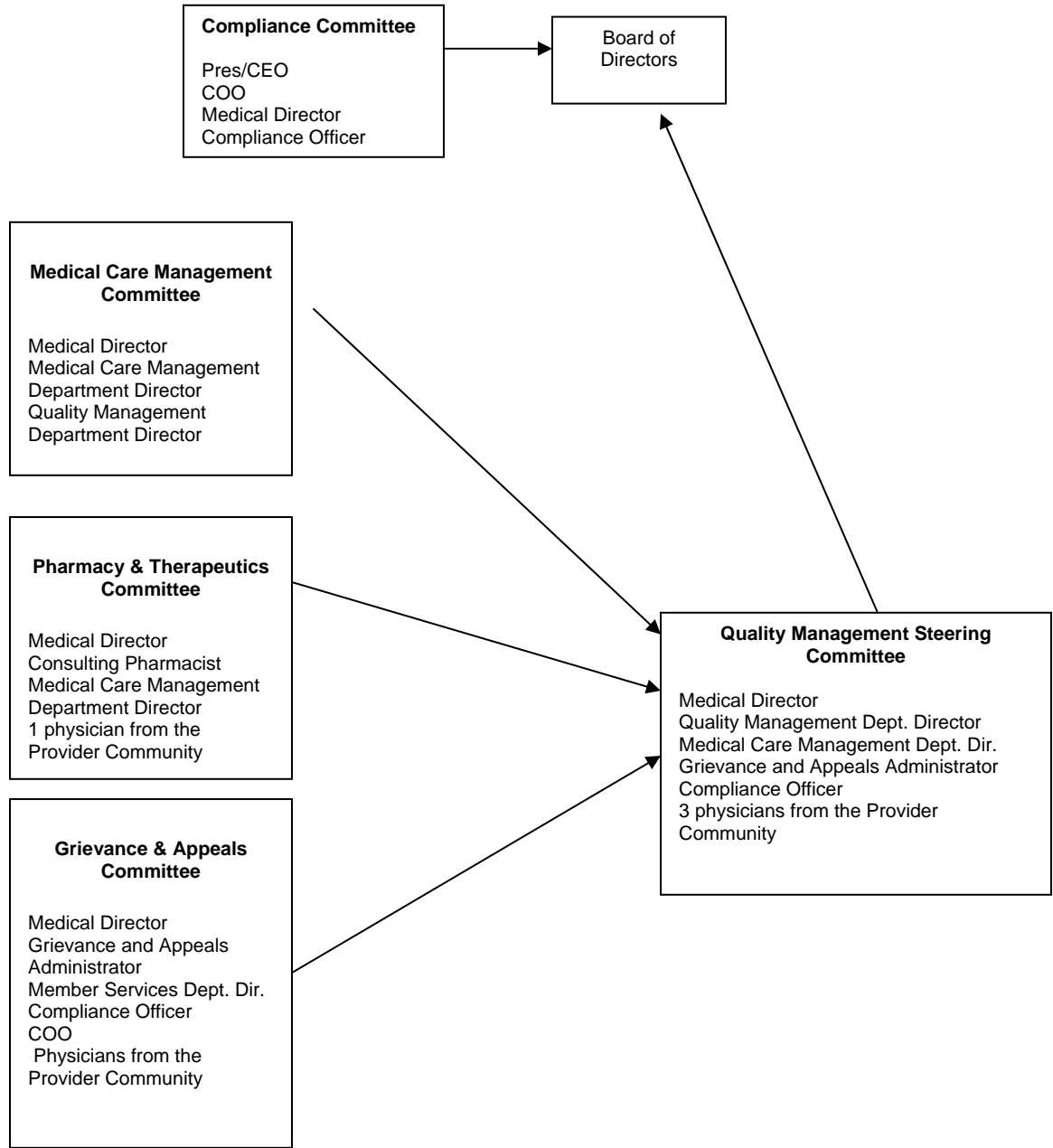


GUARDIAN HEALTHCARE QUALITY OVERSIGHT COMMITTEE STRUCTURE



FUNCTIONS OF OUR QUALITY MANAGEMENT OVERSIGHT STRUCTURE

Actions and activities relating to Quality Management are delegated by the Board of Directors to the Quality Management Steering Committee and the Quality Management Department. The Quality Management Steering Committee is chaired by the Medical Director. The Quality Management Steering Committee reports directly to the Board of Directors.

The delegated functions of the Quality Management Steering Committee and Quality Management Department include, but are not limited to:

- Establishing priorities for the Quality Management Program.
- Integrating all departments and functions relative to the goals and objectives of the Quality Management Program.
- Ensuring effective implementation of the Quality Management Program.
- Analyzing and evaluating trend data from quality assurance special studies and activities and/or department reports and making recommendations to the Board of Directors as necessary.
- Developing and disseminating an annual Quality Management Program Evaluation Report.
- Providing a forum within the organization for discussion of clinical and non-clinical issues related to the quality of care and service provided members.
- Reviewing individual provider and aggregate utilization problems

The Quality Management Steering Committee may delegate authority to ad hoc subcommittees for monitoring and evaluation of related specific clinical and non-clinical quality issues, as necessary.

The standing membership of the Quality Management Steering Committee includes:

- Medical Director as Chairperson
- Quality Management Department Director
- Medical Care Management/Utilization Management Department Director
- Grievance and Appeals Administrator
- Compliance Officer
- Three Physicians from the Provider Community

Additional physicians (community providers) are invited to attend the Quality Management Steering Committee meeting on an ad hoc basis to provide input regarding specific clinical and non-clinical quality of care issues.

The Quality Management Steering Committee meets quarterly and reports minutes and other informational material (e.g., reports) to the Board of Directors. Copies of all minutes of the Committee are submitted for review and filing to the Compliance Officer.

The functions and responsibilities of the Quality Management Steering Committee are supported by a set of internal standing oversight committees within the company. Each of these committees submit periodic reports to the Quality Management Department and the

Quality Management Steering Committee for monitoring and evaluation. The supportive committees, their composition, and respective roles are as follows:

Medical Care Management Committee -- The Medical Care Management Committee meets at least monthly and is composed of the Medical Director, Medical Care Management Department Director, and the Quality Management Department Director. The Medical Care Management Committee:

- Provides oversight for all medical care and utilization management activities to include inpatient and outpatient service authorizations, complex case management, non-participating provider authorizations, and special programs (e.g., chronic care improvement program; health risk management program).
- Monitors and evaluates all medical record documentation procedures and utilization reports.
- Identifies opportunities for program/service improvement relative to preventive health, health promotion, and disease management.

Pharmacy and Therapeutics Committee -- The Pharmacy and Therapeutics Committee is composed of the Medical Director, Consulting Pharmacist, Medical Care Management Department Director, and participating physician providers from the contracted provider network. The Pharmacy and Therapeutics Committee meets quarterly. This schedule is modified based on the need for up-dates on formularies and/or state or federal policy actions. The Pharmacy and Therapeutics Committee:

- Oversees formulary management including the addition and deletion of formulary items.
- Reviews and monitors utilization management of pharmaceuticals and therapeutics.
- Responds to pharmacy practice issues.
- Ensures quality and cost effective drug and therapeutics management.
- Communicates with providers through periodic newsletters.
- Prepares educational and informational materials for distribution to members and providers on safe and effective use of medications.

Grievance and Appeals Committee – The Grievance and Appeals Committee is composed of the Medical Director, Grievance and Appeals Administrator, Member Services Department Director, Compliance Officer, and the COO. The Grievance and Appeals Committee meets quarterly unless grievance and or appeals issues demand a more frequent meeting schedule. The Grievance and Appeals Committee:

- Monitors all appeals and grievances procedures to insure compliance with policies and procedures.
- Evaluates all complaints, grievances, and appeals to determine potential quality issues related to provider/member relations, and care and services provided.
- Reviews all grievance and appeals reports.
- Ensures satisfactory and timely resolution of grievances and appeals.

Compliance Committee -- The Compliance Committee is charged with overseeing the operations of the Compliance Program, as directed by the Board of Directors. This responsibility of this Committee includes, but is not limited to:

- Monitoring the regulatory environment and specific risk areas.
- Reviewing existing policies and procedures and assisting in the development of new policies and procedures as warranted.
- Developing a Code of Ethics and Standards of Conduct for all staff (executive, management, and support staff).
- Facilitating organization wide communication regarding adherence to the Code of Ethics and Standards of Conduct, operational policies and procedures, and state and federal laws and regulations.
- Recommending and monitoring the development of internal systems and controls to reduce the incidence of compliance violations, including fraud and abuse.
- Determining appropriate strategies/approaches to promoting compliance within the organization and the detection of any potential violations.
- Monitoring internal and external audits and investigations.

The Compliance Oversight Committee is to be composed of all senior executives, including the Medical Director. The Committee must meet on a regularly scheduled monthly basis. The Compliance Oversight Committee is to be chaired by the Compliance Officer.