



Health Insurance Portability and Accountability Act (HIPAA)

With the rapidly changing legislative and regulatory impacts on the health care environment, Concentra Inc. and its subsidiaries recognize that corporations are seeking to ensure that our organization is actively assessing and preparing for compliance with the Health Insurance Portability and Accountability Act (HIPAA). Concentra is implementing enterprise-wide strategies to prepare for HIPAA. Our goal is to protect the privacy and security of individually identifiable health information and our clients' ability to use our services.

Concentra maintains a Regulatory/Legislative Affairs Department consisting of staff dedicated to tracking all proposed, pending and active legislative and regulatory developments that are directly applicable to Concentra's and our customers' business needs. A primary focus of this department is to research privacy and security regulations and legislation on both the federal and state level. We are actively involved in the impact assessment of HIPAA on Concentra's business units.

Concentra has developed a HIPAA Task Force that consists of individuals from the following departments: Legal; Finance; Human Resources; Information Technology; Risk Management; and operational representatives from each of Concentra's business areas. In addition, Concentra is a member of a consortium of over thirty (30) businesses working together to comply with the various requirements of HIPAA.

Concentra is addressing the communication of new laws relative to privacy and security through a corporate driven HIPAA awareness Program. This program consists of educating our management and employees through the Concentra Intranet, internal newsletters, and face-to-face educational programs. Concentra began implementation of its HIPAA awareness Program for the privacy portion of the regulation in the fourth quarter of 2002 and completed the training by April 14, 2003. All new hires are trained in accordance with the Privacy Regulation.

Concentra has appointed a privacy officer, Dona-Marie Geoffrion, Vice President Regulatory/Legislative Affairs/Privacy Officer. In addition, Concentra has completed an enterprise-wide HIPAA gap assessment and has reasonably completed its privacy project plan. Currently, Concentra's HIPAA Project Management Office has begun implementation for remediation relative to our security project plan. Concentra has also appointed two subcommittees. These Committees are responsible for privacy, security, and EDI and have developed our privacy and security policies and procedures. All HIPAA planning efforts are focused on achieving reasonable compliance by the current compliance dates.

April 23, 2004