ARTICLE I. GENERAL PROVISIONS

Section 1. Objectives/Purpose
This corporation was established for the following objectives and purposes: to perform the services of a Utilization and Quality Control Peer Review Organization, in accordance with Section 1154 of the Social Security Act and the Medicare and Medicaid programs, to improve the quality of medical care to patients, to reduce the burdens of government, and to provide educational and scientific assistance to physicians and patients. The corporation shall be operated exclusively for charitable and education purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. In furtherance of the objectives and purposes set forth, the corporation shall have all powers of a corporation granted by the laws of the state of Montana or otherwise acquired to the extent not inconsistent with the foregoing objectives and purposes. The corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Section 2. Use of income
Except as provided in these bylaws, all of the income, revenue and earnings of the corporation, unless otherwise limited, shall be held, used, managed, devoted, expended and applied in the discretion and judgment of the board of directors, to carry out the objectives and purposes of the corporation as such; provided, however, that officers, agents and representatives of the corporation who may be elected by the board of directors may be paid such reasonable salaries or compensation for work done or services performed for the corporation as the board shall determine from time to time.

Section 3. Prohibited Activities
No part of the income, revenue or earnings of the corporation shall inure to the benefit of, or be distributable to its physician members, trustees, directors, officers or other private person, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No physician member of this corporation shall, by reason of membership herein, be or become entitled, at any time, to receive any assets, property, income or earnings from the corporation or to profit therefrom in any manner. No substantial part of the activities of the corporation shall be to carry on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for political office. Notwithstanding any other provision of these bylaws, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Section 4. Distribution of assets on dissolution
In the event of dissolution of this corporation, voluntary or involuntary, all of its assets and property of the corporation, after payment and satisfaction of all claims and demands against the corporation and all liabilities of the corporation, shall be distributed first to a surviving Mountain-Pacific Quality Health Foundation entity that has the same or similar exempt status within the meaning of Section 501(c)(3) of the Internal Revenue Code, and then to one or more exempt entities with the same or similar purposes.
ARTICLE II. PHYSICIAN MEMBERSHIP

Section 1. Class of physician membership
Any doctor of medicine or osteopathy who is licensed to practice medicine or who is otherwise legally practicing medicine in Alaska, Hawaii, Montana and Wyoming may apply for membership in the corporation.

Section 2. Qualification of physician members
Admission to membership shall be granted to any doctor of medicine or osteopathy licensed to practice medicine or who is otherwise legally practicing medicine in Alaska, Hawaii, Montana and Wyoming upon making application.

Section 3. Procedure for admission to membership
Any physician who desires to become a physician member of this corporation shall complete and sign a membership application provided for that purpose by the corporation. The application shall be on a form prescribed by the board of directors. If an applicant meets the qualification set forth in Article II, Section 2, he/she shall be admitted to membership.

Section 4. Resignation of physician member
Any physician member of this corporation may resign his or her membership at any time in writing to the corporate office.

Section 5. Transferability of membership
A physician member from Alaska, Hawaii, Montana and Wyoming who has been accepted into Mountain-Pacific Quality Health Foundation will automatically be included as a physician member in Mountain-Pacific Quality Health Foundation – Montana.

Section 6. Membership roll
A written record of the physician membership of this corporation shall be kept or cause to be kept by the secretary or her/his designee and said record shall contain the name, address, phone number, fax and email address of each physician member.

This membership list as it is compiled and exists ten (10) days before the date of the annual meeting of the corporation or ten (10) days before any other meeting of the membership of this corporation shall constitute the members entitled to vote at succeeding annual or special meetings of the membership of the corporation.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual meetings
Annual meetings of the physician members of this corporation shall be held at a time and place designated by the state’s medical association annual member meeting.

Section 2. Special meetings
Special meetings of the physician members may be called at any time by the president or the board. In addition, a meeting can be called at the written request of fifteen percent (15%) of the membership. Special meetings may be held at any place within Alaska, Hawaii, Montana and Wyoming or a place to be designated by the board.

Section 3. Notice of meetings
Written notice stating the time and place of the meetings shall be mailed by regular mail and/or sent electronically to each of the members of the corporation at the members’ registered address not less than thirty (30) days before the date thereof. In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter, other than election of directors, on which the vote of members is expressly required by law. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the
ARTICLE IV. BOARD OF DIRECTORS AND ADVISORY COUNCIL

Section 1. Number and terms of office
The board of directors of this corporation shall be composed of between eight (8) and twenty (20) voting directors. Representation is distributed between Montana, Wyoming, Alaska, and Hawaii. Fifty percent (50%) of the directors will be composed of physicians who are physician members of this corporation and who are nominated and elected by the membership of the corporation. The remaining fifty percent (50%) of the governing body membership will include providers, payers, purchasers, business leaders, public policy officials, and academia. At least one of these appointed positions will be held by a Medicare beneficiary (consumer representative). The terms of office will be staggered to assure equitable representation over time.

At least two-thirds (2/3) of the directors are independent (independent directors) and have not been compensated within the last twelve (12) months for non-governing body services. (Directors reimbursed for peer review activities or consultation activities would not be considered independent directors.)

Those directors designated as such in the Articles of Incorporation of this corporation shall hold office and exercise all powers granted to said board until their successors are elected and qualified.

The nominating committee for each state’s representatives shall be composed of the directors of that state.

The nominating committee of each state, Montana, Wyoming, Alaska and Hawaii, will prepare a slate of physician nominees for each state to be presented at the annual meeting of the corporation in that state. Nominations shall be accepted from any member of the corporation at the annual meeting. The Wyoming members will vote on the Wyoming nominations. The Montana members will vote on the Montana nominations. The Alaska members will vote on the Alaska nominations. The Hawaii members will vote on the Hawaii nominations.

Non-physician directors are also nominated by their respective state’s nominating committee. The state’s nominating committee brings the slate of candidates to the full board for their approval.

Physician elections will be carried out by mail, fax and/or email ballot. Each physician member of this corporation shall be mailed, faxed or emailed a ballot to the address appearing on the books of the corporation. Such ballot will be mailed within four (4) weeks following the date of the last state’s annual meeting. Official tabulations will be made four (4) weeks following such mailing. Directors will assume office January 1 of each year.

No director shall be eligible to hold office as a director of this corporation for more than two (2) consecutive three-year terms, except as follows: a director who is appointed to fill a vacancy may thereafter be elected to serve two (2) consecutive three-year terms; and at any given time, up to three (3) directors may serve a third consecutive term.

The board of directors may appoint ex-officio members to the board through majority vote.

Section 2. Removal and Resignation from office
Any director of this corporation may be removed from office by a two-thirds (2/3) vote of the directors. A director subject to a vote for removal may appeal the decision to the board’s executive committee. If the executive committee supports the appeal it will be brought back to the full board for a second vote requiring a two-thirds (2/3) majority vote to effect the removal from office.

A director will abide by and support the board’s governance policies and these bylaws.
Directors are required to attend no less than 50 percent (50%) of all board meetings held during their terms of office.

Any director having two (2) consecutive unexcused absences may be removed from the board. The board president will notify the director of the removal from office in writing, noting that the director is also not eligible for re-election. The directors from the affected state will nominate the replacement director.

Any officer may resign at any time by giving written notice to the board or to the president or to the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Vacancies
In the event of a vacancy on the board, the vacancy shall be filled by a majority vote of the directors, for the remainder of the vacant term. The recommendation of the person to fill the vacancy will come from the directors representing the state with a vacancy.

Section 4. Powers and Responsibilities
Subject to these bylaws, the board of directors shall have full power and responsibility to control and manage the property and to conduct the affairs and business of this corporation and in furtherance of these bylaws, but not in limitation thereof, it shall have power and responsibility:

**First:** to elect and remove all officers; within the guidelines of its governing policies, or cause such to be done through the management structures of the corporation; prescribe such powers and duties for them as are not inconsistent with law, with the Articles of Incorporation, the board’s governance policies or with these bylaws, and fix their compensation.

**Second:** to do all other things authorized by the Articles of Incorporation, these bylaws or statutes.

**Third:** to appoint an executive committee described in Article VIII, Section 1 and to delegate to the executive committee when time constraints preclude deliberation and action by the full board, any of the powers and authority of the directors in the management of the business and affairs of this corporation, except the power to adopt, amend or repeal the governance policies, bylaws or any other powers prohibited by law to be delegated to a committee.

**Fourth:** to appoint such other committees as appropriate to assure necessary oversight of the operations of the organization. Such committees might include: compliance committee, finance and audit committee, conflict of interest committee, compensation committee and others as needed.

**Fifth:** to participate in ongoing training and development programs that would include such topics as ethics, compliance, cultural awareness and other relevant topics.

**Sixth:** to develop, monitor, implement and maintain governance policies pursuant to the Carver Policy Governance Model that would include Executive Limitation Policies, Ends Policies, Board-CEO Linkage Policies and Governance Process Policies as determined appropriate for the efficient and effective governance of the organization.

**Seventh:** to ensure compliance by the officers and directors with the policies and procedures of the corporation, including but not limited to the Conflict of Interest policy.

Section 5: Advisory Council
The advisory council is comprised of eight (8) ex-officio, non-voting members from the state’s hospital and medical associations.
The state’s hospital and medical association ex-officio members rotate on to the board as voting members in a manner in which each of the four (4) states is represented through this rotation in any given year.

ARTICLE V. MEETINGS OF THE DIRECTORS

Section 1. Regular meetings
Regular meetings of the directors shall be held at such times and places as may be designated by the board. Notice of such meetings shall be given as determined by the board of directors and such meetings shall be held not less than annually. The agenda for each meeting will be established by the executive committee in accordance with the board’s governance policies. The agenda will be submitted to the full board two (2) weeks prior to the meeting. Additional agenda items may be added up to one (1) week prior to the meeting. Additional items submitted less than one (1) week prior to the meeting will require a vote of the majority of the directors present for inclusion on the agenda. At least annually, the board of directors will review the audited financial statements of the organization.

Section 2. Special meetings
Special meetings of the board of directors for any purpose or purposes may be called at any time by: a) the president or if he/she is absent or unable to act or refuses to act, be called by the vice president, or b) by a majority of the directors.

Notice of the time and place of special meetings shall be given to all directors at least forty-eight (48) hours prior to holding a special meeting.

Section 3. Presence and participation in meetings
The board of directors may permit any or all directors to participate in any regular or special meeting through the use of any means of communication (including phone or web conferencing) by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is considered to be present in person at the meeting.

Directors are expected to attend all regular board meetings or request an excused absence. A director is required to attend no less than fifty percent (50%) of the board meetings held during their terms of office. A director having two (2) consecutive unexcused absences may be removed from the board.

Section 4. Meetings open for observation of all members
All regular and special meetings of the board of directors shall be open to all physician members of the organization unless special notice is given. Considerations by the board of directors relating to peer review decisions and appeals as they relate to determination of sanctions and any executive sessions are excluded from this provision.

Section 5. Quorum
The presence of a majority of the directors shall constitute a quorum at any meeting of the board. The presence of a majority of members of the executive committee shall constitute a quorum at any meeting of the executive committee.

No business of the board may be conducted unless a majority of those present and available consists of independent governing directors.

ARTICLE VI. OFFICERS AND EXECUTIVE COMMITTEE

Section 1. Officers and Executive Committee
The officers of this corporation shall be a president, vice president, secretary and treasurer and such officers as the board of directors may appoint.
Section 2. Election
The officers serve as the executive nominating committee for the incoming officers and the executive committee.

Annually, the executive nominating committee shall bring a slate of nominees for officers and the executive committee to the full board for their approval at the fall/winter meeting.

The officer’s and executive committee’s term begins January 1 of each year. Each officer shall hold office for one year unless he/she resigns, is removed, or is otherwise disqualified to serve. Officers may hold the same position for a second term.

Section 3. Removal and resignations
Any officer or executive committee member may be removed either with or without cause by a majority of the directors in office at the time of any regular or special meeting of the board.

Any officer or executive committee member may resign at any time by giving written notice to the board or to the president or to the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies
A vacancy in any office or on the executive committee because of death, resignation, removal, disqualification or any other cause shall be filled through nomination by the executive committee for board approval at the next regularly scheduled board meeting.

ARTICLE VII. DUTIES OF OFFICERS

Section 1. President
The president or his/her designee shall preside at all meetings of the board. The president shall be specifically responsible to assure the integrity of the board’s governance of the corporation as defined by the board’s governance policies, to include: the prescription of Ends through written Ends Policies, the proscription of unacceptable actions and situations through written Executive Limitations Policies, the delegation of authority and accountability to the chief executive officer and monitoring of her/his performance as outlined in Board-Chief Executive Officer Linkage Policies, and the faithful execution of the board’s governance process policies. He/she shall be the chair of and a member of the executive committee and shall preside at all meetings of the executive committee. He/she shall be a member of all standing committees, and he/she shall have such other powers and duties as may be prescribed by the board, its governance policies or these bylaws.

Section 2. Vice President
In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting, shall have all of the powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him/her by the directors or by these bylaws.

Section 3. Secretary
The secretary or his/her designee shall keep or cause to be kept, a book of minutes at the principal office of the corporation or such other place as the board of directors may order, of all meetings of the board and members whether special or regular and if special, how authorized, the notice thereof given, the names of those present at board meetings and the proceedings thereof. He/she or his/her designee shall also keep or cause to be kept and maintain the membership certificate book and the membership rolls of the corporation’s membership and records of all terminations of membership in this corporation. The secretary shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.
At the discretion of the board, one person may hold the position of both secretary and treasurer.

**Section 4. Treasurer**
The treasurer or his/her designee shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including account of its assets, liabilities, receipts, disbursements, gains and losses. The treasurer shall have such other powers and perform such other duties as may be prescribed by the board’s governance policies or the bylaws.

At the discretion of the board, one person may hold the position of both secretary and treasurer.

**ARTICLE VIII. EXECUTIVE COMMITTEE AND OTHER COMMITTEES ESTABLISHED BY DIRECTORS**

**Section 1. Executive Committee**
The board of directors shall appoint annually an executive committee to include at least one (1) member from each state. This committee shall consist of the officers of the board, the immediate past-president of the board, and other directors of the board. The executive committee shall not be less than five (5) nor more than nine (9) in number and shall be vested with all the powers of the board, except as otherwise defined or restricted by the board’s governance policies or these bylaws, when the board is not in session. The chief executive officer, or her/his respective designee, shall serve as an ex-officio, non-voting member of the committee.

**Section 1a. Meetings open for observation.**

Executive committee meetings are to be open for observation to any member of the organization. Considerations by the executive committee relating to peer review decisions, appeals and application of sanctions and any executive sessions are excluded from this provision.
Section 2. Standing committees
Below is the list of standing committees:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Committee Charge</th>
<th>Composition</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Self-assessment Committee</td>
<td>Compare the board’s self-assessment against the governance policies and develop a performance improvement plan if appropriate.</td>
<td>Officers and other members from time to time as appointed by the president.</td>
<td>Annually</td>
</tr>
<tr>
<td>Bylaws Committee</td>
<td>Review and propose changes to the bylaws for each state.</td>
<td>Director from each state as appointed by president.</td>
<td>Annually</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>Establish compensation for physician directors and consumer representatives.</td>
<td>Uncompensated director from each state appointed by the president.</td>
<td>Every three (3) years</td>
</tr>
<tr>
<td>Corporate Compliance Committee</td>
<td>Provide oversight of the corporate compliance program to include the review of policies, receipts of reports, and adjudication of compliance issues reported to the committee by the corporate compliance officer.</td>
<td>Executive Committee and other members from time to time as appointed by the president.</td>
<td>Annually</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>Vested with all the powers of the board of directors except as otherwise defined by the bylaws or governance policies, when the board of directors is not in session.</td>
<td>Director from each state</td>
<td>As needed</td>
</tr>
<tr>
<td>Executive Nominations Committee</td>
<td>Identify a slate of nominees for officers and the executive committee</td>
<td>Officers</td>
<td>Annually</td>
</tr>
<tr>
<td>Finance and Audit Committee</td>
<td>Monitor financial reports, initiate and receive financial audits, reports to the board, and recommends policy changes.</td>
<td>Executive Committee and other members from time to time as appointed by the president.</td>
<td>Annually</td>
</tr>
<tr>
<td>Governance Policies Review Committee</td>
<td>Review and propose changes to the governance policies.</td>
<td>Director from each state as appointed by the president.</td>
<td>Biannually</td>
</tr>
<tr>
<td>Public Policy Committee</td>
<td>Monitor state and federal legislation and public policies and, where appropriate, educate policymakers.</td>
<td>Director from each state as appointed by the president.</td>
<td>As needed</td>
</tr>
<tr>
<td>Employee Retirement Committee</td>
<td>Provide oversight of the corporate retirement program to include the review of investment instruments and the performance of investment advisors, assessment of the retirement plan and approve changes.</td>
<td>Officers, three (3) elected employee representatives and the chief executive officer (ex-officio)</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>
Section 3. Other committees
There may be other committees from time to time as designated by the board president and approved by the executive committee. These shall be designed and utilized in accordance with the governance policies relating to the role of committees and may be designated as standing committees or special committees by the board.

Section 3a. Qualifications and term of office of committee members.
Members of the committees shall be appointed by the president subject to the approval of the board.

Section 3b. Composition and duties of committees.
All committees shall have as many members thereon as the board may from time to time determine and shall have such duties and perform such functions as may be required of them from time to time.

Section 3c. Dispensing with committees and removal of committee members.
The board of directors, by majority vote, may dispense with any or all committees or may remove any member or all of the members from said committees, in its absolute discretion.

ARTICLE IX. CHIEF EXECUTIVE OFFICER

Section 1. Employment
The board of directors shall employ a chief executive officer. The board shall review the performance of the chief executive officer annually as provided for in the board’s governance policies.

Section 2. Function
The chief executive officer shall carry out the purposes of the organization within the framework of the legal corporate requirements, federal statutes and regulations, organizational bylaws, the board’s governance policies and the general and specific assignments given by the board directly or through an executive committee. The chief executive officer is responsible for the day-to-day supervision of the other employees of the organization.

ARTICLE X. INDEMNIFICATION

Section 1. Indemnification of officers, directors, employee and agents
The corporation may indemnify an officer, director, employee or agent who was, is, or is threatened to be made a party to a completed, pending, or threatened action or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the corporation. Indemnification may include reimbursement of expenses, attorney fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to a criminal action or proceeding, the person had no reasonable cause to believe the conduct was unlawful. The termination of an action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not create a presumption that the officer, director, employee or agent did not act in good faith and in a manner which the officer, director, employee or agent reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to a criminal action or proceeding, the officer, director, employee or agent had reasonable cause to believe that the conduct was unlawful.

Section 2. Prohibition against indemnification
Indemnification may not be made in respect of any claim, issue, or matter as to which the officer, director, employee or agent has been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the corporation except to the extent that the court in which the action was brought determines upon application that, despite the adjudication of liability, in view of all
the circumstances of the case, the officer, director, employee or agent is fairly and reasonably entitled to indemnity for expenses that the court considers proper.

Section 3. Mandatory Indemnification
To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of an action or proceeding referred to in Section 1, or in defense of a claim, issue, or matter in the action or proceeding, the director, officer, employee, or agent shall be indemnified against expenses and attorney fees actually and reasonably incurred in connection with the defense.

Section 4. Non-mandatory Indemnification
Unless otherwise ordered by a court, indemnification under Sections 1 or 3 of this Article may only be made by this corporation upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the director, officer, employee, or agent has met the applicable standard of conduct set out in this Article. The determination of whether the director, officer, employee or agent has meet the applicable standard of conduct shall be made by: (a) the board by a majority vote of a quorum consisting of directors who were not parties to the action or proceeding; or (b) independent legal counsel in a written opinion if a quorum is: (A) not obtainable; or (B) obtainable but a majority of disinterested directors so directs.

Section 5. Advance payment of indemnification expenses
The corporation may pay or reimburse the reasonable expenses incurred in defending a civil or criminal action or proceeding contemplated by Sections 1, 3, or 4, in advance of the final disposition if:

(1) In the case of a director or officer, the director or officer furnishes the corporation with a written affirmation of a good faith belief that the standard of conduct described in AS 10.06.450(b) or 10.06.483(e) has been met; (2) the director, officer, employee, or agent furnishes the corporation a written unlimited general undertaking, executed personally or on behalf of the individual, to repay the advance if it is ultimately determined that an applicable standard of conduct was not met; and (3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this chapter.

Section 6. Continuing obligation to indemnify
The obligation to indemnify continues as to a person who has ceased to be a director, officer, employee, or agent, and inures to the benefit of the heirs, executors, and administrators of the person.

ARTICLE XI. MISCELLANEOUS

Section 1. Inspection of corporate records
The membership roll, the books and records and the minutes of proceedings of the members and directors, shall be open to inspection upon the written demand of any member at any reasonable time for a purpose reasonably related to his/her interest as such member.

Section 2. Inspection of audit
The board will require an annual audit of the financial affairs of the corporation. This audit will be available to any member for inspection at the principal office of the corporation and shall be reviewed annually by the directors.

Section 3. Inspection of bylaws
The corporation shall keep in its principal office the original or a copy of the bylaws, and all amended versions, which shall be open for inspection by members at reasonable times during office hours.
ARTICLE XII. AMENDMENTS

Section 1. Adopting, amending or repealing bylaws
These bylaws may be altered, amended or repealed, or new bylaws may be adopted by an affirmative vote of two-thirds (2/3) of the directors at any annual, regular or special meeting of the board.

Section 2. Adopting, amending or repealing Articles of Incorporation
The Articles of Incorporation may be altered, amended or repealed, or new Articles of Incorporation may be adopted by the affirmative vote of two-thirds (2/3) of the directors at any annual, regular or special meeting of the board.