

**AMENDED AND RESTATED BYLAWS
OF
FAMILY HEALTH NETWORK, INC.**

Amended and Restated – Board of Directors – 2010

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BYLAWS
OF
FAMILY HEALTH NETWORK, INC.

ARTICLE I
NAME, OFFICES AND PURPOSES

SECTION 1.1. Name. The name of the Corporation is Family Health Network, Inc. (the "Corporation").

SECTION 1.2. Corporate Offices. The Corporation shall have and continuously maintain in this State a place of business and a registered office, which may, but need not be, the same as its place of business within this State. The Corporation shall also have a registered agent whose business office is identical with such registered office, and may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

SECTION 1.3. Corporate Purpose. The Corporation is organized and shall be operated exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law (the "Internal Revenue Code"), to arrange for the provision of managed health care services for the indigent under contract with the Illinois Medicaid agency to serve enrollees of the State's integrated health care program. The Corporation shall not engage in the practice of medicine or render any other professional medical service that requires an Illinois license. The Corporation shall operate exclusively for charitable, scientific or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code in the course of which operations:

- (a) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any private shareholder or individual 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.
- (b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of or against any candidate for public office.
- (c) Notwithstanding any other provisions 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 or any corresponding section of any future federal tax code, or by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code or any corresponding section of any future federal tax code.

ARTICLE II
MEMBERSHIP

The Corporation shall have no members.

ARTICLE III
DIRECTOR MEETINGS

SECTION 3.1. Director Meetings. The Corporation will have annual meetings and regular meetings and, upon proper notice on the call for a special meeting, special meetings of the Directors.

SECTION 3.2. Regular Meetings of Directors. Regular meetings of the Board of Directors of the Corporation shall be held on at least a quarterly basis, if at all possible, with no more than ten (10) meetings a year. The time and place of such regular meetings shall be as determined from time to time by the Board of Directors or the Chairman of the Board of Directors. Notice in writing of such regular meetings of the Corporation shall be given by the Secretary to the Directors of the Corporation not less than five or more than 60 days before the date of the meeting.

SECTION 3.3. Annual Meetings of Directors. An annual meeting of the Directors of the Corporation shall be held in September of each year at such time and place as the Board of Directors may from time to time designate. Notice in writing of such annual meeting of the Corporation shall be given by the Secretary to the Directors of the Corporation, at the beginning of the Board year. At the annual meeting of the Board of Directors vacancies on the Board shall be filled and the officers of the Corporation shall be elected. The annual meeting shall be held either immediately before or after (as designated by the Corporation) the close of the regular meeting of the Directors.

SECTION 3.4. Special Meetings of Directors. Special meetings of the Board of Directors shall be held either whenever they are called by the Chairman of the Board or upon a request in writing to the Chairman by a majority of the Directors. Written notice of any special meetings, stating the date, time, and place of meeting, including in general terms the nature of the business to be discussed and/or transacted, shall be provided, at least seven (7) days but not more than 60 days prior to the special meeting. If the meeting is for the purpose of discussing removal of a Director or a merger, consolidation, dissolution or sale, lease or exchange of assets written notice shall be provided not less than 20 but not more than 60 days before the date of the meeting. The business transacted at the special meeting shall be limited to the purpose for which the meeting is called.

SECTION 3.5. Quorum. For all meetings of the Board of Directors, a majority of the Directors then serving and present shall constitute a quorum. The act of a majority of the Directors present at a meeting at which there is a quorum shall constitute the act of the Board of Directors. However, action on the following matters will require a two-thirds (2/3) vote of the Directors present at a meeting where a quorum exists: The affirmative vote of at least two-thirds of the total number of directors shall be required for approval of the following actions:

- (a) Addition or expulsion of a Participating Institution.
- (b) Additional capitalization of the Corporation by the Participating Institutions.
- (c) Removal of a director of the Corporation.
- (d) Amendments to the Articles of Incorporation and Bylaws of the Corporation.
- (e) Merger or consolidation of the Corporation.
- (f) Sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation.
- (g) Dissolution of the Corporation.

SECTION 3.6. Voting. Each Director of record is entitled to one vote on any matter properly submitted to the Directors for their vote. Voting shall be in person or via telephonic or other forms of interactive participation including electronic ballot. There shall be no voting by proxy.

SECTION 3.7. Procedure. Roberts Rules of Order Revised (latest edition) shall govern procedure at all meetings of the Board of Directors and committees to the extent that such procedure is not otherwise covered expressly by these Bylaws.

SECTION 3.8. Informal Action by Directors. Any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors or of any committee of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the Directors entitled to vote with respect to the subject matter thereof, or by all the members of the committee, as the case may be. Any such writing shall be filed with, or entered upon, the records of the Corporation. Any consent signed by all the Directors or all the members of the committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Illinois Secretary of State or with anyone else.

SECTION 3.9. Waiver of Notice. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because a meeting is not lawfully called or convened.

SECTION 3.10. Meeting By Conference Telephone or Interactive Technology. Regular and special meetings of the Board of Directors or duly constituted committees thereof may be conducted by means of telephone conference or interactive technology, including, but not limited to, electronic transmission, internet usage or other communication equipment by means of which all persons at the meeting can communicate with each other. In such cases, all other requirements of these Bylaws regarding notice and waiver of notice, quorum, voting, manner of acting, and minutes shall apply. Actions of the Board of Directors taken via telephone

conference or interactive technology meeting shall have the same force and effect as the actions taken at any meeting where the Directors are physically present.

ARTICLE IV
BOARD OF DIRECTORS

SECTION 4.1. Selection and Qualification of Directors. The Board of Directors shall appoint, by the affirmative vote of a majority of the Directors then serving, its successors from among the qualified individuals designated by each of the Participating Institutions listed on Appendix A. In addition, the President and Chief Executive Officer and a Physician associated with FHN's peer review committee or one of the Participating Institutions and appointed by a majority of the Directors shall serve as ex-officio voting Directors. Except for the President and CEO of the Corporation, employees of the Corporation or employees of its subsidiaries and affiliates, and members of their immediate families, are not eligible to serve as voting Directors. No employee of the Corporation who resigns or is terminated from employment and no member of such employee's immediate family is eligible to serve as either a voting or a non-voting Director during the immediate two year period following the effective date of such resignation or termination.

SECTION 4.2. Numbers. The Board of Directors of the Corporation shall consist of not more than twelve (12) nor less than seven (7) Directors, who shall serve as the Directors of the Corporation as required by law.

SECTION 4.3. Powers. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the Board of Directors shall have and exercise full power and authority to do all things deemed necessary and expedient in the governance, management and control of the business and affairs of the Corporation, including, but not limited to, establishing policies to guide the operation of the Corporation and determining the Corporation's program of services.

SECTION 4.4. Terms. Except for those ex-officio members of the Board, each Director shall hold office for a term of three (3) years. A Director may not serve more than three (3) consecutive three (3) year terms on the board of Directors (not including filling an unexpired partial three year term); provided that service on the Board of Directors prior to December 31, 2009 shall not be counted toward this limit. Individuals who have completed three 3-year terms subsequent to the December 31, 2009 tolling period must remain off the Board for a year before they are eligible to serve for up to three 3-year terms again. During the year off the Board the past member of the Board may serve on Board committees as appointed by the Chairman and approved by the Board of Directors. The President/Chief Executive Officer and Physician Representative shall hold office concurrently with the term of their engagement as President/Chief Executive Officer with respect to the Physician Representative until the Board requests he step down.

SECTION 4.5. Compensation. The Directors as such shall not be entitled to any compensation for their services. Directors, however, shall be entitled to reimbursement from the Corporation for all of their proper expenses. Directors shall also be indemnified from costs and liabilities as provided in these Bylaws.

SECTION 4.6. Attendance. Each Director shall attend at least three (3) of the four (4) required regular meetings of the Board of Directors each year and 75% of the meetings of assigned committees. Notwithstanding the foregoing, if the Board meets more than four (4) times per year, the Director must attend seventy-five percent (75%) of all meetings. In addition, Directors shall attend a majority of special meetings called by the Board. Any Director who fails to satisfy the requirement for attendance at Board and/or Committee meetings may be removed from the Board or Committee automatically by the Board or Committee Chair as applicable in accord with the policies and procedures of the Board of Directors. The Chair of the Board or Committee as applicable will notify the Director of his or her removal and the Board shall designate a candidate for approval by the Board as expeditiously as possible.

SECTION 4.7. Resignation. Any Director may resign at any time by giving written notice to the Chairman or to the Secretary of the Corporation. Such resignation, which may or may not be made contingent upon formal acceptance, takes effect on the date of receipt or at any later date specified in the written notice, subject to the Board's discretion.

SECTION 4.8. Removal. In addition to the foregoing, a Director may be removed for any reason with or without cause by an affirmative vote of not less than two-thirds (2/3) of the Directors of the Corporation entitled to vote then serving provided that prior to the removal of a Director, written notice in accord with Section 3.4 of the purpose of the meeting shall have been delivered to each Director and the Director being considered for removal shall have had an opportunity to state his or her position and respond to any pertinent questions. Removal for cause shall include but not be limited to malfeasance, unethical or unprofessional behavior, breach of a duty to the Corporation and/or conduct which prevents or makes it difficult for the Board to conduct business.

SECTION 4.9. Vacancies. Vacancies occurring due to death, removal, expiration of term or resignation in the authorized number of Directors may be filled by the affirmative vote of a majority of the remaining Directors then serving from among the qualified individuals designated by the Participating Institutions and submitted to the Board.

SECTION 4.10. Annual Self-Assessment. In order to have adequate opportunity to understand his or her obligations, responsibilities and opportunities for growth as a board member and to have a clear grasp of the Board's responsibilities, the Board of Directors, on an individual basis, shall complete annually a self-assessment process as to individual and total board performance. This performance evaluation shall include a measurement of whether performance standards are being met, documentation of the results of the evaluation and development of appropriate procedures to bring areas that fall below stated performance into compliance with performance standards.

SECTION 4.11. Life Membership. To recognize an individual who has served the Corporation in a significant capacity over a period of years, through prior service on the Board of Directors and in other activities, the Board may confer upon such individual the honor of a Life Appointment to the Board. Life Members shall have the ability to attend meetings, but shall not be eligible to vote. The distinction of Life Membership shall not be awarded liberally and shall be conferred only by a vote of a two-thirds majority of the Board.

ARTICLE V
OFFICERS

SECTION 5.1. Designation of Officers. The Officers of the Board shall be: Chairman of the Board, a Vice Chairman of the Board and a Secretary/Treasurer. The Officers of the Corporation shall be the President/Chief Executive Officer, the Chief Financial Officer and Chief Operating Officer. The CEO will be selected by the Board of Directors and shall be employed by the Corporation. The CFO and COO shall be selected by the CEO after consultation with the Board. At no time shall Officers of the Corporation serve as Officers of the Board.

SECTION 5.2. Election and Term. Officers of the Board shall be elected at the annual meeting of the Board of Directors of the Corporation and their terms shall commence as soon thereafter as practical. Each Board Officer shall hold office for a one (1) year term. Each Officer of the Board as spelled out in Section 5.1(a) of these by-laws shall serve no more than five (5) consecutive terms.

SECTION 5.3. Resignation. Any Officer (of the Board) may resign at any time by giving notice to the Chairman or to the Secretary of the Board. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect on the date of receipt or at any later date specified in the written notice, upon the discretion of the Board Chair.

SECTION 5.4. Removal. Any Officer of the Board and the President/Chief Executive Officer of the Corporation may be removed by an affirmative vote of not less than two-thirds of the Directors present at any meeting at which a quorum is present, provided that notice of the purpose of the meeting shall have been given to each Director. The Chief Financial Officer and Chief Operating Officer of the Corporation may be removed by the Chief Executive Officer, after consultation with the Board.

SECTION 5.5. Vacancies. Vacancies among the Officers of the Board may be filled by the Board at any regular or special meeting, provided that notice of the proposed election is contained in the call for such meeting. Any Officer elected to fill a vacancy shall serve for the unexpired portion of the term of office being filled.

SECTION 5.6. Duties and Qualifications of the Chairman. The Chairman of the Board shall be a Director. The Chairman shall preside at all meetings of the Board, the Executive Committee (if any), and other meetings as designated. The Chairman shall serve ex-officio (by virtue of his office) with vote on all Committees of the Board of Directors. Except as otherwise specified herein, the Chairman shall appoint the members and chairmen of all committees, subject to approval by the Board. The Chairman may sign on behalf of the Corporation any documents or instruments which the Board has authorized to be executed, except where the signing and execution are expressly delegated by the Board or these Bylaws to some other Board Officer or agent or such signature and execution is required by law by some other Board Officer or agent. The Chairman shall perform all duties incident to the office of the Chairman and such other duties as may be prescribed by the Board from time to time.

SECTION 5.7. Duties and Qualifications of the Vice Chairman. The Vice Chairman of the Board shall serve on the Executive Committee (if any). During any absence or disability of the Chairman, the Vice Chairman of the Board shall have all the powers and shall perform all of the duties of the Chairman.

SECTION 5.8. Duties and Qualifications of the Secretary. The Secretary shall oversee the creation and maintenance of the minutes of the meetings of the Corporation and the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; see that proper custodial steps are in place to secure the corporate records and see that the seal of the Corporation is affixed to all proper documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of the By-laws.

SECTION 5.9. Duties and Qualifications of the Treasurer. The Treasurer of the Board shall also chair the Finance and Audit Committee (if any). In the absence or disability of the Chairman and Vice Chairman, the Treasurer shall have all the powers and shall perform all of the duties of the Chairman. The Treasurer shall provide financial oversight and ensure that proper systems and safeguards are in place regarding the Corporation's fiscal accounts and financial policies and procedures.

SECTION 5.10. Duties and Qualifications of the President/Chief Executive Officer. The President/Chief Executive Officer shall be the Chief Executive Officer of the Corporation, shall be the direct executive representative of the Board in the management of the Corporation, and shall have all the duties and authority which such position would customarily require, including those specifically set forth in these Bylaws. The President/Chief Executive Officer shall serve as an ex-officio (by virtue of office), with vote, member on each committee of the Board, unless otherwise restricted by these By-laws or by the Chairman. The President/Chief Executive Officer (hereafter "Chief Executive Officer") shall perform the following responsibilities:

- (a) The Chief Executive Officer shall have charge of the day-to-day business of the Corporation and shall see that all rules and regulations of the Board of Directors of the Corporation are carried into effect, subject only to the policies and directions of the Board of Directors or any of its committees to which it has delegated power or authorization for such action.
- (b) The Chief Executive Officer shall act as the duly authorized representative of the Corporation except in cases where the Board of Directors has formally designated some other person or committee to represent it or act for it.
- (c) The Chief Executive Officer shall be responsible for ensuring that all the rules and regulations of the Corporation are complied with and shall report to the Board of Directors all material and/or repeated violations of such rules and regulations.

- (d) The Chief Executive Officer shall submit regularly to the Board of Directors full reports on the operations and activities of the Corporation and shall make recommendations for improvement of the services and organization of the Corporation's business.
- (e) Additionally, the Chief Executive Officer shall be responsible for the following:
 - (i) The preparation of an annual budget showing revenues and expenditures as required by the Board of Directors.
 - (ii) Selecting, employing, controlling, and discharging employees, and developing and maintaining personnel policies and practices consistent with the operation of the Corporation.
 - (iii) Maintaining all physical properties in a sound and safe state of repair and operating condition.
 - (iv) Supervising business affairs to ensure that funds are collected and expended to the best possible advantage of the Corporation.
 - (v) Serving as the liaison and channel of communications between the Corporation and the Department of Healthcare and Family Services.
 - (vi) Implementing policies established and plans authorized by the Board for the operation of the Corporation and advising on the formation of these policies and plans.
 - (vii) Providing the Board, committees and management committees with such staff and administrative support and personnel as they may reasonably require.
 - (viii) Organizing the administrative functions of the Corporation delegating duties, and establishing formal means of accountability on the part of subordinates.
 - (ix) Developing a plan of organization for the Corporation and other organizational components, showing lines of authority, responsibility and interrelationships.
 - (x) Attending personally, or by designee, all meetings of the Board, its committees, and all standing or ad hoc committees.
 - (xi) Preparing plans for the achievement of the Corporation's specific objectives and periodically reviewing and evaluating those plans.

- (xii) Representing the Corporation in its relationships with other health care agencies.
- (xiii) Performing other duties that may be necessary or in the best interest of the Corporation.

SECTION 5.11. Duties and Qualifications of CFO, COO and Other Vice Presidents. The CFO, the COO and other Corporate Vice Presidents if any, shall be selected and reviewed by the Chief Executive Officer after consultation with the Board, and shall have such duties as may be assigned by the Chief Executive Officer from time to time.

SECTION 5.12. Duties and Qualifications of the Immediate Past Chairman. The Immediate Past Chairman, if still serving as a Director, shall perform such duties as may be assigned to him by the Chairman of the Board.

ARTICLE VI **COMMITTEES OF THE BOARD OF DIRECTORS**

SECTION 6.1. Establishment of Committees. The Board may from time to time establish such committees as it deems necessary for the efficient operation of the Corporation. The Chairman shall appoint the members of said committees and the chairman thereof, unless otherwise directed by the Board of Directors or the provisions of these Bylaws. Unless otherwise expressly designated by the Board, each committee shall be chaired by a member of the Board of Directors. Members of each committee may include persons who are not members of the Board of Directors but such members shall not represent a majority of the total number of members of such committee. Committees and their agents shall have only such authority, powers and responsibilities as may be delegated to them by the Board or the provisions of these Bylaws. The committee chairman shall present to the Board periodic reports describing the activities of the respective committees and the recommendations resulting therefrom. The membership of each committee shall serve until the next succeeding annual meeting or until such time as the committee has concluded its work, which ever is shorter. Each committee shall consist of at least three (3) members.

SECTION 6.2. Action by Committee. A majority of any committee shall constitute a quorum of such committee, and a majority of committee members present and voting at a meeting at which a quorum is present shall constitute the action of such committee. A committee may also act by unanimous written consent without a meeting. Subject to these Bylaws and to action by the Board of Directors, a chairman of a committee shall determine the time and place of meetings and the notice required therefor. Any action attempted to be taken by any committee which is inconsistent with these Bylaws or with any action by the Board or which contravenes the provisions of the Illinois General Not For Profit Corporation Act of 1986, as Amended, shall be void.

SECTION 6.3. Committee Procedures. Each committee shall record minutes of its deliberations, recommendations and conclusions and shall deliver promptly a copy of such minutes to the Secretary of this Corporation. Reasonable notice of the meetings of any committee shall be given to the members thereof and to the Chairman of the Board and the Chief

Executive Officer, each of whom shall have the right to attend the meetings of the committees. The Chairman of the Board, the Chief Executive Officer or the committee chairman may invite any individuals to attend any committee meeting as they may select who may be helpful to the deliberations of the committee. Each committee may operate through the establishment of one or more subcommittees to be composed of such committee members and to have such duties and responsibilities as shall be delegated to the subcommittee by the committee chairman; however, no act of a subcommittee shall be binding upon the Corporation without the requisite vote by the full committee or by the Board. Each committee may adopt rules for its own operations and that of its subcommittees not inconsistent with these Bylaws or the policies of the Board of Directors.

ARTICLE VII CORPORATE SEAL

The Board of Directors may, but shall not be required to, adopt a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Illinois."

ARTICLE VIII FISCAL MATTERS

SECTION 8.1. Fiscal Year. The fiscal year of the Corporation shall commence January 1st and end December 31st of each subsequent year.

SECTION 8.2. Audits. All the accounts and records of the Corporation together with all supporting data shall be audited by a disinterested certified public accounting firm appointed by vote of the Board of Directors. Following the end of each fiscal year, an audited financial statement shall be submitted to the Board of Directors detailing the revenues and disbursements during the preceding year.

SECTION 8.3. Contracts. The Chief Executive Officer and his express designees shall be authorized to execute contracts on behalf of the Corporation. In addition, the Board may authorize other officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, with such authority being either general or confined to specific instances and in accordance with the Corporation's financial control policies or contract requirements.

SECTION 8.4. Loans and Indebtedness. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board with such authority being either general or confined to specific instances or otherwise approved by the policies of the Corporation. No loan shall be granted to an Officer or Director of the Corporation.

SECTION 8.5. Acquisitions and Dispositions of Real Property. No real property shall be either disposed of or purchased unless authorized by resolution of the Board. Disposition shall include by means of sale, gift or a lease exceeding five (5) years.

SECTION 8.6. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the

Corporation or to the Corporation shall be signed or endorsed by officers who shall be authorized as signatories on the accounts of the Corporation by resolution of the Board. The signatures of such persons may be by facsimile where expressly authorized, but shall not be preprinted on the instrument.

SECTION 8.7. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

SECTION 8.8. Budgets. The Chief Executive Officer shall prepare the annual capital and operating budgets of the Corporation.

ARTICLE IX **INDEMNIFICATION**

SECTION 9.1. Maintenance of Records. The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its Board of Directors and committees.

SECTION 9.2. Basic Indemnification. The Corporation shall indemnify each person who is or was a Director or Officer of the Corporation acting on behalf of or at the direction of the Board, against any and all liability and reasonable expense that may be incurred by such person in connection with or resulting from any claim, suit or proceeding, whether civil, criminal, administrative or investigative, or in connection with an appeal resulting therefrom (other than an action by or in the right of the Corporation) in which such person may become involved, as a party or otherwise, by reason of such person being or having been a Director, Officer, agent or employee of the Corporation, whether or not such person continues to hold such position at the time such liability or expense is incurred, provided such person acted in good faith in what he or she reasonably believed to be in or not opposed to the best interest of the Corporation and, in the case of any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. As used in this Section, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements, court costs, judgments, fines or penalties against and amounts paid in settlement by a Director, Officer, agent or employee, other than amounts paid to the Corporation itself. The termination of any claim, action, suit or proceeding, civil or criminal, by judgment, settlement (whether with or without court approval), shall not create a presumption that the Director, Officer, agent or employee, did not meet the standards of conduct set forth in this Section.

SECTION 9.3. Actions By or In the Right of the Corporation. The Corporation shall indemnify any Director or Officer, who was or is a party or is threatened to be made a part to any threatened, pending or completed action or suit brought by or in the right of the Corporation to procure judgment in its favor by reason of the fact that such person is or was a Director or Officer of the Corporation, against expenses, including counsel fees and disbursements, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit including any appeal. However, no indemnification shall be made in respect of any claim, issue or matter as to which such persons shall have been adjudged by the express terms of a judgment rendered on the final determination of the merits in such

action to be liable for negligence, misconduct (breach of fiduciary duty) or criminal activity in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

SECTION 9.4. Extent of Indemnification. To the extent that a Director or Officer has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in Section 9.1 or 9.2 above, or in defense of any claim, issue or matter therein, such Director or Officer shall be indemnified against all cost and expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection therewith.

SECTION 9.5. Conditions to Indemnification. Any indemnification under Sections 9.1 or 9.2 above, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director or Officer is proper in the circumstances because he or she has met the applicable standards of conduct set forth in Sections 9.1 or 9.2 above.

- (a) By a majority vote of the Board of Directors of the Corporation who were not and are not parties to or threatened with the action, suit or proceedings in question made at a meeting of the Board at which a quorum of such disinterested Directors is present; or
- (b) If such a quorum of Directors is not obtainable, or if a majority vote of a quorum of disinterested Directors so directs, then in a written opinion by independent legal counsel, other than an attorney or a firm having associated with an attorney who has been retained by, or who has performed services for, the Corporation or any person to be indemnified within the past five (5) years; or
- (c) By the Circuit Court of Cook County or the court in which such action, suit or proceeding was brought.

SECTION 9.6. Advance of Expenses. Expenses incurred in defending a civil action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Director or Officer to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized by this Article.

SECTION 9.7. Other Rights of Indemnification. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaws, agreement, articles of incorporation, vote of members or disinterested Directors or otherwise, both as to action taken in such person's official capacity, and as to action in another capacity while holding such office, and shall continue as to any person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 9.8. Liability Insurance. The Corporation shall purchase and/or maintain through self insurance retention, insurance on behalf of any person who is or was a Director or Officer of the Corporation, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status.

SECTION 9.9. Additional Insurance. The Corporation may maintain insurance indemnifying it against any claim, suit or proceeding based upon or arising from any alleged error, omissions, negligence, misconduct or wrongful act of any Director, Officer, agent or employee of the Corporation.

ARTICLE X
CONFLICTS OF INTEREST AND CORPORATE COMPLIANCE

SECTION 10.1. Persons Subject to These Provisions. All Directors, Officers, and key employees and key physicians (as defined in the Board's Conflict of Interest Policy) of the Corporation are subject to this Article relating to conflicts of interest. In addition, all independent contractors who provide services and/or materials to the Corporation in exchange for \$20,000 or more in payment during any fiscal year shall be subject to these provisions. All persons subject hereto shall be hereinafter referred to as "Covered Persons." The Chief Executive Officer of the Corporation is responsible for publicizing the provisions of this Article to the persons affected thereby. No person shall become a Director or Officer or key employee of the Corporation without first acknowledging in writing to the Corporation that he or she has reviewed, fully understands and is in compliance with the provisions of this Article X.

SECTION 10.2. Disclosure of Conflicts. All Covered Persons shall promptly disclose to the Board of Directors of the Corporation all substantive potential conflicts of interest which such person discovers or which is brought to his or her attention. Such disclosure shall include submission to the Board of a written statement of the facts surrounding the conflict of interest and an opportunity to make a brief oral statement to the Board with respect to the matter in question. An annual disclosure statement shall be circulated to all Covered Persons to assist them in considering such disclosures. Nevertheless, prompt disclosure notices of conflict shall be filed with the President of the Corporation or any other person designated by him from time to time to receive such notifications. All disclosure notices received hereunder shall be noted for record in the minutes of a meeting of the Board of Directors.

SECTION 10.3. Grounds for Invalidating a Transaction. If a transaction is fair to the Corporation (meaning it is in the Corporation's best interest and there are no other more advantageous transactions available to the Corporation) at the time it is authorized, approved, or ratified, the fact that a Director of the Corporation or other covered person is directly or indirectly a party to the transaction is not grounds for invalidating the transaction.

SECTION 10.4. Quorum and Voting on the Transaction. The presence of the Director who is directly or indirectly a party to the transaction in question or a Director who is otherwise not disinterested may be counted in determining whether a quorum is present for the purpose of the meeting, but shall not be present or have a vote when the Board of Directors or a committee of the Board discusses and takes action on the transaction.

SECTION 10.5. Protests to the Validity of Transaction. In a proceeding contesting the validity of a transaction under these provisions, the person asserting the validity of the transaction in question has the burden of proving fairness to the Corporation unless the material facts of the transaction and the Covered Person's interest or relationship was disclosed or known to the Board of Directors or a committee consisting entirely of Directors and the Board or committee authorized, approved or ratified the transaction by the affirmative votes of a majority of disinterested Directors.

SECTION 10.6. Disqualification of Person Subject to Conflict. The Board of Directors of the Corporation may but need not determine, by a majority vote of disinterested Directors made at a meeting at which a quorum is present, that a Covered Person has a conflict of interest such that such person should be disqualified from being involved in the transaction in question in any manner as determined by the Board and not inconsistent with the Bylaws. Disqualifications under this Section may but need not involve the re-assignment of certain duties relating to the transaction in question from the Officer(s) charged with such duties to an Officer(s) without a conflict of interest with respect to the matter. It shall involve abstention from being present and from voting on the matter by the Directors with the conflict of interest.

SECTION 10.7. Failure to Disclose. Any Covered Person who fails to disclose a conflict of interest as required hereunder is subject to termination from Board membership at the discretion of the Board of Directors.

SECTION 10.8. Corporate Compliance Officer. The Board shall appoint a Corporate Compliance Officer, after consultation with the CEO, who may or may not be an employee of the Corporation and who shall report to the CEO. This individual shall not hold the position of either CEO, CFO or be a member of the Board. The Corporate Compliance Officer shall be responsible for maintaining the Corporate Compliance Plan, and investigating any alleged violations of same, as well as any claims of violation by a Board member of the conflict of interest policy. The Corporate Compliance Officer is not an officer of the Corporation, and need not be an employee.

ARTICLE XI **PHYSICIAN PEER REVIEW COMMITTEE**

SECTION 11.1. Peer Review Committee. The Peer Review Committee shall be comprised of medical group medical directors (or physician designees) and other physicians as needed to have all PCP specialties (e.g. Family Medicine, Internal Medicine, Pediatrics, Obstetrics/Gynecology, General Practice) represented on the Committee. Other specialists will be consulted on an as needed basis. Additional members include the FHN Medical Director, the FHN VP of Medical Management, other FHN UM/QM staff, and, for the credentialing portion of the meeting only, the FHN Director of Network Development. Peer Review Committee shall include:

- (a) Thorough investigation of problems arising from the peer review process, for developing appropriate actions to correct any problems found, and for follow-up to assess the effects of the problem-resolution process.

- (b) Approval of policies and procedures to support all Peer Review Committee functions and to support the Peer Review process.
- (c) Review of clinical information, service issues and utilization data related to problem areas which have been identified by the FHN staff and Administration to make recommendations for resolution.
- (d) Facilitation of peer review activities, which may include the review and audit of participating physician offices and medical records.
- (e) Develop and review annually sentinel events and other indicators that trigger the peer review process.
- (f) Review and approval of clinical practice and preventive service guidelines. Guidelines are chosen or developed based on needs of enrollees; are based on valid and reliable clinical evidence or on consensus of providers in the particular field; are adopted with provider input; and are reviewed annually and updated as appropriate. Guidelines are disseminated to providers annually and to enrollees upon request.
- (g) Establishing standards to assure that each professional serving the members of FHN is appropriately qualified and credentialed and that all license requirements are kept current.

ARTICLE XII **DISSOLUTION**

In the event of the dissolution of the Corporation, the Board of Directors, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation, shall distribute all of the assets of the Corporation to such not-for-profit organization or organizations identified by the Board of Directors, which are organized and operated exclusively for religious, charitable, educational, and/or scientific purposes as shall at the time qualify such organization or organizations under §501(c)(3) of the Internal Revenue Code of 1986 as amended (or the corresponding provision of any future United States Internal Revenue law). Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located to an organization or organizations as such court shall determine that are organized and operated exclusively for such purposes.

ARTICLE XIII **NON-DISCRIMINATION**

The Corporation recognizes the rights of all persons to equal opportunity in employment, compensation, promotion, education, positions of leadership and authority and shall not at any time discriminate against any employee, applicant for employment Director, Officer, contractor, or any other person with whom it deals, because of race, religion, color, handicap, disability, sex, national origin, ancestry, marital status, sexual orientation or age.

ARTICLE XIV
AMENDMENTS

These Bylaws of the Corporation may be amended, restated, or repealed and new Bylaws adopted by the affirmative vote of two-thirds of the Directors then serving provided that a full presentation of proposed amendments, restatements, or new Bylaws to be adopted shall have been published in the notice calling the meeting.

APPENDIX A

Mount Sinai Medical Center

Norwegian American Hospital

St. Bernard Hospital

St. Anthony Hospital

Resurrection Health System