

2007 QUALITY IMPROVEMENT PROGRAM

The Quality Improvement (QI) Program illustrates the Company's commitment to maintain high standards for comprehensive medical care delivered to members. It creates a framework to monitor and evaluate the care given. The program will promote desired outcomes and improve the process of care delivery. It will provide an ongoing evaluation process that lends itself to improving identified shortcomings or improper utilization.

The QI Program will focus on the application of preventive health services. Standards will be set and monitoring will be done to insure these services remain a focus. Preventive health care remains the key to the attainment of improved member health and satisfaction and a cost effective health plan. The QI Program will attain an understanding of the populations served, in terms of age groups, disease categories and special risk status through monitoring and the evaluation processes.

The QI Program will insure that time service standards for all departments included in the QI Program are monitored, the quality of services supports the maintenance of member's rights and the services provided will have sufficient breadth and range to meet the member's and the health care network's requirements.

I. OBJECTIVES

The objectives of the QI program are:

- A. To insure compliance with URAC Standards and applicable Federal and State legislation
 1. Review, monitor and update processes, policies and procedures, etc. to maintain compliance with URAC and applicable state and federal regulations

- B. To monitor the quality of health care for safety, effectiveness, and efficiency, and to seek opportunities for improvement
 1. Adopt and use explicit criteria that are based on reasonable scientific evidence and are reviewed by health care network providers
 2. Monitor and evaluate the effectiveness of health management with emphasis on:
 - Over & Under utilization
 - High risk case management
 - Risk prevention
 - Preventive health
 3. Identify clinical issues that impact the health status of all members while focusing on the important aspects of care and services.
 4. Review and monitor Preventive Health Indicators which increase the likelihood of desired health outcomes for individuals and populations and take interventions as needed to improve rates and encourage members to receive services
 - HEDIS
 - Compliance with Preventive Health Guidelines

- C. To provide mechanisms to respond on an urgent basis to situations that pose an immediate threat to the health and safety of members
 1. Develop and implement policies, which provide guidance on how to respond to situations that pose an immediate threat to the health and safety of members.
 2. Monitor, track and trend sentinel events.

- D. To insure that members are aware of their rights and responsibilities, including how to obtain services and how to submit a complaint or appeal
 - 1. Inform members of their rights and responsibilities

- E. To monitor member satisfaction with the health plan
 - 1. Complete an annual random sample survey (CAHPS) of members to insure that members are satisfied with the health plan.
 - 2. Facilitate the resolution of complaints and grievances
 - 3. Track and trend member satisfaction survey results and member complaints to identify areas for improvement.

- F. To insure members have access to UM services
 - 1. The UM staff is available 24 hours a day, 7 days a week. During non-standard business hours, a telephone voice message system and answering service are available to facilitate customer needs and comply with time service requirements.
 - 2. Daily monitoring, tracking and trending of telephone time service to insure that all calls are answered within abandonment and service level goals.

- G. To insure members have access to qualified providers
 - 1. Define Appointment and Telephone Accessibility standards for Primary Care Physicians (PCP's), Specialists and Behavioral Health Providers as well as Availability standards for travel time between member's homes/work sites and healthcare provider.
 - 2. Monitor the above standards, as applicable, through Geo-mapping; CAHPS (or other survey) results, on-site audits or after hours phone audits.

- H. To monitor the efficacy of the QI Program and insure objectives are met
 - 1. The QI Work Plan and quarterly reports will be utilized to implement the objectives of the QI Program. The QI Committees will approve the clinical and service projects to be completed. The QI Work Plan and quarterly reports will be updated quarterly and reviewed and approved by QI-MAC and QIC.
 - 2. Quality projects will be completed utilizing objective and systematic measurements, monitoring, and evaluation of services and quality improvement activities will be implemented based upon the findings.
 - 3. Insure collaboration, coordination, and communication across all departments included in the QI Program, as applicable, regarding QI activities.
 - 4. The annual QI Program Evaluation is a review of all QI initiatives for the year to determine if the QI Program objectives were met and what the objectives should be for the following year. The QI Evaluation will be reviewed and approved by QI-MAC and QIC.
 - 5. Insure periodic reporting of QI activities, including the QI Program, quarterly reports and the QI Work Plan to the QIOC and Board of Directors as applicable

II. QI PROGRAM DEPARTMENTAL STRUCTURE

- A. Senior VP & Medical Director of the Medical Management Division:

- Chairs the Quality Improvement Oversight Committee (QIOC)
- Is responsible for reporting UM and QI activities to the appropriate Board or governing body
- Is responsible and has authority for the overall operation of the Utilization Management (UM) and QI programs
- Is responsible for insuring QI has the necessary staff and resources to support the day to day operations of the QI Program
- Supports UM and QI in preparing policies and procedures necessary to implement the UM and QI Programs and Work Plan
- Provides guidance and is responsible for all clinical aspects of the UM and QI Program
- Has periodic consultation with practitioners in the field
- Works with providers when UM or QI issues are identified
- Insures that UM professional staff have access to continuing education courses

B. QI/Compliance/Training Department:

- Provides coordination and oversight for the development and implementation of the QI Program
- Provides coordination and oversight for the development and quarterly updates of the QI Work Plan and quarterly reports that monitor progress in meeting goals
- Provides coordination and oversight of the annual QI Program Evaluation
- Provides coordination and oversight to insure compliance with external QI and UM regulations and programs (URAC, State and Federal programs and Departments of Insurance)
- Identifies and develops selected clinical projects, completes the data collection, analyzes the results, and presents the findings to QI-MAC and QIC for action plan development, as required
- Performs audits on physician office medical records to assess compliance with the Medical Record and Preventive Health documentation guidelines
- Utilizes clinical staff for medical reviews and data collection for QI initiatives
- Investigates potential quality of care concerns
- Provides mechanisms to respond on an urgent basis to situations that pose an immediate threat to the health and safety of members as identified through sentinel event reviews, utilization pattern variations, case file audits, pharmacy edits, interactions with members and health care providers, member satisfaction surveys and public health care concerns
- Coordinates annual member satisfaction survey activities, including vendor contracting, analysis of results and action plan development and implementation
- Coordinates and assists with identification of topics for member and provider Plan communications
- Coordinates the reporting of QI and UM activities to QI-MAC, QIC and QIOC
- Coordinates the annual review of the UM policies and procedures
- Provides training of new and revised processes to UM staff
- Provides new employee training for UM staff
- Assists with Market Conduct Examinations
- Coordinates all utilization review license filings

- Provides membership information
- Coordinates the preparation and review of HEDIS and CAHPS data
- Is responsible for the preparation of reports used to track and trend utilization of services

C. Care Services Department:

- Develops and coordinates the implementation and evaluation, annually, of the UM Program
- Maintains compliance with external QI and UM regulations and programs (URAC, State and Federal programs and Departments of Insurance)
- Monitors time service levels to meet identified service standards
- Utilizes professional staff for medical necessity reviews and CM
- Assures staff development and verification of professional staff licensure
- Completes UM staff quality audits and silent monitoring to monitor compliance with policies and procedures, URAC standards and applicable legislative requirements
- Provides CM to promote quality and cost-effective care
- Completes annual UM studies with analysis and development of action plans when opportunities are identified
- Identifies and refers quality issues to QI for investigation
- Monitors utilization of inpatient and outpatient services
- Identifies and coordinates risk management
- Coordinates development, review and revision of medical necessity criteria, medical policy statements and preventive health guidelines
- Provides service to Special Investigations department to support investigations into potential fraud and abuse
- Development of new UM programs to ensure continued quality services to internal and external customers
- Identification of population characteristics to target the implementation of specific UM programs

D. Appeals/Grievances Department:

- Coordinates the resolution of all UM member and provider appeals, complaints and grievances
- Logs and monitors time service for appeal and complaint resolution
- Investigates Presidential and DOI complaints
- Maintains compliance with external QI and UM regulations and programs (URAC, State and Federal programs and Departments of Insurance)

E. Clinical Pharmacy Operations Department:

- Maintains compliance with external QI and UM regulations and programs (URAC, State and Federal programs and Department of Insurance)
- Provides response to internal inquiries regarding pharmacy benefits
- Serves as a drug information resource to internal medical staff
- Provides service to Special Investigations department to support investigations into controlled substance abuse

- Oversees management of the formulary
 - Provides reporting to internal and external customers regarding drug utilization trends
 - Oversees the development and implementation of pharmaceutical criteria
- F. Health Network Development Department:
- Initiates and maintains provider contracts to insure compliance with federal, state and accrediting bodies regulations with respect to QI, UM and credentialing
 - Contracts for services with providers directly or through networks
 - Insures that contract language supports the QI and UM Programs
 - Coordinates annual provider satisfaction surveys, analysis of results, and action plan development
 - Maintains the Provider Digest
 - Monitors access and availability of services
 - Assists members and providers with claim payment issues, as appropriate
 - Resolves member concerns related to provider access and billing issues
- G. Health Network Operations Department:
- Maintains provider data for directories and the web-site
 - Produces provider directories
 - Maintains database of employer group and internal customers
 - Oversees provider search and Directories-on-Demand web-site information
 - Provides GeoAccess Accessibility and other internal provider reports
 - Compiles all information for credentialing/recredentialing -- primary verification as indicated for education, board eligibility/certification, malpractice history, quality/access issues, UM issues and satisfaction information, as available and applicable for each state
 - Insures annual evaluation of the credentialing/recredentialing policies and procedures
 - Provides oversight of delegated Credentialing/Recredentialing
- H. Claims Processing and Customer Service Department:
- Adjudicates claims according to benefits and contracts
 - Monitors and maintains claims processing time service
 - Assists in the resolution of member and provider complaints
 - Refers appropriate appeals to the Appeals Department
 - Maintains established service standards and quality monitoring for telephone access
 - Provides benefits and Plan information to members and providers
- I. Customer Service Administration Department:
- Works in conjunction with QI to insure compliance is maintained with external QI regulations
 - Resolves Presidential, Congressional, DOI, media and other types of elevated complaints
 - Monitors claims time service for appeals, complaints, and grievance resolution

- Monitors and insures compliance with state and federal laws and regulations by the Claims areas
- Develops procedures for the claims areas
- Assists the law department in matters of litigation
- Assists with Market Conduct Examinations
- Completes annual/quarterly claims and grievance reports for State Insurance Departments
- Completes state surveys
- Coordinates all utilization review license filings

III. QI PROGRAM COMMITTEE STRUCTURE

The Board of Directors has delegated the authority and responsibility for QI in all managed care product lines to the QIOC.

A. The QIOC will:

- Be chaired by the Senior VP & Medical Director of Medical Management
- Include at a minimum: 1st VP of Care Services, Claims and Customer Service Manager, and QI/Compliance Manager
- Meet a minimum of quarterly

The QIOC responsibilities include:

- Maintenance of the approved minutes of all QIOC committee meetings
- Oversight of QIC and all QIC subcommittees
- Review and approve monthly QIC minutes
- Review and provide oversight, guidance and recommendations for action plans for QI projects and activities
- Review and approve the annual QI Program and UM Program
- Review and approve the quarterly QI Work Plan and Quarterly Reports
- Review and approve the annual QI and UM Evaluation
- Review network providers disciplinary actions for credentialing or recredentialing

B. The Quality Improvement Committee (QIC) is responsible for oversight of the quality improvement program and activities. The QIC will:

- Be chaired by VP & Medical Director of Medical Management
- Include a staff member from the following departments: additional VP & Medical Director of Medical Management, QI/Compliance Manager, QI Consultant, Care Services Supervisor, Supervisor Clinical Review Support, Director Pharmacy Operations, Health Network Development I, Health Network Development II, Health Network Operations, Customer Service Administration, QMS Compliance, Data Management and Health Plan member
- Meet a minimum of quarterly

The QIC responsibilities include:

- Provide on-going reporting of QI documents and activities to the QIOC
- Maintenance of the approved minutes of all QIC committee meetings
- Review a summary of committee meeting activities for all QIC subcommittees included in the QI Program

- Oversight and coordination of the activities for each department included in the QI Program
- The review, oversight, guidance and provision of recommendations for action plans for QI projects and activities
- Approval of the QI projects and activities
- The review and approval of the annual QI Program and UM Program
- Monitoring progress in meeting quality improvement goals by reviewing the quarterly QI Work Plan and Quarterly Reports
- Review and approval of the annual QI and UM Program Evaluation of the effectiveness of the programs

C. Subcommittees:

1. QI-MAC will:

- Be chaired by VP & Medical Director of Medical Management
- Include at a minimum: additional VP & Medical Director of Medical Management, QI/Compliance Manager, QI Consultant, 1st VP of Care Services, Manager Health Network Development and a minimum of six network physicians that include both PCPs and specialists
- Meet a minimum of quarterly

QI-MAC responsibilities include:

- Maintenance of the approved minutes of all QI-MAC committee meetings
- The review, oversight, guidance and provision of recommendations for action plans for QI projects and activities
- Approval of the QI projects and activities
- The review and approval of the annual QI Program and UM Program
- Monitoring progress in meeting quality improvement goals by reviewing the quarterly QI Work Plan
- Review and approval of the annual QI and UM Program Evaluation of the effectiveness of the programs
- The provision of Peer Review for cases identified with the potential for quality and safety issues

2. The Policy and Procedure Committee will:

- Be chaired by a QI Consultant from the QI/Compliance Department
- Include a staff member from the following departments: Compliance Coordinators, Care Services Advisors, Lead MMA, and Trainers
- Meet on a monthly basis

The Policy and Procedure Committee responsibilities include:

- Insuring that all procedures meet URAC, state and federal regulations and business requirements
- Oversee the integration, development and review of new and existing policies

3. The Credentialing Committee will:
- Be chaired by the VP & Medical Director of Medical Management.
 - Include a staff member from the Health Network Operations Department and licensed physicians and other Health Care professionals participating in the health care network
 - Meet on a monthly basis

The Credentialing Committee responsibilities include:

- The review of all providers who fail to meet credentialing requirements with respect to their:
 - ⇒ Valid license to practice
 - ⇒ Valid unrestricted DEA license
 - ⇒ Board eligibility status or education
 - ⇒ Work history for five years
 - ⇒ Malpractice Insurance
 - ⇒ National Practitioner's Database (NPDB) query
 - ⇒ Identified Medicare/Medicaid sanctions
 - ⇒ Signed, completed application
 - ⇒ Malpractice history
- Being informed of all providers recommended for termination due to health plan decisions
- The review of the credentialing/recredentialing policies and procedures annually

4. The Pharmacy & Therapeutics Committee will:
- Be chaired by the Manager of Clinical Pharmacy Operations
 - Include at a minimum: a Company Pharmacist, VP & Medical Director of Medical Management, Care Services staff member, QI/Compliance Manager, health care network pharmacists and physicians
 - Meet a minimum of quarterly

The Pharmacy & Therapeutics Committee responsibilities include:

- Coordination of the annual review of the Formulary for additions and deletions and review of any new drugs approved by the Federal Drug Administration (FDA)
- Coordination of the annual review of Pharmacy Management policies and procedures
- The Development and annual maintenance of drug review criteria
- The review of investigational/experimental pharmaceutical agents and protocols
- Investigation and resolution of pharmaceutical clinical and service issues
- The identification and development of pharmaceutical projects as indicated

5. The Corporate Grievance Committee will:
- Be chaired by VP & Medical Director of Medical Management

- Include at a minimum: additional VP & Medical Director of Medical Management, 1st VP & Medical Director of Medical Management (actively practicing providers), Care Services Supervisor, Claim(s) representatives, and other ad-hoc staff and specialty providers as warranted
- Meet twice monthly at a minimum

The Corporate Grievance Committee responsibilities include:

- Providing the final internal level of review for all fully insured medical appeals and complaints unless prohibited by state mandates
- Providing a forum at which a member or their representative can appeal or present a grievance in person or through other technological communications

6. The Behavioral Health Committee will:

- Be chaired by VP & Medical Director of Medical Management
- Include at a minimum: Care Services representative, Behavioral Health staff members and Appeals/Grievances staff member
- Meet a minimum of quarterly

The Behavioral Health Committee responsibilities include:

- Investigation and resolution of Behavioral Health clinical and service issues
- The identification and development of behavioral health projects as indicated

7. The Criteria and Technology Assessment Committee will:

- Be chaired by VP & Medical Director of Medical Management
- Include at a minimum: Additional VP & Medical Director of Medical Management, a practicing physician, Care Services staff member, Training Representative, Pharmacy Operations Pharmacist and Criteria/TAC staff representative

The Criteria and Technology Assessment Committee responsibilities include:

- The annual review of medical necessity criteria for medical and behavioral health
- The review, revision and development of medical policy statements for medical and behavioral health
- The review, revision and development of clinical practice and preventive health guidelines for medical and behavioral health

IV. ANNUAL EVALUATION

An evaluation of the QI Program will be completed annually to determine if the objectives of the QI Program were met. It will also be utilized to determine the goals and objectives for the following year.

V. COMMUNICATION

Members and providers may call 1-800-228-0286 ext. 8041 for a copy of the QI Program.

VI. DELEGATION

In the event that a process is delegated under the QI or UM Program, the Company will complete an oversight review of the delegated entity and will have a delegation contract in place prior to delegating any part of the process, and as required by state regulations. The oversight review will insure that required standards and regulations are communicated to the delegated entity. The company will maintain oversight and conduct regular audits of the delegated entity to evaluate conformance to the applicable standards and regulations.