

Preferred Health Systems Embraces Compliance 360

Compliance 360 Solution Automates Contracts Management and Corporate Compliance for Leading Managed Care Organization

ATLANTA, GA – June 23, 2005 – Compliance 360, a leading provider of software that helps companies in regulated industries manage their corporate governance and compliance processes through a single enterprise-wide application, today announced that it has been deployed for compliance and contracts management by Preferred Health Systems, a Kansas holding company that owns and operates a health and life insurance company, a licensed Health Maintenance Organization, managed care networks, and employer benefits service organizations.

Preferred is made up of 250 employees, manages policies for 285,000 “covered” lives and generates approximately \$450M in premium policy revenue every year. When Michelle Carter joined Preferred Health as their first in-house corporate counsel, her primary concern was how to manage the organization’s contracts. Contracts ranged from those with Preferred Health’s providers (doctors and hospitals), those with its employer groups – as the company does function as a health insurance company, and those general, vendor contracts related to anything from information technology to the company’s lease.

What Preferred was looking for was not a procurement application, which many contract management applications bill themselves as, but a software solution whereby the Compliance Department could view the contracts electronically as well as manage the contracts and utilize such features as email notification concerning contracts that need to be revised, terminated, or renewed. It was equally important that the application enabled an authorized user to “red line” the contract while locking out other users from making simultaneous changes. Apart from contracts management, Preferred Health, a URAC (Utilization Review Accreditation Commission) accredited organization, also leverages Compliance 360 as an application for enterprise compliance management.

On an enterprise-wide level, Preferred maintains its corporate Privacy Manual, the Security Manual and the Employee Manual, which the organization depends on the Compliance 360 solution to keep track of and make available to employees. Beyond this, the Compliance 360 platform serves as a means by which users can access online the laws and regulations with which Preferred needs to comply. “For Preferred Health Systems, like many of our customers, Compliance 360 serves dual purposes,” said Steve McGraw, CEO, Compliance 360. “On the one hand, we are an enterprise software solution that manages contracts, policies and procedures and overall compliance. On the other hand, we also serve as an information platform whereby the content required to maintain compliance is available on-demand through a single, enterprise-wide source.”

Prior to deploying Compliance 360, policies and procedures at Preferred Health Systems were simply out on a shared drive, with no archiving functionality or other features and functions the company needed. Like contracts, Preferred sought a way to offer users a single source wherein they could view policies and procedures, with the ability to archive, revise, and have email notification. Having the URAC standards available within the Compliance 360 application, allows the Compliance Department

to facilitate a desktop review for URAC auditors online before the accreditors come on site.

“The ultimate choice to go with Compliance 360 had to do with the fact that they could provide all of the different modules necessary to support the whole gamut of compliance-related requirements in a single product,” said Michelle Carter, Corporate Attorney – Compliance Department, Preferred Health Systems. “That, in addition to the fact that the system was far more reasonable from a price perspective than the procurement-oriented contract management systems we had investigated, made Compliance 360 the go-to solution for our needs.”

About Preferred Health Systems

Preferred Health Systems provides health benefits, products and services through member, employer, physician, community, and hospital alliances. As a managed care organization, the company provides coverage through a network of physicians and health care facilities that agree to provide their services at discounted rates. The network also creates an efficiency of operations and greater access to a broad base of health care knowledge and services. These factors help Preferred Health Systems provide the broadest possible coverage at the lowest possible rates. Find out more at www.phsystems.com

About Compliance 360

Compliance 360 helps companies in regulated industries address the most important facets of a comprehensive compliance program—reducing risks, reducing costs, improving efficiencies and enhancing global visibility of compliance activities. Compliance 360 has headquarters in Atlanta, GA and serves over 200 customers in healthcare, financial services, managed care, life sciences, pharmaceutical and other complex business environments. For more information, visit Compliance 360 at www.compliance360.com

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