



An Independent Licensee of the Blue Cross and Blue Shield Association

Blue Cross and Blue Shield of Arizona, Inc. Board of Directors Quality Committee Charter

Purpose of Committee

The Quality Committee (Committee) is a Committee of the Board of Directors of Blue Cross and Blue Shield of Arizona, Inc. (Company). The Company's Board of Directors has oversight authority over the Company's Quality Management Program (QMP). The Committee's primary purposes are (1) to assist in the Board's oversight of the Company's QMP; and (2) recommend to the Board of Directors for approval hospitals desiring to become participating providers that have met established standards for participation.

Committee Membership

The Committee shall consist of at least three (3) but no more than five (5) members of the Board of Directors. The Committee shall be made up of both physician and non-physician members of the Board of Directors. A majority of the Committee members shall be independent, as defined by the Board of Director's Corporate Governance Guidelines.

Committee Structure and Operations

The Chairman of the Committee and its members shall be nominated by the Nominating and Governance Committee and elected by the Board for one-year terms. The Committee shall meet at least quarterly. Additional meetings may be held as deemed necessary by the Committee, Chairman of the Committee, Chairman of the Board or the Chief Executive Officer.

Committee Duties and Responsibilities

1. The Committee shall oversee and make recommendations to the Board of Directors regarding the Company's QMP, including its development and evaluation.
2. The Committee will make recommendations it deems necessary or desirable to the Company's Quality Management Committee regarding any and all aspects of the QMP, including quality operations oversight, network development, credentialing, member services, medical policy, pharmacy and therapeutics and medical management.

3. The Committee shall meet at least annually with the Chair(s) of the Company's Quality Management Committee, who have authority and responsibility for the overall operation of the QMP, to: (a) review and evaluate the QMP including its activities, effectiveness, structure, resources, scope, objectives and performance measures; (b) make recommendations regarding the QMP; and (c) review and evaluate the Company's Quality Management Committee's roles and responsibilities.
4. The Committee annually shall review and recommend for approval by the Board the Company's QMP to include the following specific QMP documents:
 - Quality Management Program Description
 - Quality Management Program Annual Work Plan
 - Quality Management Program Annual Evaluation
5. The Committee shall report to the Board for approval those hospitals desiring to become participating providers that have met the required standards for participation.
6. The Committee shall perform such other duties as may be assigned by the Board.
7. The Committee shall make such other recommendations, as it deems appropriate, to the Board of Directors.
8. The Committee shall annually review the Committee Charter and, if appropriate, recommend changes to the Board.

Performance Evaluation

The Committee shall produce and provide to the Board of Directors an annual performance evaluation of the Committee, which evaluation shall compare the performance of the committee with the requirements of this Charter. The performance evaluation shall also recommend any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the committee shall be conducted in such manner as the Committee deems appropriate.