

Bylaws

ARTICLE I. GENERAL PROVISIONS

Section 1. Objectives/Purpose

This corporation was established to perform the services of a Utilization and Quality Control Peer Review Organization, in accordance with Section 1154 of the Social Security Act, the Medicare and Medicaid programs, and to improve the quality of medical care to patients, reduce the burdens of government, and to provide educational and scientific assistance to physicians and patients. The corporation's scope of work has changed in response to changes in healthcare priorities. The corporation operates as a health care quality improvement and utilization management organization in partnership with practitioners, providers, and patients and 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 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 chief executive officer, to carry out the objectives and purposes of the corporation.

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 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 substantial part of the activities of the corporation shall be to lobby 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 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. BOARD OF DIRECTORS

Section 1. Number and Terms of Office

The board of directors of this corporation shall be composed of between eight (8) and fifteen (15) voting directors. At least seventy-five percent (75%) of the board shall be directors from the states that Mountain Pacific serves, with no more than two (2) directors from the same state. The board may deviate from this requirement to appoint new members for unfulfilled vacancies. No more than fifty percent (50%) of the directors will be composed of physicians. The remaining

governing body membership will include key stakeholders. Examples include representation from consumers, providers, payors, purchasers, business leaders, public policy officials, and research. 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 shall be independent directors. Independent directors are those individuals that have not been compensated within the last twelve (12) months for non-governing body services. (Directors reimbursed for peer review activities or consultation activities will not be considered independent directors.)

The president shall appoint a nominating committee annually. The nominating committee will be comprised of two (2) to four (4) directors. The nominating committee will prepare a slate of nominees for board approval by majority vote.

All 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. Notwithstanding the provisions set in this Section, a director who is elected to fill a vacancy may be re-elected to serve two (2) consecutive three-year terms upon the conclusion of the filled vacancy term. While it is not standard practice, term limit exceptions may be made to allow for officer progression and organizational knowledge.

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 in which a quorum is present. A vote for removal would require a special meeting of the full board with a minimum of seven (7) days' notice of that special meeting.

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, the matter will be brought back to a special meeting of the full board requiring a two-thirds (2/3) majority vote in which a quorum is present to determine a final decision.

A director will abide by and support the board's governance policies and these Bylaws. Directors are required to attend, as more particularly described in Article III, Section 5, no less than 50 percent (50%) of all board meetings held during their terms of office. A director may be removed by a two-thirds (2/3) vote of the board of directors at a special meeting called for that purpose if a director is absent and unexcused from two (2) or more meetings of the board of directors in a twelve (12) month period. The board president is empowered to excuse directors from attendance for a reason deemed adequate by the board president.

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 nominating committee.

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, and the board's governance policies or with these Bylaws.

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 VI, Section 2 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.

Fifth: to participate in ongoing training and development programs that would include such topics as governance, 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 with Governance Policy 5: Board Members' Code of Conduct which specifically addresses conflict of interest and the board's fiduciary responsibility.

Eighth: to review the audited financial statements of the organization annually.

ARTICLE III. MEETINGS OF THE DIRECTORS

Section 1. Parliamentary Authority

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern all meetings.

Section 2. 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.

Section 3. Special Meetings

Special meetings of the board of directors for any purpose or purposes may be called at any time by (i) the president or, if he or she is absent or unable to act or refuses to act, be called by the vice president, or (ii) 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 4. Notice of Board Meetings

If notice is given of a regular or special meeting, notice must be given to each director either personally, by U.S. mail or private carrier, or other form of electronic, wire or wireless communication by correct address or authenticated electronic identifications shown in the corporation's record of directors. If by email, a notice shall be deemed delivered when delivery receipt is received, or an electronic notice of delivery is returned to the sender of the notice. If mailed, a notice shall be deemed delivered at the earliest (i) five days after deposited in the U.S. mail, as evidenced by the postmark, if it is mailed postpaid and with the correct postage to the director, (ii) the date shown on the return receipt if sent by registered or certified mail and the receipt is signed by or on behalf of the Director, or (iii) the date received.

Section 4a. Special Notice Provisions.

If the purpose of the meeting is to consider (i) an amendment to the Article of Incorporation, (ii) a plan of merger, (iii) the sale, lease, exchange, or disposition of all or substantially all of the corporation's property, or (iv) the dissolution of the corporation, then a notice must be given to each director at least seven (7) days before the meeting stating the purpose, and the notice must be accompanied by a copy of or summary of the proposed amendment, plan of merger, transaction for the disposition of property, or proposed dissolution.

Section 4b. Waiver of Notice.

Any director may waive notice of any meeting before, at, or after the meeting. Attendance at any meeting by a director shall constitute waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Presence and Participation in Meetings

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 in accordance with Article II, Section 2.

Section 6. 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 any committee listed under Article VI, Section 3, shall constitute a quorum at any meeting of that committee.

Section 7. Manner of Acting

No business of the board may be conducted unless a majority of those present and available consists of independent governing directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by these Bylaws or by law. Each director shall have one vote.

Section 7a. Proxy Voting.

Directors may not vote or sign board resolutions or consents by proxy.

Section 7b. Participation in Meetings by Conference Telephone.

The board may permit any or all directors to participate in a meeting of the board by, or conduct the meeting through, the use of conference telephone, conference computer network, or any means of communication by which persons participating in the meeting may hear each other simultaneously during the meeting. A director participating in the meeting by conference telephone is deemed present in person at the meeting. The chair of the meeting may establish reasonable rules to conduct the meeting by telephone.

Section 7c. Director Action Without a Meeting; Use of Electronic Mail.

The directors may act on any matter generally required or permitted at a board meeting, without actually meeting, including voting on any matter properly brought before the board of directors, through a unanimous written consent. Such action can be taken by email if an electronic copy of the resolution of action is included in an email notice to the directors at the email addresses on record for each director. The action shall be approved when each of the directors entitled to vote on the matter responds with an affirmative vote via email from the director's email address on record with the corporation. Upon receiving an electronic response from each director, a copy of each director's vote shall be printed, and the written version of the electronic responses shall be kept in the corporation's minute book. The unanimous consent shall have the same effect as a unanimous vote.

Section 7d. Presumption of Assent.

A director who is present at a meeting of the board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent is entered in the minutes of the meeting or unless a written dissent to such action is filed with the person acting as the secretary of the meeting

before the adjournment thereof, or unless such dissent is forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of such action.

Section 7e. Director Leave of Absence; Non-Voting Status.

If a director is unable to perform his or her duties for an extended period of time due to hospitalization or extended travel without access to communication technology, then the director may request to be placed on a leave of absence. The executive committee may approve a request for a leave of absence. While on a leave of absence, the director's voting privileges are suspended, and he or she will not be counted for purposes of determining a quorum.

ARTICLE IV. 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. One person may hold the position of both secretary and treasurer.

Section 2. Election and Terms

The executive committee serves as the executive nominating committee for the incoming officers and any vacancies on 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 by a majority vote of the board at the fall/winter meeting. The officer and executive committee terms begin on January 1 and end on December 31. The president shall serve for a term of two years. The vice president, secretary, and treasurer may hold the same position for more than one term if re-elected by the executive nominating committee and approved by the board.

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 meetings 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 V. 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 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 may 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. 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.

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.

ARTICLE VI. EXECUTIVE COMMITTEE AND OTHER COMMITTEES ESTABLISHED BY DIRECTORS

Section 1. Creation of Committees and Appointment of Committee Members.

All board committees shall be created by the board of directors, and the president may appoint all committee members and fill any vacancies provided, however, that all committee members must be approved by majority vote of the board of directors. The executive committee may create interim special committees of the board and establish their membership between meetings of the board, subject to board ratification at the next regular or special meeting of the board. Each committee must be composed of two or more voting directors and may include non-director members without the power to vote.

Section 2. Executive Committee

The board of directors shall appoint annually an executive committee. Depending on the size of the board, the committee shall consist of the officers of the board. The executive committee 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 ex-officio, non-voting member of the committee.

Section 2a. Meetings Open for Observation.

Executive committee meetings are to be open for observation to any board member. Any executive sessions are excluded from this provision.

Section 3. Standing Committees

Below is the list of standing committees:

Committee	Committee Chair	Committee Charge	Composition	Frequency
Bylaws	Appointed by the president.	Review and propose changes to the Bylaws.	At least four independent Directors, as appointed by the President	Annually
Corporate Compliance	President or appointed by the president.	Provide oversight of the corporate compliance program to include the review of policies, receipt of reports, and adjudication of compliance issues reported to the committee by the corporate compliance officer.	Executive Committee and other members from time to time as appointed by the president.	Annually
Executive	President	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.	Officers	As needed
Executive Nominations	President	Identify a slate of nominees for officer positions and vacancies on the executive committee	Executive Committee	Annually
Finance and Audit	President or appointed by the president.	Monitor financial reports, initiate and receive financial audits, reports to the full board on the board's investment portfolio and its strategy, and recommends policy changes.	Executive Committee and other members from time to time as appointed by the president.	Semiannually
Governance Policies Review	Appointed by the president.	Review and propose changes to the governance policies.	The board is required to participate in the review of the board's governance policies.	Annually
Public Policy	Appointed by the president.	Monitor state and federal legislation and public policies and, where appropriate, educate policymakers.	At least four independent Directors, as appointed by the President	As needed
Employee Retirement	President or appointed by the president.	The board has shared fiduciary responsibility for the employee retirement program. The committee provides 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.	At least four independent Directors, as appointed by the President, and four (4) employee representatives elected by MPQH to serve in an advisory role (non-voting). The CEO is a voting member of the committee.	Semiannually

Nominating	Appointed by the president.	Review upcoming vacancies to actively recruit, with the CEO, potential board members, and recommend a slate of candidates to the board.	Two to four independent directors.	Annually
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Section 4. 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 4a. Qualifications and Term of Office of Committee Members.

Members of the committees may be appointed by the president subject to the approval of the board.

Section 4b. 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 4c. 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.

ARTICLE VII. 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 the executive committee. The chief executive officer is responsible for organizational accomplishments of the board's Ends Policies and organizational operations pursuant to the board's Executive Limitation Policies.

ARTICLE VIII. INDEMNIFICATION

Section 1. Mandatory Indemnification

The corporation shall indemnify a director or former director, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he or she was a party because he or she is or was a director of the corporation against reasonable expenses incurred by him or her in connection with the proceedings.

Section 2. Permissible Indemnification.

The corporation shall indemnify a director or former director made a party to a proceeding because he or she is or was a director of the corporation, against liability incurred in the proceeding, if the determination to indemnify him or her has been made in the manner prescribed by the law and payment has been authorized in the manner prescribed by law.

Section 3. Advance for Expenses

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case upon receipt of (i) a written affirmation from the director, officer, employee or agent of his or her good faith belief that he or she is entitled to indemnification as authorized in this Article, and (ii) an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation in these Bylaws.

Section 4. Indemnification of Officers, Agents, and Employees.

An officer of the corporation who is not a director is entitled to mandatory indemnification under this Article to the same extent as a director. The corporation may also indemnify and advance expenses to an employee or an agent of the corporation who is not a director, consistent with Montana law and public policy, provided that such indemnification, and the scope of such indemnification, is set forth by the general or specific action of the board or by contract.

Section 5. Insurance

The corporation may purchase and maintain insurance on behalf of a director, officer, employee, contractor or agent (i) against liability asserted against or incurred by such person acting in such capacity, or (ii) arising from that person's status as a director, officer, employee, contractor or agent of the corporation, whether or not the corporation would have the power to indemnify the person against such liability under the act.

ARTICLE IX. MISCELLANEOUS

Section 1. Inspection of Corporate Records

The books, records, and the minutes of proceedings of the board of directors, shall be open to inspection upon the written demand of any director at any reasonable time for a purpose reasonably related to his/her interest.

Section 2. Inspection of Audit

The board will require an annual audit of the financial affairs of the corporation. The draft audited financial statements will be reviewed and approved by the directors and available to any director for inspection at the principal office of the corporation.

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 directors at reasonable times during office hours.

Section 4. Electronic Transmissions

Unless otherwise provided in these Bylaws, and subject to any guidelines and procedures that the board of directors may adopt from time to time, the terms "written" and "in writing" as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions, such as facsimile or email, provided (i) for electronic transmissions from the corporation, the corporation sends the transmission to the fax number, email address or other electronic address provided by the recipient to the corporation for its records, (ii) for electronic transmissions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission, and (iii) the transmission creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.

Section 5. Electronic Signatures

The provisions of the Uniform Electronic Transmission Act, Sections 30-18-101, et. Seq. MCA shall apply to all documents executed in connected with the operation and governance of the corporation so that signatures transmitted electronically shall be effective in all respects as originals.

ARTICLE X. 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. No such alteration, amendment, repeal, or adoption shall in any way conflict with the corporation's purposes as stated in its Articles of Incorporation or otherwise cause the corporation to lose its qualification as an organization described in IRS Code Section 501(c)(3).

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 meetings of the board.