expanded existing hospitals by 26 beds	Acquired or opened 23 home health locations	Acquired 22 hospice locations

OPERATIONAL INITIATIVES

Completed rebranding and name change	Enhanced data analytics	Increased clinical collaboration	Piloted post-acute solutions

CAPITAL STRUCTURE

Reduced leverage below 3.0x	Continued shareholder distributions

Rebranding and name change

The Company's rebranding and name change reinforce its existing strategy and position as an integrated provider of inpatient and home-based care.

JULY 2017
Announced planned name change

JAN. 2018
Legally changed name and stock ticker to Encompass Health Corporation (EHC)

APRIL 2018
Phase 1 field asset conversions

JULY 2018
Phase 2 field asset conversions

OCT. 2018
Phase 3 field asset conversions

JAN. 2019
Phase 4 field asset conversions; transition complete

Encompass Health

As of January 1, 2019, all of the Company's hospitals and home health and hospice locations have been transitioned to the Encompass Health brand.

2019 Priorities

GROWTH

Hospitals	Home health locations	Hospice locations

CONTINUED GROWTH

organic de novos acquisitions

OPERATIONAL INITIATIVES

Increase clinical collaboration	Build stroke market share	Further develop post-acute solutions	Transition to CARE Tool payment system	Prepare for PDGM	Implement RCD

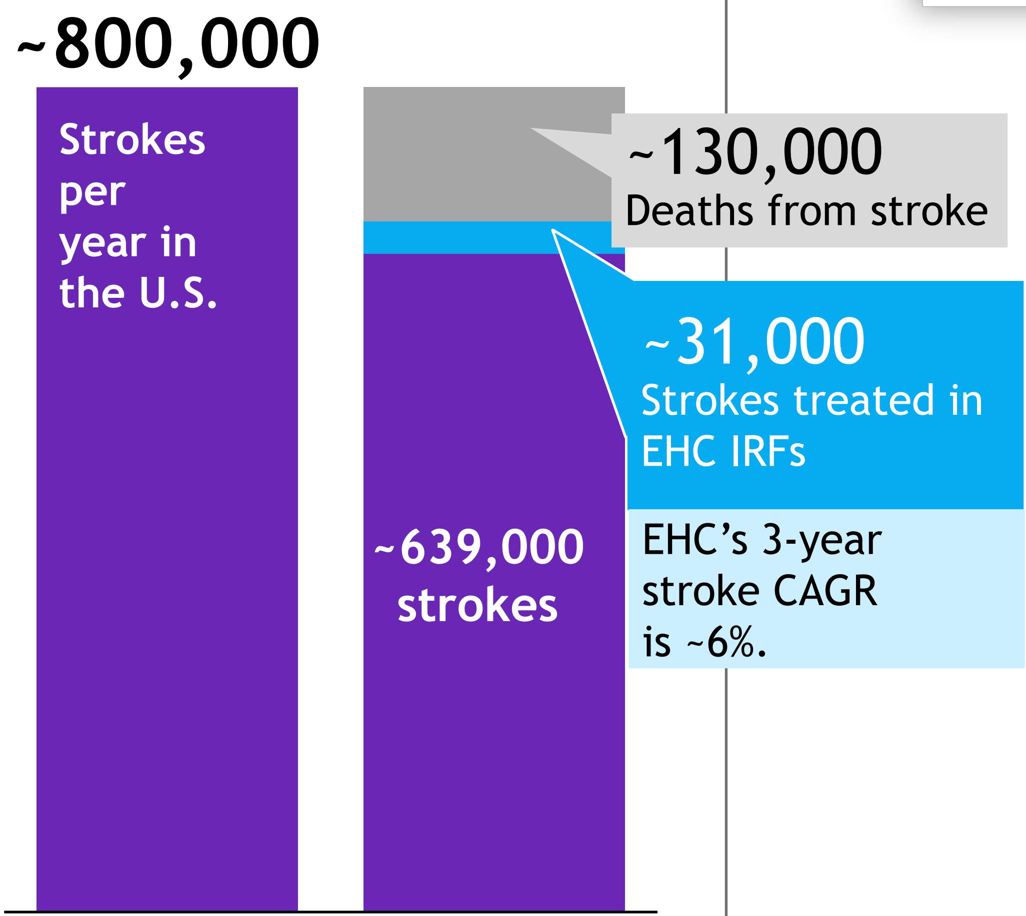
CAPITAL STRUCTURE

Maintain flexibility	Consider opportunistic refinancings	Continue shareholder distributions

Building stroke market share

Leveraging our:
- strategic partnership with the AHA/ASA
- clinical collaboration
- joint commission certifications

Encompass Health | American Heart Association | American Stroke Association



EHC's 3-year stroke CAGR is ~6%.

112 EHC IRFs hold stroke-specific certifications.

Continue to increase market share by focusing on IRF-eligible stroke patients going to SNFs and non-EHC IRFs

Stroke cases account for ~1/3 of EHC's Medicare Advantage volume.

Post-acute solutions

Our post-acute solutions will leverage our clinical expertise, large post-acute datasets, EMR technologies, and strategic partnerships to drive improved patient outcomes and lower cost of care across the entire post-acute episode.

2018

- Modified and implemented Cerner's HealtheCare module; created a longitudinal patient record to manage patients across the post-acute continuum
  - piloting in Tyler, Texas
- Deployed ReAct in all of our hospitals
- Developed 90-day post-acute readmission prediction model
  - piloting in Tyler, Texas and Petersburg, Virginia
- Began utilizing care navigators to follow a patient throughout an episode of care

2019

- Refine 90-day post-acute readmission prediction model; deploy to additional EHC hospitals
- Design and implement post-acute care clinical decision support tools
- Design and implement quality reporting tool for building preferred provider networks
- Create a provider hub to automate market analysis tools for quality reporting across episodes
- Use Medalogix for home health care plan optimization and to reduce emergency room visits and hospital readmissions

Inpatient Rehabilitation: Transition to CARE Tool payment system

Background

Elimination of FIM™ Functional Assessment items from IRF-PPS

- Effective October 1, 2019, CMS will replace the FIM™ functional assessment measures with the CARE Tool measures for reporting and payment purposes.
- This change will require CMS to make substantial changes to the CMGs, relative weights and average length of stay values for the IRF-PPS, likely impacting Medicare revenue per discharge for certain cases.

Transition to CARE Tool payment system

- Provide feedback to CMS on potential effects of care assessment measures on CMGs, relative weights and average length of stay
- Continue education of hospital staff on CARE Tool utilization, including documentation requirements
- Monitor FIM™ assessment to CARE Tool assessment comparative measures to ensure consistent representation of patients' functional status

Home Health: Patient Driven Groupings Model (PDGM)

Background

Move to the Patient-Driven Groupings Model

- Effective January 1, 2020, PDGM will:
  - move from 60-day episodes for payment to 30-day payment periods;
  - rely more heavily on clinical characteristics; and
  - eliminate therapy service use thresholds in case-mix adjustments.
- To achieve budget neutrality, CMS assumed behavioral changes will offset a 6.4% reduction in the base rate.

Home Health PDGM Preparation Strategies

- Pursue legislative avenues to require CMS to use observed (vs. assumed) behavior changes to achieve budget neutrality
- Provide feedback to CMS on magnitude and timing of assumed behavioral changes.
- Ensure productivity levels are realized for full-time staff
- Optimize acuity-scaled care planning
- Maximize the economies generated by scale and density
- Utilize technology to drive incremental efficiencies

Home Health: Review Choice Demonstration (RCD)

Background

Start of the Review Choice Demonstration

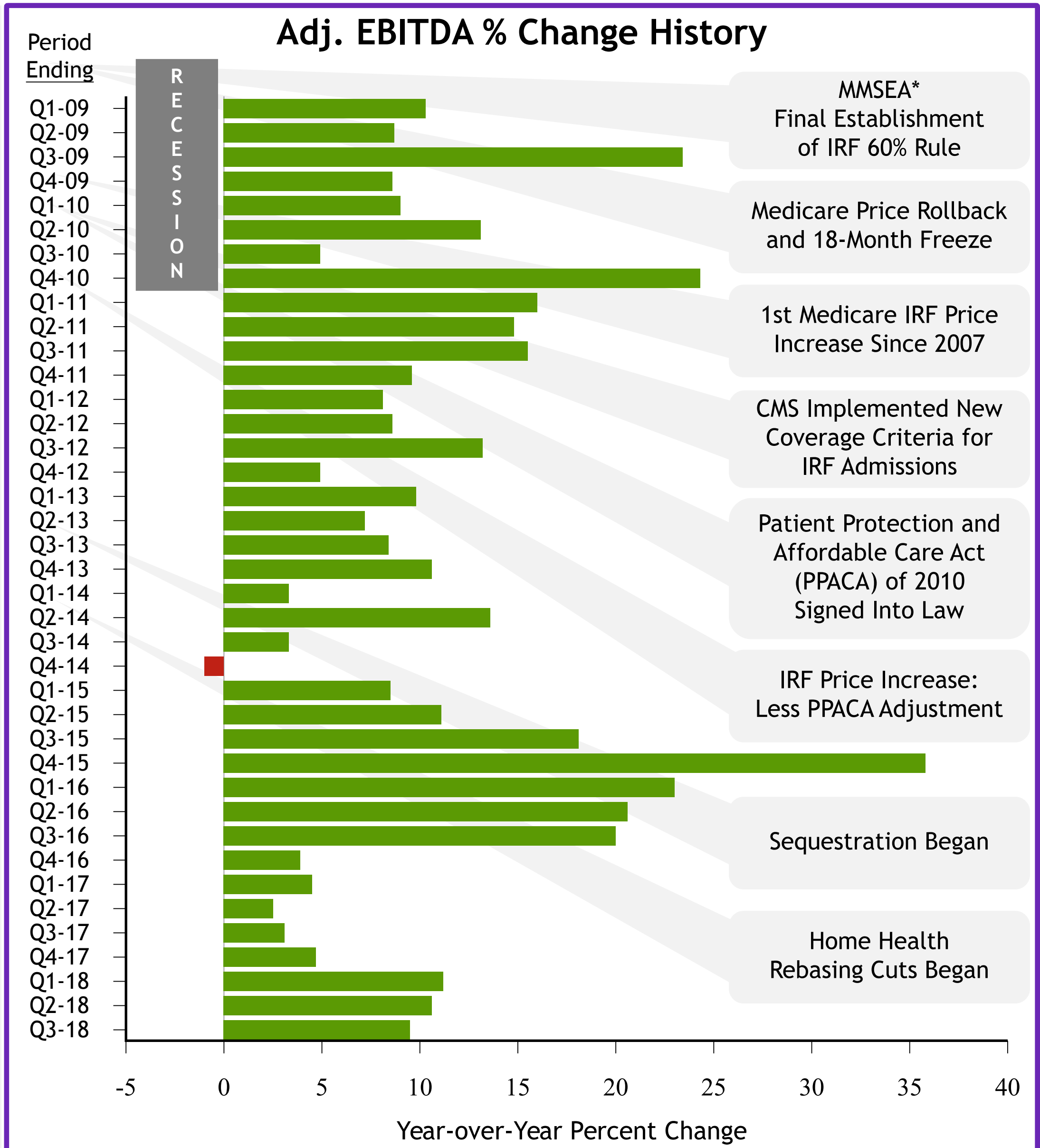
- Scheduled to begin no earlier than December 10, 2018; has not yet started; expected to begin in early 2019 in Illinois with a staggered implementation
- Gives three choices to providers
  - 100% pre-claim review
  - 100% post-payment review
  - Minimal post-payment review with a 25% payment reduction for all Medicare home health services

Review Choice Demonstration Preparation

- Reviewed all documentation requirements
- Implemented system features to make electronic submission easier
- Continue to work with physicians to ensure consistency between their supporting documentation and our supporting documentation
- Add administrative resources as staggered implementation occurs
- Apply learnings from our Illinois locations that successfully navigated PCRD with an affirmation rate in excess of 90%

Proven Track Record

We posted a year-over-year increase in Adjusted EBITDA in **38 of the last 39 quarters** despite these challenges.



* Medicare, Medicaid, and State Children's Health Insurance Program Extension Act of 2007

Guidance

2018 updated guidance	2019 preliminary guidance
Net operating revenues $4,260 million to $4,280 million	**Net operating revenues** $4,500 million to $4,600 million
Adjusted EBITDA $890 million to $895 million	**Adjusted EBITDA** $925 million to $945 million
Adjusted earnings per share from continuing operations attributable to Encompass Health $3.62 to $3.66	**Adjusted earnings per share from continuing operations attributable to Encompass Health** $3.71 to $3.85

2019 Guidance considerations

Inpatient Rehabilitation

- Estimated 1.2% increase in Medicare pricing for Q1 through Q3 and estimated 2.4% increase for Q4
  - Transition to CARE Tool may negatively impact Q4 pricing
- Salary increase of approx. 3.0%; benefits increase of approx. 6.0% to 8.0%
- Revenue reserve (formerly bad debt expense) of 1.4% to 1.6% of net operating revenues
- Panama City hospital expected to run at lower capacity in 2019
- Administrative costs related to transition to CARE Tool payment system

Home Health and Hospice

- Estimated 1.5% net Medicare pricing increase for CY 2019
- Salary increase of approx. 3.0%; benefits increase of approx. 6.0% to 8.0%
- Inclusive of home health and hospice acquisitions in 2019
- Administrative costs related to the Review Choice Demonstration program and preparation for PDGM

Consolidated

- Investments of $3 million to $5 million in strategic initiatives, including post-acute solutions
- Diluted share count of ~100 million shares
- Tax rate of ~27%
- Adoption of new lease accounting standard is expected to result in a gross-up of fixed assets and corresponding liabilities of $300 million to $400 million and is not expected to have a material impact on our income statement or statement of cash flows.

Adjusted free cash flow assumptions

Certain cash flow items (millions)	2018 Estimates	2019 Assumptions
• Cash interest expense (net of amortization of debt discounts and fees)	~$144	$145 to $155
• Cash payments for taxes, net of refunds	~$116	$140 to $150
• Working capital and other	($0 to $20)	$30 to $50
• Maintenance CAPEX	~$150	$160 to $170
• **Adjusted free cash flow**	$480 to $505	$400 to $470

Free cash flow priorities

	2018 Estimates	2019 Assumptions
	(In Millions)	
Growth in core business		
IRF bed expansions	~$25	$40 to $50
New IRFs		
- De novos	~80	85 to 115
- Acquisitions	-	opportunistic
- Replacement IRFs and other	~25	90 to 110
New home health and hospice acquisitions	~143	50 to 100
	~$273	$265 to $375, excluding IRF acquisitions
Debt reduction		
Debt redemptions (borrowings), net	~$64	opportunistic
Shareholder distributions		
Cash dividends on common stock	~$101	~$108
Purchase of Home Health Rollover shares and exercise of SARs	~65	TBD
Common stock repurchases	-	opportunistic
	~$166	$TBD

Strong and sustainable business fundamentals

- Attractive healthcare sectors
- Industry leading positions
- Cost-effectiveness
- Real estate ownership
- Financial strength
- Growth opportunities

Encompass Health

Encompass Health

Committed to delivering high-quality, cost-effective care across the post-acute continuum