

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-07-27**  
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### FILER

#### **BEVERLY ENTERPRISES INC**

CIK: **1040441** | IRS No.: **621691861** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-09550-2B** | Film No.: **99670786**  
SIC: **8051** Skilled nursing care facilities

Mailing Address  
511 ROGERS AVE  
SUITE 40-A  
FORT SMITH AR 72903

Business Address  
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SUITE 40-A  
FORT SMITH AR 72903  
5014526712

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Filed pursuant to Section 13 or 15 (d) of

THE SECURITIES EXCHANGE ACT OF 1934

July 27, 1999 (July 27, 1999)

-----  
(Date of Report (Date of earliest event reported))

BEVERLY ENTERPRISES, INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

-----  
(State or other jurisdiction of incorporation)

1-9550

-----  
(Commission File Number)

62-1691861

-----  
(IRS Employer Identification No.)

5111 Rogers Avenue, Suite 40-A  
Fort Smith AR 72919-0155

-----  
(Address of principal executive offices)

(501) 452-6712

-----  
(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS

Registrant released the press release attached hereto as Exhibit 99 on July 27,

1999.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit 99 - Press release dated July 27, 1999.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BEVERLY ENTERPRISES, INC.

Date: July 27, 1999

By: /s/ PAMELA H. DANIELS

-----  
Pamela H. Daniels  
Vice President, Controller  
and Chief Accounting Officer

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INDEX TO EXHIBITS

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EXHIBIT  
NUMBER

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Press Release dated July 27, 1999

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## NEWS RELEASE

Contact: Jim Griffith, Senior Vice President  
Investor Relations and Corporate Communications  
(501) 484-6912

BEVERLY REACHES TENTATIVE SETTLEMENTS OF MEDICARE INVESTIGATIONS;  
POSTPONES ANNOUNCEMENT OF SECOND QUARTER RESULTS

(FORT SMITH, ARKANSAS, July 27, 1999)-- Beverly Enterprises, Inc. (NYSE:BEV) today announced that it has reached a tentative understanding with the U.S. Department of Justice on potential settlements of the previously announced Federal investigations into the allocation of nursing labor hours to the Medicare Program. The understanding is subject to completion and execution of definitive settlement documents, satisfaction of certain conditions and court approval.

Beverly plans to record special pre-tax charges in the 1999 second quarter for the potential settlements and related matters totaling between \$175 million and \$225 million. Announcement of financial results for the quarter ended June 30 will be postponed until no later than August 20. Because the potential settlements are not yet final, Beverly will not elaborate on the matter.

Based on preliminary results for the second quarter, Beverly earned 13 cents per share diluted from operations, before costs associated with Year 2000 remediation and with the Medicare investigation. Nursing home occupancy averaged 86.5 percent, a decline of 200 basis points from the second quarter of 1998 and more than 100 basis points from the first quarter of 1999.

"Our continuing cost-reduction efforts enabled us to meet operating earnings targets, despite disappointing occupancy levels in the second quarter," said David R. Banks, Chairman of the Board and Chief Executive Officer. "Our financial targets for the balance of this year assume significant increases in occupancy. We have launched a series of initiatives to improve our performance in this critical area, but it is too early to gauge their effectiveness. If occupancy does not improve, efficiencies alone will not produce operating earnings (excluding Year 2000 remediation, as well as Medicare investigation charges and related on-going costs) in the third and fourth quarters above second-quarter levels."

Banks continued: "We hope to put the government investigation behind us, and are studying the impact the potential settlements will have on our on-going operations. We've discussed this matter with our banking group and have received assurances that, when necessary, waivers will be granted to give us

time to amend certain financial covenants in our debt agreements.

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"For the longer-term, we look forward to continually improving our performance under a totally new Medicare payment system. Beverly is a cost-effective provider of quality care, and the segment of the population we serve will grow dramatically in the years ahead. We've worked hard to build a solid financial foundation and to upgrade our portfolio of resources - people, facilities and business operations. We've successfully worked our way out of challenging situations in the past, and believe we can transform Beverly into an even better company in the years ahead."

This news release contains forward-looking statements 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 the Company's actual results in future periods to differ materially from forecasted results. These risks and uncertainties include resolution of the Federal government investigations discussed above, successful implementation of operational changes required by PPS, national and local economic conditions, the effect of government regulation, the competitive environment in which the Company operates, and the availability and cost of labor and materials. These and other risks and uncertainties that could affect future results are addressed in the Company's filings with the Securities and Exchange Commission, including Forms 10-K and 10-Q.

Beverly Enterprises is a leading provider of post-acute healthcare in the United States. It operates 563 skilled nursing facilities, as well as 36 assisted living centers, 197 outpatient clinics, and 68 home health and hospice agencies.

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