

ADVANTAGE

Chairman's Message



John Elliott II,
Chairman and
CEO

In all of the excitement and announcements about our expanding direct-to-consumer sales channels, I frequently hear one similar question in my meetings and

discussions with analysts and with our key operating executives, "What about Arcadia's other operations?"

It is a good question, and it is one that I am always happy to address. Arcadia has been built on the strength of its diverse business operations involving staffing, home care, respiratory and durable medical equipment, and our mail-order pharmacy. These successful businesses provide the foundation for our success and will continue to be the basis for our future growth.

It is important that these operations do not become the "forgotten step-child" of Arcadia. They remain the biggest piece of our success, responsible for a greater portion of our revenues than our consumer-direct operations. Our management team is keenly aware of the importance of continuing our emphasis on customer satisfaction and excellence in our ongoing operations, while at the same time working hard to "cross-pollinate" our various operations among one another.

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Keeping People Independent

Arcadia's direct-to-consumer retail business expands

Arcadia's growth as a direct-to-consumer retailer is attracting new attention across the country. Arcadia has announced a significant expansion in its efforts to bring walk-in, routine / non-emergency medical clinics inside Meijer stores. At the same time, Arcadia has opened six new "Arcadia Home Medical Supply Centers" in Wal-Mart locations in Florida, Texas and New Mexico.

The expansions follow last year's opening of six Arcadia Home Health Centers in Sears' locations in Michigan.

Arcadia announced in August that it would open walk-in health clinics in seven Meijer locations in Michigan. Arcadia had previously announced that it was opening clinics in nine Meijer stores in Indiana. Meijer is a family-owned retailer operating supercenter stores throughout the Midwest.

The clinics, scheduled to open in November, will be staffed by Arcadia Nurse Practitioners and will offer routine health services such as the treatment for strep throat, bronchitis, ear infections, sinus infections, scrapes, and minor injuries. The clinics will provide vaccines and routine screening, such as cholesterol and blood pressure, without an appointment and with little or no waiting time.

Arcadia Resources, Inc. Chairman and CEO John Elliott II said, "Alternative-site healthcare is a delivery model that meets the needs of today's consumer. Our clinics offer a lower cost, less waiting time solution for routine health care. Elliott also announced the appointment of Alan Lotvin, M.D., as CEO of the clinic division (see story on page four).

At the same time, Arcadia is expanding its retail operations that provide home care products. Six new Arcadia Home Medical Supply Centers have been announced in Wal-Mart locations in Florida, New Mexico and Texas. They join the existing operation in St. Petersburg, Florida.

Similar to the partnership with Sears in Michigan, the Wal-Mart locations provide durable medical and respiratory equipment, including sleep apnea devices, nebulizers and more than 1,000 patient safety items and mobility products.

According to Elliott, the new Arcadia Home Medical Supply locations meet the growing consumer demand for "healthcare products that allow people to remain independent and in the comfort of their own homes."

Arcadia wows Wall Street

Arcadia's move to the American Stock Exchange (Amex) was greeted with great fanfare in New York City. Arcadia Chairman and CEO John Elliott II was joined by President Larry Kuhnert, Chief Financial Officer Rebecca Irish and Vice President of Administrative Services Cathy Sparling and others representing the company for the traditional "ringing of the bell" to kick-off trading on the morning of August 14.



From left: Cathy Sparling, Larry Kuhnert, Rebecca Irish, John Elliott II



Bright Ideas contest winner

We are pleased to announce the winner of the Bright Ideas contest announced in the last issue of *Arcadia Advantage*. Jill Stone, regional marketing manager at Beacon Respiratory Services in Denver, Colo. is our winner. Her innovative idea has boosted sales and increased referrals of this Arcadia subsidiary.

Jill's Bright Idea was to create an innovative, more effective way to communicate with target referral sources. She wanted to offer a fun way to introduce and educate referral

sources about Arcadia's services including how to identify patients that would qualify for home oxygen care. She created the "HOT Educational Chart" or Home Oxygen Therapy. The program started with a "Smoothie Bar Luau" for the offices to enjoy. Return visits included prize giveaways to referrals who could recite the HOT qualifications for oxygen



patients. This program was not only fun, it was hugely successful. In April, 15 new patients were added. In May another 14 came on board. And, in June, 35 new patients joined!

Jill would like to thank her entire sales team for making this program a success – and we would like to thank her for her dedication to the company. As mentioned in the contest guidelines, Jill will receive a trip for two to Naples, Fla. to meet with John Elliott II and Larry Kuhnert. We are looking to highlight other great ideas in future issues of this newsletter, so please send them to us at BrightIdeasContest@arcadiaservices.com.

What's New

Pennsylvania staffing office grows thanks to recruitment

Arcadia's Monroeville, Penn. (near Pittsburgh) healthcare staffing office is growing thanks to its success in recruiting qualified staff to service its partner companies.

Kathy Kozachenko, administrator of the Monroeville location, praised the office's focus on the diversity of placement opportunities for employees and the dedication and experience of the Monroeville administrative team. "We provide home health aides, RNs and LPNs with the opportunity to be placed in a variety of settings including long-term care facilities, hospices, nursing homes, as well as organizations that provide private duty home care," said Kozachenko.



From left: Larry Kuhnert, Roger Malkin, Joe Silva, Cathy Sparling, John Elliott II

Arizona DME expansion targeted

Roger Malkin, affiliate representative in Phoenix and Tucson, Ariz., recently met with Arcadia's leadership team to discuss plans to expand DME operations and integrate a more comprehensive service offering in the Arizona market. The integration of additional services to create more of a full-service concept is an important element of Arcadia's future success.

Non-healthcare staffing reaching new heights

Despite local economic woes in Michigan, business is booming for Jill Wagenberg, director of Arcadia Staff Resources, Arcadia's Michigan-based non-health care staffing operation. Arcadia Staff Resources has nine offices including its newest location in Kalamazoo.

Jill believes the success of Arcadia Staff Resources is due to the tremendous sales staff. "The staff is so dedicated to the company and to growing the business." According to Jill, the most successful sales tactics are consistency and persistence in the designated market areas. Her staff stays on task with target lists that are updated daily with new potential clients. Arcadia Staff Resources has placed more than 3,900 employees so far this year.

North Carolina office expands, adds services and changes name

Trinity Healthcare, a durable medical equipment (DME) provider in Winston-Salem, N.C., has moved to a new location and assumed the Arcadia name.

Location Manager Richie Hobson said, "We're moving into a larger facility that offers private rooms for patients and larger waiting areas. It also gives us the ability to offer even more services to

our patients. We've added home care services with the ability to provide skilled nursing, personal care and support services. We also offer Arcadia's nationwide mail-order pharmacy and the ability to buy home care equipment online or through Arcadia's mail-order catalogue."

Hobson is proud to take on the well-known Arcadia name. He said,

"Arcadia's knowledge and experience with home care and staffing services, and their understanding of the importance of consumer-direct services, makes it an easy transition in this growing market." The new location is only a half-mile from the old location, but Hobson said, "It's a vast improvement." An open house is scheduled for Thursday, October 26, 2006.

Technology Headlines

New Intranet launched

Arcadia's new corporate Intranet site was unveiled in September. It not only has a new look, it also has some very important new tools to support our key business processes. These changes will make the Intranet a primary communication vehicle across all divisions of Arcadia. Right now, access is limited to Arcadia employees – soon affiliates and customers will be able access it as well.

Benefits of the new Intranet include:

- Providing relief to our heavily burdened email system.
- Ability to locate documents easier, including expense report forms, the employee handbook, training documents and much more – all available in a printer friendly format.
- Enhanced updates to include FAQs, message boards, announcements and customized home pages for individual departments.

Look for more tools and information to be added in the near future.

We welcome suggestions on how to make our Intranet more relevant and helpful to everyone in the Arcadia family. Please navigate through the site and feel free to submit questions, comments and suggestions, or report any glitches. You can contact the Arcadia Help Desk at helpdesk@arcadiaservices.com.

New, easy access

All employees can now access their email remotely, anywhere and anytime as long as they have Internet access. Just go to <https://mail.arcadiaservices.com/exchange> to log on.

Time to Upgrade

As of July 2006, Microsoft is no longer supporting Windows 98 and Windows Me as part of the Microsoft Lifecycle Policy. The company retired public and technical support, including security updates. Microsoft is doing this because the products are outdated and can expose customers to security risks. They recommend that customers who are still running Windows 98 or Windows Me upgrade to a newer, more secure Microsoft operating system, such as Windows XP, as soon as possible. You can contact Arcadia's IT department if you have questions or need assistance.

Industry News

Time to remind about flu shots

Older adults and those who care for older people should start making plans to get their flu shots, according to the American Geriatrics Society's Foundation for Health in Aging (FHA). Caregivers should also check whether patients need other vaccinations recommended for older people. On the brink of flu season, the FHA has released a new, comprehensive and easy-to-understand tip sheet on vaccinations for seniors. It can be found at http://www.healthinaging.org/public_education/vaccination_tipsheet.php.

A nation of caregivers

America is graying. One in four U.S. households, or 22.4 million people, care for an older relative. That is an increase of 300 percent in less than a decade, according to the latest available survey by the National Alliance for Caregiving and American Association of Retired Persons. According to the organizations, this is only the beginning. The number of people over 65 is expected to double in the next 30 years, with the population of those over the age of 85, who need the most help to maintain autonomy -- growing the fastest.

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Story ideas

If you have ideas or suggestions for a story to be considered for an upcoming issue, please contact *Arcadia Advantage* editor Walter Kraft at kraft@caponigro.com or (248) 355-3200.

Chairman's Message

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Some examples of our focus on excellence are people like Jill Stone, regional marketing manager at Beacon Respiratory Services in Colorado. Jill is the winner of our Bright Ideas Contest recognizing marketing programs that generated outstanding results (see page two). Congratulations Jill! Others, such as Jill Wagenberg who directs Arcadia's non-health care staffing

operations and Kathy Kozachenko, Location Manager in Monroeville, Penn., who provides health care staffing, are facilitating the ongoing growth and strong reputation of Arcadia in their respective communities (see page two for further details).

It is through the efforts of people like these that Arcadia's success continues – allowing us the foundation from which

to grow and expand.

We remain committed in our determination to identify new opportunities to expand Arcadia's footprint, but are even more committed to maintaining an infrastructure that allows and facilitates service excellence as well as the integration of operations among home care, staffing, respiratory/DME and our mail-order pharmacy.

COMPANY ANNOUNCEMENTS

Alan Lotvin, M.D. has been named CEO of the company's retail healthcare clinic division, Care Clinic, Inc. Dr. Lotvin joins Arcadia after spending more than 20 years in a variety of medical and management positions. Most recently, Dr. Lotvin was President and Chief Operating Officer of MIC Communications, a leading medical education provider with global operations. Prior to that he was President of Specialty Pharmacy Services for Medco Health Solutions, where he held several senior management positions beginning in 1997.

He was a partner at Berkowitz, Rothman, Suede and Lotvin PC, Cardiologists, from 1993-1997.

Steven Zeller will assume leadership of the company's growing travel staffing business, Bestaff Arcadia. Zeller joins Bestaff Arcadia after spending more than 20 years in a variety of senior management positions with Cummins Inc. and SPX Corporation.

Mary B. Cheek, a registered nurse and founder of the Bestaff Arcadia travel nursing business, remains with Bestaff Arcadia as Chief Nursing Officer.

Arcadia acquired Lovell Medical Supply Inc., a respiratory and durable medical equipment (DME) company with locations in Mount Airy, Elkin, North Wilkesboro and Statesville, North Carolina. Lovell Medical Supply currently generates approximately \$3 million in annualized revenues.

Arcadia acquired Wellscripts Pharmacy, located in Hollywood, Florida. Wellscripts Pharmacy provides prescription medications to assisted living facilities throughout southern Florida. In 2005, the pharmacy generated approximately \$5.5 million in annual revenues.

Arcadia acquired three durable medical equipment locations in Naples, Sarasota and Englewood, all of Florida, from Alliance Oxygen & Medical Equipment ("Alliance"). Alliance generates approximately \$5.4 million in annualized revenues.

Arcadia was awarded the Broadlane medical staffing contract for the Central Florida region.

Industry News

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"Punching in" Online

More healthcare providers are switching to online timecard entry and it's eliminating headaches and saving time and money. According to one industry expert, online timecards save employees 30 minutes per pay period and reduce the workload of the payroll department by more than 80 percent, while virtually eliminating calculation errors.

More than 550 Arcadia employees currently utilize online entry, according to Arcadia's Vicky Hollister. She noted the system provides accessibility anywhere, anytime, and automatically calculates time on assignment, providing accurate and indisputable timekeeping.

Hollister also noted Arcadia's telephony service is an effective method of timecard entry for field employees. Employees access the service through a 1-800 number when they arrive at a patient's home or client work site, which verifies the time and location of the call. At the conclusion of the assignment, the employee calls the same number to confirm completion. The information is automatically downloaded at the end of the pay period. The telephony system, first introduced by Arcadia Affiliate Charles Symes and his team in the San Francisco Bay area, eliminates paper timecards and reduces the time necessary to complete and process them. It also minimizes fraud and abuse by electronically verifying scheduled visits. The service is being expanded to additional offices by the end of the year.