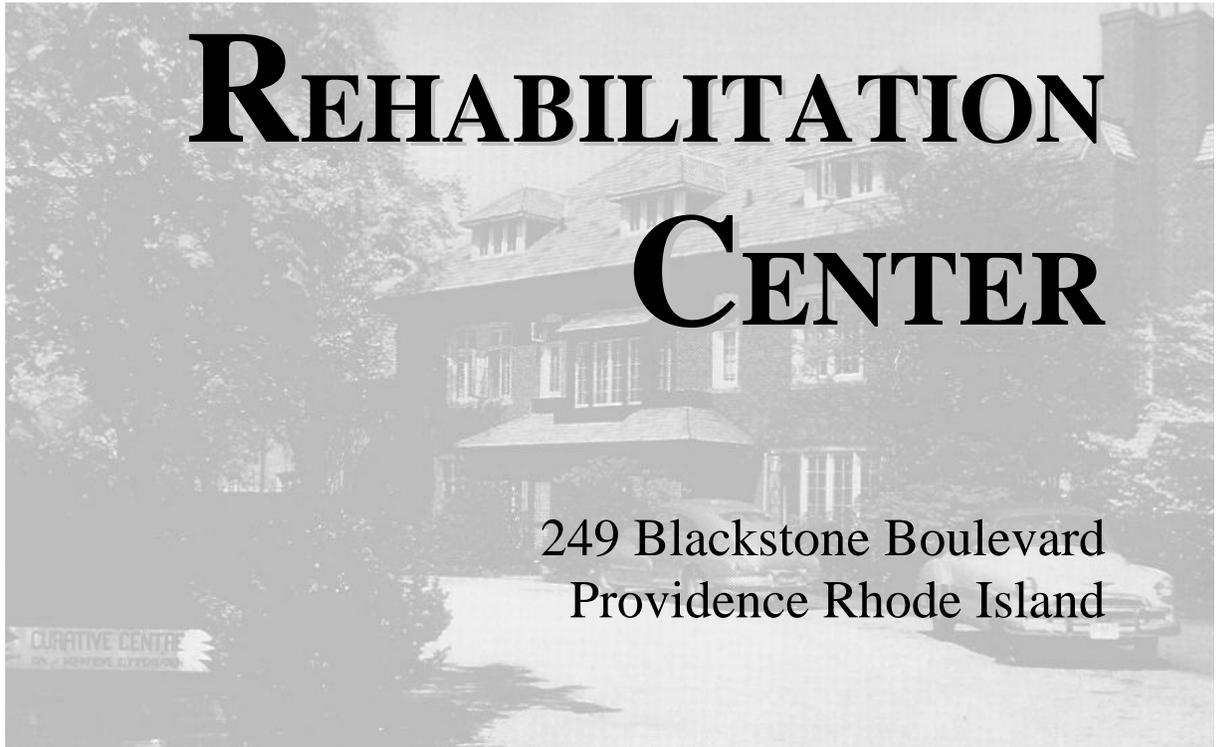


THE DONLEY

REHABILITATION CENTER

249 Blackstone Boulevard
Providence Rhode Island



ANNUAL REPORT 2004

INTRODUCTION



The Donley Center is a non-profit outpatient facility under the Rhode Island Department of Labor and Training, established under Section 28-38-19 of Rhode Island state law through the RI Workers' Compensation Act.

Although run under the Department of Labor and Training, the facility is funded by a portion of the Workers' Compensation premium assessed to each Rhode Island-based company.

The Donley Center provides a comprehensive group of services including: Case Management, Physical and Occupational Therapy, Psychological Counseling, Aquatic Therapy, Work Hardening/Job Simulation, and Vocational Counseling.

All of the Center's services are provided free of charge to workers. The state of Rhode Island provides a unique opportunity for injured workers within the Workers' Compensation system. Through the Donley Center, rehabilitative services are provided for injured workers who are covered by the Rhode Island Workers' Compensation Act. The Donley Center has served the injured worker population for 60 years, and has been able to collect and analyze the effectiveness of numerous approaches for treating this population.

This annual report covers the period of January 1, 2004 through December 31, 2004.

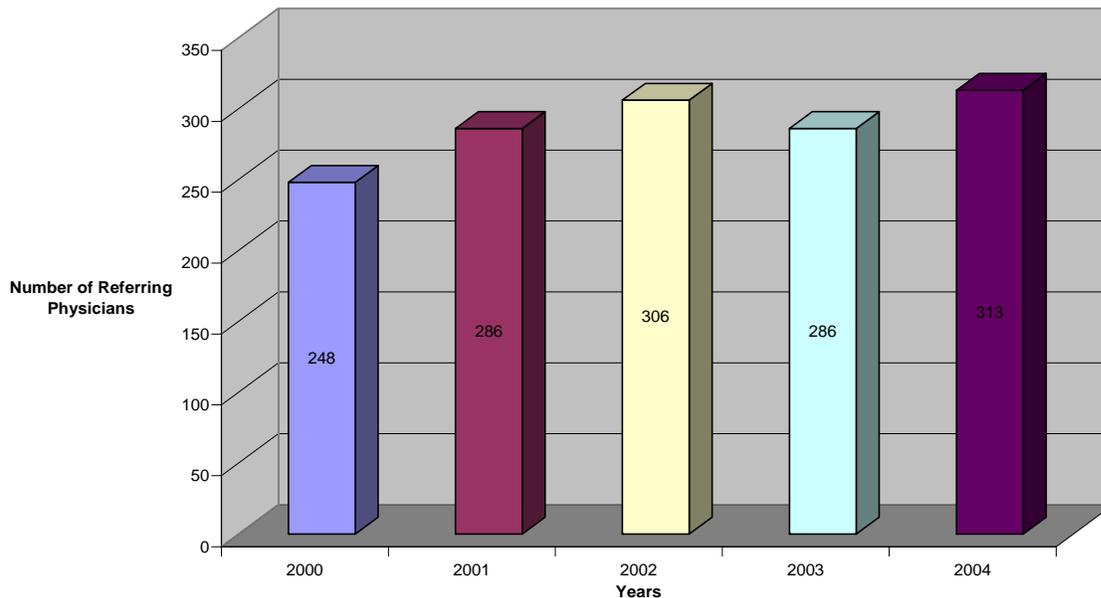
Once again, I am happy to present the Annual Report for the Dr. John E. Donley Rehabilitation Center. This report presents data summarizing the utilization of the Donley Center and our treatment outcomes in 2004. Data examining how this impacts cost in the RI Workers' Compensation System is also presented. In general, our 2004 statistics demonstrate stability in utilization of Donley Center services, despite an overall trend of reductions in the number of work-related injuries over the last several years, maintenance of a strong return to work (RTW) outcome in the chronic population we primarily serve, and substantial savings to the system. The Donley Rehabilitation Center remains committed to serving the injured worker community at the highest level of quality possible.

Highlights

Referrals

In 2004, a visible pattern of increasing community utilization is apparent. Three hundred and thirteen physicians have referred patients to the Donley Center during this year, totaling 1,154 referrals. This is a 7% increase in the number of referring physicians over the previous year. The physician community makes up 80% of our overall referrals.

Physician Utilization



Physicians are faced with many challenges regarding their decision to release a patient back to work. One part of the challenge is trying to obtain a clear picture of the patient's physical job demands and the patient's ability to function in light of an impairment. To clarify this picture, physicians have steadily requested work-site analysis and site visit services for their patients. The site visit can also be used to make ergonomic recommendations to the employer and the employee. This can help lower the Workers' Compensation exposure to ergonomic risk and create a healthier workplace for the employee.

12% of our admissions have been referred for a Functional Capacity Evaluation (FCE). During an FCE, results from a structured, performance-based physical therapy evaluation are compared to the demands of a specific job description. Specifically, the FCE incorporates how tasks are accomplished (i.e. lifting, pushing, pulling, climbing, etc.), the degree of effort and/or complexity that is associated with a particular task, and the frequency and duration of the task. This analysis of the job and work-site, coupled with the assessment of the worker's capacities, better prepares physicians with valuable information to be used in determining an employee's readiness to return to work. When this data is combined with information about accommodation options and/or alternative transitional jobs, the RTW decision becomes better defined.

RTW Outcome

Our return to work (RTW) data continues to be above the national average, while serving the chronic population. In 2004, 41% of patients admitted for services had been out of work for one year and over. 64% of our admissions had been out of work for over six months. The national average for returning to work when out of work six months and over is 50%, and only 25% of injured workers return to work when the injury is over one year. In 2004, 61% of clients who completed a rehabilitation program returned to work and 68% reached a return to work level.

The total percentage of referrals from the Workers' Compensation Court remained stable at 16%. Notably, in our outcome data, the rate of return to work from clients who were referred to treatment

following a court evaluation was slightly higher than those referred from physicians. 62% of these clients who completed a treatment program returned to work and 69% reached a return to work level, compared to 61% and 68% respectively of clients referred by physicians.

Our vocational department has recently joined the Ocean State Employer Services Network (OESN) and will be involved in networking meetings throughout Rhode Island. OESN is a coordination of workforce development systems that share resources, resolve difficult placements, and provide members with education and information about the labor market in Rhode Island. Finding new employers for clients who are unable to return to previous jobs is traditionally challenging. In 2004, 68% of clients discharged from our vocational services were hired by new employers.

Accomplishments and Goals

We set a goal in 2004 to continue to improve communication with both the professional Workers' Compensation community and Donley Center clientele by redesigning our internet website. To this end, we are now utilizing our technology to a fuller capacity by having added a Frequently Asked Questions section, the ability to contact staff from the site, and an Articles of Interest section. In addition, we expect to develop a parallel site in Spanish in 2005. We have captured readership from as far away as New Mexico. A soldier from the Holloman Air Force Base, who recently took over the leadership of the Holloman AFB therapy program, sought advice from our physical therapy department on aquatic and other physical therapies to help our troops recover from battle injuries. It was very gratifying to be responsive and helpful to our troops serving our country.

Also accomplished in 2004, our Data & Statistics Committee conducted a comprehensive review of our database system. The committee refined data entry procedures to improve the integrity and reliability of our data collection, and generated new ideas for future data collection and analysis. The committee will continue to focus on the goal of further development of reporting capabilities that demonstrate the impact of the Donley Center's services, while continuing to report on our standard utilization and outcome statistics.

An ongoing priority to increase utilization of the Donley Center by the minority community, and to provide Center resources that more effectively accommodate this population, remain in our 2005 goals. Programs tailored to serving this population by being offered in Spanish include job clubs, a pain management workshop and orientation sessions. Interpreters from outside professional agencies are regularly provided by the Donley Center to our non-English-speaking patients as well. As mentioned, our web page will be further developed to include a version in the Spanish language.

Improvements in health and safety practices, and ergonomic awareness, have led to a decrease in employees' injuries, thus a reduction in Workers' Compensation cases. Amid this improvement in workplace and environmental safety, the Donley Center prevails as a positive resource consistently utilized by the community, to whom it continues to reach out in diverse, vital areas. As the Donley Center moves into its 60th year, our staff continues to deliver excellence in serving all who come to us in pursuit of utilizing our expertise.

Respectively Submitted,
Kathleen A. Sohar
Director of Patient Care Services

ADMINISTRATIVE STAFF

Jean Severance	Associate Director, Division of Workers' Compensation, Department of Labor and Training
Kathy Sohar, RN, BS, CCM	Director of Patient Care Services
Susan Rand Celico, PT	Physical Therapy Director
Joanne Fowler, Ph.D.	Manager of Psychological Services
Cindy Baldwin, MA, CRC, QRC	Manager of Vocational Services
Vincent Pera, M.D., D.A.B.D.A.	Director of Medical Services
Brittan K. Bates, MS	Office Manager

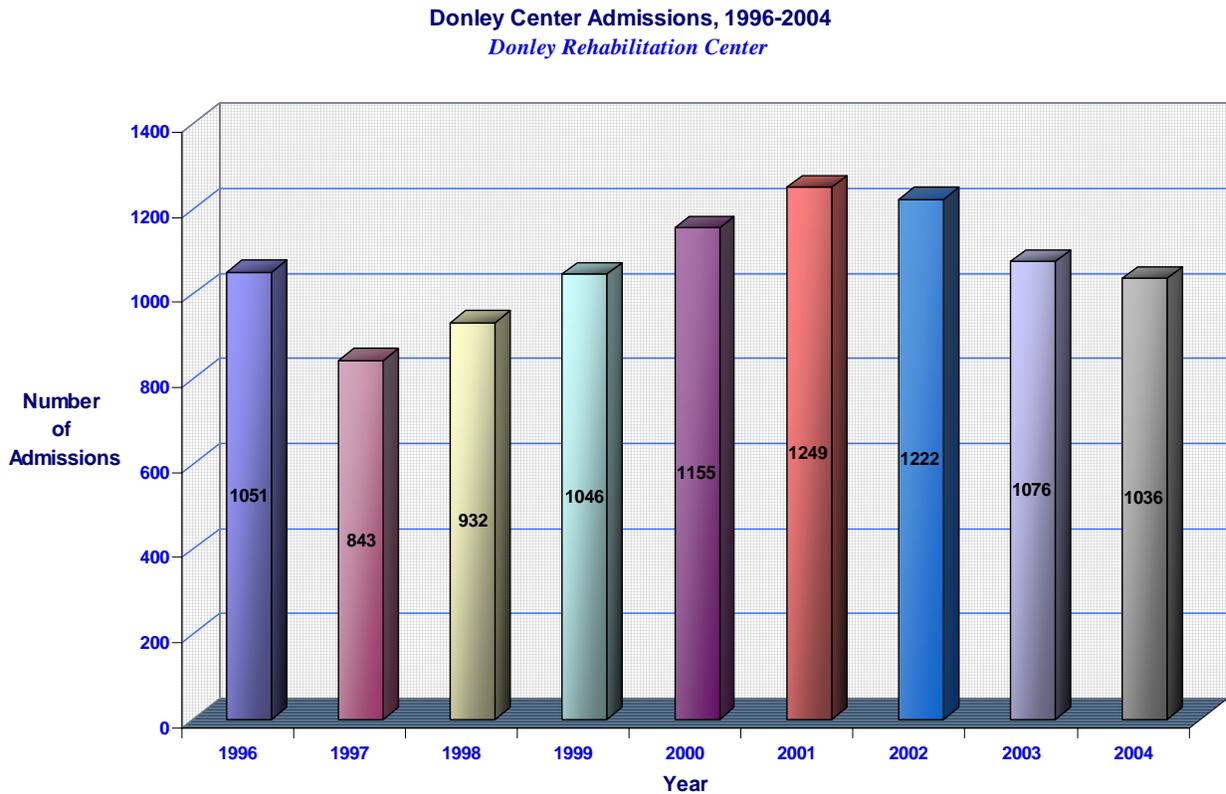
DATA SUMMARY

The following pages of this report provide detailed information and graphic representation of Donley Center admissions, outcomes, and savings impact.

GRAPH 1:	TOTAL NUMBER OF ADMISSIONS PER YEAR
GRAPH 2:	ADMISSIONS BY REFERRAL SOURCE
GRAPH 3:	ADMISSIONS BY CASE TYPE
GRAPH 4:	RETURN TO WORK DISCHARGES
GRAPH 5:	NON-RETURN TO WORK DISCHARGES
GRAPH 6:	RETURN TO WORK OUTCOMES AFTER PROGRAM COMPLETION
GRAPHS 7 & 8:	ESTIMATED SAVINGS REPORTS

ADMISSIONS

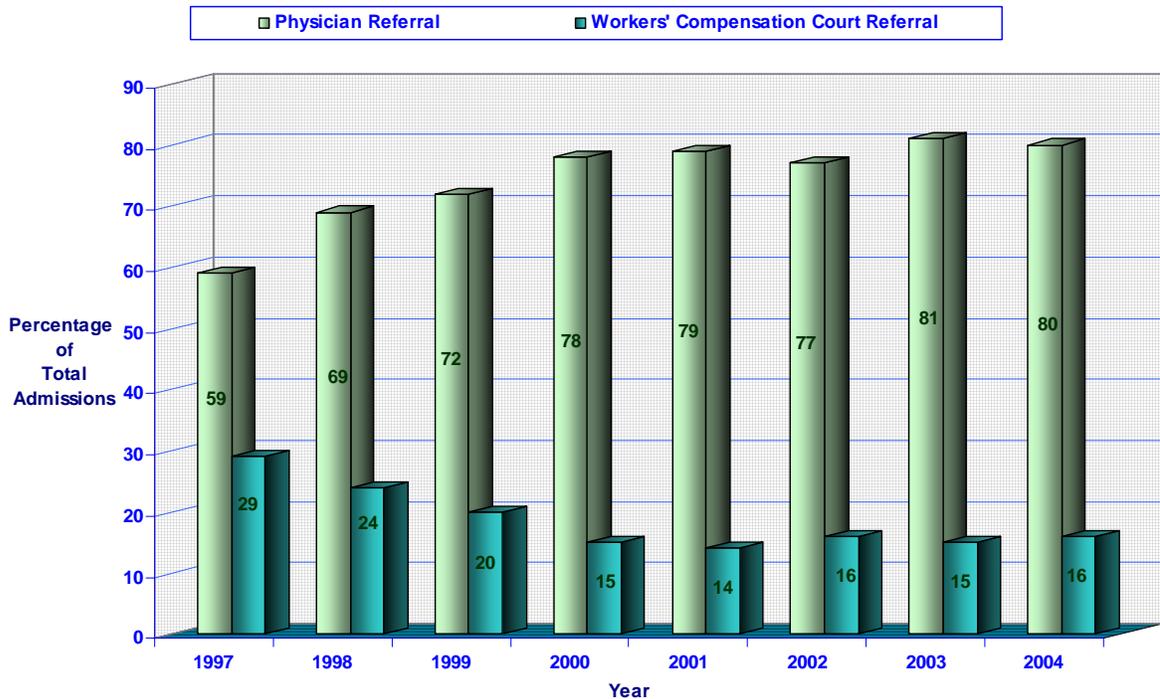
The following three graphs illustrate “admissions” data for the Center over the past eight years. Graph 1 includes information on total Center admissions to date and Graph 2 provides detailed information on referral sources. Graph 3 discusses the “types” of referrals seen by the Center.



Graph 1

Graph 1 demonstrates that the total number of admissions to the Donley Center in 2004 was virtually identical to that of 2003. This represents stabilization in the number of admissions over the past two years despite a downturn in the number of work-related injuries in RI over the past few years. The Donley Center continues to be utilized as a significant and valuable resource in the Workers’ Compensation system.

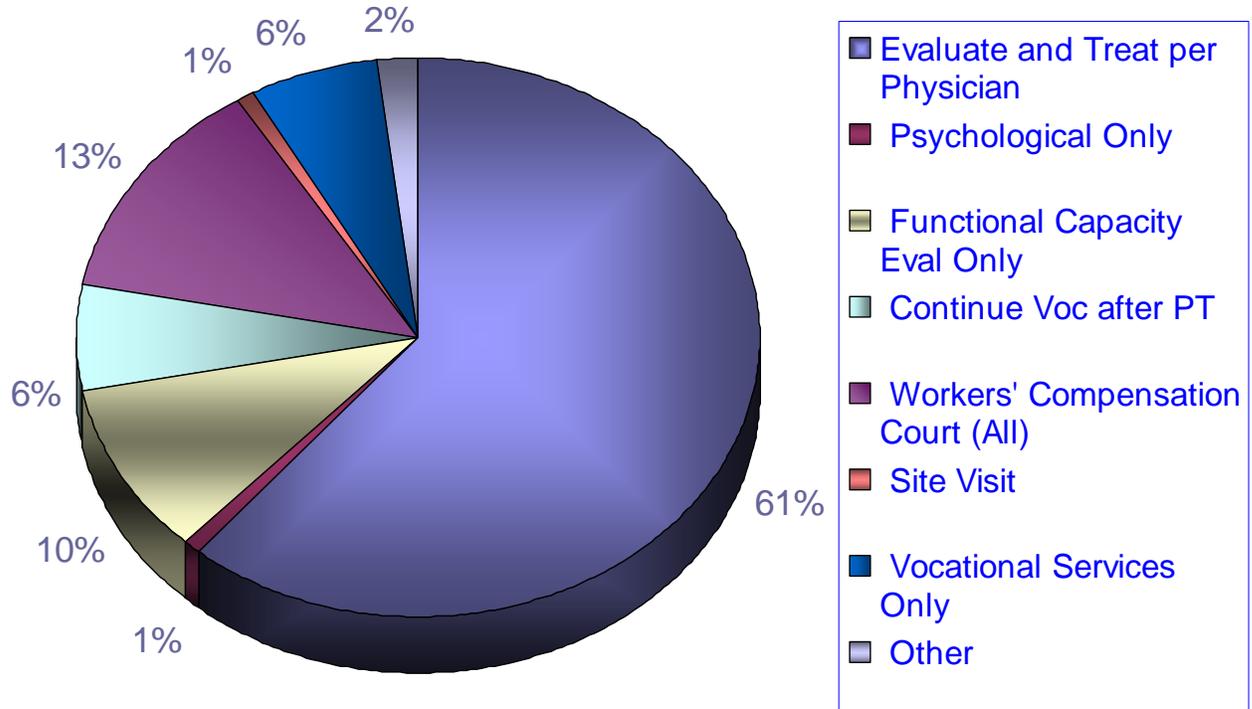
Patient Referral Source
Physician vs. Workers' Compensation Court, 1997-2004
Donley Rehabilitation Center



Graph 2

Graph 2 depicts Donley Center admissions from our two main sources of referrals, physicians and the Workers' Compensation Court. As can be seen on the graph, the trend of increasing physician referrals, which started in the late 1990's, continues with physicians accounting for 80% of Donley Center admissions. This trend of increased physician referrals has been accompanied by an increase in the number of physicians utilizing the Donley Center for patient referrals, with more than 300 physicians referring patients to the Donley Center in 2004. This graph also shows that after a decline in Workers' Compensation Court referrals in the late 1990's, the referrals from the Court have stabilized, accounting for approximately 15% of Donley Center referrals over the past four years.

Admissions by Case Type, 2004
Donley Rehabilitation Center

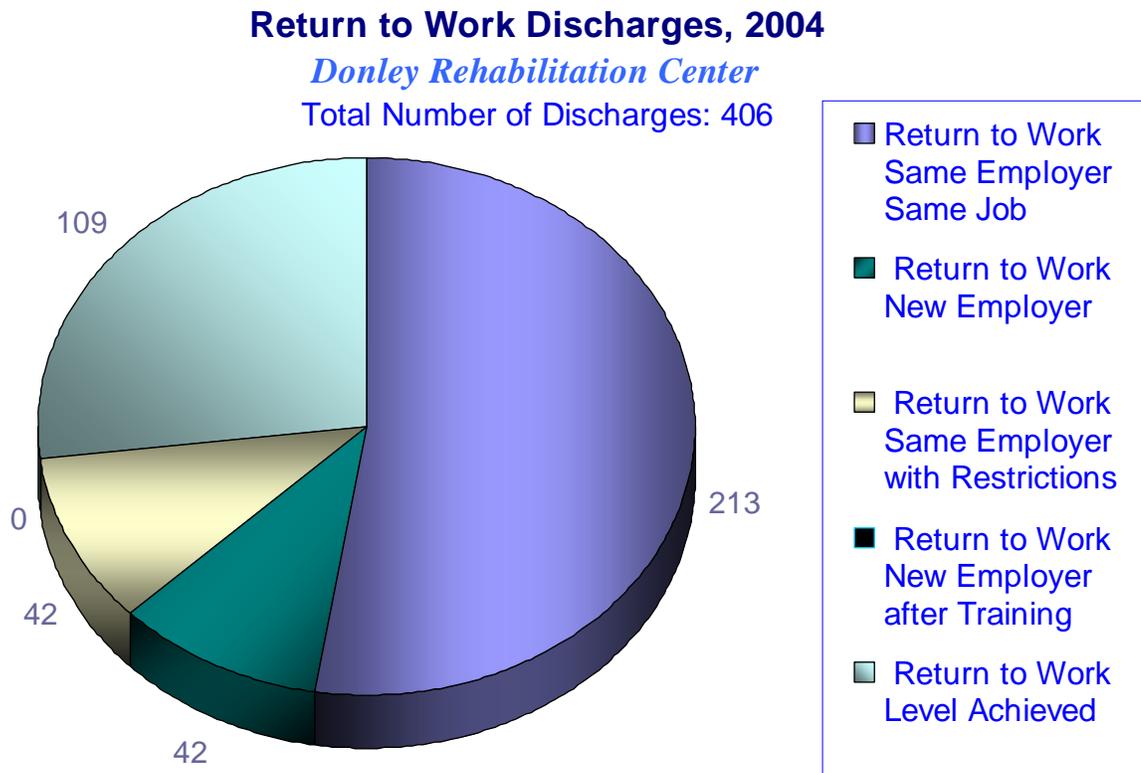


Graph 3

Graph 3 portrays a breakdown of Donley Center admissions by “referral type,” thus demonstrating the spectrum of treatment and rehabilitative services offered by the Donley Center. Referrals by physicians for “Evaluation and Treatment” continue to be the largest category of admission, accounting for 61% of admissions in 2004. Please review the graph for information regarding the other admission categories representing Donley Center patient admissions.

OUTCOMES

The following two graphs illustrate outcome data for the Center. The focus of our outcome statistics remains the return to work (RTW) rate. Graph 4 includes information on patients achieving a successful RTW and/or achieving a RTW functional level. Graph 5 provides detailed information on patients discharged from the Center with a Non-RTW status.



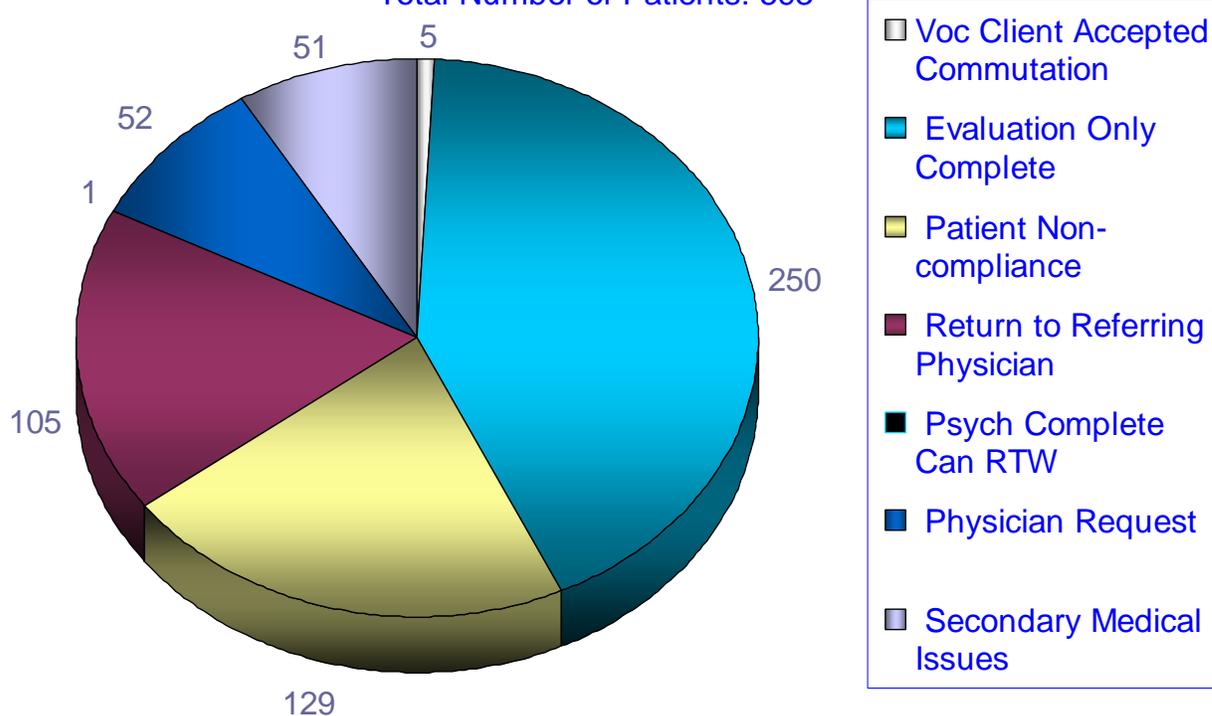
Graph 4

Graph 4 demonstrates the disposition of the Donley Center patients whose successful treatment outcome allowed the patient to return to work. The Donley Center continued to achieve excellent return to work outcomes in 2004. 213 patients, representing more than 50% of our return to work discharges, were returned to work to their same job with the same employer. 42 patients returned to work with a new employer and 42 returned to work with restrictions. An additional 109 patients achieved a functional level consistent with return to work. Overall, in 2004, 68% of Donley Center patients completing a treatment program achieved a functional level consistent with return to work and 61% of patients returned to work. These outcomes were achieved in a chronic patient population, in which more than 64% were longer than six months out from their date of injury when admitted to the Donley Center for treatment.

Non-Return to Work Discharges, 2004

Donley Rehabilitation Center

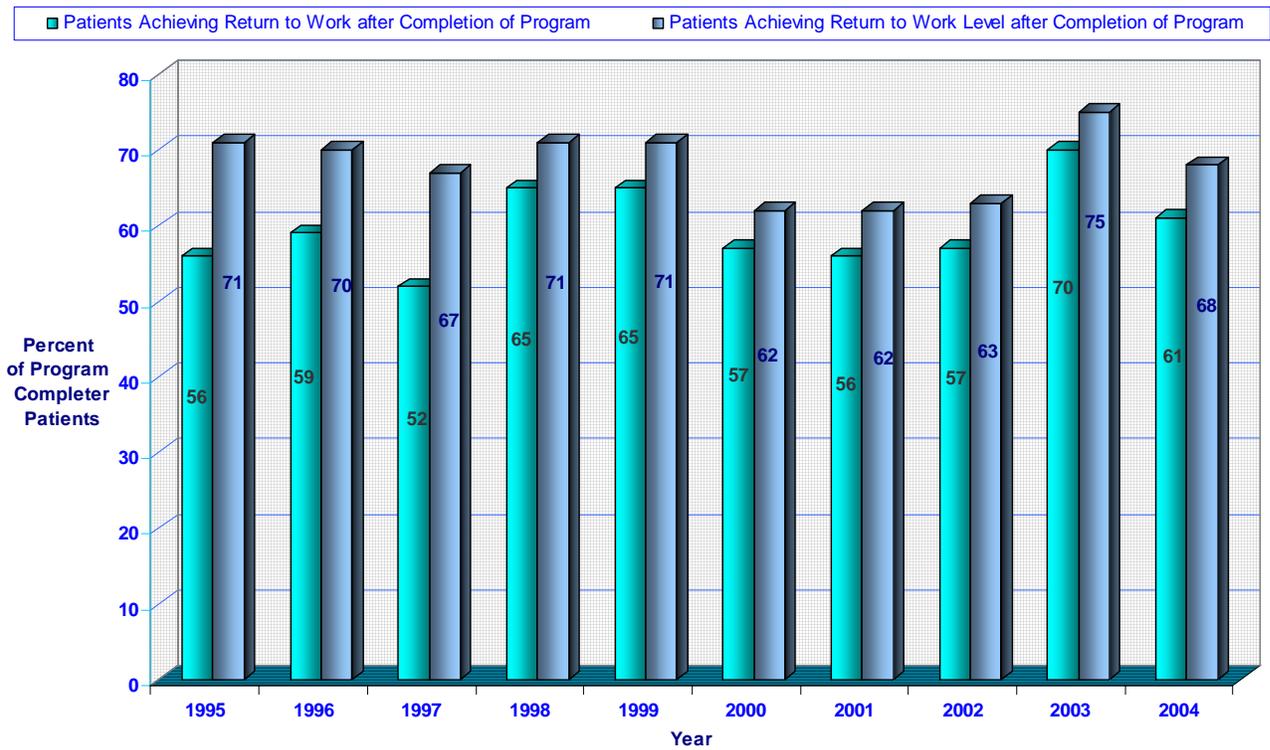
Total Number of Patients: 593



Graph 5

Graph 5 demonstrates the disposition of Donley Center patients discharged with a non-return to work status. As depicted by the graph, more than 40% (250 patients) of the non-return to work discharges had been referred to the Center for evaluation only. Of interest, 51 patients were discharged in 2004 for secondary medical issues that represented a health risk from a medical disorder not related to the injury. In many of these cases, Donley Center patient care coordinators (PCC's) enacted an important role in coordinating follow-up of these problems with the patient's primary care physician, or through other medical resources identified by the PCC's.

Return to Work Outcomes, 1995 - 2004
Donley Rehabilitation Center



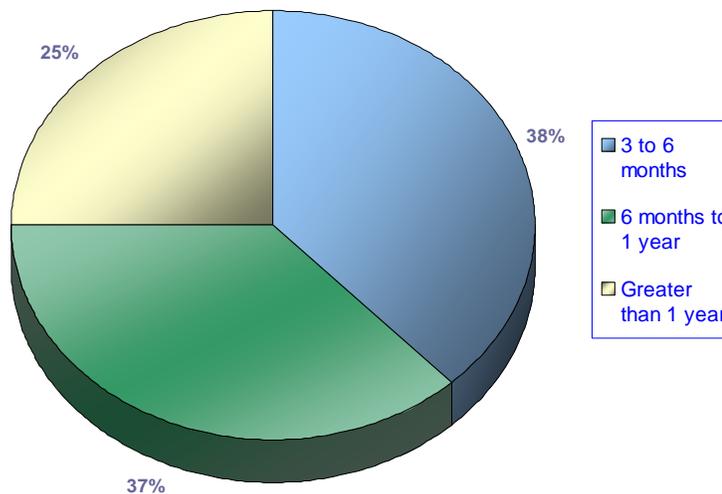
Graph 6

Graph 6 depicts the number of patients who returned to work or achieved a return to work level of function after completing their treatment program at the Donley Center. The Donley Center treatment program has consistently achieved excellent outcomes in returning injured patients to work with a 10-year average of 60% of patients returning to work and a 10-year average of 68% of patients achieving a return to work level of function. These outcomes become even more significant when looking at our patient population. In 2004, more than 40% of Donley Center patients admitted for treatment had been out of work due to their injury for more than one year. Even with this chronic and thus more difficult to treat population, 61% of our patients returned to work and 68% of our patients achieved a return to work level of function in 2004.

IMPACT REPORT

Time Between Injury and Admission	Number of Injured Workers Returned to Work	Estimated Weeks of Indemnity Saved	Estimated Amount of Indemnity Saved
3 to 6 months	73	20,591	\$10,666,138
6 months to 1 year	77	20,120	\$10,422,012
Over 1 year	68	13,979	\$7,240,900
Total	218	54,689	\$28,329,050

Percentage of Estimated Indemnity Saved for Patients Admitted to the Donley Center
3 to 6 months, 6 months to 1 year and Greater than 1 year from the Date of Injury, 2004
Donley Rehabilitation Center

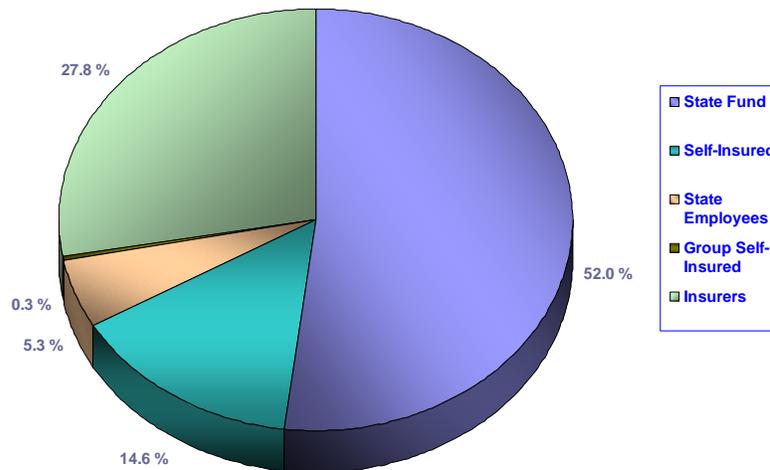


Graph 7

Graph 7 displays the estimated financial impact of successful RTW on Workers’ Compensation in the state of Rhode Island as measured by indemnity dollars saved. This estimate was obtained by subtracting the return to work date from the date of the “312-Week Gate” and calculating the amount of indemnity that would have been paid. This estimated savings of \$28 million confirms the importance of returning the more chronic population to work.

Type of Insurer	Number of Injured Workers Returned to Work	Estimated Weeks of Indemnity Saved	Estimated Amount of Indemnity Saved
State Fund	112	28,434	\$14,729,034
Self-Insured	32	8,014	\$4,151,400
State Employees	12	2,896	\$1,500,202
Group Self-Insured	1	185	\$95,756
Insurers	61	15,160	\$7,852,658
Total	218	54,689	\$28,329,050

Insurer's Percentage of Estimated Total Amount of Indemnity Saved, 2004
Donley Rehabilitation Center



Graph 8

Graph 8 demonstrates how the estimated financial impact of successful RTW is distributed among Workers' Compensation insurers in the state of Rhode Island, as measured by the percentage of cases attributable to each type of Workers' Compensation carrier in Rhode Island.

END REPORT