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Form 990

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2004

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2004 calendar year, or tax year beginning 2004, and ending

B Check if applicable:

☐ Address change

☐ Name change

☐ Initial return

☐ Final return

☐ Amended return

☐ Application pending

Please use IRS label or print or type See Specific Instructions.

C Name of organization

KAISER FOUNDATION HEALTH PLAN, INC

Number and street (or P O box if mail is not delivered to street address)

Room/suite

ONE KAISER PLAZA, SUITE 1550L

City or town, state or country, and ZIP + 4

OAKLAND, CA 94612

D Employer identification number

94-1340523

E Telephone number

(510) 271-6611

F Accounting method ☐ Cash ☒ Accrual

☐ Other (specify) _____

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? ☐ Yes ☒ NoH(b) If "Yes," enter number of affiliates ☐ Yes ☒ NoH(c) Are all affiliates included? (If "No," attach a list. See instructions.) ☐ Yes ☒ NoH(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ NoI Group Exemption Number ☐ Yes ☒ NoM Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

G Website: N/A

J Organization type (check only one) ☒ 501(c)(3) (insert no) 4947(a)(1) or 527

K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 31,290,250,341.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

1	Contributions, gifts, grants, and similar amounts received	STMT 1	
a	Direct public support	1a	411,009.
b	Indirect public support	1b	
c	Government contributions (grants)	1c	1,341,000.
d	Total (add lines 1a through 1c) (cash \$ 1,752,009. noncash \$)	1d	1,752,009.
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	21,966,928,117.
3	Membership dues and assessments	3	
4	Interest on savings and temporary cash investments	4	
5	Dividends and interest from securities	5	
6a	Gross rents	6a	1,722,047.
b	Less rental expenses	6b	
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	1,722,047.
7	Other investment income (describe)	7	
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a 9,315,957,832.
b	Less cost or other basis and sales expenses	(B) Other	8b 181,537.
c	Gain or (loss) (attach schedule)	8c	424,912.
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-243,375.
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>		
a	Gross revenue (not including contributions reported on line 1a)	9a	
b	Less direct expenses other than fundraising expenses	9b	
c	Net income or (loss) (from special events) (subtract line 9b from line 9a)	9c	
10a	Gross sales of inventory, less returns and allowances	10a	
b	Less cost of goods sold	10b	
c	Gross profit or (loss) (from sales of inventory) (attach schedule) (subtract line 10b from line 10a)	10c	
11	Other revenue (from Part VII, line 103)	11	3,708,799.
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	22,043,973,125.
13	Program services (from line 44, column (B))	13	21,199,084,475.
14	Management and general (from line 44, column (C))	14	566,563,614.
15	Fundraising (from line 44, column (D))	15	
16	Payments to affiliates (attach schedule)	16	
17	Total expenses (add lines 16 and 44, column (A))	17	21,765,648,089.
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	278,325,036.
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1,498,979,311.
20	Other changes in net assets or fund balances (attach explanation) STMT 4 STMT 5	20	-99,246,650.
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	1,678,057,697.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2004)

JSA
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93353B 646A

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ENVELOPE
NOV 15 2005

SCANNED DEC 19 2005

RECEIVED
NOV 18 2005
OGDEN, UT

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ <u>3,777,327.</u> noncash \$ _____)	3,777,327.	3,777,327.	STMT 6	
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	21,963,804.	21,963,804.		
26	Other salaries and wages	1,195,219,721.	1,195,219,721.		
27	Pension plan contributions	106,371,001.	106,371,001.		
28	Other employee benefits	402,862,862.	402,862,862.		
29	Payroll taxes	48,175,105.	48,175,105.		
30	Professional fundraising fees				
31	Accounting fees	590,140.	590,140.		
32	Legal fees	47,147,691.	47,147,691.		
33	Supplies	1,346,144,618.	1,346,144,618.		
34	Telephone	6,074,415.	6,074,415.		
35	Postage and shipping	29,514,914.	29,514,914.		
36	Occupancy	162,492,133.	162,492,133.		
37	Equipment rental and maintenance	90,723,056.	90,723,056.		
38	Printing and publications	21,225,558.	21,225,558.		
39	Travel	28,455,896.	28,455,896.		
40	Conferences, conventions, and meetings	8,156,602.	8,156,602.		
41	Interest	47,347,873.	47,347,873.		
42	Depreciation, depletion, etc. (attach schedule)	207,844,152.	207,844,152.		
43	Other expenses not covered above (itemize) STMT 7	17991561221.	17424997607.	566,563,614.	
b					
c					
d					
e					
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	21765648089.	21199084475.	566,563,614.	

Joint Costs. Check ☐ if you are following SOP 98-2.Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____,

(iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)What is the organization's primary exempt purpose? **SEE STATEMENT 16**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others.)

a	SEE STATEMENT 6		
	(Grants and allocations \$ <u>3,777,327.</u>)		21199084475.
b			
	(Grants and allocations \$ _____)		
c			
	(Grants and allocations \$ _____)		
d			
	(Grants and allocations \$ _____)		
e	Other program services (attach schedule)	(Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)		21199084475.

Part IV Balance Sheets (See page 25 of the instructions.)**Note.** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing	5,484,671.	45	4,580,211.	
	46 Savings and temporary cash investments	1,331,916,815.	46	1,608,152,032.	
	47a Accounts receivable	47a 561,386,567.			
	b Less: allowance for doubtful accounts	47b 183,081,105.	370,500,620.	47c 378,305,462.	
	48a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b		48c	
	49 Grants receivable		49		
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)	STMT 19 804,375.	50	1,300,270.	
	51a Other notes and loans receivable (attach schedule)	STMT 8 51a 19,162,592.			
	b Less: allowance for doubtful accounts	51b	19,162,592.	51c 19,162,592.	
	52 Inventories for sale or use	92,886,114.	52	94,433,407.	
	53 Prepaid expenses and deferred charges	177,486,285.	53	154,502,382.	
	54 Investments - securities (attach schedule)	STMT 9. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,654,898,793.	54	2,818,915,936.
	55a Investments - land, buildings, and equipment: basis	55a			
	b Less: accumulated depreciation (attach schedule)	55b		55c	
56 Investments - other (attach schedule)	STMT 10 37,263,985.	56	38,825,519.		
57a Land, buildings, and equipment: basis	STMT 20 57a 4,126,863,764.				
b Less: accumulated depreciation (attach schedule)	57b 2,240,981,938.	1,907,888,012.	57c 1,885,881,826.		
58 Other assets (describe <input type="checkbox"/> STMT 11)	10,363,438.	58	20,458,760.		
59 Total assets (add lines 45 through 58) (must equal line 74).	6,608,655,700.	59	7,024,518,397.		
Liabilities	60 Accounts payable and accrued expenses	1,785,913,428.	60	1,835,949,240.	
	61 Grants payable		61		
	62 Deferred revenue	661,191,899.	62	771,414,684.	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)		64b		
	65 Other liabilities (describe <input type="checkbox"/> STMT 12)	2,662,571,062.	65	2,739,096,776.	
66 Total liabilities (add lines 60 through 65)	5,109,676,389.	66	5,346,460,700.		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted		67		
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund	-93,999,265.	71	-154,999,266.	
	72 Retained earnings, endowment, accumulated income, or other funds	1,592,978,576.	72	1,833,056,963.	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	1,498,979,311.	73	1,678,057,697.	
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	6,608,655,700.	74	7,024,518,397.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A **Reconciliation of Revenue per Audited Financial Statements with Revenue per Return** (See page 27 of the instructions.)

a Total revenue, gains, and other support per audited financial statements . . . ▶

b Amounts included on line **a** but not on line 12, Form 990:

(1) Net unrealized gains **NOT APPLICABLE** on investments . . . \$ _____

(2) Donated services and use of facilities \$ _____

(3) Recoveries of prior year grants \$ _____

(4) Other (specify) _____

_____ \$ _____

Add amounts on lines (1) through (4) ▶

c Line **a** minus line **b** ▶

d Amounts included on line 12, Form 990 but not on line **a**:

(1) Investment expenses not included on line 6b, Form 990 . . . \$ _____

(2) Other (specify). _____

_____ \$ _____

Add amounts on lines (1) and (2) . . ▶

e Total revenue per line 12, Form 990 (line **c** plus line **d**) ▶

Part IV-B	Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	NOT APPLICABLE
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Return			
a	Total expenses and losses per audited financial statements ▶	a	
b	Amounts included on line a but not on line 17, Form 990	b	
	(1) Donated services and use of facilities \$ _____		
	(2) Prior year adjustments reported on line 20, Form 990 \$ _____		
	(3) Losses reported on line 20, Form 990 \$ _____		
	(4) Other (specify) _____ \$ _____		
	Add amounts on lines (1) through (4) . . ▶	b	
c	Line a minus line b ▶	c	
d	Amounts included on line 17, Form 990 but not on line a :	d	
	(1) Investment expenses not included on line 6b, Form 990 . . . \$ _____		
	(2) Other (specify): _____ \$ _____		
	Add amounts on lines (1) and (2) . . ▶	d	
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 27 of the instructions)

[illegible]

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? **▶** ☐ Yes ☒ No
If "Yes," attach schedule - see page 28 of the instructions

Part VI Other Information (See page 28 of the instructions.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? STMT 30	77	X
If "Yes," attach a conformed copy of the changes			
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78 a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78 b	X
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80 a	X
b	If "Yes," enter the name of the organization STMT 13		
and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt			
81 a	Enter direct and indirect political expenditures. See line 81 instructions.	81 a	NONE
b	Did the organization file Form 1120-POL for this year?	81 b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82 a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82 b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83 a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83 b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84 a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 b	N/A
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85 a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85 b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year			
c	Dues, assessments, and similar amounts from members	85 c	N/A
d	Section 162(e) lobbying and political expenditures	85 d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85 e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85 f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85 g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85 h	N/A
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86 a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86 b	N/A
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87 a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87 b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 NONE , section 4912 NONE , section 4955 NONE		
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89 b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		NONE
d	Enter Amount of tax on line 89c, above, reimbursed by the organization		N/A
90 a	List the states with which a copy of this return is filed CALIFORNIA, HAWAII, DISTRICT OF COLUMBIA		
b	Number of employees employed in the pay period that includes March 12, 2004 (See instructions)	90 b	69374
91	The books are in care of NATIONAL DIRECTOR OF TAX Telephone no 510.271.6385		
Located at ONE KAISER PLAZA, STE 1550L, OAKLAND, CA ZIP + 4 94612			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here []		
and enter the amount of tax-exempt interest received or accrued during the tax year 92			N/A

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a MEMBER HEALTH CARE					15,188,647,939.
b SUPPLEMENTAL REV					1,146,954,199.
c NON-PLAN & INDUSTR	524114	9,536,552.			330,545,206.
d OTHER PROGRAM SERV	524114	12,963,802.			110,558,480.
e					
f Medicare/Medicaid payments					5,167,721,939.
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property			16	1,722,047.	
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	69,862,153.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b PARKING GARAGES			03	3,708,799.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		22,500,354.		75,292,999.	21,944,427,763.
105 Total (add line 104, columns (B), (D), and (E))					22,042,221,116.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	SEE STATEMENT 23

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
STMT 14	%		112,398,561.	100,734,534.
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature of officer: <u>Deborah Stokes</u> Date: <u>11-15-05</u>		VP & CONTROLLER	
Paid Preparer's Use Only	Preparer's signature: <u>Regina Prince CPA</u>	Date: <u>11-9-05</u>	Check if self-employed: <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
	Firm's name (or yours if self-employed): <u>KPMG LLP</u>	EIN: <u>13-5565207</u>		
	address, and ZIP + 4: <u>55 SECOND STREET</u> <u>SAN FRANCISCO, CA 94105</u>	Phone no: <u>415.963.5100</u>		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2004

Employer identification number

94-1340523

KAISER FOUNDATION HEALTH PLAN, INC

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>SEE STATEMENT 17</u>				
Total number of other employees paid over \$50,000	6457			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>KAISER FOUNDATION HOSPITALS</u>		
<u>ONE KAISER PLAZA, OAKLAND, CA 94612</u>	MEDICAL SERVICES	8215998887
<u>SOUTHERN CALIF. PERMANENTE MEDICAL GROUP</u>		
<u>393 EAST WALNUT ST., PASADENA, CA 91188</u>	MEDICAL SERVICES	3543054347
<u>THE PERMANENTE MEDICAL GROUP</u>		
<u>1950 FRANKLIN, OAKLAND, CA 94612</u>	MEDICAL SERVICES	3363151322
<u>HAWAII PERMANENTE MEDICAL GROUP</u>		
<u>3288 MOANALUA ROAD, HONOLULU, HI 96819</u>	MEDICAL SERVICES	105023030.
<u>EMI (EMPLOYERS MUTUAL, INC.)</u>		
<u>700 SOUTHEAST CENTRAL PARKWY, STUART, FL</u>	3RD PARTY ADM-AMBULN	103323702.
Total number of others receiving over \$50,000 for professional services	2285	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2004

JSA

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>5,397,901.</u> (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B)	1	<input checked="" type="checkbox"/>	
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.				
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)			
a	Sale, exchange, or leasing of property? STMT 25	2a	<input checked="" type="checkbox"/>	
b	Lending of money or other extension of credit? STMT 25	2b	<input checked="" type="checkbox"/>	
c	Furnishing of goods, services, or facilities? STMT 25	2c	<input checked="" type="checkbox"/>	
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? STMT 21	2d	<input checked="" type="checkbox"/>	
e	Transfer of any part of its income or assets?	2e		<input checked="" type="checkbox"/>
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a		<input checked="" type="checkbox"/>
b	Do you have a section 403(b) annuity plan for your employees?	3b	<input checked="" type="checkbox"/>	
4a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		<input checked="" type="checkbox"/>
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		<input checked="" type="checkbox"/>

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is. (Please check only ONE applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 ☒ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting.***Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	2,408,629.	2,080,028.	1,689,081.	NONE	6,177,738.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	20533938473	17161066790	15521745505	15042154629	68258905397
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	102217961.	16,676,804.	32,678,098.	106527401.	258100264.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	STMT 15 2,824,696.				2,824,696.
23 Total of lines 15 through 22	20641389759	17179823622	15556112684	15148682030	68526008095
24 Line 23 minus line 17	107451286.	18,756,832.	34,367,179.	106527401.	267102698.
25 Enter 1% of line 23	206413898.	171798236.	155561127.	151486820.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 NOT APPLICABLE					26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c
d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year (2003) _____ (2002) _____ (2001) _____ (2000) _____ b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year (2003) _____ (2002) _____ (2001) _____ (2000) _____					
c Add Amounts from column (e) for lines 15 <u>6,177,738.</u> 16 _____ 17 <u>68258905397.</u> 20 _____ 21 _____					27c 68265083135.
d Add Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e 68265083135.
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					27f 68526008095.
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 99.6192 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h 0.3766 %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See page 7 of the instructions.)**NOT APPLICABLE**(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain (If you need more space, attach a separate statement.)	31	

32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement.)		

33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement.)		

34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended?	34b	
If you answered "Yes" to either 34a or b, please explain using an attached statement.		

35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**Check ☐ a if the organization belongs to an affiliated group Check ☐ b if you checked "a" and "limited control" provisions apply**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred)

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table -		
If the amount on line 40 is - The lobbying nontaxable amount is -		
Not over \$500,000 20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000	41	
Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000 \$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.**4-Year Averaging Period Under Section 501(h)**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 11 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
Lobbying nontaxable amount					
45					
Lobbying ceiling amount (150% of line 45(e))					
46					
Total lobbying expenditures					
Grassroots nontaxable amount					
48					
Grassroots ceiling amount (150% of line 48(e))					
49					
Grassroots lobbying expenditures					
50					

Part VI-B Lobbying Activity by Nongrantee Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	X		
c Media advertisements		X	
d Mailings to members, legislators, or the public	X		704,087.
e Publications, or published or broadcast statements	X		10,500.
f Grants to other organizations for lobbying purposes	X		1,613,058.
g Direct contact with legislators, their staffs, government officials, or a legislative body	X		2,739,730.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		330,526.
i Total lobbying expenditures (Add lines c through h)			5,397,901.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 11 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of

(i) Cash

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

(ii) Other assets

b Other transactions

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

[illegible]

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

► ☐ Yes ☒ No

b If "Yes," complete the following schedule

[illegible]

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES
=====DESCRIPTION
-----AMOUNT

CY UNREALIZED GAIN ON INVESTMENTS

355,759,955.

TOTAL

355,759,955.
=====

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
REV PY UNREALIZED GAIN ON INVESTMENT	271,751,229.
CY OTHER EXPENSES	44,234.
INTERREGIONAL TRANSFERS	61,000,000.
2003 FINANCIAL ST. RESTATEMENT	122,211,142.

TOTAL	455,006,605.
	=====



KAISER PERMANENTE®

**COMMUNITY BENEFIT REPORT
FOR
KAISER FOUNDATION HEALTH PLAN, INC.
FY 2004**

***For Attachment to the
Internal Revenue Service Form 990
Return of Organization Exempt from Income Tax***



KAISER PERMANENTE®

TABLE OF CONTENTS

INTRODUCTION	3
KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY	4
COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.	6
COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS	8
THE COMMUNITY BENEFIT PROGRAMS IN CALIFORNIA & HAWAII	8
VULNERABLE POPULATIONS	9
MEDICAL CARE SERVICES	
<i>Dues Subsidy Programs</i>	9
<i>Participation in Medicaid and Other Publicly Financed Programs</i>	10
<i>Grants and Donations for Medical Care Services</i>	11
COMMUNITY-BASED PROGRAMS	
<i>Learning Centers</i>	12
<i>Youth and Other Employment Programs</i>	12
EVIDENCE-BASED MEDICINE	13
<i>Clinical and Health Services Research</i>	13
<i>Knowledge Dissemination</i>	16
EDUCATION	17
CONSUMERS	
<i>Community Health Education & Prevention Programs</i>	17
<i>Regional Community Health Education</i>	17
<i>Teen Choices and Challenges</i>	18
<i>Kaiser Permanente Community Wellness Library</i>	19
<i>Educational Theatre Programs</i>	19
HEALTH CARE PROFESSIONALS	
<i>Grants and Donations for Health Care Professionals</i>	20
PUBLIC POLICY	20
<i>Institute for Health Policy</i>	20
<i>Kaiser Permanente Care Management Institute</i>	21
<i>Public Policy Forums and Initiatives</i>	21
ATTACHMENT A - National Community Benefit Financials	23
ATTACHMENT B - Regional Community Benefit Financials	24

INTRODUCTION

Kaiser Foundation Health Plan, Inc. (KFHP), with its five principal operating tax-exempt subsidiary health plans (Kaiser Foundation Health Plan of Colorado; Kaiser Foundation Health Plan of Georgia, Inc.; Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.; Kaiser Foundation Health Plan of the Northwest; and Kaiser Foundation Health Plan of Ohio) as well as Kaiser Foundation Hospitals (KFH), are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program ("Kaiser Permanente").

This report describes the structure of Kaiser Permanente and documents the national community benefit activities, programs and services of KFHP in California and Hawaii and KFH, combined.

Kaiser Permanente in 2004 served over 8.2 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia. The program is the largest private nonprofit health care program in the United States and has more than 140,000 employees and over 12,000 contracting physicians. In California, KFHP and KFH served more than 6 million members, with 78,021 administrative, clerical and technical employees, as well as 9,017 Permanente physicians representing all specialties. KFHP and KFH in Hawaii served approximately 231,000 members, with 3,565 full-time employees and 424 full-time Permanente physicians.

Kaiser Permanente is an integrated health care delivery system that combines the provision and financing of health care services. People who elect to enroll in a Kaiser Permanente health plan receive a full range of prepaid health care services, including hospital care, professional care in hospitals and physicians' offices, x-ray and laboratory services, physical therapy, emergency, ambulance transportation, preventive services, health education and certain prescribed drugs. More comprehensive drug coverage is also provided through a separate coverage rider.

In the hospital-based regions, California and Hawaii, Kaiser Permanente is comprised of five separate legal organizations: KFHP, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3); KFH, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3); and The Permanente Medical Group, Inc., Southern California Permanente Medical Group, and Hawaii Permanente Medical Group, Inc. (collectively, "Permanente Medical Groups"), each of which is a separate, independent multi-specialty group of physicians.

Persons enroll in Kaiser Permanente through KFHP or one of the Health Plan subsidiaries ("Health Plan"). Health Plan provides and arranges comprehensive health care services for members on a predominantly prepaid basis and fulfills its contractual

obligations to group and individual members by contracting with KFH and a Permanente Medical Group to provide the required health care services.

Members receive services from various Permanente Medical Groups in the respective Kaiser Permanente regions. The Permanente Medical Groups accept responsibility for professional care of Health Plan members, are responsible for their own physician recruitment, selection and staffing; and are legally separate entities independent from Health Plan, KFH and each other. The Permanente Medical Groups generally treat members in facilities owned, leased or contracted by KFHP or KFH.

KFHP and KFH are separate corporations governed by identical boards of directors. KFH accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members. KFH owns and operates 28 licensed hospitals (including three licensed hospitals with multiple campuses) in California, Hawaii and Oregon providing emergency and inpatient services to all persons in the community. Staff privileges are available on a nondiscriminatory basis to physicians in the communities served. KFH also contracts with other community hospitals to provide hospital services to members for specialized care and other services.

In California, KFH medical centers are located in the cities of Anaheim, Baldwin Park, Bellflower, Fontana, Fremont, Fresno, Harbor City, Hayward, Los Angeles, Manteca, Oakland, Panorama City, Redwood City, Richmond, Riverside, Roseville, Sacramento, San Diego, San Francisco, San Rafael, Santa Clara, Santa Rosa, Santa Teresa, South Sacramento, South San Francisco, Vallejo, Walnut Creek, West Los Angeles, and Woodland Hills. In Hawaii, the Moanalua Medical Center is located in the City of Honolulu on the island of Oahu.

Services provided by KFH and membership in Health Plan are available without regard to sex, race, religion, ethnic background, sexual orientation, occupational status, or income level. Health Plan members are broadly representative of the various ages, social, and income groups within the areas served. Once enrolled, a member is free to maintain membership regardless of age, health status, or employment.

KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY

Through the Kaiser Permanente mission, the organization contributes to the health of the communities in two related ways. First, Kaiser Permanente strives for excellence in serving its more than eight million members, through market leading performance in quality, service and affordability. By doing so, Kaiser Permanente provides a discipline in the marketplace by demonstrating meaningful value, and affordability, and generating resources to reinvest in the communities' health.

Second, Kaiser Permanente directly invests in improvements to community health by working to increase access for the underserved, disseminating care improvements, altering the social determinants of health, educating healthcare workers and consumers, and informing public policy.

This latter approach, which Kaiser Permanente calls the Direct Community Benefit Investment (DCBI), is fundamental to being a nonprofit organization. It embodies the organization's commitment to improve the health of communities, beyond services to Health Plan members. It is more than traditional corporate citizenship or corporate philanthropy. It is an intentional, planned, budgeted, measurable, accountable creation for better health in our communities. It is done in collaboration with, not in isolation from, the community. DCBI serves to fulfill Kaiser Permanente's social purpose, justify its tax-exempt status, and differentiate it from other healthcare organizations.

This tradition of community benefit dates from the earliest days of the Program, when charitable care to non-employees, and later, nonmembers, was initiated. That heritage has continued through the years in Kaiser Permanente's early participation in publicly financed programs such as Medicaid and Medicare, establishment of residency training and medical research programs, and later in the development of the Educational Theatre, Community Health Initiatives and Dues Subsidy programs.

In 2001, the Board reaffirmed DCBI as a national program and set the following four goals:

- Address critical questions in American health care that the Program's history, culture and competencies position it uniquely to examine;
- Build the reputation of Kaiser Permanente for its leadership in helping to solve major health challenges;
- Create a program that engages the creativity and spirit of the people of Kaiser Permanente at all levels; and
- Meet the requirements placed on KFHP, KFHP, and its subsidiary health plans, as tax-exempt organizations that return value to the communities served beyond the provision of health care to members.

The Board directed that this new DCBI program be guided by a national strategy, with continued local flexibility and implementation. The program is supported by national and regional funding pools, and built on the organization's integrated healthcare system. Community benefit investments are concentrated in four areas:

- *Vulnerable Populations* – Address the financing and delivery problems of populations that are vulnerable due to socioeconomic status, illness, ethnicity, age, or other disabling factors;
- *Evidence-based Medicine* – Develop and communicate the evidence base to determine what form of medical care works, for which patients and populations, under what circumstances, at what cost and in which delivery settings;

- *Education – Evaluate* and demonstrate educational models for the health professions in integrated care systems and for health care consumers in managing their own health and obtaining health care services; and
- *Public Policy – Develop* and disseminate public policy information that reflects the interests of the nation as a whole.

The Board elaborated that at least 75% of total community benefit funding will be directed to Program priorities within the four focus areas, and the remaining 25% of funding will be directed by local operations to respond to local community benefit needs and opportunities that may or may not be within the four key focus areas.

As part of the new approach, the Board approved the formation of a national Community Benefit Governance Council and established a standing community benefit committee of the Board of Directors to oversee the new program. The Board also designated a national executive of KFHP and KFH to lead Kaiser Permanente's Community Benefit Program as a full time assignment. Raymond J. Baxter, PhD is the Senior Vice President for Community Benefit, reporting to the CEO and Chairman of the Board. In 2003, the Board created a standing Community Benefit Committee to oversee the entire Community Benefit program.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

KFHP's primary social mission is the organization and provision of comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because the health plan is a nonprofit organization, revenues that exceed the cost of operations and provision of care are reinvested in the program to improve facilities and service, increase benefits and provide affordable rates rather than to pay dividends to stockholders. KFHP provides care that emphasizes prevention to minimize medical indigence and contributes to quality of life in the communities we serve

To be in a position to best serve the community by providing affordable, comprehensive health care and support its social mission, KFHP is organized and operated as a fully integrated delivery system.

- **Integrated Services and Facilities** – KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente Regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFH and at medical office buildings owned or leased by KFHP. Members typically have available in one place all the services and professional care they require which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high-technology services such as neurosurgery, open heart surgery, and cancer treatment centers are also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.

- **Group Practice** – Contracting Permanente Medical Groups are organized into large multi-specialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFHP. The income that Permanente Medical Groups and their physicians receive is in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of “best clinical practices” throughout the community and across the nation.
- **Prepayment** – Generally, KFHP pays the Permanente Medical Groups a per member payment on a budgeted prepaid basis that does not vary with the amount of service provided. Permanente Medical Group physicians are generally not compensated on a fee-for-service.
- **Comprehensive Benefits** – KFHP provides coverage options for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. Under these coverage options, enrollees pay limited copayments, at amounts which protect members from substantial out-of-pocket costs. Comprehensive, prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, this reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level. In some regions, Kaiser Permanente also offers other coverage options which include a greater degree of cost-sharing to help make the dues more affordable for the subscribers.
- **No Pre-existing Condition Exclusions** – Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions for group members and thereby provides substantial protection for new members who are ill at the time of enrollment. KFHP offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- **Participation in Medicare** – KFHP has participated in Medicare since it was first implemented in 1965. KFHP and its subsidiaries enrolled approximately 873 thousand Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.

- **Participation in Medicaid** – KFHP began enrolling Medicaid beneficiaries in the mid-1960's. Currently, KFHP and certain of its subsidiaries provide care to over 129 thousand Medicaid managed care members and serve a large number of Medicare and Medicaid patients on a fee-for-service basis. KFHP also participates in the State Child Health Insurance Program (SCHIP) and served an additional 83 thousand children in 2004.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS

KFH's principal purpose is to provide inpatient medical and surgical care, extended care and home health care to members of the public without regard to age, sex, race, religion, or national origin. KFHP's general community benefits are:

- **Emergency departments** – KFHP operates full-time emergency departments in each of its 28 licensed hospitals (including three licensed hospitals with multiple campuses) in California, Hawaii and Oregon. Emergency medical services are available to all individuals regardless of their ability to pay.
- **Care provided to all patients** – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan and uninsured patients admitted through the emergency department.
- **Open Medical Staff Privileges** – Staff privileges in the hospitals are available to community practitioners who are not affiliated with a Permanente Medical Group.
- **Board of Directors** – KFHP and KFHP have identical 14 member Boards of Directors. The board is comprised of individuals from the academic world and private industry who are representative of the community. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFHP Boards of Directors.
- **Reinvestment of Surplus Revenues** – KFHP pays KFHP for hospital services and all surplus revenues are reinvested for capital replacement or expansion of facilities and equipment, debt amortization, improvement in patient care and services, and medical education and research.

THE COMMUNITY BENEFIT PROGRAMS IN CALIFORNIA AND HAWAII

In 2004, KFHP and KFHP spent approximately \$825 million or approximately 3% of revenue, to support the Community Benefit Program in the community. In California and Hawaii, KFHP and KFHP spent approximately \$719 million, of which \$341 million is allocable to the health plan and another \$378 million is allocable to hospitals. A breakdown of the 2004 DCBI dollars attributable to KFHP and KFHP nationally is described in Attachment A and those dollars attributable to KFHP and KFHP regionally (California and Hawaii) in Attachment B.

The following identifies many of the signature community benefit programs and services funded by both KFHP and KFH regionally grouped according to the national focus areas.

VULNERABLE POPULATIONS

KFHP and KFH regionally expended approximately \$624 million to address the financing and delivery of health care for populations vulnerable due to socio-economic status, illness, ethnicity, age or other factors in 2004. Of that amount, approximately \$340 million is attributed to KFHP and \$284 million is attributed to KFH. A more complete description of the DCBI attributable to KFHP and KFH regionally is described below:

MEDICAL CARE SERVICES

KFHP provided medical services and coverage valued at approximately \$337 million and KFH contributed an additional \$255 million for under- and uninsured residents in California and Hawaii.

Dues Subsidy Programs

More than 32,000 low-income adults and children who were not eligible for other public or privately sponsored coverage received health care coverage through one of Kaiser Permanente's Dues Subsidy programs. KFHP contributed approximately \$50 million and KFH an additional \$22 million to provide subsidized care for these underserved populations in 2004.

In California, KFH and KFHP provided services and coverage valued at \$72 million and offered comprehensive inpatient and outpatient care to more than 32,000 individuals. The Steps Plan and Kaiser Permanente Child Health Plan are the specific products that form the Dues Subsidy Program.

- **Kaiser Permanente Steps Plan** provided 19,347 members the opportunity to continue their health care coverage at reduced cost when experiencing financial difficulty due to job loss, involuntary reduction in work hours, legal separation, divorce, or death of a spouse. Typically, participants are not eligible for any public or private group health insurance plan, and have family income between 100% and 300% of the federal poverty guidelines. The plan is available to parents of children enrolled in AIM, Healthy Families or the Kaiser Permanente Cares for Kids Child Health Plan as well as to individuals participating in vocational training programs offered through government, private industry councils and social agencies. The Steps Plan premium is subsidized at four levels or steps - 20%, 40%, 60% and 80%. Participants are placed in an initial premium step based on their current family income. They remain at the initial step for one year and are then moved to the next higher step

- In California, KFHP and KFH expanded its community benefit portfolio with a new statewide, subsidized plan, the **Kaiser Permanente Child Health Plan (KPCHP)**. KPCHP merges the existing Child Health Plan-1 and Child Health Plan-2 programs. The plan provides medical and dental coverage to eligible children (birth through 18) in families with income up to 300% of the federal poverty guidelines who don't have access to employer-subsidized coverage or qualify for public programs because of family income or immigration status. In 2004, more than 13,000 children received care through this program.

Participation in Medicaid and Other Publicly Financed Programs

KFHP and KFH have a long history of participating in publicly financed health programs. In 2004, more than \$472 million was expended (in excess of reimbursement) and 174,000 people served in government sponsored programs in California and Hawaii. Approximately \$288 million is attributed to services provided by KFHP and \$184 million is attributed to KFH.

Kaiser Permanente Medi-Cal Managed Care, Medi-Cal Fee-for-Service and Healthy Families are specific government sponsored health care coverage programs in California.

- During 2004, KFHP enrolled 104,508 **Medi-Cal** (Medicaid) managed care members in California and provided comprehensive inpatient and outpatient care. KFHP subcontracts with local initiatives in Alameda, Contra Costa, Los Angeles, Riverside, San Bernardino, San Francisco, and Santa Clara Counties, and with county-organized health systems in Napa and Solano Counties and Orange County. KFHP also contracts directly with the state of California through their Geographic Managed Care Plan for Sacramento and San Diego counties, and through the Prepaid Health Plan for Marin and Sonoma Counties.
- KFHP and KFH also provided more than \$165 million in subsidized care to **Medi-Cal Fee-for-Service** patients. Of this amount, approximately \$90 million is attributed to services provided by KFH.
- KFHP enrolled 49,104 children in **Healthy Families**, a federal and state funded insurance program that provides low- and moderate-income families with health insurance for their children under 19 years of age. The program is the result of the federal State Children's Health Insurance Program (SCHIP), which enables states to create new health care coverage or expand Medicaid programs. The program provides comprehensive health benefits including dental and vision care. To qualify, families must have total income between 100% and 250% of the federal poverty guidelines and the children must be ineligible for Medi-Cal coverage.

In Hawaii, KFH and KFHP served both Medicaid members and Medicaid Fee-for-Service beneficiaries.

- During 2004, KFHP and KFH provided care to 20,008 individuals enrolled in **Quest**, Hawaii's Medicaid Program and expended approximately \$16 million on subsidized medical care services. The Quest Program was cited as the #1 Medicaid Program in the United States by NCQA in 2004. The Hawaii Region also contributed an additional \$5 million on subsidized care for **Medicaid Fee-for-Service** patients.

GRANTS & DONATIONS FOR MEDICAL CARE SERVICES

In 2004, KFHP and KFH donated approximately \$22.4 million to more than 250 nonprofit and community-based agencies in California and Hawaii to support the delivery of medical care by community providers. The following highlights examples of programs and organizations funded by KFHP and KFH.

- The elderly and people with chronic conditions and disabilities make up only one-quarter of the Medicaid population, yet costs of caring for these individuals account for nearly 70 percent of Medicaid's total expenditures. Managing Medicaid patients with co-morbidities is a major challenge faced by health plans, safety net providers, and state and federal governments. In 2004, Kaiser Permanente made a major community investment to address this challenge.

In partnership with the Center for Health Care Strategies (CHCS) and the Robert Wood Johnson Foundation, Kaiser Permanente invested \$1.3 million (first installment) in a 2 year initiative to lead an effort to develop successful models of care delivery for Medicaid recipients with multiple chronic conditions. The Medicaid Value Program: Health Supports for Consumers with Chronic Conditions (MVP) will invite national experts in managed care, health care purchasing, and clinical practice, as well as consumer representatives, to assess care management models and identify key elements of care for this population. CHCS, working closely with Kaiser Permanente and this expert panel, will solicit applications from quality improvement teams that will become part of a national collaborative to design, test, and share the best practices developed. The two-year project will have an independent evaluation and be followed by broad dissemination of results. Ultimately, states, health plans, consumer groups, and providers across the country will be able to apply the tools developed through Kaiser Permanente leadership to improve the quality of care provided to Medicaid beneficiaries with chronic needs.

- In California, KFH established donor advised funds with the East Bay Community Foundation and the California Community Foundation, totaling nearly \$12 million. The Donor Advised funds will address access to health care for vulnerable populations, promotion of culturally competent care, health disparities and the underlying causes of obesity.
- The Northern and Southern California Regions contributed more than \$7 million through the Community Clinic Partners Program to support over 150 community clinics, health centers and associations serving vulnerable populations. The Community Clinic Partners Program was created in response to the growing number of medically indigent California residents. KFHP and KFH have developed

partnerships with community clinics and clinic associations throughout the state to increase their service capacity and improve quality of care by providing financial, human, and technical resources. Beyond supporting infrastructure and care provision, KFHP and KFH shares clinical care guidelines, chronic care management practice models, health education and preventive health materials, medical education training and professional development courses. Additionally, Permanente physicians, nurses, and other medical professionals volunteer their time and expertise. Graduate medical residents and interns from other health profession training programs complete a community rotation at several clinics to provide additional care and treatment for uninsured patients. KFHP and KFH also donated surplus office and medical equipment, computers, furniture, and supplies.

COMMUNITY-BASED PROGRAMS

KFH spent approximately \$27 million to provide a variety of programs to individuals who live and work in the California and Hawaii communities. The programs listed below are free and open to all community members irrespective of health insurance status.

Learning Centers

In 2004, over \$2.5 million was spent by KFH on counseling, education, and social services for disadvantaged children and their families in Southern California.

- For over 35 years, the **Watts Counseling and Learning Center (WCLC)** has been a valuable community resource for low-income, inner city families of South Central Los Angeles. WCLC provides mental health and counseling services, assistance to children with learning disabilities, and pre-employment training to high school youth. In addition, WCLC operates several programs including: a state-licensed preschool program, a summer day camp, “Kids Can Cope” support groups (for children whose siblings or parents have cancer), training for scholarships to high school and postsecondary students and train graduate social work interns from local universities.
- The **Educational Outreach Program (EOP)** provides education and support services to primarily Latino youth, ages 10 to 14, in the San Gabriel Valley section of Los Angeles County. The focus of EOP is to provide a unique dropout prevention program in a community setting. EOP provides nine different programs both in English and Spanish to children and parents during after-school hours and on Saturdays. The types of programs offered include the following: homework assistance and study skills classes; reading improvement classes; mother-daughter workshops, “Aprendiendo Juntas” (Learning Together); Safe Sitter training; and summer enrichment sessions.

Youth and Other Employment Programs

KFH in California spent approximately \$1.5 million to fund youth employment programs aimed at improving education and job skills, or providing employment opportunities for

targeted populations. More than 420 youth were employed by Kaiser Permanente through the following two programs in 2004:

- **Summer Youth** provides economically disadvantaged high school students in Northern and Southern California with supportive and meaningful employment experiences in the health care field. Employment is during the summer months throughout the organization. In addition to work assignments, the youth participate in educational sessions to enhance job skills, work performance and motivational workshops. Many former Summer Youth students are now employed with the organization as nurses, assistant department administrators, lab technicians, opticians and engineers.
- **INROADS** is an organization focused on developing minority college students for leadership roles in corporations and in the community. Student interns typically work 2 to 5 summers in corporate or allied health care positions at Kaiser Permanente with the goal of permanent placement upon graduation from college. This developmental program enhances the diversity of our healthcare workforce so that it is truly representative of the communities that we serve.

EVIDENCE-BASED MEDICINE

KFH in California and Hawaii spent approximately \$29 million to support clinical and health research activities. From the beginning, research has been a core value at Kaiser Permanente. Kaiser Permanente conducts more research than any other non-academic institution in the United States. Kaiser Permanente partners with several prominent academic research institutions including Duke University, Harvard, Oregon Health & Sciences University, Stanford University, University of California (Los Angeles, Berkeley and San Francisco), University of Southern California, University of Washington and also partners with the National Institutes of Health and the Centers for Disease Control and Prevention. A more complete description of community benefit research activities is provided below:

Clinical and Health Services Research

For more than 40 years, Kaiser Permanente researchers have leveraged modest grants financed through the community benefit program into major discoveries that have served our communities, influenced national policy, and informed medical practice throughout the nation and the world. Community Benefit funds support research that meets important medical and social needs, such as preventing violence, infectious disease, and improving health care for adolescents, youth and underserved populations. Many of the research studies address problems of current health policy interest are designed to improve care for common conditions where treatment is often linked to community-based efforts, and are broadly disseminated through articles and professional presentations.

In California, KFHP has three research departments: the Division of Research (DOR), Northern California, established in 1961; Department of Research & Evaluation (R&E)

Southern California, established the early 1980's: and Kaiser Foundation Research Institute (KFRI). Two nursing research units for KFHP in California also engage in studies on nursing practices, patient care, and patient outcomes in order to improve clinical practices. The Center for Health Research Hawaii (CHRH) is the primary research department for KFHP in Hawaii.

CHRH, DOR, KFRI, and R&E, together with the Northern and Southern California Nursing Research Departments spent \$9 million and helped support more than 300 primary research studies, published 50 articles and presented findings in several medical education forums and conferences. Following are a sample of the evidence-based studies conducted in 2004.

- **Point of Service Reminders for Prescriptions to Prevent Cardiovascular Events** study was conducted by the Research and Evaluation Department in Southern California. An automated system that provides pertinent data and tailored recommendations for care at the point-of-service was found to modestly increase prescription dispensing rates. Targeting patient-provider encounters to change provider behavior is challenging; however, even small effects can produce clinically important results over time.
- **Prevalence of Known Breast Cancer Risk Factors Among Kaiser Permanente Female Members Aged 40-65 Residing in Marin County Vs. a Selected Portion of East Contra Costa County.** This study is being conducted collaboratively with the Marin County Health Department Epidemiology Unit, which requested this project. The study investigates differences in breast cancer risk factor profiles of Kaiser Permanente women members aged 40-65 who reside in Marin County vs. those who reside in a selected portion of East Contra Costa County (ECCC) and attempts to calculate breast cancer incidence rates for white, non-hispanic members in this age group. Both Kaiser Permanente and SEER data suggest that women in this age group who reside in Marin County have statistically significantly higher breast cancer incidence rates than women in other Northern California Counties and in the demographically similar ECCC member population. Random samples of 750 women aged 40-65 residing in Marin County and ECCC (total n=1500) were surveyed by mail. Data collection was completed in late 2003 and the study data was made ready for analysis in late 2004. This study will not provide definitive answers about the extent to which known breast cancer risk factors (i.e., not environmental exposures) are associated with higher breast cancer rates, but will hopefully show whether the prevalence of known breast cancer risk factors and prevalence of high risk based on composite risk factors are significantly higher among the Marin population than its demographically matched counterpart county. The breast cancer risk factor prevalence data and breast cancer incidence data for White, non-Hispanics will also be useful for designing a larger, more definitive study to address this issue.
- **Nursing Manager's Patterns of Practice** - The nurse manager's role has been severely impacted by changes in the United States' health care system. This study

described nurse managers' demographics, activities, influence over outcomes, and barriers to practice. A prospective, cross-sectional survey design strategy with three instruments (Managers' Demographics Questionnaire, Nurse Manager Practice Questionnaire, and the Nurse Managers' Outcomes and Barriers Analysis) was used in order to describe the variables of focus and explore differences in the patterns of practice of a group of practicing nurse managers. This study was undertaken by the Southern California Nursing Research Unit.

- **Formal Weight Management Programs: Characteristics of Program Enrollees, Drop-Outs, and Predictors of Successful Weight-Related Behavior and Physiologic Outcomes** - A study conducted by KFRI and DOR seeks to learn how effective the healthy lifestyle/weight management classes used in Kaiser Permanente medical facilities in Northern California is in helping overweight individuals lose weight and positively modify behavioral and attitudinal factors related to long-term weight loss. The study also seeks to identify demographic, health, attitudinal, and behavioral factors that can be used to predict people who are likely to drop out of or not benefit from the class. The purpose of the study is to help program planners learn whether the current group approaches are helpful to individuals combating the "battle of the bulge" in changing weight-related behaviors, whether adding a series of non-clinic based brief follow-up contacts makes the intervention more effective. Also the study will determine whether individual behavioral assessments and attitudinal profile before enrolling in a program can help program instructors reduce the rate of drop-out in weight management programs.
- **Targeted Outreach Approach for Medi-Cal (Medicaid) Geographic Managed Care (GMC) Kaiser Permanente San Diego Members who Frequent Emergency Room Care** - The purpose of the evidence-based project is to assess the effect of a targeted nurse outreach approach for the Medi-Cal (Medicaid) population accessing the emergency room.
- **Staff Nurse Work Setting II Study** - This nursing practices research study conducted by the Northern California Nursing Research Unit examined which hospital work environments are conducive to retention of nurses. This study was in collaboration with California State University at San Jose. The purpose of the study will determine whether nurses' perceptions of their work environment are related to turnover. Nurses completed the Moos Work Environment scale and their employment is tracked for two years to see if they transfer to a different job within Kaiser Permanente Medical Care Program or a new job outside of Kaiser Permanente.
- **Cancer Outcomes Research and Surveillance Study** funded by the National Institutes of Health under a subcontract with the Dana-Farber Cancer Institute, involves five clinical sites from the HMO Cancer Research Network – Kaiser Permanente Northwest, Kaiser Permanente Hawaii, Group Health Cooperative of Puget Sound, and Harvard Pilgrim Health Care. The purposes of the study are to

(1) examine the effect of race and ethnicity on patients' care, treatment choice, quality of life, symptom control, and satisfaction; (2) characterize the types of providers seen by patients and examine the associations between provider characteristics/attitudes and patterns of care and outcomes; (3) evaluate the relationship between the structure/function of cancer care in the health care delivery systems of participating patients and patient outcomes, including health status, patient satisfaction, and cost; and (4) generate estimates of utility weights and time and out-of-pocket costs that are disease- and treatment-specific for use in future cost-effectiveness analyses.

- **Disease Registry and HMO Management Tools in a Community Clinic - Short-term Effect on Diabetes Care study** was conducted by the Southern California Research and Evaluation department. Disease registries can have an impact in community clinics' care of patients with diabetes but resources are needed, including dedicated staff, in order to reduce provider workload and attain benefit. Simple dissemination of provider and patient educational materials was not clearly beneficial, although educational classes were well received by providers. Resources are clearly needed to institute many of the systems used in managed care settings and to attain or maintain any possible benefit over time.

Knowledge Dissemination

Kaiser Permanente also contributed \$200 thousand to *Health Affairs* to support an upcoming issue focused on clinical information systems, highlighting the contributions of information technology. The Kaiser Permanente donation will be used to co-sponsor a convening focused on improving competition and healthcare.

EDUCATION

In California and Hawaii, KFHP and KFH spent approximately \$56 million to educate health care consumers during 2004. A more descriptive breakdown of community benefit attributed to KFHP and KFH is described below:

CONSUMERS

KFHP in California and Hawaii spent approximately \$14 thousand and KFH expended \$8 million on community wellness and health education programs.

Community Health Education & Prevention Programs

KFH provided a variety of activities and programs to assist health care consumers in managing their own health and well being. The hospitals serve as the primary site for the dissemination of health education information to both Health Plan and community members who access these facilities through the health education centers. Other programs and services are offered in various community locations.

Community health education materials, programs, services and training sessions are designed to reach members of the community. The purpose is to improve health and prevent disease in adults, children, families, and teens by conducting appropriate health education interventions and sharing Kaiser Permanente health education resources. These programs widely disseminate over 200 of Kaiser Permanente-produced, quality health education materials, resources and services to the community. Healthphone, Healthwise Self-Care Tip sheets, Smoker's Helpline, and LiveWise Self-Care Kits are examples of the resources provided. Programs offered include Breastfeeding, HIV Prevention, Better Nutrition and Lifestyle, Coping with Chronic Diseases, and Seniors Movement Programs. And continuing education course and skills training sessions are provided to community health care providers. Many programs and resources are provided in partnership with community advocacy groups, community clinics, libraries, nonprofit organizations, cable television channels and schools.

Regional Community Health Education

During 2004, the Regional Health Education Departments in California and Hawaii undertook specific community focused projects and partnered with several nonprofit community agencies to provide additional services. Following are examples of the community programs aimed at educating health care consumers:

- The Southern California Regional Health Education Department conducted "Managing Ongoing Health Conditions" program training at 14 community clinics in Los Angeles County. The program is a series of six classes that provide skill-building tips to individuals in managing ongoing health needs. Regional Health Education trained clinic staff and volunteers provided materials and offered consultation to clinics who implemented the program.
- The Northern California Region Health Education staff conducted asthma management trainings in Cantonese to childcare providers in Northern Alameda County.
- The Hawaii Regional Health Education Department disseminated information on breast cancer awareness on prevention at the 14th Annual Health and Safety Fair in Honolulu, and the Susan G. Komen Race for the Cure.
- Southern California Regional Health Education staff provided nutrition sessions twice a month to low-income seniors at the Pasadena Senior Center. A Kaiser Permanente registered dietitian also provided individual consultations.
- Northern California Region Health Education staff organized health screening activities and educational sessions on prostate cancer, weight management, keeping fit and physically active to support the Men's Health Event sponsored by Assemblywoman Wilma Chan. The event attracted over 1,000 men.
- In an effort to enable more community residents to become volunteer readers to elementary school-age children as part "Reading by 9 Program", Southern California Regional Health Education staff provided TB testing. This community outreach activity was in partnership with the Los Angeles Times, and the Los Angeles Unified School District.
- The Hawaii Regional Health Education Department participated in the Coalition for a Tobacco Free Hawaii and on the Hawaii Department off Health Tobacco Core Committee.

Teen Choices and Challenges

Recognizing that adolescents as a group face a growing risk for illnesses and injuries, KFHP in California developed an interactive health risk assessment on CD-ROM to be used individually and followed by an education and counseling session as an innovative approach to providing preventive health and psychosocial services to teens. The success of the CD-ROM led to the next edition of the program for web-based access. The interactive health risk assessment can now be accessed on the Internet (www.teenchoicesandchallenges.com). Using a computer with Internet access, a teen selects a topic of concern such as diet and exercise or stress and depression or sexual activity and then answers a series of questions tailored to their level of knowledge and risk. After the assessment, customized responses are printed for both the teen and health care provider or counselor to discuss during a confidential follow-up session.

which may involve additional counseling. Health information and referrals to medical and psychosocial services are then provided as needed. The program has now been implemented in more than 70 California high schools and community agencies. Nearly 1,600 teens have taken the survey over the Internet or on the CD-ROM.

Kaiser Permanente Community Wellness Library

The Kaiser Permanente Community Wellness Library is an online resource that offers free clinical education and consumer health education to clinicians and staff at community health centers and public hospital systems, as part of Kaiser Permanente's community outreach. This web site contains current audiovisual materials in various formats, much of it produced by Kaiser Permanente. Consumer health education materials are available for patients who wish to become better informed or those individuals who want general health information. Many of the health education subjects are featured in several languages including Spanish, Cantonese, and Mandarin. Health care providers also have access to continuing medical education materials that provide CME/CEU credits and keep them abreast of the best practices in clinical care. All items offered through the web site are available to borrow at no cost, some titles are complimentary to requestors, and others may be purchased at a minimal price. The web site can be accessed at <http://www.kpwellness.org>.

Educational Theatre Programs

The Educational Theatre Programs (ETP) uses live theatre, music, comedy and drama to inspire children, teens and adults to make healthier choices and better decisions about their well-being. ETP's award-winning programs are as entertaining as they are educational. The programs were developed with the advice of teachers, parents, students, health educators, medical professionals, and professional theatre artists. All performances are delivered by professional actors who are also trained peer health educators.

Now in its 20th year, ETP's productions continue to be a free community benefit. In addition to the performances, ETP provides schools and organizations with supplementary educational materials such as workbooks, parent and teacher guides, and student wallet cards. All materials are designed to reinforce the messages presented on stage. KFHP spent \$4.3 million to provide more than 222,000 children and adults in California the opportunity to view one of the 794 performances and 244 workshops during 2004. In 2004, ETP won a number of awards for their education of healthcare professionals (Gold Medal – New York's Festival International Film and Video Competition, second place, "Silver Screen Award" – 2004 U.S. International Film and Video competition) ETP also participated in dozens of community events, festivals and seminars

The current repertoire includes:

Zip's Great Day, a musical comedy for elementary school children about making healthy choices and avoiding conflict.

P.E.A.C.E. Signs, a conflict resolution and anti-violence program for upper-elementary school students.

Nightmare on Puberty Street, a dramatic presentation about the joys and angst of adolescence.

Secrets, an HIV/AIDS educational drama for high school students.

ETP also has a Community Troupe, which provides customized educational theatre programs and services. The troupe is currently offering a mini-production which targets childhood asthma.

HEALTH CARE PROFESSIONALS

Grants & Donations for the Education of Health Care Professionals

Kaiser Permanente donated approximately \$75 thousand the East Bay Community Foundation Donor Advised Fund to support the design and first year administration of the Kaiser Permanente Health Policy Fellowship at Academy Health.

PUBLIC POLICY

Both KFHP and KFH recognize that public policy influences the environment in which we operate and the impact on the communities we serve. In 2004, KFHP contributed \$1.3 million and KFH contributed \$4 million to advance public policy that is beneficial to the community. The KFHP and KFH public policy strategy includes: building public/private partnerships to advance population health supporting legislation that advances expanded access, health promotion and disease prevention, and convening policy makers and researchers to develop knowledge-based public policy. A more complete description of the community benefit attributed to KFHP and KFH is follows.

Institute for Health Policy (IHP)

The mission of KFHP's IHP is to advance the understanding of key health policy issues and to support, in collaboration with others, health policy that will improve health and the manner in which health care and financing systems serve the members of our communities. In 2004, KFHP contributed \$1.3 million to support this program.

Following are a few examples of the 2004 forums sponsored by the IHP:

- Co-sponsored the "Delivery Systems Matter!" national conference in Washington, DC, with the American Medical Group Association, Association of Community Health Plans, Council of Accountable Physician Practices, Health Affairs, Institute for Healthcare Improvement, and Robert Wood Johnson Foundation.
- IHP collaborated with the Kaiser Permanente Care Management Institute to develop definitions and measures of clinical quality and reporting that will advance the Institute of Medicine's standards of health care presented at the "Facilitating Use of Clinical Quality Measures Through Aggregation" Roundtable in Washington, DC, co-sponsored by National Quality Forum, National Committee for Quality Assurance, and US Agency for Healthcare Research and Quality.

- “California Childhood Obesity Conference,” co-sponsored with the California Department of Health Services and University of California, Berkeley, Jan. 2005

Kaiser Permanente Care Management Institute

KFHP was one of ten national health plans chosen to participate in the Department of Health and Human Service Agency for Healthcare Quality and Research (AHRQ) sponsored collaborative on racial and ethnic disparities. The three year project entails a systematic analysis of its clinical outcome data and the identification of opportunities to address disparities. Upon identification of opportunities for improvement, KFHP will dedicate its full spectrum of clinical and patient outreach assets, from specific tools to support physicians in providing the best care to patients, to proven outreach strategies to multicultural populations, to the wholesale effort to achieve optimal care for all its members and to share these lessons with the broader health care community. Community Benefit staff, working with KFHP's Care Management Institute and Institute for Culturally Competent Care is fully committed to the national objective of eliminating racial and ethnic disparities.

Public Policy Forums and Initiatives

Following are a few examples of the public policy forums, advisory committees and task forces Kaiser Permanente employees and physicians supported in 2004:

- The California Institute, KFHP in California and the RAND Corporation organized three “Understanding Health Care in California” conferences in Los Angeles, Fresno and Berkeley that provided an objective analysis of the issues facing the health care sector. The conference promoted constructive dialogue about ways to collaboratively address community health care needs and began development of a high level action plan.
- Hawaii Comprehensive Cancer Control Program was initially funded by the Centers for Disease Control to enable the State of Hawaii Department of Health to convene a steering committee of providers and cancer experts to discuss ways to improve coordinating the system of care.
- KFHP in Hawaii is a member of the Hawaii Uninsured Project's Leader Group. The group has recently completed a comprehensive report including policy options, costs, and financing options to address the problems of the uninsured.

In 2004, KFHP and KFHP also actively supported a number of local/state initiatives to improve the health and well being of Californians and Hawaiians:

- Student Health – KFHP and KFHP in CA supported an initiative which allows asthmatic students to self-administer medication at school, with parents consent.
- Food and nutrition programs - KFHP and KFHP supported a number of food and nutrition initiatives aimed at inspiring children and teens in grades 1 through 12 to

make informed decisions about their health and nutrition. In order to build stronger, healthier neighborhoods, KFHP supported several state initiatives such as the campus removal of soda and vending machine products that do not meet accepted nutritional guidelines. Other initiatives include the introduction of fresh fruit and vegetables, limiting the amount of fat and saturated fat in school entrees and posting the nutritional content of school lunches.

- Discounted pharmaceuticals for low income - KFHP in Hawaii supported efforts to enhance low-income (350% of federal poverty guidelines) patient access to discounted pharmaceuticals.

ATTACHMENT A**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM
2004 NATIONAL COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2004 community benefit investment nationally for KFHP, its subsidies and for KFHP. The investments in the community reflected in the chart are unaudited.

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL HOSPITAL TOTAL	NATIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$376,176,980	\$259,724,758	\$635,901,738
Community-Based Programs	4,199,185	55,409,208	59,608,393
Other Vulnerable Populations	7,168,164	2,754,567	9,922,731
<i>Subtotal:</i>	<i>387,544,329</i>	<i>317,888,533</i>	<i>705,432,862</i>
EVIDENCE-BASE			
Research	2,340,515	21,605,718	12,448,133
Medical Libraries	71,860	6,531,735	6,603,595
Tumor Board & Cancer Registry	275,257	4,781,083	5,056,340
<i>Subtotal:</i>	<i>2,687,632</i>	<i>32,918,536</i>	<i>35,606,168</i>
EDUCATION			
Consumer	3,176,719	8,614,589	11,791,308
Health Professionals	5,621,786	50,078,796	55,700,582
<i>Subtotal:</i>	<i>8,798,505</i>	<i>58,693,385</i>	<i>67,491,890</i>
PUBLIC POLICY			
Public Policy	1,709,000	4,231,042	5,940,042
<i>Subtotal:</i>	<i>1,709,000</i>	<i>4,231,042</i>	<i>5,940,042</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	2,499,101	7,338,331	9,837,432
Community Giving Campaign	383,911	125,200	509,111
<i>Subtotal:</i>	<i>2,883,013</i>	<i>7,463,531</i>	<i>10,346,544</i>
TOTAL	\$403,622,479	\$421,195,027	\$824,817,506

ATTACHMENT B**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM
2004 KFHP COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2004 community benefit investment by KFHP and KFHP in California and Hawaii. The investments in the community reflected in the chart are unaudited.

CB PRIORITY AREAS	KFHP TOTAL	KFH TOTAL	CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$337,377,696	\$254,507,758	\$591,885,454
Community-Based Programs	0	27,041,766	27,041,766
Other Vulnerable Populations	2,366,059	2,569,466	4,935,525
<i>Subtotal:</i>	339,743,755	284,118,990	623,862,745
EVIDENCE-BASED MEDICINE			
Research	0	18,788,739	18,788,739
Medical Libraries	0	6,245,182	6,245,182
Tumor Board & Cancer Registry	0	3,706,938	3,706,938
<i>Subtotal:</i>	0	28,740,859	28,740,859
EDUCATION			
Consumers	13,853	7,652,492	7,666,345
Health Professionals	0	48,039,574	48,039,574
<i>Subtotal:</i>	13,853	55,692,066	55,705,919
PUBLIC POLICY			
Public Policy Grants/Expenses	1,338,000	3,918,777	5,256,777
<i>Subtotal:</i>	1,338,000	3,918,777	5,256,777
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expenses	0	5,258,881	5,258,881
Community Giving Campaigns	0	89,712	89,712
<i>Subtotal:</i>	0	5,348,593	5,348,593
TOTAL	\$341,095,608	\$377,819,285	\$718,914,893

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
EMPLOYEE RELATED EXPENSES	12,714,032.	12,714,032.	
EMPLOYEE DEVELOPMENT EXPENSES	13,803,402.	13,803,402.	
BASIC CONTRACTUAL PAYMENTS	15,559,834,350.	15,559,834,350.	
CONTRACT PAYMENTS	494,037,803.	494,037,803.	
NON-CONTRACT PAYMENTS	932,590,666.	932,590,666.	
PROFESSIONAL FEES	78,352,596.	78,352,596.	
PURCHASED NON-MEDICAL SERVICES	136,874,228.	136,874,228.	
MEMBERSHIP DUES AND FEES	754,869.	754,869.	
DUES & SUBSCRIPTIONS - OTHER	2,557,177.	2,557,177.	
PROFESSIONAL & PUBLIC LIAB INS	222,873,423.	222,873,423.	
OTHER INSURANCE	131,375,685.	131,375,685.	
PROVISION FOR DOUBTFUL ACCOUNT	347,130,362.	347,130,362.	
BUSINESS LICENSES & TAXES	7,807,924.	7,807,924.	
PROPERTY TAXES	18,104,677.	18,104,677.	
PUBLIC COMMUNITY RELATIONS	2,527,465.	2,527,465.	
ADVERTISING & MARKETING EXPENS	72,348,455.	72,348,455.	
BROKER COMMISSIONS	106,123,505.	106,123,505.	
IBNR ACCRUAL	94,607,141.	94,607,141.	
INTERDIV MEDICAL SERVICES	45,765,815.	45,765,815.	
COST RECOVERIES FROM AFFILIATE	-343,861,902.	-343,861,902.	
MISCELLANEOUS AND OTHER EXPENS	55,239,548.	55,239,548.	
ALLOCATED ADMINISTRATIVE EXPEN		-566,563,614.	566,563,614.
TOTALS	17,991,561,221.	17,424,997,607.	566,563,614.

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE

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BORROWER: COMMUNITY HEALTH PLAN

ORIGINAL AMOUNT: 30,000,000.

DATE OF NOTE: 04/01/1996

REPAYMENT TERMS: PAYABLE ON DEMAND

SECURITY PROVIDED: UNSECURED

PURPOSE OF LOAN: WORKING CAPITAL & CAPITAL PROJECTS

BEGINNING BALANCE DUE 19,162,592.

ENDING BALANCE DUE 19,162,592.

TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE 19,162,592.

=====

TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES 19,162,592.

=====

FORM 990, PART IV - INVESTMENTS - SECURITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PUBLICLY TRADED SECURITIES AND OTHER INVESTMENTS	2,654,898,793.	2,818,915,936.
	-----	-----
TOTALS	2,654,898,793.	2,818,915,936.
	=====	=====

FORM 990, PART IV - INVESTMENTS - OTHER

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
EQUITY - OAKTREE	282,437.	282,437.
CA ECON DEV LENDING	250,000.	250,000.
COMM BANK OF THE BAY	50,000.	50,000.
HEARX WEST LLC	57,127.	57,127.
BROADLANE	8,250,000.	8,250,000.
ORDWAY INTL	120,000.	120,000.
LOKAHI ASSURANCE	1,241,610.	1,241,610.
KPIC	26,294,105.	28,574,345.
MISC OTHER	718,706.	NONE
	-----	-----
TOTALS	37,263,985.	38,825,519.
	=====	=====

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
NOTES RECEIVABLE	NONE	15,491,908.
OTHER LONG TERM ASSETS	10,363,438.	4,966,852.
	-----	-----
TOTALS	10,363,438.	20,458,760.
	=====	=====

FORM 990, PART IV - OTHER LIABILITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
RESERVE - PHYSICIAN RETIREMENT	1,503,380,152.	1,629,618,009.
RESERVE - SELF-INSURED RISKS	91,505,339.	78,749,028.
RESERVE FOR PROFESSIONAL & PUB	193,306,247.	77,919,567.
RESERVE FOR WORKERS COMP RISKS	256,794,125.	296,680,763.
LONG-TERM EXTERNAL LIABILITIES	314,694.	299,366.
POST RETIREMENT BENEFIT LIAB	356,180,109.	376,944,651.
OTHER CURRENT LIABILITIES	189,082,792.	191,775,106.
CURRENT INSTALLMENTS LT DEBT	13,890.	15,328.
OTHER LONG-TERM LIABILITIES	71,993,714.	87,094,958.
	-----	-----
TOTALS	2,662,571,062.	2,739,096,776.
	=====	=====

KAISER FOUNDATION HEALTH PLAN, INC.

94-1340523

DECEMBER 31, 2004

ATTACHMENT FOR:

FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES

KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS, CALIFORNIA
NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE
SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS
AS OF DECEMBER 31, 2004:

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC., THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC 501(C)(3):		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	COMMUNITY HEALTH PLAN	100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
94-3299123	CAMP BOWIE SERVICE CENTER	100%
93-0480268	OHP	100%
91-2171891	LOKAHI ASSURANCE, LTD	100%
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC. THAT ARE TAXABLE FOR FEDERAL AND STATE INCOME TAX PURPOSES:		
03-0329760	OAK TREE ASSURANCE, LTD	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, INC	100%
KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING ENTITIES EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3):		
94-1105628	KAISER FOUNDATION HOSPITALS	*(1) N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2) N/A
KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX.		
94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2) N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2) N/A
68-0444615	CARETOUCH, INC	*(2) N/A
91-2166347	KP ONCALL, LLC (elected to be treated as a disregarded entity for tax purposes)	*(2) N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3) 50%
N/A	HAMI - COLORADO, LLC (elected to be treated as a disregarded entity for tax purposes)	*(4) N/A
94-3289704	KAIVEST I, LLC	*(5) N/A
NOTE *(1)	KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC	
NOTE *(2)	THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS	
NOTE *(3)	KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT LIFE, ACCIDENT AND HEALTH INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK ARE OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS	
NOTE *(4)	HAMI - COLORADO, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER HOSPITALS ASSET MANAGEMENT, INC	
NOTE *(5)	KAIVEST I, LLC - THIS CASH POOLING INVESTMENT FUND HAS THREE AFFILIATED MEMBERS KAISER FOUNDATION HEALTH PLAN OF COLORADO, KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, and KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS.

C/O KAISER FOUNDATION HEALTH PLAN INC
PROGRAM OFFICE CONTROLLER'S DEPARTMENT - TAX
ONE KAISER PLAZA 1550 ORDMAN
OAKLAND CA 94612

FORM 990, PART IX - INFORMATION REGARDING TAXABLE SUBSIDIARIES

NAME AND ADDRESS EMPLOYER IDENTIFICATION NUMBER	PERCENTAGE OWNERSHIP INTEREST	NATURE OF BUSINESS ACTIVITIES	TOTAL INCOME	ENDING ASSETS
OAK TREE ASSURANCE, LTD. ONE KAISER PLAZA, SUITE 1550L OAKLAND, CA 94612 03-0329760	100.000000	CAPTIV INSURER	3,821,086.	22,335,455.
KAISER PROPERTIES SERVICES INC ONE KAISER PLAZA, SUITE 1550L OAKLAND, CA 94612 94-3259432	100.000000	R/E BROKERAGE	894,407.	44,741.
KAISER PERMANENTE INSURANCE CO ONE KAISER PLAZA, SUITE 1550L OAKLAND, CA 94612 94-3203402	50.000000	INSURANCE	98,902,445.	74,702,926.
CHP COMPANIES, INC. ONE KAISER PLAZA, SUITE 1550L OAKLAND, CA 94612 91-1814507	100.000000	HOLDING CO.	NONE	1,000.
KAISER PERMANENTE HEALTH ALTER ONE KAISER PLAZA, SUITE 1550L OAKLAND, CA 94612 94-3113684	100.000000	MEDICAL SVCS	8,780,623.	3,650,412.
TOTAL INCOME			112,398,561.	100,734,534.

SCHEDULE A, PART IV-A - OTHER INCOME
=====

DESCRIPTION -----	2003 ----	2002 ----	2001 ----	2000 ----	TOTAL -----
PARKING	2,824,696.				2,824,696.
	-----	-----	-----	-----	-----
TOTALS	2,824,696.				2,824,696.
	=====	=====	=====	=====	=====

KAISER FOUNDATION HEALTH PLAN, INC.

94-1340523

December 31, 2004

STATEMENT PART III

FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

The primary exempt purpose of Kaiser Foundation Health Plan, Inc (Health Plan), a California not-for-profit corporation organized for the public benefit and generally exempt from income tax under Internal Revenue Code Section 501(c)(3), and comparable state statute, is to provide a program of health care and medical services to its enrolled members as a prepaid direct care group practice Health Maintenance Organization.

Health Plan is also the sole member in five active affiliated regional health plan corporations, that are also generally exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Health Plan together with these affiliated entities made up the HMO component of Kaiser Permanente Medical Care Program (Kaiser Permanente). These affiliated regional health plans are Kaiser Foundation Health Plan of the Northwest, Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Georgia, Inc., Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and Kaiser Foundation Health Plan of Ohio.

Health Plan contracts with Kaiser Foundation Hospitals (Hospitals) to provide hospital and related medical services including hospice care to enrolled members of Kaiser Permanente. These services are provided either directly in facilities owned and operated by Hospitals or by contract arrangements with qualified community hospitals and other service facilities.

Health Plan contracts with The Permanente Medical Group in Northern California; with Southern California Permanente Medical Group in Southern California; and with Hawaii Permanente Medical Group in Hawaii for physician services for its enrolled members (Medical Groups). Health Plan further contracts with the affiliated Regional Health Plans to provide medical and health care services to its members when they are temporarily in the service area of the Regional Health Plan. Medical Groups contract with third party medical and health specialists that provide care to the Health Plan enrolled members on a referral basis.

Payments to Hospitals, these Medical Groups, the Regional Health Plans as well as to third party service providers represent a substantial portion of the expenditures for medical, health and hospital services reported in this information reporting return.

Please see the attachment, "Kaiser Permanente Community Benefit Report for Kaiser Foundation Health Plan, Inc. for 2004." This report provides a description of activities conducted by Health Plan in the accomplishment of its exempt purposes and for the benefit of the communities in which Health Plan and Kaiser Permanente as a whole conduct their activities.

KAISER FOUNDATION HEALTH PLAN, INC.
EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES
FOR TAX YEAR 2004

TOP FIVE EMPLOYEES

NAME	TITLE	HOURS see note 7	(C1) COMPENSATION PRE-2004 see notes 3 & 4	(C2) COMPENSATION 2004 see notes 3 & 4	(D1) BENEFITS 2004 see notes 3, 4 & 5	(D2) BENEFITS PAID 2005 see Notes 3, 4 & 5	(E) EXP ACCT/ OTHER ALLOW. see notes 3, 4 & 6
GARRY L HURLBUT	VP	40	363,630	642,992	64,879	336,274	-
TERRY BELMONT	VP	40	350,402	549,525	45,239	411,205	-
JULIE PETRINI	VP	40	359,535	559,522	45,216	385,028	-
MAGDELINE L MAITA*	VP	40	-	244,807	652,409	336,859	-
MARK S ZEMMELMAN	VP	40	315,004	426,909	51,973	397,031	-

NOTES: See Statement 22 for notes applicable to the above reporting.

FORM 990 PART I, LINE 8.C, COLUMN (B)
GAIN OR (LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY

DESCRIPTION	Date Acquired	Date Sold	Proceeds/ Sales Price	Cost/Basis Expense of Sale	Accum Depreciation	Gain or Loss
<u>See Note -</u>	<u>#1</u>	<u>#2</u>				
GAINS AND LOSSES FROM SALE OF INVESTMENTS						
State Street	Various	Various	9,315,957,832	9,238,166,787	-	77,791,045
Adjustment for Impairment	Various	Various		7,275,086	-	-7,275,086
Miscellaneous adjustments	Various	Various		410,431	-	-410,431
Total Realized Gains from Investments			9,315,957,832	9,245,852,304	0	70,105,528
GAINS AND LOSSES FROM SALE OF FIXED ASSETS						
NORTHERN CALIFORNIA REGION						
Building	Various	Various	0	282,018	280,505	-1,513
Miscellaneous Equipment	Various	Various	754	0	0	754
Controllable Equipment	Various	Various	74,275	17,063,278	16,889,664	-99,339
Non-Capital Equipment	Various	Various	0	1,537,226	1,535,403	-1,823
Initial Complement Equipment	Various	Various	509	1,349,531	1,349,127	105
Non-Controllable Equipment	Various	Various	8,990	2,638,629	2,624,425	-5,214
Autos and Trucks	Various	Various	300	18,682	18,682	300
Asset Write-off	Various	Various	0	306,357	0	-306,357
Miscellaneous General Ledger Adjustment	Various	Various	0	0	220,610	220,610
Subtotal - Northern California Region			84,828	23,195,721	22,918,416	-192,477
SOUTHERN CALIFORNIA REGION						
Moveable Equipment	Various	Various	58,384	26,196,170	26,018,355	-119,431
Sale of Vehicles	Various	Various	2,000	575,213	571,911	-1,302
Miscellaneous Adjustments	Various	Various			20,444	20,444
Subtotal - Southern California Region			60,384	26,771,383	26,610,710	-100,289
Hawaii						
Medical Equipment	Various	Various	3,220	49,146	49,146	3,220
Miscellaneous Equipment & Furniture	Various	Various	29,500	66,260	45,730	8,970
Miscellaneous Furniture	Various	Various	3,605	23,266	23,266	3,605
Miscellaneous Adjustments	Various	Various			65,078	65,078
Subtotal - Hawaii			36,325	138,672	183,220	80,873
PROGRAM OFFICE						
Write-offs			0	31,482	0	-31,482
Net Gains on Sales of Fixed Assets			181,537	50,137,258	49,712,346	-243,375
Combined Totals			9,316,139,369	9,295,989,562	49,712,346	69,862,153
RECAP OF NET GAIN/(LOSS)			Investments	Fixed Assets	Combined	
ORIGINAL COST AND EXPENSE OF SALE			9,245,852,304	50,137,258	9,295,989,562	
DEPRECIATION			0	49,712,346	49,712,346	
NET COST OR OTHER BASIS			9,245,852,304	424,912	9,246,277,216	
LESS GROSS SALES PROCEEDS			9,315,957,832	181,537	9,316,139,369	
NET GAIN/(LOSS)			70,105,528	-243,375	69,862,153	

FORM 990 PART I, LINE 8.C, COLUMN (B)
GAIN OR (LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY

DESCRIPTION	Date Acquired	Date Sold	Proceeds/ Sales Price	Cost/Basis Expense of Sale	Accum Depreciation	Gain or -Loss
See Note -	#1	#2				

Note #1: All equipment and other fixed assets were acquired by purchase by the organization for use in its tax-exempt purpose of providing health care services on a mostly prepaid basis to its enrolled members. The organization acquired the assets on the open market at prices that were competitive with similar property at the time of acquisition.

Note #2: All equipment and other fixed assets have been disposed of either by sale to the general public, donation to other Section 501(c)(3) tax-exempt organizations or by abandonment.

After a good faith effort to market the assets deemed no longer serviceable to the organization in its purpose, where reasonable such assets are sold to the highest offer given the condition, age, and usability of the asset.

KAISER FOUNDATION HEALTH PLAN, INC.
94-1340523
12/31/2004

STATEMENT LINE 50 - RECEIVABLES DUE FROM OFFICERS, DIRECTORS AND KEY EMPLOYEES
FORM 990 PART IV

Name and Title	Original Amount	Balance of Note		Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
		12/31/03	12/31/04						
Joseph Hummel Sr Vice President	100,000	20,000	-	10/25/99	10/25/04	Principal & Interest payable annually	5.96%	Recorded DoT	Employee Relocation
Terry Belmont Vice President	100,000	40,000	20,000	5/31/00	5/31/05	Principal & Interest payable annually	6.40%	Recorded DoT	Employee Relocation
Adnenne Edens	50,000	12,500	1,792	11/17/00	11/17/04	Principal & Interest payable annually	6.01%	Recorded DoT	Employee Relocation
William Little	40,000	20,000	-	12/15/00	12/15/04	Principal & Interest payable annually	6.01%	Recorded DoT	Employee Relocation
Darren Oliver	100,000	40,000	23,593	10/4/00	10/4/05	Principal & Interest payable annually	6.22%	Recorded DoT	Employee Relocation
James Waller #1	50,000	12,500	-	6/23/00	6/23/04	Principal & Interest payable annually	6.40%	Recorded DoT	Employee Relocation
Donna Deckard	100,000	50,000	25,000	10/4/01	10/4/05	Principal & Interest payable annually	4.59%	Recorded DoT	Employee Relocation
Mitchell Goodstein Sr Vice President	80,000	40,000	20,000	6/15/01	6/15/05	Principal & Interest payable annually	5.02%	Recorded DoT	Employee Relocation
Gemma Tayao	20,000	10,000	5,000	6/1/01	6/1/05	Principal & Interest payable annually	5.02%	Recorded DoT	Employee Relocation
James Waller #2	30,000	15,000	220	5/29/01	5/29/05	Principal & Interest payable annually	4.77%	Recorded DoT	Employee Relocation
Wade Overgaard	50,000	25,000	12,500	7/30/01	7/30/05	Principal & Interest payable annually	5.12%	Recorded DoT	Employee Relocation
Robert Briggs	150,000	50,000	7,165	5/15/02	5/15/04	Principal & Interest payable annually	4.99%	Recorded DoT	Employee Relocation
Came Hams-Muller	60,000	30,000	15,000	3/20/02	3/20/05	Principal & Interest payable annually	4.52%	Recorded DoT	Employee Relocation
Theodore Wise	100,000	75,000	50,000	5/21/02	5/21/06	Principal & Interest payable annually	4.99%	Recorded DoT	Employee Relocation
Alide Chase	70,000	70,000	52,500	6/25/03	6/25/07	Principal & Interest payable annually	3.06%	Recorded DoT	Employee Relocation
George DiSalvo	52,500	39,375	26,250	10/15/03	10/15/07	Principal & Interest payable annually	3.65%	Recorded DoT	Employee Relocation

KAISER FOUNDATION HEALTH PLAN, INC.
94-1340523
12/31/2004

STATEMENT LINE 50 - RECEIVABLES DUE FROM OFFICERS, DIRECTORS AND KEY EMPLOYEES
FORM 990 PART IV

Name and Title	Original Amount	Balance of Note		Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
		12/31/03	12/31/04						
Lon Dutcher	70,000	70,000	52,500	6/27/03	6/27/07	Principal & Interest payable annually	3.06%	Recorded DoT	Employee Relocation
Kendall Hunter	85,000	85,000	63,750	6/16/03	6/16/07	Principal & Interest payable annually	3.06%	Recorded DoT	Employee Relocation
Jim Simpson	100,000	100,000	75,000	11/26/03	11/26/07	Principal & Interest payable annually	3.32%	Recorded DoT	Employee Relocation
Michael Alexander	70,000	-	70,000	8/20/04	8/20/08	Principal & Interest payable annually	4.00%	Recorded DoT	Employee Relocation
Anne Cadwell	30,000	-	30,000	4/21/04	4/21/08	Principal & Interest payable annually	3.15%	Recorded DoT	Employee Relocation
Thomas Curtin Jr	50,000	-	50,000	6/1/04	6/1/08	Principal & Interest payable annually	3.89%	Recorded DoT	Employee Relocation
Karen Francolini	150,000	-	150,000	7/28/04	7/28/08	Principal & Interest payable annually	4.11%	Recorded DoT	Employee Relocation
James Hankins	50,000	-	50,000	5/27/04	5/27/08	Principal & Interest payable annually	3.16%	Recorded DoT	Employee Relocation
Brian Huey	50,000	-	50,000	7/9/04	7/3/08	Principal & Interest payable annually	3.89%	Recorded DoT	Employee Relocation
Barry Lue	50,000	-	50,000	3/10/04	3/10/08	Principal & Interest payable annually	3.62%	Recorded DoT	Employee Relocation
Jeremy Luke	20,000	-	20,000	12/3/04	12/3/08	Principal & Interest payable annually	3.55%	Recorded DoT	Employee Relocation
Christine Malcolm	100,000	-	100,000	10/18/04	10/18/08	Principal & Interest payable annually	3.62%	Recorded DoT	Employee Relocation
Colleen McKeown	70,000	-	70,000	8/9/04	8/9/08	Principal & Interest payable annually	4.00%	Recorded DoT	Employee Relocation
Jeanie Murchison	30,000	-	30,000	4/30/04	4/30/08	Principal & Interest payable annually	3.15%	Recorded DoT	Employee Relocation
DeAnne Peterson	70,000	-	70,000	3/1/04	3/1/04	Principal & Interest payable annually	3.15%	Recorded DoT	Employee Relocation
Robert Walton	110,000	-	110,000	2/24/04	2/24/08	Principal & Interest payable annually	3.44%	Recorded DoT	Employee Relocation
TOTAL		804,375	1,300,270						

STATEMENT OF FIXED ASSETS AND DEPRECIATION

COMBINED DIVISIONS

FORM 990 PART IV, LINE 57 - LAND, BUILDING AND EQUIPMENT,
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION; AND
PART II, LINE 42, COLUMN (B) - DEPRECIATION AND AMORTIZATION EXPENSE.

	COST		ACCUMULATED DEPREC/AMORT		2004 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	298,316,672	310,450,253	0	0	0
LAND IMPROVEMENTS	37,554,271	39,131,503	28,728,183	30,711,720	2,049,781
BUILDINGS	1,852,875,060	1,879,099,965	840,883,300	861,328,440	77,777,429
LEASEHOLD IMPROVEMENTS	413,942,898	494,215,231	212,175,532	271,787,578	34,508,828
EQUIPMENT	855,438,358	834,236,370	722,151,426	704,160,459	39,446,888
CAPITALIZED SOFTWARE	449,013,946	449,254,382	314,236,812	372,993,740	54,061,226
CAPITALIZED LEASES	46,805	46,805	0	0	0
CONSTRUCTION IN PROGRESS	118,875,254	120,429,255	0	0	0
TOTALS TO					
PART IV, LINE 57(A)	<u>4,026,063,264</u>	<u>4,126,863,764</u>			
PART IV, LINE 57(B)			<u>2,118,175,253</u>	<u>2,240,981,937</u>	
PART IV, LINE 57(C)	<u>1,907,888,011</u>	<u>1,885,881,827</u>			
PART II, LINE 42 COLUMN (B)					<u>207,844,152</u>

KAISER FOUNDATION HEALTH PLAN, INC.

94-1340523

12/31/04

STATEMENT FORM 990 PART V - LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2004	(C2) COMPENSATION 2004	(D1) BENEFIT 2004	(D2) BENEFIT PAID 2005	(E) EXP ACCT/ OTHER ALLOW
*see note 2						
DIRECTORS						
George C Halvorson	Director & Chairman	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Daniel P Garcia	Director	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
David R Andrews	Director to February 15, 2004	5	13,713	0	0	0
Barbara D Blum	Director	12	156,071	0	0	0
Christine K Cassel	Director	4	137,296	0	0	0
Thomas W Chapman	Director	9	163,780	0	0	0
William R Graber	Director from October 1, 2004	6	32,175	0	0	0
J Eugene Grigsby III	Director from April 1, 2004	5	97,181	0	0	0
Henry M Kaiser	Director to April 6, 2004	5	20,585	0	0	0
Kim J Kaiser	Director from April 1, 2004	5	80,420	0	0	0
J Neal Purcell	Director	12	151,534	0	0	0
Philip A. Marneau	Director from April 1, 2004	3	81,276	0	0	0
Robert L Ridgley	Director	8	155,470	0	0	0
Cynthia Telles	Director	5	142,319	0	0	0
Hans Tian	Director from April 1, 2004	5	72,787	0	0	0
Barry L Williams	Director to March 31, 2004	5	20,250	0	0	0

OFFICERS AND KEY EMPLOYEES

President and Regional Presidents

George C Halvorson	CEO & President	40	2,380,247	1,369,526	4,364,583	6,593
Mary Ann Thode	Regional President-NorCal	40	1,138,214	83,446	1,221,628	0
Richard D Cordova	Regional President-Socal to May 7, 2004	40	419,716	108,591	1,190,771	0
Raymond J Baxter	Acting Regional President - SoCal May 10, 2004	40	634,680	243,585	991,383	0
Janice L Head	Regional President-Hawaii	40	281,530	340,863	506,242	0

National Officers and Key Employees

Raymond J Baxter	Senior Vice President	40	SEE ABOVE	SEE ABOVE	SEE ABOVE	SEE ABOVE
Robert E Briggs	Senior Vice President	40	680,181	1,208,879	33,267	0
Robert M Crane	Senior Vice President	40	0	68,684	1,133,165	3,422
J Clifford Dodd	Senior Vice President	40	0	405,370	1,413,881	0
Jerry C Fleming	Senior Vice President	40	0	522,310	1,095,768	0
Daniel P Garcia	Senior Vice President	40	0	467,238	270,920	10,497
Michael J Goodstein	Senior Vice President	40	0	488,547	181,672	0
Joseph W Hummel	Senior Vice President to May 1, 2004	40	0	268,881	478,638	0
Lawrence B Lesure	Senior Vice President	40	0	881,116	292,371	0
Louise Liang, MD	Senior Vice President	40	0	24,683	316,168	0
Leslie A Margolin	Senior Vice President	40	0	287,246	1,029,260	0
Laurence O O'Neil	Senior Vice President	40	0	740,356	2,806,471	31,567
Arthur M Southam, MD	Senior Vice President	40	0	248,522	1,121,923	0
Bernard J Tyson	Senior Vice President	40	130,050	327,201	1,994,785	3,570
Robert Wallon	Senior Vice President	40	0	285,247	1,901,635	243,450
Herman M Weil	Senior Vice President	40	0	125,503	492,933	22,750
Theodore F Wise	Senior Vice President	40	85,669	61,717	461,834	0
Steven R Zalkin	Senior Vice President	40	0	159,204	406,103	0
Thomas R Meier	Vice President/Treasurer	40	0	63,757	900,831	0
Deborah Stokes	Vice President/Controller	40	0	103,630	276,719	0
Carol H Cox	Assistant Secretary	40	319,622	47,294	309,537	0
Steven Doshay	Assistant Secretary	40	5,056	28,979	0	0
Judith M Mears	Assistant Secretary	40	0	24,883	103,489	0
Wayne Morris	Assistant Secretary	40	0	106,005	208,776	0
Indrajit Obersekere	Assistant Secretary	40	0	62,557	275,450	0
Carlos Zaragoza	Assistant Secretary	40	0	33,547	104,222	0
Victoria B Zalkin	Assistant Secretary	40	0	125,353	47,778	0
				52,530	110,795	0

NOTES See Statement 22 for notes applicable to the above reporting

NOTES for current and future compensation, benefits and other reimbursements

Note #1 - This Organization is one of the corporate entities listed on Part VI, Line 80 "Related and Controlled Entities" which is included as a part of this return. This Organization is a participating member of a vertically integrated direct service prepaid health care program

Note #2 - The Officers and Directors can be contacted in care of.

Kaiser Foundation Health Plan, Inc
Program Office Controller's Department
One Kaiser Plaza, Suite 15L Orway
Oakland, CA 94612

Note #3 - The executive compensation program for Kaiser Foundation Health Plan, Inc and Subsidiaries and Kaiser Foundation Hospitals and Subsidiaries (KFHP/H) is designed to recruit, retain and motivate qualified senior management personnel. Senior management personnel have a significant impact on the strategic and policy direction and results of the organization. Therefore, the executive compensation program is, to a significant degree, performance-based. The compensation program is reviewed annually by an independent committee of the Board of Directors of KFHP/H, which evaluates and approves all programs and payments to executives.

Base pay for executive positions is established at a level comparable to the relevant market. In addition, other components of the compensation program bear 'at-risk' features designed to focus on strategically important performance goals and to assist in attracting and retaining top performers. The executive compensation program is targeted at the median of the comparable external market in which the organization competes for executive leadership. The compensation program focuses on objectives in the areas of quality of member care and service, financial soundness, and the community and social mission of the organization.

Note #4 - Compensation, benefit plan contributions and reimbursement for certain expenses (collectively referred to as "compensation") of Directors, Officers and Key Employees are paid by Kaiser Foundation Health Plan, Inc. (Health Plan) as common paymaster and disbursement agent for the participating member organizations of KFHP/H. Certain Directors, Officers and/or Key Employees perform services for several of the KFHP/H member organizations.

Some of the amounts shown as Compensation were actually earned in years prior to 2004. This compensation is reported twice – once in the year deferred and again in the year paid. However, the compensation is only paid once. The disclosure rules mandate that significant amounts of compensation are double-counted in both 2003 and 2004. For instance, column C2 includes amounts paid in 2004 for achievement of performance goals for prior years, and column D2 includes payments scheduled for 2005 for performance goals achieved in 2004.

Note #5 – The Organization offers various benefit plans, both qualified and non-qualified. Among the benefits offered to the officers listed on Form 990, Part V line 75 are a qualified Defined Benefit Plan (Plan A), a qualified Defined Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA), a Section 457(b) Deferred Compensation Plan (CAP), and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA, CAP and certain health and welfare benefit plans. Estimates for 2004 accruals for future benefits under Plan A are included in column D1. Individual values for post retirement health and welfare benefits are reported at the time of retirement.

For other benefit plans available to executives which provide future benefits earned during 2004 (where the specific amounts are available and determinable by the time this tax report is filed), the amount is included in the Benefits column D1 reported in this return. Amounts determinable at year-end under termination of employment arrangements calling for a stream-of-payments in a subsequent year are included in the D1 Benefit Plans column for this purpose. Individuals noted with (*) may have amounts included by reason of termination of employment and from benefit plan accounts that were previously earned.

Note #6 - The amounts reported as Expense Account/ Other Allowance include amounts for reimbursement of expenses. Under IRS rules, ordinary and necessary business expenditures such as travel, transportation, lodging, meals, business meetings and conferences are not included here. These items are reimbursed on an accountable plan basis, consistent with policies and procedures based on prudent fiduciary responsibilities and standards. The policies under which these individuals account to the payer meet the substantiation requirements of Internal Revenue Code Section 274. This reporting includes taxable moving and relocation reimbursements and allowances.

Note #7 - The average weekly time spent on the organization's affairs during 2004 is reported based on individual records for Directors Marineau, Purcell, Graber, Cassel, Blum, Chapman and Ridgley; for the other directors the time is estimated to be five hours. Actual time spent by Board member may vary based on different responsibilities during the year. Key employees, who work full-time, may work in excess of the standard 40-hour work week.

KAISER FOUNDATION HEALTH PLAN, INC.

**TIN: 94-1340523
DECEMBER 31, 2004**

**STATEMENT FORM 990 PART VIII
RELATIONSHIP OF ACTIVITIES TO EXEMPT PURPOSE**

LINE NUMBER 93:

- 93A MEMBERS HEALTH CARE PREMIUMS**
Revenue received from or on behalf of members, for prepaid health care coverage under the HMO care plans offered by Health Plan to its members. Revenue excluded under the provisions of Revenue Ruling 68-27.
- 93B SUPPLEMENTAL CHARGES / PHARMACY**
Revenue received for co-payments from or on behalf of members for health care services provided under the plans referred to in 93A above. Pharmaceutical sales to members. Revenue excluded under the provisions of Internal Revenue Regulation 1.501(c)(3)-1.
- 93C NON-PLAN AND INDUSTRIAL REVENUE**
Revenue received from non-members for health care and from outside insurers for reimbursement for health care services provided to members for work-related injuries or conditions. Revenue excluded under the provisions of Internal Revenue Regulation 1.501(c)(3)-1.
- 93D OTHER PROGRAM SERVICE REVENUE**
Revenue received from or on behalf of members for health care services provided under the plans referred to in 93A above.
- 93F MEDICARE / MEDICAID PAYMENTS**
Revenue received from the Social Security Administration for medical and health care services provided to Plan members covered under Part B of Medicare. Revenue excluded under the provisions of Internal Revenue Regulation 1.501(c)(3)-1.

KAISER FOUNDATION HEALTH PLAN, INC.

TIN: 94-1340523

DECEMBER 31, 2004

**LOBBYING ACTIVITY BY NONELECTING PUBLIC CHARITIES
FORM 990, SCHEDULE A, PART VI-B**

The Organization is a member of the Kaiser Permanente Medical Care Program and participated and benefited from lobbying activities conducted at the national level by Kaiser Foundation Health Plan, Inc. for the benefit of its enrolled members and for the health care industry as a whole. As an organization generally exempt from income tax under Internal Revenue Code Section 501(c)(3), Health Plan did not participate in or conduct political campaigns.

During the year this Organization may have made comments or statements concerning legislation which may affect the health care industry. Health Plan has not intervened in any political campaign. Health Plan may have possibly engaged in telephone conversations and/or written letters to various federal, state, and local officials regarding matters which affected the healthcare industry as a whole. The amount of time and money involved in the activities is detailed on lines a through h.

Health Plan has several employees and/or may retain a full time professional consultant to represent Health Plan's interests in various legislative and regulatory bodies and from time-to-time to keep informed of Federal and State legislation having an impact on Health Plan's charitable activities as an exempt Health Maintenance Organization.

These individuals attempt to ensure that proposed legislation and enacted laws are compatible with the Interest of Health Plan and its members by performing the following activities:

- Collecting, analyzing and distributing within the Organization, public and private policy recommendations regarding proposed legislation and enacted laws that affect the operation of Health Plan and its ability to provide quality health and medical care services to its members in a cost effective environment.
- Providing appropriate informational materials to legislators and to their staffs that pertain to matters of common interest in the health care community and in the not-for-profit community.
- Also by preparing written and oral testimony, these individuals appear at legislative hearings, monitor legislative proceedings and meet with legislators and/or their staffs regarding issues pertinent to the mission of Health Plan. Those individuals appearing at such hearings and meetings for and on behalf of Health Plan often are representing the interests of common interest groups as well as the interests of the members of Health Plan.
- Other employees and officers perform services by delivering speeches at various public and private functions and in serving as faculty in healthcare related educational programs throughout the community.

KAISER FOUNDATION HEALTH PLAN, INC.
FEIN: 94-1340523
December 31, 2004

Schedule A, Part III, Question 2a:

Kaiser Foundation Health Plan, Inc. (KFHP, Inc.) is organized for the public benefit and provides health and medical care services for its members. KFHP, Inc. and Kaiser Foundation Hospitals (KFH) have common Boards of Directors. KFHP, Inc. and KFH are operated as separate charitable corporations. See **Statement 13** for a list of tax-exempt and non-exempt related entities.

Based on a review of KFHP, Inc. records and Conflict of Interest (COI) statements for these directors, officers and key employees for 2004, KFHP, Inc. did not engage in the sale, exchange, or leasing of property with any of the persons listed on Form 990, Part V.

Based on a review of the records of the affiliated taxable entities for transactions with these individuals, none of these taxable entities engaged in any sale, exchange or lease of property with their individual directors or officers.

In the normal course of business in carrying out its charitable purposes, KFHP, Inc. may have entered into the sale, exchange, or leasing of property with some of the related entities described in **Statement 13**. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis.

Schedule A, Part III, Question 2b:

Statement 28 provides a list of the directors, officers and key employee family members with whom KFHP, Inc. did business or who were employed by KFHP, Inc. or any KFHP, Inc. affiliate. KFHP, Inc. does not have trustees or creators.

Based on a review of KFHP, Inc. records and COI statements for these directors, officers and key employees for 2004, KFHP, Inc. did not engage in the lending of money or other extension of credit with any of these persons in 2004 other than through its relocation loan program as described next. KFHP, Inc. has a program that provides loans to relocate executives. The program was modified in August 2002 to take into consideration the Section 402 provisions of the Sarbanes Oxley Act, limiting certain employees' eligibility for loans. **Statement 26** provides information regarding officer and key employee loans made by KFHP, Inc. as disclosed in the KFHP, Inc. 2004 Form 990, Part IV.

KAISER FOUNDATION HEALTH PLAN, INC.
FEIN: 94-1340523
December 31, 2004

Based on the COI questionnaires for 2004, **Statement 27** lists non-affiliated taxable organizations which did business with KFHP, Inc. in 2004 and on which KFHP, Inc. officers, directors, key employees or their families served as an officer, director, or owner. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis.

Schedule A, Part III, Question 2c:

Form 990, Part V lists the officers, directors and key employees of KFHP, Inc. in 2004. Based on a review of COI statements for these directors, officers and key employees for 2004, **Statement 28** provides a list of their family members with whom KFHP, Inc. did business or who were employed by KFHP, Inc. or any KFHP, Inc. affiliate. KFHP, Inc. does not have trustees or creators. Any such transactions are conducted on a fair market value basis.

Based on a review of KFHP, Inc. records and COI statements for these directors, officers and key employees for 2004, KFHP, Inc. did not engage in the furnishing of goods, services, or facilities with any of the persons in 2004.

In the normal course of business in carrying out its charitable purposes, KFHP, Inc. may have entered into the furnishing of goods, services, or facilities with some of the related taxable entities. **Statement 29** generally describes the transactions between KFHP, Inc. and those entities.

Based on the COI questionnaires for 2004, **Statement 27** lists non-affiliated taxable organizations, which did business with KFHP, Inc. in 2004 and on which KFHP, Inc. officers, directors, key employees or their families served as an officer, director, or owner. **Statement 27** also provides a general summary of the transactional relationship (if any) between KFHP, Inc. and such organizations. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis.

KAISER FOUNDATION HEALTH PLAN, INC.
94-1340523
12/31/2004

LOANS TO OFFICERS, DIRECTORS AND KEY EMPLOYEES
FORM 990, SCHEDULE A, PART III, Line 2b

Name and Title	Original Amount	Balance of Note		Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
		12/31/03	12/31/04						
Joseph Hummel Sr Vice President	100,000	20,000	-	10/25/99	10/25/04	Principal & Interest payable annually	5.96%	Recorded DoT	Employee Relocation
Mitchell Goodstein Sr Vice President	80,000	40,000	20,000	6/15/01	6/15/05	Principal & Interest payable annually	5.02%	Recorded DoT	Employee Relocation
Robert Briggs	150,000	50,000	7,165	5/15/02	5/15/04	Principal & Interest payable annually	4.99%	Recorded DoT	Employee Relocation
Theodore Wise	100,000	75,000	50,000	5/21/02	5/21/06	Principal & Interest payable annually	4.99%	Recorded DoT	Employee Relocation
Robert Walton	110,000	-	110,000	2/24/04	2/24/08	Principal & Interest payable annually	3.44%	Recorded DoT	Employee Relocation
TOTAL		185,000	187,165						

KAISER FOUNDATION HEALTH PLAN, INC.
FEIN: 94-1340523
12/31/2004

NON-AFFILIATIONED TAXABLE ORGANIZATIONS-RELATIONSHIPS

<u>Name</u>	<u>Non-Affiliated Taxable Organization</u>	<u>Transactional relationships</u>
Philip A. Marineau	Levi Strauss & Co	None
Hans Tjian	WestAmerica Bancorporation	None
Raymond J. Baxter	Union Bank	None
Robert L. Ridgley	Northwest Natural Gas Company	None

KAISER FOUNDATION HEALTH PLAN, INC.
FEIN: 94-1340523
12/31/2004

FAMILY AFFILIATIONS REPORTED

<u>Name</u>	<u>Family Members Affiliation</u>
Steven R. Zatzkin	Spouse; employee of KFHP, Inc.
Victoria B. Zatzkin	Spouse; Senior VP, General Counsel and Secretary of KFH, KFHP, Inc. and regional Health Plans

KAISER FOUNDATION HEALTH PLAN, INC.
FEIN: 94-1340523
12/31/2004

TRANSACTIONS WITH AFFILIATED ENTITIES

ENTITY NAME	TYPE OF INTERCOMPANY CHARGES
<u>KAISER FOUNDATION HOSPITAL SUBSIDIARIES (TAXABLE):</u>	
KAISER PERMANENTE INTERNATIONAL	None
KAISER PERMANENTE VENTURES	None
CARETOUCH, INC.	None
KP ONCALL, LLC	Member medical call service for Southern California members

KAISER FOUNDATION HEALTH PLAN, INC. SUBSIDIARIES (TAXABLE):

KAISER PERMANENTE HEALTH ALTERNATIVES	None
KAISER PERMANENTE INSURANCE COMPANY	Jointly marketed premiums for Point of Sale Product coverage paid to KPIC, Administration fees paid to KFHP, Inc.
KAISER PROPERTIES SERVICES, INC.	Real estate brokerage company providing property lease services to Northern and Southern California regions
OAK TREE ASSURANCE, LTD.	Premiums for excess umbrella liability and property liability coverage paid by KFHP, Inc.
ORDWAY INTERNATIONAL, LTD / ORDWAY INDEMNITY	Provider of professional liability insurance program-wide
CHP COMPANIES, INC.	None

KAISER FOUNDATION HEALTH PLAN, INC.

OFFICER'S CERTIFICATE

Dated: February 11, 2005

I, the undersigned, Victoria B. Zatkin, the Assistant Secretary of Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation (the "Corporation"), do hereby certify that:

1. Attached hereto as Exhibit A is a full, true and correct copy of the Bylaws of the Corporation (the "Bylaws"), as amended. I further certify that the Bylaws are in full force and effect as of the date hereof, and no further amendment to or other document relating to or affecting the Bylaws has been approved by the Board of Directors of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand as of the date first set forth above.



Victoria B. Zatkin
Assistant Secretary

EXHIBIT A

Bylaws of Kaiser Foundation Health Plan, Inc.

BYLAWS OF
KAISER FOUNDATION HEALTH PLAN, INC.

ARTICLE A
PURPOSES

Section A-1. **Principal Purpose.**

This corporation exists for the principal purpose of establishing and maintaining nonprofit comprehensive, predominantly prepaid, direct service health care plans at reasonable cost for members of the public, without regard to age, sex, race, religion or national origin.

Section A-2. **Related Purposes.**

This corporation's related purposes are to promote and encourage the advancement and improvement of the nation's health care delivery system, with special emphasis on organizing and providing health care services on a cost effective basis; to participate in activities designed and carried on to promote the community's general health; to support the tax-exempt purposes of this corporation's subsidiaries, and of Kaiser Foundation Hospitals and its subsidiaries, by the provision of administrative support services; and, subject to Sections A-3 and A-4, to support such other charitable, scientific, educational and hospital endeavors as the corporation may deem advisable.

) Section A-3. Nonprofit Character.

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. This corporation is organized under the California Nonprofit Public Benefit Corporation Law for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

) Section A-4. Disposition of Assets on Liquidation or Dissolution

Upon the corporation's liquidation or dissolution, the Board of Directors shall, after paying or adequately providing for the corporation's liabilities, distribute the corporation's assets to one or more organizations exempt from tax under §501(c)(3) of the Internal Revenue Code of 1986 or any amendment or successor thereto. The corporation's assets may not be distributed so as to inure directly or indirectly to the benefit of any Director or officer of the corporation, or to any other individual, or to any corporation, trust or organization whose net earnings inure to the benefit of any individual.

) Section A-5. Non-discrimination.

This corporation, in the operation of its nonprofit comprehensive health care plans and related activities, shall conduct its activities and shall offer the services and benefits of its plans and other activities to all persons equally, without discrimination

) because of race, color, religion, sex or national origin, and shall take affirmative action
to maintain equality in such matters.

ARTICLE B

OFFICES

Section B-1. Principal Office.

The principal office of this corporation shall be located at the Ordway Building, One Kaiser Plaza, Oakland, Alameda County, California. The Board of Directors may change the location of the principal office at any time.

Section B-2. Other Offices.

This corporation may at any time establish other offices.

ARTICLE C
DIRECTORS

Section C-1. Power and Authority of Directors.

All corporate powers shall be exercised by or under the authority of the Board of Directors, and the Board shall control the business and affairs of the corporation. The Board shall have the maximum power and authority now or hereafter provided or permitted under California law to directors of California public benefit corporations, acting as a board, except that all such powers shall be exercised consistently with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in the Articles of Incorporation and these Bylaws.

The following powers of the corporation are illustrative only, and shall not be construed as constituting or implying any limitation upon powers exercisable by the Board or the corporation. The corporation shall have power to:

- (a) Commence, conduct and defend legal proceedings;
- (b) Adopt, use and alter a corporate seal, but failure to affix a seal shall not affect the validity of any act or instrument of the corporation;
- (c) Adopt, amend and repeal Bylaws;
- (d) Select, remove and prescribe powers, duties and compensation of officers, agents and employees, and require security for faithful service;
- (e) Qualify to conduct, and conduct activities anywhere in the world;

(f) Acquire, hold, lease, encumber, convey, exchange, transfer upon trust, or otherwise dispose of real and personal property anywhere in the world, and receive and accept inter vivos of testamentary gifts of real or personal property, or both;

(g) Borrow money, contract debts and issue bonds, debentures, notes or other evidences of indebtedness therefor, and secure the performance of obligations by mortgage or otherwise;

(h) Acquire, subscribe for, hold, own, pledge and otherwise dispose of and represent shares of stock, bonds and securities of any other corporation, domestic or foreign;

(i) Purchase or acquire its own bonds, debentures or other evidences of its indebtedness or obligations;

(j) Make donations for charitable purposes;

(k) Act as trustee under any trust incidental to the principal objects of the corporation, and receive, hold, administer and expend funds and property subject to such trust;

(l) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others;

(m) Enter into any contracts, assume any obligations or do any other acts incidental to the conduct of corporate affairs or the attainment of corporate purposes;

(n) Do all other acts necessary or expedient for administration of the affairs and attainment of the purposes of the corporation.

Section C-2. Number.

The number of Directors may be changed at any time by amendment of these Bylaws by the Board of Directors. Until changed by the Board of Directors, there shall be 14 Directors. Only two Directors shall be inside Directors, one of whom shall be the Chairman of the Board of this corporation who shall serve ex officio and only so long as he or she holds such office, and one of whom shall be a senior officer of this corporation designated by the Chairman of the Board. All other Directors shall be independent Directors. Each Director, including the ex officio Director and the designated Director, shall be counted for purposes of determining the presence of a quorum and shall have one vote. Each Director of this corporation shall also serve as a Director of Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("Hospitals"). The Secretary of this corporation shall provide prompt written notice to the Secretary of Hospitals of every change in the membership of the Board of this corporation.

Section C-3. Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section C-4, is removed in accord with law, or is removed by a vote of the majority of the Directors then in office provided that the notice of the meeting of the Board of Directors indicates the purpose of the meeting. Additional vacancies shall arise whenever and to the extent that the number of Directors is increased as provided in Section C-2. The resignation of any Director from the Board of Hospitals shall be effective as a resignation from the Board of this corporation.

)

Section C-4. Election and Term of Office.

The Governance and Conduct of Business Committee shall make recommendations to the Board of Directors regarding nominees for Board membership.

The twelve Directors other than the Chairman of the Board and the Director designated by the Chairman of the Board shall be divided into three classes of four Directors each. At the first regularly scheduled meeting of the Board of Directors each year, upon the expiration of the term of a class of Directors, Directors of that class shall be elected for a term which shall end at the later of the first regularly scheduled meeting of the Board of Directors in the third year following their election or when their successors are elected, except that in any event the term of a Director shall end on December 31 of the year in which he or she attains age 70, unless the Chairman of the Board specifically requests a Director to remain on the Board for an interim transition period, and the Chairman of the Board, upon his or her retirement or resignation as Chairman of the Board, shall be precluded from continuing to serve as a Director. Any vacancy may be filled by a majority of the remaining Directors at any Board meeting. Each Director shall hold office until the end of his other term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section C-3.

Section C-5. Meetings.

(a) Place of Meetings. Meetings shall be held at such place as the Board of Directors shall designate in the notice of the meeting, or if not so designated, all meetings shall be held at the principal office.

(b) Call of Meetings. Meetings of the Board of Directors may be called at any time by the Chairman of the Board, or by any two Directors.

(c) Notice. Notice of meetings shall be mailed, personally delivered or delivered by electronic transmission to each Director, at his or her usual business address. Special meetings shall be held upon at least four days' notice by first class mail or forty-eight hours' notice delivered personally or by telephone, including a voice message system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

(d) Proof of Notice. A statement showing service of any notice pursuant to Section C-5(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. Any waivers, consents and approvals given in lieu of regular notice shall be entered in the minutes of the meeting.

(e) Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of

) Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

(f) Meetings Without Notice. If all Directors are present at any meeting, or if a quorum is present and all Directors not present either (1) sign a waiver of notice of such meeting, or a consent to the holding thereof, whether prior to or after the meeting, or (2) approve the minutes thereof, the transactions of such meeting shall be as valid as if conducted at a meeting regularly noticed.

(g) Adjourned Meetings. A majority of the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend. If the meeting is adjourned for more than twenty-four hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

(h) Participation in Meetings. Members of the Board may participate in the meeting through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have means to participate in all matters.

Section C-6. Action Without a Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent

) in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

ARTICLE D

OFFICERS

Section D-1. Officers.

The officers of the corporation shall be a Chairman of the Board, a President, one or more Regional Presidents, one or more National Senior Vice Presidents, a Secretary, a Chief Financial Officer, a Controller, a Treasurer and one or more Assistant Secretaries. These shall be the only officers of the corporation. The Chairman of the Board or the President may assign such other titles as may be appropriate to other individuals, including the title of Vice President but such other individuals shall not be corporate officers. Only the Chairman of the Board must be a Director. One person may hold two or more offices, except that the same person may not be both President and Secretary.

Section D-2. Election or Appointment and Term of Office.

Each officer shall be elected by the Board of Directors at the first regular Board meeting each year or at any other meeting of the Board for a term of office which shall end at the first Board meeting the following year, or for such other term as the Board of Directors may specify, or until he or she shall resign or is not re-elected as provided in this Section.

Section D-3. Subordinate Officials.

The Chairman of the Board or the President may appoint or delegate authority to appoint such other officials as the needs of the corporation may require, each of

whom shall hold office for such period, have such authority and perform such duties as the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine. These officials shall not be officers of the corporation. Such officials holding the title of Senior Vice President or Vice President shall have authority to sign contracts and other documents on behalf of the corporation.

Section D-4. Removal and Resignation.

Any officer may be removed, at any time, either with or without cause, by the Board of Directors. Except for officers chosen directly by the Board of Directors, any officer may be removed, either with or without cause, by any officer authorized to appoint such officer, or by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice, or at any later time specified therein; unless otherwise specified therein, a resignation shall be effective without express acceptance.

Section D-5. Vacancies.

A vacancy in any office because of death, resignation, removal, inability or disqualification to serve, or otherwise, shall be filled in the manner provided in the Bylaws for regular election or appointment to such office.

Section D-6. Chairman of the Board.

The Chairman of the Board shall be the Chief Executive Officer of the corporation and shall preside at all meetings of the Board of Directors and shall have such other powers and duties as the Board of Directors shall designate or the Bylaws may provide.

Section D-7. President.

Subject to the direction of the Board of Directors and the Chairman of the Board, the President shall have the general powers and duties of management usually vested in the office of President of a corporation as well as such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide. If there is not a Chairman of the Board of Directors in office and then acting, or if the Chairman of the Board is absent or disabled, the President shall perform all of the duties of the Chairman of the Board, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman of the Board, as prescribed in the Bylaws or by the Board of Directors.

Section D-8. National Senior Vice President.

Each National Senior Vice President shall assist the President in the performance of his or her duties. In the absence or disability of the President, the National Senior Vice President, if one is designated by the Board, or in the absence of such designation, the National Senior Vice Presidents in order of their rank as fixed by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all restrictions upon, the President.

) Each National Senior Vice President shall have such other powers and duties as the Board of Directors or President shall designate or as the Bylaws may provide.

Section D-9. Secretary.

The Secretary shall be responsible for keeping a book of minutes at the principal office of the corporation or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect: the time and place of the meetings; whether they were held pursuant to notice, waiver, or consent; if they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

j The Secretary shall be responsible for giving notice of meetings as required by the Bylaws. He or she shall maintain safe custody of the seal, shall make certificates and authenticate documents reflecting actions of the corporation as may be required or desirable, and shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Secretary, any Assistant Secretary may perform all or any part of the duties of the Secretary.

Section D-10. Chief Financial Officer.

The Chief Financial Officer shall supervise banking relations, including the handling, depositing and disbursing of all funds. The Chief Financial Officer shall render to the President and to the Board of Directors, on request, an account of his or her transactions as Chief Financial Officer and of the financial condition of the

) corporation. The Chief Financial Officer shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Chief Financial Officer, any other officer or official may perform all or any part of the duties of the Chief Financial Officer.

ARTICLE E
COMMITTEES

Section E-1. Provision for Committees.

The corporation shall have an Executive Committee and such other committees as the Board of Directors may appoint to advise and assist the Board of Directors in managing the corporation's affairs.

Section E-2. Meetings.

(a) Participation in Meetings. Committee members may participate in committee meetings through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have the means to participate in all matters. Minutes shall be kept of each meeting of any Board Committee, and shall be filed with the corporate records.

Section E-3. Action Without a Meeting.

Any action required or permitted to be taken by a committee of the Board of Directors may be taken without a meeting if all members of the committee individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the committee. Such written

) consent or consents shall be filed with the minutes of the proceedings of the committee.

Section E-4. Executive Committee.

(a) Composition. The Executive Committee shall consist of up to six (6) Directors, who shall be selected by the Board of Directors, and who shall continue as members of the Committee at the pleasure of the Board. The Committee shall be comprised of one Director who shall serve as Chair, and in addition, only the chairs of the Board's other standing committees. The Committee shall be comprised solely of Directors who are independent. An independent Director is one who:

1. Has no personal services contract or material relationship with Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals or any of their subsidiaries (a "Kaiser entity") except for Board service;
2. Is not a partner, executive officer, principal shareholder or director of any entity that (a) has a contract to provide goods or services to a Kaiser entity, and (b) receives more than 1% of its gross revenues from one or more Kaiser entities;
3. Is not currently and has not been for the past three years employed by a Kaiser entity;
4. Has not during the last three years been part of an interlocking directorate in which an executive of a Kaiser entity served on the compensation committee of another company that concurrently employs the director;

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5. Has not during the last one year been affiliated with or employed as a corporate officer, partner, or an audit related employee by a present or former auditor of any Kaiser entity;
 6. Is not closely related to any person described above; and
 7. Is free of any other relationship which would interfere with the exercise of independent judgment.

Notwithstanding the above, the Directors who are independent, after consideration of all of the relevant circumstances, may determine whether a relationship is material or immaterial and whether a Director would therefore be considered independent. The Board of Directors shall document the basis for such a determination.

, (b) Authority and Duties. The Committee will assist the Board in fulfilling its oversight responsibility relating to (1) strategic direction and public positioning, (2) public policy, (3) tax exemption, and (4) executive compensation and succession. In addition, the Committee will have the authority to act for the Board between meetings as provided herein. The Committee may seek the assistance and counsel of outside advisors, at the company's expense, as the Committee determines is appropriate.

1. Strategic Direction and Public Positioning.

The Committee shall have the following responsibilities regarding strategic direction and public positioning:

- a. Review and provide oversight of the strategic direction of the Program and significant strategy issues, and provide advice and counsel to the CEO on these issues.

- b. Review and provide oversight of Kaiser Permanente's performance.
- c. Review and provide oversight of the Kaiser Permanente brand, including development, communication and protection of the brand.
- d. Review and provide oversight of product development and market management activities.

2. Public Policy.

The Committee shall receive periodic reports from senior management on major government relations and other public policy issues of interest to Kaiser Permanente.

3. Tax Exemption.

The Committee shall have the following responsibilities regarding tax exemption:

- a. Provide oversight of legal and regulatory compliance with respect to tax exemption, including review of operational policies and practices.
- b. Obtain periodic updates concerning laws, regulations, and government policies regarding tax exemption and tax-exempt status.
- c. Review and make recommendations regarding major operational policies, practices and strategies that may create risk or enhance compliance with tax exemption requirements.

4. Board Compensation and Executive Selection, Performance Appraisal, Compensation, and Succession

The Committee shall have the following responsibilities regarding Board compensation and executive selection, performance appraisal, compensation and succession:

a. Board Compensation.

- (1) Review and make recommendations to the Board regarding compensation of Directors.

b. Executive Compensation.

- (1) Review and approve proposed changes in the annual compensation of disqualified person executives;
- (2) Review and approve all compensation plans for disqualified person executives, including incentive and retirement plans;
- (3) Review an annual report on Board and executive compensation prior to inclusion in the company's Form 990 tax returns; and
- (4) Review and recommend for Board approval goals and objectives for the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of such goals and objectives, and recommend to the Board the CEO's compensation based on this evaluation.

c. Executive Selection and Succession.

- (1) Review with the CEO the selection, hiring and present performance of officers, executives, and other key personnel; and
- (2) Review management succession plans and processes for assuring development and timely assignment of individuals qualified to assume the responsibilities of key executive positions.
- (3) Provide input on the selection and evaluation of senior executives.

5. Acting for Board Between Meetings.

The Committee shall have authority to act for the Board between Board meetings. Unless otherwise provided by law, the Board, the Articles of Incorporation, or the Bylaws, any action taken by the Committee shall have the same force and effect as though taken by a majority of Directors present at a meeting of the Board duly called and held pursuant to the Bylaws, except that the Committee shall have no authority to:

- a. Fill vacancies on the Board or the Committee;
- b. Fix the compensation of Directors for serving on the Board or any committee;
- c. Adopt, amend or repeal Bylaws;
- d. Amend or repeal any resolution of the Board which by its express terms cannot be amended or repealed by the Executive Committee;

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- e. Appoint committees of the Board or appoint the members thereof;
and
 - f. Approve any aspect of a transaction involving the company when
a Director has a material financial interest in that transaction,
except as expressly provided by the law.

(c) Conduct of Business. A quorum of the Committee shall consist of a majority of the committee members. The Committee shall report to the Board regarding its recommendations, actions and decisions. The Committee shall annually assess and report to the Board on the performance and effectiveness of the Committee.

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Section E-5 Other Committees.

The Board of Directors may establish such other committees, of such composition and with such duties, authority and manner of conducting business, as the Board may from time to time deem advisable. Each such committee shall consist of two or more Directors, who shall be selected by the Board of Directors.

ARTICLE F

INDEMNIFICATION OF DIRECTORS, OFFICERS,

EMPLOYEES, AND OTHER AGENTS

Section F-1. Definitions.

As used in this Article:

(a) "agent" means any person who: (i) is or was a Director, officer, employee, or other agent of this corporation; or (ii) who is or was serving at the request of this corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or (iii) who was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;

(b) "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative;

(c) "special proceeding" means: (i) an action by or in the right of this corporation to procure a judgment in its favor; (ii) an action brought under California Corporations Code §5233; or (iii) an action brought by the California Commissioner of Corporations or the California Attorney General, or a person granted relator status by the California Attorney General, for any breach of duty relating to assets held by this corporation in charitable trust; and

(d) "expenses" includes attorneys' fees and costs, reasonable fees and costs of consultants and experts, reasonable filing and processing charges and necessary

) and reasonable travel and related costs, and any expenses of establishing a right to indemnification under Section F-2 or F-5(b).

Section F-2. Agent Successful on the Merits.

To the extent that an agent has been successful on the merits in the defense of any claim or cause of action or portion thereof in any proceeding in which such agent was a party or was threatened to be made a party to such proceeding, in either case, by reason of the fact that such agent is or was an agent of this corporation, or in defense of any claim, issue, or matter therein, this corporation shall promptly indemnify the agent in full against expenses actually and reasonably incurred by the agent in connection therewith.

) Section F-3. Settlements and Proceedings (Other Than Special Proceedings and Settlements Related Thereto) When Agent Not Successful on the Merits.

Upon making an affirmative determination pursuant to Section F-5, and subject to Section F-7, this corporation shall promptly indemnify any agent who was or is a party or is threatened to be made a party to any proceeding other than a special proceeding by reason of the fact that the agent is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any such proceeding, if the agent acted in good faith and in a manner the agent reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its

) equivalent shall not, of itself, create a presumption that the agent did not act in good faith and in a manner which the agent reasonably believed to be in the best interests of this corporation or that the agent had reasonable cause to believe that the agent's conduct was unlawful.

Section F-4. Special Proceedings When Agent Not Successful On the Merits.

) Upon making an affirmative determination pursuant to Section F-5, and subject to Section F-7, this corporation shall promptly indemnify any agent who was or is a party or is threatened to be made a party to any threatened, pending or completed special proceeding by reason of the fact that the agent is or was an agent of this corporation, against expenses actually and reasonably incurred by the agent in connection with the defense or settlement of such a proceeding if the agent acted in good faith, in a manner the agent believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

No indemnification shall be made under this Section:

(a) With respect to any claim, issue or matter as to which the agent shall have been adjudged to be liable to this corporation in the performance of the agent's duty to this corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for the expenses, which such court shall determine;

i (b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

) (c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the California Attorney General.

Section F-5. Authorization of Indemnification When Agent Not Successful on the Merits.

Any indemnification under Section F-3 or F-4 shall be made by this corporation only upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section F-3 or F-4, by:

(a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or

) (b) The court in which such proceeding is or was pending upon application made by this corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

Section F-6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding upon receipt of an undertaking satisfactory in form and amount to the Board of Directors by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

) Section F-7. Other Limitations on Indemnification.

Nothing in this Article shall affect any right to indemnification to which an agent other than a Director or officer is entitled by contract, but, except as provided in Section F-2 and F-5(b), no indemnification or advance shall be made under this Article if inconsistent with:

- (a) A contract, or with the Articles of Incorporation and Bylaws of this corporation, in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid; or
- (b) Any condition expressly imposed by a court in approving a settlement.

) Section F-8. Indemnification to Full Extent of Law.

Notwithstanding the above provisions, the corporation shall indemnify agents to the fullest extent permitted by law.

Section F-9. Insurance.

This corporation shall have the power to purchase and maintain insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article; provided, however, that this corporation shall have no power to purchase and maintain such insurance to cover or indemnify any agent of the corporation for a violation of California Corporations Code §5233 or (relating to self-dealing transactions).

) Section F-10. Employee Benefit Plan Fiduciaries

With respect to any proceeding against a person who is a trustee, investment manager or other fiduciary of an employee benefit plan, for acts or omissions relating to such person's fiduciary responsibilities with respect to such plan, this corporation shall indemnify those fiduciaries who are Directors, officers or employees of the corporation, to the maximum extent permitted by law, notwithstanding any other provision of this Article to the contrary.

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ARTICLE G
MISCELLANEOUS

Section G-1. Inspection of Corporate Records.

The books of account, minute book and records of committee actions and proceedings shall be open to inspection upon written demand by any Director at any reasonable time and for any purpose reasonably related to his or her interests as a Director. Such inspection may be made in person, or by any agent or attorney designated by the Director and shall include the right to make extracts and copies. Demands for inspection may be presented to the Board of Directors at any meeting, or to the President or Secretary, or if such demand relates to the books of account, to the Controller. Each such demand may be granted by the officer to whom it is presented, but unless so granted, shall be referred by such officer to the Board of Directors.

Section G-2. Execution or Endorsement of Checks.

All checks, drafts or other orders for payment of money, and notes or other evidences of indebtedness issued in the name of or payable to the corporation shall be signed or endorsed by such person or persons, and in such manner, as the Board of Directors shall from time to time by resolution determine.

Section G-3. Execution of Contracts.

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified

) instances. No officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

Section G-4. Bylaws and Minutes.

The original or a certified copy of the Bylaws, in writing or in any other form capable of being converted into clearly legible form, together with all amendments thereto, and the minute book shall be kept at the principal office of the corporation and shall be subject to inspection as provided in Section G-1.

) The Bylaws shall be reviewed periodically by the Secretary of this corporation and amended, as appropriate, in accord with Section H-3.

Section G-5. Representation of Shares of Other Corporations.

The President or any Vice President, acting together with the Secretary or any Assistant Secretary of this corporation, are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of stock of any other corporation or corporations which may be owned by or stand in the name of this corporation, and such authority may be exercised by such officers in person or by any person authorized by proxy or power of attorney duly executed by such officers.

Section G-6. Fiscal Year.

i The fiscal year of this corporation shall be the calendar year.

ARTICLE H

AMENDMENT AND EFFECT OF BYLAWS

Section H-1. Previous Bylaws Superseded.

These amended Bylaws supersede the previous Bylaws of this corporation and all amendments thereto.

Section H-2. Effect of Bylaws.

These Bylaws are in all respects subordinate to, and shall be controlled by, applicable provisions of the California Nonprofit Public Benefit Corporation Law, other applicable laws, and the Articles of Incorporation of this corporation. Except as these Bylaws may be inconsistent with said laws and Articles, they shall regulate the conduct of the business and affairs of this corporation with respect to all matters to which they relate.

Section H-3. Manner of Amendment.

(a) In any Legal Way. These Bylaws may be amended in any manner now or hereafter provided by the applicable provisions of the California Nonprofit Public Benefit Corporation Law.

(b) By Directors. These Bylaws may be amended by majority vote of the Board of Directors at any meeting, provided a quorum of such Board is present and voting.

**Amendments to Bylaws of
Kaiser Foundation Health Plan, Inc.**

<u>Date</u>	<u>Change</u>
11/13/80	Adopt revised bylaws: <ol style="list-style-type: none"> 1. Eliminate reference to members. 2. Eliminate Vice Chairman position. 3. Quorum = majority of those in office. 4. Notice of meetings specific. 5. Limit on authority of Executive Committee. 6. Restate Corporate purposes for favorable tax treatment. 7. Editorial changes.
03/13/86	Change number of Directors to 14.
04/20/90	Executive Committee = 6 Directors.
11/15/90	Executive Committee = 5 Directors.
7/16/92	§C-2 # of Directors = 14 (2 ex officio) § C-4 effective Jan. 1, 1993 staggered terms for 12 Directors § D-7 President's duties redefined § D-8 deleted; remaining and renumbered
11/4/92	§ C-3 re removal of Directors, effective 11/93 § C-4 re election and term of office of Directors
4/6/93	§ E-3 Executive Committee = 6
6/9/94	§ C-2 re deletion of President as a Director and addition of Director designated by Chairman
3/7/95	§F-2(b) re meeting by telephone; specifies use of conference telephone or other equipment enabling all participants to hear one another at the same time. §F-4 states committees shall consist of 3 Trustees §H-4 added Ohio code section re liability of agents. §C-4 re deletion of reference to Section E-8 re the recommendations of Committee on Board Composition; and exclusion of designated Director from the 3 classes of directors. § D-7 deleting President as CEO.9/13/94§ D-1 making positions of Regional Health Plan Managers and Regional Controllers optional §D-11 to include right of Chairman of the Board to inspect Controller's books §D-12 to include positions of Senior Vice Presidents for Regions

- §D-13 to make positions of Regional Health Plan Managers optional; if appointed, reports to Senior Vice Presidents for the Region or Regional Manager, as appropriate
- §D-14 to make positions of Regional Controllers optional; if appointed, reports to Senior Vice President for Region or Regional Manager; and books open to inspection by Chairman of the Board
- 12/06/94 § E-3 authority & duties of Executive Committee
- 3/11/97 §A-4 - change tax code reference to 1986
 §C-4 -update paragraph re election of directors, and specify that the Chairman may not continue to serve on the Board following his/her retirement.
 §D-1 - eliminating Controller, Regional Managers, Regional Controllers.
 §D11, D-12, D-13, and D-14 eliminated
- 6/11/99 §C-2 and §C-3 of Article C, Directors, amended to clarify that KFH cooperates with KFHP, Inc. in fulfilling its corporate purpose, and that the Directors of KFHP, Inc. shall also be Directors of KFH.
- 6/11/99 Article D, Officers, amended to change definition of corporate officers.
Effective as of 1/1/99.
- 3/8/00 New Section F-8 added to Article F regarding indemnification of agents to full extent of law.
- 9/13/00 Amendments to Article F regarding indemnification provisions.
- 10/23/01 Article D, Officers, Section D-1, Officers, amended to add Controller, Treasurer and Assistant Secretaries as corporate officers.
- 9/11/02 Article C, Directors, Section C-4, Election and Term of Office, amended to allow a Director who has attained age 70 to remain on the Board for an interim transition period.
- 3/5/03 Article A, Purposes, Section A-2, Related Purposes, amended to provide that one of the corporation's purposes is to perform administrative services for its subsidiaries and for KFH and its subsidiaries.
- 9/10/03 Article C, Directors, Section C-2, Number, amended to provide that until changed by the Board of Directors, only two of the authorized 14 Directors shall be inside Directors, and all other Directors shall be independent Directors.
- 6/11/04 Article C, Directors, Section C-5(a), Place of Meetings, amended to provide that meetings shall be held at such places as designated in the notice of the meeting, or at the principal office.

Article C, Directors, Section C-5 (c), Notice, amended to provide that notice of a meeting may be delivered by electronic transmission, that notice of special meetings may be delivered by a voice message system or other system designed to record and communicate messages by electronic means, and that notice, or waiver of notice, need not specify the purpose of the meeting.

Article C, Directors, Section C-5(h), Participation in Meetings, added.

Article D, Officers, Section D-1, Officers, amended to include one or more Regional Presidents as officers.

Article E, Committees, Section E-2 (a), Participation in Meetings, added.

Article E, Committees, Section E-4, Executive Committee, renumbered and amended.

Article G, Miscellaneous, Section G-4, Bylaws and Minutes, amended to provide that a copy of the Bylaws in a form capable of conversion, shall be kept at the principal office.

Application for Extension of Time To File an
Exempt Organization Return

OMB No. 15

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868**Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)****Form 990-T corporations** requesting an automatic 6-month extension - check this box and complete Part I only.*All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041***Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile**Type or print**

File by the due date for filing your return. See instructions

Name of Exempt Organization

KAISER FOUNDATION HEALTH PLAN, INC

Employer identification number

94-1340523

Number, street, and room or suite no. If a P.O. box, see instructions

ONE KAISER PLAZA, SUITE 1550L

City, town or post office, state, and ZIP code. For a foreign address, see instructions

OAKLAND, CA 94612**Check type of return to be filed (file a separate application for each return):**

- | | | |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T(sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- The books are in the care of ► **TAX CONSULTANT**

Telephone No ► **510 271-6385**FAX No ► **510 271-2611**

- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) If this is for the **whole** group, check this box ► ☐ If it is for part of the group, check this box ► ☐ and attach a list with the names and EINs of all members the extension will cover

- I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until **08/15**, **2005**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 - ☒ calendar year **2004** or
 - ☐ tax year beginning _____, _____, and ending _____, _____.

- If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

- If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ _____

- If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. \$ _____

- Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions**For Privacy Act and Paperwork Reduction Act Notice, see Instructions**Form **8868** (Rev. 12-2004)

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box.
- Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN, INC	Employer identification number 94-1340523
	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, SUITE 1550L	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions.	
	OAKLAND, CA 94612	

Check type of return to be filed (File a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T(sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 4720	

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **NATIONAL DIRECTOR OF TAX**
Telephone No. **510 271-6385** FAX No. **510 271-2611**
- If the organization does not have an office or place of business in the United States, check this box. ☐
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) If this is for the **whole group**, check this box ☐. If it is for **part of the group**, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- I request an additional 3-month extension of time until **11/15/2005**
- For calendar year **2004**, or other tax year beginning and ending
- If this tax year is for less than 12 months, check reason. ☐ Initial return ☐ Final return ☐ Change in accounting period
- State in detail why you need the extension **THIS ENTITY IS A MEMBER OF A VERTICALLY INTEGRATED MANAGED HEALTH CARE DELIVERY PROGRAM AND REQUESTS ADDITIONAL TIME TO VERIFY THAT EACH MEMBER'S TAX RETURN DATA IS COMPLETE.**
- a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. \$
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature **Deborah Stebbins** Title **VP AND CONTROLLER** Date **8-8-05**

Notice to Applicant - To Be Completed by the IRS

- ☐ We have approved this application. Please attach this form to the organization's return.
- ☐ We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- ☐ We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- ☐ We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- ☐ Other

EXTENSION APPROVED

By: **AUG 2 2005** Date

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

FIELD DIRECTOR
SUBMISSION PROCESSING CENTER

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

