

ZENITH MEDICAL PROVIDER NETWORK POLICY

Title: California Provider Evaluation Policy

Application: Zenith Insurance Company, ZNAT Insurance Company and Affiliated Entities

Policy Number: CA0010

As most recently revised: September 19, 2011

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Approved By: Anne Searcy, MD, SVP and Medical Officer; Nanette de la Torre, VP, Provider and Network Management.....

POLICY STATEMENT

It is the policy of Zenith Insurance Company ("Zenith") to conduct provider evaluations to determine whether or not providers will be included within the Zenith Medical Provider Network (the "ZMPN"), which shall be done in a manner consistent with California Labor Code Section 4616.1, et seq.

POLICY PURPOSE

This Policy describes the process utilized by Zenith to evaluate "a particular physician, provider, medical group, or individual practice association based in whole or in part on the economic costs or utilization of services associated with medical care provided or authorized by the physician, provider, medical group, or individual practice association." First, this Policy sets forth the methodology for such evaluation. Second, this Policy describes how such an evaluation may be used by Zenith.

METHODOLOGY

Zenith shall use defined metrics to directly monitor utilization of services associated with medical care provided by physicians, providers, medical groups, or individual practice associations (together, "Providers") within the ZMPN. Such metrics may include, but are not limited to, examination of temporary and total disability, claim duration, drug utilization, surgery utilization, litigation rates, utilization review outcome rates and other economic and utilization factors or considerations.

Zenith may compare results for each metric against evidence-based guidelines, such as the guidelines of the American College of Occupational and Environmental Medicine ("ACOEM"), or the Official Disability Guidelines ("ODG") for non-network medical care. In addition, the results for each metric for a particular Provider may be compared against the average results for such metric for other Providers. Providers that have results outside of the evidence-based guidelines or that, to a relevant degree, are above or below the average for the applicable peer group of Providers are identified as potential outliers, may be further evaluated by Zenith as described below (collectively, this process is the "Evaluation").

PROCEDURES

Zenith may review Providers that have been identified pursuant to the Evaluation, including, as appropriate, a review of relevant medical records (the "Medical Review"). If Zenith determines that as a result of a Medical Review further steps are required to maintain professional standards (as determined, among other things, by evidence-based guidelines) and/or quality of care within the ZMPN, Zenith may take any appropriate actions in a fair and non-discriminatory manner, including:

- Corrective Action, Retention or Exclusion decisions. Such decisions may include monitoring, mentoring, probation or exclusion from the network. Providers may also be asked to complete certain educational requirements to address specific issues. The review process may include, as

appropriate, internal review, review by Zenith's legal team, and an appeals process for removal or exclusion of Providers from the Zenith Medical Provider Network or any other medical provider network established by Zenith.

- Change in the degree or extent of utilization review (within the scope of the filed utilization review plan applicable to the ZMPN). Such a change in the review process may include a reduction of the utilization review process for Providers that provide services within the appropriate guidelines or within or above the average for their peer group, and/or an increase of the utilization review process for Providers that provide services outside of the appropriate guidelines or outside or below the average for their peer group. Providers will be required to meet any criteria established by Zenith for participation in any such programs.
- Change in the degree or extent of peer review. Such change in the review process may include a reduction of the peer review process for Providers that provide services within the appropriate guidelines or within or above the average for their peer group, and/or an increase of the peer review process for Providers that provide services outside of the appropriate guidelines or outside or below the average for their peer group. Providers will be required to meet any criteria established by Zenith for participation in any such programs.
- Implementation of any appropriate incentive or penalty programs. Incentives may be provided to Providers that provide services within the appropriate guidelines or within or above the average for their peer group, and/or penalties may be assessed upon Providers that provide services outside of the appropriate guidelines or outside or below the average for their peer group.