

Oct. 11, 2010

Editor, Meagher County News

Back in March of 2008, the hospital board was struggling to select a new CEO for Mountainview Medical Center. The board decided to go with a management company. In a letter dated March 29, 2008 to the MMC staff, the board decided, "If we do contract with a management company there would be a CEO selected by the management company with board input and paid for by MMC. There would also be a management fee paid to the management company." The management company selected was Cypress Healthcare.

While there has been controversy over the selection of this company, we must not allow this to consume our thoughts and actions regarding MMC. Hospitals both large and small throughout our nation are having great difficulty recruiting physicians. Finding a physician to fit Meagher County has to be one of our most important priorities.

Also, running a small, rural hospital and keeping it in the black is no mean task. It will take everyone's support and patronage. This **Wednesday** evening the newly formed County Hospital District Board will meet at the **Senior Center at 6:30 P.M.** The public is cordially invited to attend and share its thoughts and opinions on how to make our hospital thrive.

Sincerely,

Meagher County Hospital District Board

John Dracon, Chair
Pam Sundstrom, Member
Michael Kakuk, Member

**Meagher County Hospital District Board Meeting
Meagher County Community Center
White Sulphur Springs, Montana
Oct. 13, 2010**

BACKGROUND INFORMATION

On Sept. 14, 2010, Meagher County Commissioners Hurwitz, Townsend, and Schlepp appointed three county residents, Pam Sundstrom, Michael Kakuk, and John Dracon to serve on a newly created county hospital district board.

This new board is not a substitute for the existing hospital board. It has limited powers and is primarily interested in the prudent use of county and other public monies by Mountainview Medical Center. It also sees itself as an entity to promote additional public oversight over MMC on behalf of Meagher County. It is accountable to the Commissioners. The appointments expire in May of 2011, at which time the voters can select from the county persons to serve as regularly elected members. The district board members are volunteers and are not paid for their services.

AGENDA & PURPOSE OF THIS MEETING

This meeting has one primary purpose: to allow for members of the public to express their thoughts, concerns, and suggestions on how to help make our hospital thrive. We ask for your candid comments. We also ask that speakers refrain from personal attacks on individuals.

FOLLOW THROUGH

The district board will make a full report of the meeting to the Commissioners, Hospital Directors, and the general public.

Thank you for attending this meeting,

Public Meeting Issues/Comments - Oct. 13, 2010

1. How much money is paid to Cypress employees?
2. Are financial statements available?
3. Why does the MMC use a cash basis accounting instead of an accrual basis?
4. Why the large difference between 2008 and 2009 income?
5. Where, financially, would MMC be without the levy?
6. Would contributions go up without the levy?
7. What is the current status of the Bair Trust?
8. Where was the Bair Trust four years ago.?
9. Why have contributions gone down?
10. How does the MMC compare, financially, to other rural hospitals?
11. How can we make Cypress prove they are providing a benefit financially?
12. What are the specific provisions of the Cypress contract?
13. Are there a significant number of Clinic payment/billing errors?
14. How many patients have left MMC over the past few years?
15. Are any Cypress employees compensated to cover federal or state taxes?
16. How are Cypress employee and MMC employee vacations dealt with?
17. Are MMC Board financial meetings open to the public?

18. There is a perceived lack of openness with the Clinic and the MMC Board.
19. The MMC Board seems to operate without any public involvement except at the end of the meeting. What are the options for increased Public participation?
20. Is there any way for the public to control the MMC's operations?
21. Are there other models for public involvement in the MMC's operations?
22. How can we improve the feeling of teamwork between the public and the MMC board?
23. Could the public elect the MMC board?
24. Is the District Board (County) access to MMC records (financial) adequate?
25. How does MMC compare, in public involvement, to other rural hospitals?
26. What exactly is it that Cypress does?
27. Are any citizens singled out for disparate treatment regarding their access to or involvement with the MMC operations? If so, is that treatment justified and reasonable?
28. Who owns the real property that MMC sits on?
29. Is there a problem with the high rate of MMC Board turnover?
30. Is there a high rate of MMC employee turnover? If so, why is it high?
31. Why have long-term providers left MMC?

32. There are questions regarding MMC Board's decision making.
33. How does MMC compare, overall, to other rural hospitals?
34. How can we make Cypress prove that they are providing a benefit in general?
35. How can we improve the public perception of quality care?
36. How can MMC re- establish the public's trust?

BYLAWS OF MEAGHER COUNTY HOSPITAL DISTRICT**ARTICLE I. OFFICES****SECTION 1 OFFICE.**

The District's principal office shall be located at the offices of the Meagher County Commissioners.

ARTICLE II. BOARD OF TRUSTEES**SECTION 2.1 GENERAL POWERS.**

All District powers shall be exercised by or under the authority of, and the business and affairs of the District shall be managed under the direction of the Trustees.

SECTION 2.2 NUMBER, TENURE, AND QUALIFICATIONS OF TRUSTEES.

The number of Trustees of the District shall be three (3). Each Trustee shall hold office until the next election or until the Trustee dies, resigns or is removed. However, if the Trustee's term expires, the Trustee shall continue to serve until the voters have elected a successor.

SECTION 2.3 REGULAR MEETINGS OF THE BOARD OF TRUSTEES.

The board of Trustees shall hold regular meetings, with all necessary and appropriate notice as required under law, as scheduled by the Trustees but at least quarterly.

SECTION 2.4 SPECIAL MEETINGS OF THE BOARD OF TRUSTEES.

The president or any one Trustee may call or request special meetings of the board of Trustees. Subject to notice requirements, the person authorized to call special board meetings may fix any place within the county where the District has its principal office as the special meeting place.

SECTION 2.5 TRUSTEE QUORUM.

A majority of the number of Trustees shall constitute a quorum for the transaction of business at any board of Trustee meeting.

SECTION 2.6 CONDUCT OF BOARD OF TRUSTEE MEETINGS.

The president, or in the president's absence, the vice-president shall call the meeting of the Trustees to order and shall act as the chairperson of the meeting. The chairperson shall preside over the meeting and establish rules of the meeting that will freely facilitate debate, decision making, and public involvement. The chairperson will indicate who may speak when and when a vote will be taken. The clerk of the District shall act as the secretary of all meetings of the Trustees, but in the clerk's absence, the presiding officer may appoint any other person to act as the clerk of the meeting.

SECTION 2.7 TRUSTEE COMPENSATION.

The board of Trustees shall serve without compensation.

ARTICLE III. OFFICERS

SECTION 3.1 NUMBER OF OFFICERS.

The officers of the District shall be a president, vice-president, a clerk, and a treasurer. The board of Trustees shall appoint each of these officers.

SECTION 3.2 ELECTION AND TERM OF OFFICE.

The officers of the District shall be elected by qualified voters as set forth under state law, §7-34-2117, MCA.

ARTICLE IV. AMENDMENTS

SECTION 4 AMENDMENTS.

The District's board of Trustees may amend or repeal the District's bylaws in accordance with state law and as set forth in these Bylaws.

**ADOPTED BY RESOLUTION OF THE BOARD OF TRUSTEES, SEPTEMBER 27, 2010,
AMENDED, OCTOBER 13, 2010**

JOHN DRACON, CHAIR

PAM SUNDSTRÖM, VICE CHAIR

MICHAEL S. KAKUK, CLERK

**CORPORATE BYLAWS
OF
MOUNTAINVIEW MEDICAL CENTER**

Adopted 5/25/99
Reviewed 10/02, 9/04, 2/06
Revised 2/06, 4/08, 11/08, 9/10



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CORPORATE BYLAWS OF MOUNTAINVIEW MEDICAL CENTER

ARTICLE I. OFFICES, MISSION STATEMENT

1.1 OFFICES

The principal office of Mountainview Medical Center (hereinafter referred to as MMC) shall be located in White Sulphur Springs, Montana. MMC shall have and continuously maintain in Montana, a registered office and a registered agent whose office shall be identical with the registered office, and may have such other offices as the Board may determine from time to time.

1.2 MISSION STATEMENT

MMC is a non-profit corporation founded and supported by members of the community for those in need of quality health care. The mission is to provide holistic care whether inpatient, outpatient, emergency patient or long term-care resident. When unable to meet patient health care needs, we will facilitate access to the best possible services available, always striving for a reputation of excellence.

1.3 MMC relies on a relationship with the community to provide quality care, within the limits of its resources. MMC seeks to define and provide for the overall health and well being of its service population in the most effective manner possible through ongoing planning, coordination and cooperation with other health organizations. Furthermore, MMC acknowledges that its financial viability depends on utilization by the community and therefore must strive to meet its varied and changing needs. Therefore, MMC pledges and strives to earn and maintain a reputation of excellence.

ARTICLE II. CORPORATION MEMBERSHIP

MMC shall have no members.

ARTICLE III. BOARD OF DIRECTORS

3.1 POWERS

The Board of Directors (hereinafter "Board") shall exercise the powers of MMC, conduct its business affairs and control its property. The Board is also expressly mandated to make appropriate delegations of authority, to review such delegations on a regular basis and to establish a fiscal year.

3.2 DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Duties and responsibilities of the Board include the following:

1. To adopt and maintain suitable Bylaws and to establish a plan of organization providing single and distinct lines of authority and responsibility.
2. To select a CEO, delegate authority for administrative action, to oversee the work of, and annually evaluate the CEO.
3. To determine the policies of MMC with regard to community needs and internal organization and operation. The Board's activity should be essentially concerned with policy formation and governance rather than administrative procedures.
4. To assure the provision of equipment and facilities commensurate with the needs of patients admitted to the Hospital.
5. To select a competent and qualified Medical Staff and to maintain proper, professional standards and require "peer review" by the medical staff according to the Center for Medicare and Medicaid Services regulations for the quality of care rendered by members of the Medical Staff.
6. To provide methods by which the Medical Staff advises the CEO and the Board on professional matters.
7. To assure that recognized professional standards are met for the care of all patients.
8. To appoint a Medical Director, delegate authority for clinical action, to oversee the work of, and annually evaluate the Medical Director.
9. To coordinate professional interests with administrative, financial and community needs.
10. To enforce business management of the financial affairs of MMC; to provide for a safe administration of funds given in trust; to assure accurate records of finances and activities are kept, including an annual audit; and to provide adequate financing by securing sufficient income.
11. To develop and maintain sound personnel policies in MMC in compliance with federal and state employment law.
12. To insure that no member of the Board, or any other person, uses his affiliation with MMC for personal, financial or material gain.

13. To be alert and responsible to the changing needs of the community for healthcare resources.
14. To conduct an annual program evaluation of each service entity of the organization in accordance with State and Federal regulations.

3.3 NUMBER AND QUALIFICATIONS

1. The Board shall elect its Directors in May, effective July 1.
2. The Board shall consist of no more than nine Directors nor less than seven. If the number of Directors is less than seven, the remaining Directors shall elect the necessary additional Directors by an affirmative vote of a majority of the Directors remaining in office.

3.4 ELECTION AND TENURE

The terms shall be staggered; approximately one-third of all Directors shall be elected annually. An employee of MMC may not serve as a Director. A term shall be three years. Directors may be eligible for re-election.

3.5 ADMINISTRATION

1. The Board shall elect a Chair and Vice Chair who shall each serve one-year terms. The Chair and Vice Chair may succeed themselves.
2. The Chair shall call and preside at all meetings of the Board and, shall interest him or herself in all affairs of MMC.
3. The Vice Chair shall perform the duties of the Chair in his or her absence and perform all other duties as from time to time may be assigned by the Chair.

3.6 RESIGNATION AND REMOVAL

Any Director may resign at any time by giving written notice to the Chair or to the Secretary of MMC. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or any later time specified in the notice. Any Director may be removed for cause at any time by a two-thirds vote of the Board, provided the affected Director has been notified and given the opportunity for an informal meeting with the Board, which may be waived, prior to the Board's action becoming effective.

3.7 BOARD CONSULTANTS

The Board or Chair may invite additional individuals with expertise in a pertinent area to meet with and assist the Board. Such consultants are not Directors and may not vote.

3.8 MEETINGS AND PROCEDURE

3.8.1 REGULAR MEETINGS

The Board of Directors hold its regular meetings in the Hospital Board Room on the fourth Wednesday of each month at 7:00 p.m., or at such other time and place as the Board or Chair may direct.

3.8.2 SPECIAL MEETINGS

Special meetings of the Board may be called by or at the direction of the Chair, the CEO, or upon written request of any three Directors. The special meeting shall be called for only specified business as stated in the notice of the meeting and shall convene at the time and place stated in the notice.

3.8.3 NOTICE

Notice of the time and place of any meetings of the Board, except scheduled regular meetings, shall be given to each Director personally or by mail or other form of written communication not less than one day before such meeting, if possible. In the case of a special meeting, the notice shall also state the purpose for which the meeting is called. Notice of the postponements of any scheduled regular meeting shall be given to each Director personally or by mail or other form of written communication not less than two days before the scheduled date of such meeting, if possible.

3.8.4 QUORUM

A majority of the Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board. Directors may be considered present when attending in person or included by telephone or other electronic means. If a quorum is not present at any meeting, a majority of the Directors present shall adjourn the meeting.

3.8.5 VOTING

Each voting Director shall be entitled to one vote on any matter before the Board. Authorized voting will be valid when the Director is attending in person or included by telephone or other electronic means. Voting by proxy shall not be permitted.

3.8.6 MANNER OF ACTING

Unless otherwise required by these Bylaws, a positive vote by no less than five Directors present at a meeting with a quorum shall be the act of the Board. Any action required or permitted to be taken by the Board under any provision of law, the Articles of Incorporation, or these Bylaws may be taken without a meeting by the individual or collective consent in writing, setting forth the action so taken, of all the Directors. Such written consent(s) shall be filed with the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Any certificate or other document filed under law relating to action so taken shall state that the action was taken by

unanimous written consent of the Board without a meeting and that the Bylaws authorize the Directors to so act.

3.8.7 RULES OF ORDER

The Board is not required to follow Roberts' Rules of Order or any other system, but shall conduct its meetings in a formal business fashion.

3.8.8 ATTENDANCE

Any Director who does not attend six Board meetings in a corporate year will be removed from the Board. Directors may be considered present when attending in person or included by telephone or other electronic means. A corporate year is defined as July through June.

ARTICLE IV. CORPORATION COMMITTEES

4.1 STANDING COMMITTEES

MMC shall have the following standing Committees whose Chair and members are recommended by the newly elected Board Chair and approved by the Board after the annual meeting, unless specified otherwise herein.

Executive Committee
Joint Conference Committee
Nominating Committee
Finance Committee
Strategic Planning Committee
Quality Committee

4.1.1 EXECUTIVE COMMITTEE

The Executive Committee shall be composed of the Chair, Vice Chair, Secretary and Treasurer.

The Executive Committee will in the interim between meetings of the Board of Directors, exercise the powers of the Board necessary for efficient operation of MMC in accordance with the general policy of MMC and the Board of Directors. The Executive Committee shall be empowered to act in only those areas of responsibility as the Board of Directors, authorizes except that it shall not have the power to amend the Bylaws nor adopt or amend MMC annual budget or long range plan and with the understanding that all matters of major importance will be referred to the Board. The Executive Committee may select one of their members to act as the secretary of the Executive committee.

Minutes of the Executive Committee meetings shall be submitted to the Board and its actions shall become the final actions of the Board unless the Board affirmatively modifies the Executive Committee's actions no later than the Board's next regularly scheduled meeting.

4.1.2 JOINT CONFERENCE COMMITTEE

The Joint Conference Committee shall consist of the Medical Director, Mid-level, CEO, Board Chair and one Board member chosen by the Board at large. This Committee shall:

Constitute a liaison group that shall discuss medical administrative matters between the Board, the CEO and the Medical Staff.

Recommend to the Board the adoption of, amendments to, or repeal of, rules and regulations governing the Medical Staff.

Perform such other duties concerning Medical Staff matters as may be assigned to it by the Board.

4.1.3 NOMINATING COMMITTEE

The Nominating Committee shall be elected and composed of three Directors, one of whom shall be designated Chair of the Committee. The Nominating Committee shall:

Nominate persons for election as Directors.

Nominate persons for election as Board officers.

Conduct new member orientation

4.1.4 FINANCE COMMITTEE

The Finance Committee shall be composed of the corporate Treasurer, and four Directors. The Chief Finance Officer and the CEO shall serve as staff to the committee. Other advisors may be invited to attend the Finance Committee as needed. The Finance Committee shall cause to be prepared and shall submit to the Board not later than the last Board meeting of the fiscal year, a budget showing expected revenues, income and expenses for the ensuing year.

The Audit Committee shall:

1. Appoint an audit committee to select an auditor for the annual audit by an independent firm experienced in the financial affairs of hospitals, review the audit and present the audit to the full Board of Directors.

2. Supervise the management of MMC's assets

3. Appoint members of the Investment Committee.

4. Monitor implementation of audit recommendations.

5. Review maintenance procedures, building and grounds improvements as well as improvements in furnishings for the benefit of patients and residents in MMC.

4.1.5 STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee shall be composed of at least three Board members. The CEO shall serve as staff to the committee.

The Strategic Planning and Development Committee shall:

1. Strive to position MMC for the future ensuring the presence of medical care for the citizens of MMC's service area.
2. Assist in updating the strategic plan and mission statement and monitor progress in fulfilling the mission and achieving the goals outlined in the strategic plan.
3. Submit recommendations to the Board regarding the strategic and operational plans, including long term capital expenditure plans and periodic revisions of those plans as changes in the service area of MMC or changes in health care needs develop in order to assure that the total MMC program is attuned to the health care needs of the service area.
4. Meet periodically to consult with the CEO regarding staffing of MMC, operational problems, and new programs or projects.
5. Review the Bylaws biennially, organization and general policies of MMC and submit to the Board an annual report based on its review, including any recommendations for changes.
6. Submit recommendations to the Board for amendments to the Bylaws, organization and policies at any other time during the course of the year.

4.1.6 QUALITY COMMITTEE

The Quality Committee shall be composed of at least three Board members. The CEO and Quality Officer shall serve as staff to the committee.

The Quality Committee shall:

1. Receive and monitor the monthly quality reports focusing on patient safety and quality of care.
2. Assist in identifying quality benchmarks for MMC.
3. Assist in the preparation and periodic updating of MMC's quality standards.
4. Receive, report and monitor status of sentinel events, risk events, and complaints.

5. Coordinate Board development and education in concert with the CEO.
6. Assure that MMC communicates quality regularly with the community.
7. Assures the ongoing quality improvement work of MMC, reporting to the Board no less than quarterly.

4.1.7 AD HOC COMMITTEES

Ad Hoc committees may be appointed by the Chair with the approval of the Board, for such special tasks as circumstances warrant. An Ad Hoc committee shall limit its activities to the accomplishment of the task for which it is appointed and shall have no power to act except as specifically conferred by action of the Board. Upon completion of the task for which appointed, a final report shall be made to the Board and such special committee shall be discharged.

4.2 TENURE

Each member of a standing committee shall hold office until his or her successor as a member of such standing committee is appointed, unless he or she shall sooner cease to be a Director, resign or be removed from the Committee.

4.3 COMMITTEE CONSULTANTS

The Committee or the Board may invite additional individuals with expertise in a pertinent area to meet with and assist any standing committee. Such consultants are not members of the Committee.

4.4 MEETINGS AND NOTICE

Meetings of any committee may be called by the Board Chair, the Chair of the Committee, or a majority of the Committee's voting members. Each committee shall meet as often as is necessary to perform its duties. Notice of the time and place of any meetings of a committee shall be given at least one day prior to the meeting. Each committee shall report to the full Board at the regular monthly meeting.

4.5 QUORUM

A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee.

4.6 MANNER OF ACTING

The act of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the Committee so meeting. No action taken at a meeting at which less than a quorum was present shall be valid unless approved in writing by the absent members. Action may be taken without a meeting by a writing setting forth the action so taken signed by each member of the Committee entitled to vote thereat.

4.7 RESIGNATION AND REMOVAL

Any member of a committee may resign at any time by giving written notice to the Chair of the Committee or to the Secretary of MMC. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in said notice. Any member of a committee, except an ex-officio member, may be removed at any time for any reason by the Board. Any ex-officio member of a Board committee shall cease to be such if the Director shall cease to hold a designated position which is the basis of ex-officio membership.

4.8 VACANCIES

A vacancy on any committee or any increase in the membership thereof may be filled by the Board Chair and affirmed by the Board, for the unexpired portion of the term.

ARTICLE V. OFFICERS AND MEDICAL DIRECTOR

5.1 OFFICERS

The officers of MMC shall be a Board Chair, a Board Vice Chair, a Secretary and a Treasurer who will serve without pay. The CEO shall be the Chief Executive Officer.

5.2 ELECTION AND TENURE

All officers of MMC shall be elected at the annual meeting of the Board, and except as otherwise provided in Section 5.3, each officer shall hold office for a one-year term and until his successor is elected.

5.3 RESIGNATION AND REMOVAL

Any officer may resign at any time by giving written notice to the Chair or to the Secretary. Such resignation, which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in said notice. Any elected or appointed officer may be removed from office by a majority vote of the Board.

5.4 VACANCIES

A vacancy in any office may be filled by the Board for the unexpired portion of the term.

5.5 DUTIES OF OFFICERS

5.5.1 CEO

The CEO shall be the chief executive officer of MMC. The Board shall select and appoint the CEO who shall be delegated the responsibility for overall administrative management of MMC. The CEO shall be given the necessary authority to effect this responsibility, subject to such policies as may be adopted by the Board or any committees to which the Board has delegated power for such action. The CEO shall be

a regular member on all standing Board committees and all Board special committees to which he or she is appointed, and shall serve as an ex officio (without vote) member of the Board of Directors, and shall act as the duly authorized representative of the Board in all matters except those in which the Board has formally designated some other person or group to act. Specifically, the CEO shall:

Be responsible for implementing established policies in the operation of MMC.

Provide liaison between the Board, the Medical Director, or Medical Staff, if there is no Medical Director, and the departments of MMC.

Send periodic reports to the Board and to the Medical Staff on the overall activities of MMC as well as on appropriate federal, State and local developments that affect the operation of MMC.

Retain and recommend to the Board new members of the Medical Staff.

Provide MMC's Medical Staff with the administrative support and personnel reasonably required to carry out their review and evaluation activities.

Organize the administrative functions of MMC, delegate duties and establish formal means of accountability on the part of subordinates.

Be responsible, except as otherwise provided by the Board, for selecting, employing, controlling and discharging employees, and for developing and maintaining personnel policies and practices.

Establish such MMC administrative departments as are necessary, provide for departmental and interdepartmental meetings and attend or be represented at such meetings.

Assist the Board Finance Committee in annually reviewing and updating a capital budget and preparing an operating budget showing the expected receipts and expenditures, and supervise the business affairs of MMC to assure that funds are expended to the best possible advantage.

Be responsible for the maintenance and insurance coverage of all physical properties.

Perform any other duty within the express or implicit terms of his or her duties hereunder that may be necessary for the best interest of MMC.

Designate, in writing, other individuals by name or position who are, in order of succession, authorized to act for him or her during any period of his absence from MMC.

Provide an annual report as provided in Section 8.1.

Perform such other duties, as the Board shall from time to time direct.

5.5.2 SECRETARY

The Secretary shall provide for the keeping of minutes of all meetings of the Board and Board committees, and shall assure that such minutes are filed with the records of MMC. The Secretary shall give or cause to be given appropriate notices in accordance with these Bylaws and shall act as custodian of all Corporate records and reports and of the Corporate seal, assuring that it is affixed, when required by law, to documents executed on behalf of MMC. The Secretary shall keep a current roster of names and addresses of all Directors and perform all duties incident to the office and such other duties as may be assigned from time to time by the CEO or the Board.

5.5.3 TREASURER

The Treasurer shall keep or cause to be kept, correct and accurate accounts of the properties and financial transactions of MMC and in general, perform all duties incident to the office and such other duties as may be assigned from time to time by the CEO or the Board. If required by the Board, the Treasurer may give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine.

ARTICLE VI. MEDICAL STAFF

6.1 CREATION

The Board shall ensure the creation of a Medical Staff to be known as the Medical Staff of Mountainview Medical Center whose membership shall be comprised of all licensed physicians, dentists, physician assistants, nurse practitioners and others who are privileged to attend patients in MMC. Membership on this Medical Staff shall be a prerequisite to the exercise of clinical privileges in MMC, except as otherwise specifically provided in the Medical Staff Bylaws.

6.2 RELATIONSHIP OF THE RESPONSIBILITIES BETWEEN THE BOARD AND MEDICAL STAFF

The Board of Directors has the final authority and responsibility for the operation of MMC, including selection of Medical Staff and quality of care rendered in MMC. The Board shall, in the exercise of its overall responsibility, assign to the Medical Staff reasonable authority for insuring appropriate professional care to MMC's patients. Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in MMC and shall report such activities and results to the Board. Even though the Board delegates authority to the Medical Staff to monitor professional care to MMC's patients, the Board still has the final authority and responsibility for those functions. All members of the Medical Staff must obtain professional liability insurance to the limits established by annual resolution of the Board.

6.3 ADMINISTRATION

6.3.1 MEDICAL STAFF BYLAWS, RULES AND REGULATIONS

The Medical Staff shall propose, adopt and recommend to the Board the Medical Staff Bylaws and amendments thereto for its internal governance, which shall be effective when approved by the Board. If the Medical Staff fails to exercise this responsibility in good faith and in a reasonable, timely and responsible manner and after written notice from the Board to such effect, including a reasonable period of time for response, the Board may resort to its own initiative in formulating or amending the Medical Staff Bylaws. In such event, Medical Staff recommendations and views shall be carefully considered by the Board during its deliberations and in its actions. These Medical Staff Bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staff by the Board. The Medical Staff Bylaws shall state the purposes, functions and organization of the Medical Staff and shall set forth the policies by which the Medical Staff exercises and accounts for its delegated authority and responsibilities. Medical Staff appointees shall sign an agreement to abide by the Medical Staff Bylaws and the Bylaws of MMC.

6.3.2 MEDICAL STAFF ADMINISTRATION

All appointments for Medical Staff officers shall be approved by the Board upon recommendation of the Medical Staff and shall serve for one (1) year. The duties and responsibilities of the Chief of the Medical Staff, who shall be an ex officio Board member without vote, and other Medical Staff officers shall be set forth in the Medical Staff Bylaws.

6.4 MEDICAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES

6.4.1 CRITERIA FOR BOARD ACTION

In acting on matters of Medical Staff membership status, the Board shall consider the Medical Staff's recommendations, MMC's and the community's needs, and such additional criteria as are set forth in the Medical Staff Bylaws. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Board shall consider the Medical Staff's recommendations, the supporting information on which they are based, and such criteria as are set forth in the Medical Staff Bylaws. No aspect of membership status nor specific clinical privileges shall be limited or denied in contravention of any law nor on the basis of any other criterion unrelated to quality patient care at MMC, to professional qualifications, to MMC's purposes, needs and capabilities, or to the community's needs.

6.4.2 TERMS, CONDITIONS AND PROCEDURE OF STAFF MEMBERSHIP AND CLINICAL PRIVILEGES

The terms and conditions of membership status on the Medical Staff, the exercise of clinical privileges, and the procedures to be followed by the Medical Staff and the Board in acting on matters of membership status, clinical privileges and corrective action, shall be as specified in the Medical Staff Bylaws or as more specifically defined in the notice of individual appointment.

6.5 FAIR HEARING

The Board shall adopt a procedure to ensure that practitioners are given a fair opportunity for presenting his or her views regarding any adverse ruling by the Board concerning the practitioner's staff appointment, reappointment, staff category, admitting prerogatives or clinical privileges.

ARTICLE VII. QUALITY OF PROFESSIONAL SERVICES

7.1 BOARD RESPONSIBILITY

The Board shall require, after considering all recommendations, including those of the Medical Staff, specific review and evaluation activities to be performed to assess, preserve and improve the overall quality and efficiency of patient care in MMC. This annual evaluation shall be conducted in accordance with the Center for Medicare and Medicaid Services regulations. The Board, through the CEO, shall support and facilitate the implementation and the ongoing operation of these review and evaluation activities.

7.2 MEDICAL STAFF RESPONSIBILITY

The Medical Staff and other health care professional staffs providing patient care services shall conduct and be accountable to the Board for conducting, activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in MMC.

ARTICLE VIII. GENERAL PROVISIONS

8.1 ANNUAL REPORT

Within a reasonable period of time after the close of each fiscal year, the CEO shall submit to the Board an annual report, which contains items requested by the Board.

8.2 INDEMNIFICATION

MMC shall provide Directors and Officers liability insurance for any present or former Director, officer, employee, or agent (including members of the Medical Staff engaged in business of MMC through services as members of committees) for expenses and costs (including attorney fees) actually and necessarily incurred in connection with the defense or settlement of any pending or threatened action, suit or proceeding to which he or she is made a party by reason of his or her being or having been such official, except in relation to matters as to which he shall be finally adjudged to be liable of willful misconduct amounting to bad faith.

8.3 COMPENSATION AND DISTRIBUTION ON DISSOLUTION

Directors and the officers of MMC shall serve without compensation for their services as Directors or officers, except that the CEO shall be entitled to such compensation for services rendered as the Board may establish. Directors and officers may be reimbursed for all expenses reasonably incurred on behalf of MMC. No Director, officer or any other private individual shall be entitled to share in the distribution of any of the Corporate assets on dissolution of MMC.

8.4 AUXILIARY AND ASSOCIATED ORGANIZATIONS

The Board may authorize the formation of auxiliary and associated organizations to assist in the fulfillment of the purposes of MMC. Each such organization shall establish its Bylaws and policies and make amendments thereto which shall be subject to Board approval and which shall not be inconsistent with these Bylaws or the standing policies of the Board.

8.5 CORPORATE SEAL

The Board may provide for a Corporate seal in such form with such inscription as it shall determine.

8.6 CONSTRUCTION OF TERMS AND HEADINGS

Words used in these Bylaws shall be read in the singular or plural as the context requires. The captions or headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision of these Bylaws.

8.7 TRANSMITTAL OF REPORTS

Reports and other information that these Bylaws require the Medical Staff to submit to the Board shall be deemed so transmitted when delivered to the CEO, unless otherwise specified.

ARTICLE IX. AMENDMENT TO BYLAWS

9.1 PROCEDURE

These Bylaws may be amended or repealed and new Bylaws adopted by a two-thirds vote of the currently seated Board of Directors at any regular or special meeting if at least thirty (30) days written notice of the intention to take such action is given by mail or hand delivered to each Director.

ARTICLE IX. AMENDMENT TO BYLAWS

9.1 PROCEDURE

These Bylaws may be amended or repealed and new Bylaws adopted by a two-thirds vote of the currently seated Board of Directors at any regular or special meeting if at least thirty (30) days written notice of the intention to take such action is given by mail or hand delivered to each Director.

ARTICLE X. EFFECTIVE DATE

These revised Bylaws shall be effective 10 - 28, 2010.

MOUNTAINVIEW MEDICAL CENTER
BOARD OF DIRECTORS



Chair

ATTESTED to this 28 day of October, 2010.

(CORPORATE SEAL)



Secretary



Chief Executive Officer

Mountainview Medical Center

Source and Amount of Non -Operational Revenue (by year &

	<u>2009</u>	<u>\$s</u> <u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contributions.....	10,411	47,047	159,362	5,557	10,957
Investment Income...	50,508	46,594	50,866	120,224	85,168
Bequests.....	-	-	-	35,754	36,000
Meagher County	217,472	189,619	57,733	72,176	76,602
Harmon Trust.....	31,500	31,500	31,500	31,500	31,500
Rental Income.....	-	-	-	-	1,700
Other - non-op rev....	3,864	34,148	18,630	13,954	54,000
Grants.....	-	150,000	362,479	411,519	423,513
<u>Totals</u>	<u>313,758</u>	<u>498,907</u>	<u>632,455</u>	<u>690,684</u>	<u>719,480</u>

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Information from MMC Audit Reports for years 2005-2009 June 30

Compiled by John Dracon for Meagher Cty District Hospital Board

Order of Events

June 22, 1956 – Formulated a resolution to present to Stockholder for amendment of the Charter in order to convert the corporation from a stock corporation into a non-profit membership corporation.

August 10, 1956 – Stockholders meeting to amend the Charter of the Corporation and to grant additional powers to the Board of Directors

1957 Non-profit Corporation was founded

December 1958 Hospital became a 501(c)3 private corporation

IRS language – The organization must not be organized or operated for the benefit of private interests [shareholders of the organization].

A private shareholder or individual is a person having a personal and private interest in the activities of the organization.

Private association – at the time MMC became 501(c)3 is when they actually left an association and became a private corporation without membership

1962 November by a general county wide election the electors of Meagher County voted to create a hospital district under then chapter 43 Title 16 R.C. M 1947

In such case the facility would potentially be a public organization not with membership, but publicly held and board members would be elected on a public ballot. At best to be interpreted, the point of making change was to secure funds. That would “aide in the maintenance for operation of a public hospital within said district”.

In 1988 the County Commissioners were approached to appoint or elect trustees for the Meagher County Hospital District. The commissioners (Doggett, Doig, Grande) declined for several reasons, not the least of which, was that they never believed the purpose of the electors was to create a district to manage the hospital. Secondly, the commissioners were concerned that the County would ultimately be in control of hospital, nursing home and clinic which would become an additional liability to the County.

In 1997 there was a request by administrator Ray Burgross to review the structure at “a non-profit corporation”. The current non-profit corporation owns manages and operates the hospital clinic and nursing home which is partially subsidized by funds from Meagher County.

It was the desires of the Bylaw committee meeting with Mr. Burgros at that point that the hospital could have a self perpetuating board. Mr. Burgros then wrote a letter to Mike McPherson of McPherson Law Firm of Great Falls regarding the hospital corporate entity. Following his research McPerson commented in a letter to Mr.

Burgros that to his knowledge "a hospital district governing board does not exist." Further, he proceeded to answer the question regarding a request from the board to change from an association membership format to a self perpetuating governance model.

In the minutes of the bylaws committee October 18, 1997 at which were present Jack Berg, Jo Firm, and Betty Clay, with Ray Burgros there was a motion to delete the membership category from Article 2.1 in its entirety from that point forward. The bylaws at that point indicate that the board of directors is self perpetuating governing body of the corporation.

Bylaws adopted as a result of that work were effective May 25, 1999.

- Article 2 Corporation Membership specifically states that Corporation shall have no members.

2008-2012

Cypress Management Fees
Background Information

On April 17, 2008, the Mountainview Medical Center Board of Directors entered into a five (5) year agreement with Cypress Health Systems, L.L.C. to provide management of MMC. Subsequently, the name of Cypress Health Systems, L.L.C. was changed on Nov. 23, 2009, to Cypress Healthcare, L.L.C. in a new contract. The contents of the old and new contracts are identical save the name change.

The contracts outline compensation in the form of fees for services in two (2) categories: the manager, Tony Pfaff, and the administrator, Aaron Rogers. Mr. Pfaff has total management responsibility for MMC. He and the Directors share supervision of Mr. Rogers, referred to as the CEO of MMC. Both the Directors and Mr. Pfaff agreed to Mr. Rogers' selection. The compensation level of Mr. Rogers is subject to the Director's approval, but the contract requires MMC to reimburse Cypress 28% of total compensation for Mr. Rogers' payroll costs. Whether Mr. Rogers is either an employee of Cypress or in a separate contract for services is unknown. He is not an employee of MMC.

Beginning in 2009, Mr. Pfaff's base fee increased 4% per annum. His travel expense is paid up to \$13,000 per annum.

<u>Year</u>	<u>Pfaff</u>	<u>Travel</u>	<u>Total</u>	<u>Rogers</u>	<u>28%</u>	<u>Total</u>	<u>Total Adm.</u>	
08-09	\$120,000	\$13,000	\$133,000	\$85,000	23,800	\$108,800	\$241,000	
09-10	124,800	13,000	137,800	90,000	25,200	115,200	253,200	
10-11	129,792	13,000	142,792	90,000	25,200	115,200	257,992	
11-12	134,983	13,000	147,983	90,000	25,200	115,200	263,183	
			Projected final year of contract					
12-13	140,382	13,000	153,382	90,000	25,200	115,200	268,582	

Note: additional increase of Rogers' compensation this year and next year is an unknown. Pfaff receives special fees beyond his compensation for employee recruitment, etc. See copy of MMC/Cypress contract for details

Data prepared by the Meagher County Hospital District Board June 8, 2011

Mountainview Medical Center As A Corporation

What kind of organization is Mountainview Medical Center?

Mountainview Medical Center is a domestic, nonprofit private corporation operating under the corporate legal structure of the State of Montana. It is designated as a public benefit corporation without members in its articles of incorporation with the Montana Secretary of State. Without members means that the Directors have no ownership in the hospital and its properties.

What does nonprofit corporation mean?

A nonprofit or not for profit corporation is organized to provide services that are not designed to make a profit and are not subject to state and federal taxation. A nonprofit corporation can make a profit, however, but making a profit is not its primary objective. IRS regulations determine when profit levels are excessive.

What does the Corporation Mountainview Medical Center (MMC) do?

MMC serves **all** patients coming to it with **emergency medical services**, a five (5) day a week **walk-in clinic**, and **long term care** for patients needing special assistance.

Does MMC enjoy a 501(3) C IRS status?

Yes. This means that MMC can accept donations, bequests, etc. which will reduce the income liability for state and federal taxes of the donors.

How is MMC financed?

Revenue for services comes from self-paying patients, private insurance, Medicare, Medicaid, and from donations and investments which are called non-operational revenues.

Is MMC designated as a Critical Access Hospital?

Yes, MMC has that designation. This means that it is certified to receive cost-based reimbursement from Medicare. See Appendix for detailed information on critical access hospitals abbreviated as CAHs

How is MMC Governed?

MMC is governed by a self-appointed Board of Directors, currently having nine (9) members. The Board is self-perpetuating which means as Directors come and go, the remaining directors invite persons from the county to join

the board.

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What qualifications must a corporate director possess?

Other than being an individual, there are none, unless the articles or bylaws prescribe certain qualifications.

Is the self- appointment process legal?

Yes. Under Montana law , 35-2-417, “if the corporation does not have members, all the directors...must be elected, appointed, or designated as provided in the articles or bylaws.” When MMC was organized as a public benefits without members corporation, it chose as its model to have self-appointed, self-perpetuating directors.

Can MMC change its appointment process and go to publicly elected Directors?

Yes, but that is a decision that only the Directors can make through changing their bylaws.

What state statutes control the directors of corporations?

A host of statutes exist. They are found under Title 35 of Montana Code Annotated 2005 and can be easily reviewed on the Internet.

Is the self-appointment of directors for corporations a common model for hospitals?

Yes, self appointment of directors is a very common model in the corporate world, both private and public.

Does the MMC Board of Directors of MMC have bylaws which they follow?

Yes, MMC Directors have bylaws to follow. See Appendix for current MMC bylaws.

Are MMC Directors subject to removal by judicial proceeding?

Yes. Section 35-2-423, Removal of directors by judicial proceeding states in part, “...by the attorney general in the case of a public benefit corporation, if the court finds that: (a) (1) the director engaged in fraudulent or dishonest conduct or in gross abuse of authority or discretion with respect to the corporation...”

What authority do the Directors of MMC possess? The Board of

Directors possess all the authority they need to conduct the affairs of MMC, subject only to certain restrictions imposed on them by federal and state statutes and regulations and their adopted bylaws.

Are MMC Directors paid a salary for their services?

No. They are volunteers and draw no salary. In carrying out their volunteer activities, MMC Directors may have expenses relating to attending seminars, conventions, and travel related to MMC paid by MMC or a third party. Such payments are legitimate.

Can MMC Directors resign at will?

Yes. MMC Directors can resign at will. See Appendix for MMC Bylaws for details.

Can Directors be removed from the Board by the MMC Board?

Yes, Directors can be removed by the MMC Board for cause and from committee membership without any reasons. See Appendix for MMC Bylaws.

Does the public have the right to attend MMC meetings and examine MMC documents?

Yes, and no. The 1972 Montana Constitution includes a participation and right to know sections, Section 3 and Second 9 respectively. Also, Chapter 2, Second 3 of Montana Code Annotated 2005 covers what is called the Open Meeting Laws. See Appendix for details.

Does MMC undergo annual audits? Are these audits available upon request?

Yes, MMC does under go annual audits, and yes, they are available upon request to any member of the public at the MMC offices during business hours.

What other comprehensive reports must MMC annually make which permit public inspection?

MMC submits two reports, one to the state, an **annual hospital report**, and one to the IRS called the **990**. Both reports are available for inspection at

the MMC offices during business hours

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Does MMC allow the public to inspect the minutes of their regular and special meetings and subcommittee meetings.

Yes and no. MMC allows inspection of their **regular** and **special** meeting minutes at the MMC offices during business hours. MMC posts agendas, draft and approved minutes on their web site for persons accessing the Internet

However, MMC currently denies that the Open Meeting Laws apply to **subcommittee** meetings. That denial is in dispute and may be subject to adjudication.

Members of the public are not allowed to inspect sections of the minutes which relate to HIPPA information, personnel actions, and preparation for law suits. See Appendix for details under the Open Meeting Law.

Recently, the MMC Directors announced that public attendance is at the discretion of the Directors. This is based on the assumption that MMC currently is not the recipient of public money.

These data were assembled by the Meagher County Hospital District Board