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## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2001

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 2001 calendar year, or tax year beginning 2001, 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, 1550 ORDWAY

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

OAKLAND, CA 94612

## D Employer identification number

94-1340523

## E Telephone number

(510) 271-6385

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)

## G Web site ▶ 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.

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes" enter number of affiliates ▶ N/A

H(c) Are all affiliates included? ☐ Yes ☐ No  
(If "No" attach a list. See instructions.)H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Enter 4-digit GEN ▶ N/A

M Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 15,558,706,825

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a	729,081		
b	Indirect public support	1b			
c	Government contributions (grants)	1c	960,000		
d	Total (add lines 1a through 1c) (cash \$ 1,689,081 noncash \$ )	1d	1,689,081		
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	15,540,345,737		
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			
5	Dividends and interest from securities	5	14,077,866		
6a	Gross rents	6a			
b	Less rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe ▶ STMT 3)	7	-339,357		
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	2,933,498	
b	Less cost or other basis and sales expenses	8b	3,281,522		
c	Gain or (loss) (attach schedule)	STMT 1	8c	-348,024	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-348,024		
9	Special events and activities (attach schedule)				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (attach schedule) (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			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8c, 9c, 10c, and 11)	12	15,555,425,303		
13	Program services (from line 44, column (B))	13	13,805,293,546		
14	Management and general (from line 44, column (C))	14	1,629,874,930		
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	15,435,168,476		
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	120,256,827		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1,306,584,625		
20	Other changes in net assets or fund balances (attach explanation) STMT 4	20	-90,783,219		
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	1,336,058,233		

• Reduction Act Notice, see the separate Instructions

Form 990 (2001)

RECEIVED  
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OAKLAND, UT

25

**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

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 (att sch) (cash \$ _____ non cash \$ _____)	22			
23 Specific assistance to individuals (att sch)	23			
24 Benefits paid to or for members (att sch)	24			
25 Compensation of officers, directors, etc. ...	25	7,952,888.	7,952,888.	
26 Other salaries and wages	26	809,301,982.	362,968,634.	446,333,348.
27 Pension plan contributions	27	16,061,472.	7,203,505.	8,857,967.
28 Other employee benefits	28	214,097,937.	96,022,050.	118,075,887.
29 Payroll taxes	29	32,972,924.	14,788,222.	18,184,702.
30 Professional fundraising fees	30			
31 Accounting fees	31	387,509.	159,509.	228,000.
32 Legal fees	32	1,763,129.	118,611.	1,644,518.
33 Supplies	33	1,228,947,502.	1,218,328,987.	10,618,515.
34 Telephone	34	10,032,979.	478,439.	9,554,540.
35 Postage and shipping	35	40,366,424.	28,203,040.	12,163,384.
36 Occupancy	36	125,250,348.	107,767,559.	17,482,789.
37 Equipment rental and maintenance	37	51,215,569.	9,135,609.	42,079,960.
38 Printing and publications	38	17,528,072.	9,226,272.	8,301,800.
39 Travel	39	34,297,158.	17,185,889.	17,111,269.
40 Conferences, conventions, and meetings	40			
41 Interest	41	53,066,959.	53,066,959.	
42 Depreciation, depletion, etc (attach schedule)	42	222,421,092.	160,415,305.	62,005,787.
43 Other expenses not covered above (itemize)				
a SEE STMT 5	43a	1,256,950,532.	1,172,022,495.	849,279,576.
b	43b			
c	43c			
d	43d			
e	43e			
44 Total functional expenses (add lines 22-43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	1,543,516,847.6	1,380,529,354.6	1,629,874,930.0

Joint Costs. Check ☐ if you are following SOP 98-2Are 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**What is the organization's primary exempt purpose? ☒ SEE STATEMENT 6

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) &amp; (4) organizations &amp; section 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants &amp; allocations to others.)

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

a SEE ATTACHED STATEMENT 6		
(Grants and allocations \$ _____)		13,805,293,546.
b		
(Grants and allocations \$ _____)		
c		
(Grants and allocations \$ _____)		
d		
(Grants and allocations \$ _____)		
e Other program services (Grants and allocations \$ _____)		
f Total of Program Service Expenses (should equal line 44, column (B), program services)		13,805,293,546.

**Part IV Balance Sheets** (See Specific Instructions on page 24 )

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
45	Cash - non-interest-bearing	14,874,125	10,405,889
46	Savings and temporary cash investments	4,788,131	24,297,520
47a	Accounts receivable	727,990,968	
b	Less allowance for doubtful accounts	209,528,146	518,462,822
48a	Pledges receivable		
b	Less allowance for doubtful accounts		
49	Grants receivable		
50	Receivables from officers, directors, trustees, and key employees (attach schedule)	782,500	1,023,750
51a	Other notes and loans receivable (attach schedule)	19,162,592	
b	Less allowance for doubtful accounts	19,162,592	19,162,592
52	Inventories for sale or use	60,331,053	71,080,283
53	Prepaid expenses and deferred charges	178,776,124	126,235,423
54	Investments - securities (attach schedule)	2,669,400,583	2,559,348,306
55a	Investments - land, buildings, and equipment basis		
b	Less accumulated depreciation (attach schedule)		
56	Investments - other (attach schedule)	20,991,587	40,937,264
57a	Land, buildings, and equipment basis	3,917,796,823	
b	Less accumulated depreciation (attach schedule)	1,986,598,639	1,931,198,184
58	Other assets (describe)	62,900,742	42,627,086
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)	5,438,693,126	5,344,779,119
60	Accounts payable and accrued expenses	1,462,526,264	1,219,632,607
61	Grants payable		
62	Deferred revenue	574,429,947	524,436,160
63	Loans from officers, directors, trustees, and key employees (attach schedule)		
64a	Tax-exempt bond liabilities (attach schedule)		
b	Mortgages and other notes payable (attach schedule)		
65	Other liabilities (describe)	2,095,152,290	2,264,652,119
66	<b>Total liabilities</b> (add lines 60 through 65)	4,132,108,501	4,008,720,886
67	Unrestricted		
68	Temporarily restricted		
69	Permanently restricted		
70	Capital stock, trust principal, or current funds	1,306,584,625	1,336,058,233
71	Paid-in or capital surplus, or land, building, and equipment fund		
72	Retained earnings, endowment, accumulated income, or other funds		
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19, and column (B) must equal line 21)	1,306,584,625	1,336,058,233
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	5,438,693,126	5,344,779,119

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.

<b>Part IV-B</b>	<b>Reconciliation of Expenses per Audited Financial Statements with Expenses per Return</b>
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<b>a</b> Total revenue, gains, and other support per audited financial statements	<b>a</b> 19,720,000,000	<b>a</b> Total expenses and losses per audited financial statements	<b>a</b> 19,489,000,000
<b>b</b> Amounts included on line a but not on line 12, Form 990		<b>b</b> Amounts included on line a but not on line 17, Form 990	
<b>(1)</b> Net unrealized gains on investments \$		<b>(1)</b> Donated services and use of facilities \$	
<b>(2)</b> Donated services and use of facilities \$		<b>(2)</b> Prior year adjustments reported on line 20, Form 990 \$	
<b>(3)</b> Recoveries of prior year grants \$		<b>(3)</b> Losses reported on line 20, Form 990 \$	
<b>(4)</b> Other (specify)		<b>(4)</b> Other (specify)	
<b>STMT 22</b> \$ 4826659674		<b>STMT 24</b> \$ 4716216163	
Add amounts on lines (1) through (4)	<b>b</b> 4826659674	Add amounts on lines (1) through (4)	<b>b</b> 4716216163
<b>c</b> Line a minus line b	<b>c</b> 14,893,340,326	<b>c</b> Line a minus line b	<b>c</b> 14,772,783,837
<b>d</b> Amounts included on line 12, Form 990 but not on line a		<b>d</b> Amounts included on line 17, Form 990 but not on line a	
<b>(1)</b> Investment expenses not included on line 6b, Form 990 \$		<b>(1)</b> Investment expenses not included on line 6b, Form 990 \$	
<b>(2)</b> Other (specify)		<b>(2)</b> Other (specify)	
<b>STMT 23</b> \$ 662,084,977		<b>STMT 25</b> \$ 662,384,639	
Add amounts on lines (1) and (2)	<b>d</b> 662,084,977	Add amounts on lines (1) and (2)	<b>d</b> 662,384,639
<b>e</b> Total revenue per line 12, Form 990 (line c plus line d)	<b>e</b> 15,555,425,303	<b>e</b> Total expenses per line 17, Form 990 (line c plus line d)	<b>e</b> 15,435,168,476

[illegible]

☒ Yes      ☐ No

**Part VI Other Information** (See Specific Instructions on page 27)

	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? <span style="float: right;">STMT. 27</span>	77	X
If "Yes," attach a conformed copy of the changes		
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80a 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?	80a	X
b If "Yes," enter the name of the organization <b>SEE STATEMENTS 34 AND 35</b>		
and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt		
81a Enter direct or indirect political expenditure See line 81 instructions	81a	
b Did the organization file Form 1120-POL for this year?	81b	X
82a 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?	82a	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)	82b	N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	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	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) orgs Enter a Gross income from members or shareholders	87a	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)	87b	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
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <b>N/A</b> , section 4912 <b>N/A</b> , section 4955 <b>N/A</b>		
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	89b	N/A
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		N/A
d Enter Amount of tax on line 89c, above, reimbursed by the organization		N/A
90a List the states with which a copy of this return is filed <b>CALIFORNIA, HAWAII AND DIST. OF COLUMBIA</b>	90a	14668
b Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	14668
91 The books are in care of <b>NATIONAL TAX DIRECTOR</b> Telephone no <b>510 271-6385</b>		
Located at <b>ONE KAISER PLAZA 1550 ORDWAY, OAKLAND CA</b> ZIP + 4 <b>94612</b>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/>		
and enter the amount of tax-exempt interest received or accrued during the tax year <b>92</b>		NONE

**Part VII Analysis of Income-Producing Activities** (See Specific Instructions on page 32.)

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 MEMBERS' DUES					9,877,534,076.
b SUPPLEMENTAL CHGS	524292	6,997,651			683,599,638.
c NONPLAN/INDUSTRIAL					40,241,228.
d INTERREGIONAL REV					622,749,855.
e MISCELLANEOUS REV	524292	11,602,581	01	76,650,614.	
f Medicare/Medicaid payments					4,220,970,094.
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			14	14,077,866	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
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	-348,024	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		18,600,232		90,380,456	15,445,094,891
105 Total (add line 104, columns (B), (D), and (E))					15,554,075,579

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 Specific Instructions on page 32.)

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)
▼	STMT 28

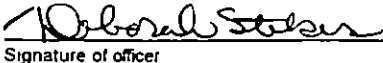

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See Specific Instructions on page 33.)

(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 29	%		46,045,406	58,114,183
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See Specific Instructions on page 33.)

- (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		NOV 15 2002 Date	
Paid Preparer's Use Only	 Preparer's signature		11/13/02 Date	<input checked="" type="checkbox"/> Check if self-employed
	DELOITTE & TOUCHE Firm's name (or yours if self-employed)		13-3891517 Preparer's SSN or PTIN (See Gen. Inst. W)	
	50 FREMONT STREET address and ZIP + 4		94105 Phone no	
	SAN FRANCISCO, CA		415-783-4000	

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**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.)**

OMB No 1545-0047

**2001**

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

Name of the organization

Employer identification number

**KAISER FOUNDATION HEALTH PLAN, INC**

**94-1340523**

**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>PHILIP JENSEN J</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND, CA 94612	FINANCE LEADER 40+ HOURS	470,281	11,861	285
<u>TSUETAKI, TRACY K</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND, CA 94612	STRATEGIC PLNG HEAD 40+ HOURS	710,493	15,669	950.
<u>CALLAWAY, MARGUERITE M</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND, CA 94612	CONSULTG SVCS HEAD 40+ HOURS	612,169	6,407	NONE
<u>SACHS, ROBERT H</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND, CA 94612	ORGANIZATIONAL DEVEL 40+	454,216.	18,546	NONE
<u>CORDONA, RICHARD D</u> ONE KAISER PLAZA 1550 ORDWAY OAKLAND, CA 94612	CHIEF OPERATION OFCR 40+	528,977	16,663.	NONE
Total number of other employees paid over \$50,000 . . . . .	6230			

**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>SOUTHERN CA PERMANENTE MEDICAL GROUP</u> 393 EAST WALNUT STREET PASADENA CA 91188	PHYSICIAN SERVICES	3365399694
<u>THE PERMANENTE MEDICAL GROUP</u> 1950 FRANKLIN STREET OAKLAND CA 94612	PHYSICIAN SERVICES	3161365709
<u>HAWAII PERMANENTE MEDICAL GROUP</u> 3288 MOANALUA ROAD, HONOLULU HI 96819	PHYSICIAN SERVICES	77721993
<u>CHIMES, INC</u> P.O BOX 35429 NEWARK, NJ 07193	IT LABOR SERVICES	48726530
<u>DELOITTE &amp; TOUCHE LLP</u> FILE 72427, P O BOX 60000	CONSULTING	45302883
Total number of others receiving over \$50,000 for professional services . . . . .	2006	

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

Schedule A (Form 990 or 990-EZ) 2001



**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 legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>2,207,835</u> (Must equal amount on line 38, Part VI-A, or line i or Part VI-B) 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.	<b>1</b>	<b>X</b>
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? . . . . .	<b>2a</b>	<b>X</b>
b Lending of money or other extension of credit? . . . . .	<b>2b</b>	<b>X</b>
c Furnishing of goods, services, or facilities? . . . . .	<b>2c</b>	<b>X</b>
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	<b>2d</b>	<b>X</b>
e Transfer of any part of its income or assets? . . . . .	<b>2e</b>	<b>X</b>
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below) . . . . .	<b>3</b>	<b>X</b>
4 Do you have a section 403(b) annuity plan for your employees? . . . . .	<b>4</b>	<b>X</b>
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.	<b>STMT 32</b>	

**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 6 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) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)					
<b>16</b> Membership fees received					
<b>17</b> 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					
<b>18</b> 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					
<b>19</b> Net income from unrelated business activities not included in line 18					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
<b>21</b> 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.					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
<b>23</b> Total of lines 15 through 22					
<b>24</b> Line 23 minus line 17					
<b>25</b> Enter 1% of line 23					
<b>26</b> Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				<b>26a</b>
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 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.					<b>26b</b>
c Total support for section 509(a)(1) test. Enter line 24, column (e).					<b>26c</b>
d Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					<b>26d</b>
e Public support (line 26c minus line 26d total)					<b>26e</b>
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					<b>26f</b> %
<b>27</b> 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: (2000) _____ (1999) _____ (1998) _____ (1997) _____				
b For any amount included in line 17 that was received from each person (other than "disqualified person"), 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: (2000) _____ (1999) _____ (1998) _____ (1997) _____					
c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 <u>52667971643</u> 20 _____ 21 _____					<b>27c</b> <u>52667971643</u>
d Add: Line 27a total _____ and line 27b total _____					<b>27d</b>
e Public support (line 27c total minus line 27d total)					<b>27e</b> <u>52667971643</u>
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e).	<b>27f</b> <u>53130804154</u>				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					<b>27g</b> <u>99.13</u> %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).					<b>27h</b> <u>0.87</u> %
<b>28</b> Unusual Grants. For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, 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)  
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
<b>29</b> 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?	<b>29</b>	
<b>30</b> 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?	<b>30</b>	
<b>31</b> 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 )	<b>31</b>	
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<b>32</b> Does the organization maintain the following		
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?	<b>32a</b>	
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	<b>32b</b>	
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	<b>32c</b>	
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions?	<b>32d</b>	
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )		
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-----		
<b>33</b> Does the organization discriminate by race in any way with respect to		
<b>a</b> Students' rights or privileges?	<b>33a</b>	
<b>b</b> Admissions policies?	<b>33b</b>	
<b>c</b> Employment of faculty or administrative staff?	<b>33c</b>	
<b>d</b> Scholarships or other financial assistance?	<b>33d</b>	
<b>e</b> Educational policies?	<b>33e</b>	
<b>f</b> Use of facilities?	<b>33f</b>	
<b>g</b> Athletic programs?	<b>33g</b>	
<b>h</b> Other extracurricular activities?	<b>33h</b>	
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement.)		
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<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency?	<b>34a</b>	
<b>b</b> Has the organization's right to such aid ever been revoked or suspended?	<b>34b</b>	
If you answered "Yes" to either 34a or b, please explain using an attached statement.		
-----		
<b>35</b> 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	<b>35</b>	

**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
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>	
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>	
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>	
<b>39</b> Other exempt purpose expenditures	<b>39</b>	
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>	
<b>41</b> 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 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	<b>41</b>	
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>	
<b>43</b> Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>	
<b>44</b> Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>	

**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

	<b>Lobbying Expenditures During 4-Year Averaging Period</b>				
<b>Calendar year (or fiscal year beginning in) ▶</b>	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 12 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		STMT 33
c Media advertisements		X	
d Mailings to members, legislators, or the public	X		243,532
e Publications, or published or broadcast statements	X		45,478
f Grants to other organizations for lobbying purposes	X		125,750
g Direct contact with legislators, their staffs, government officials, or a legislative body	X		1,732,534
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		60,541
i Total lobbying expenditures (add lines c through h)			2,207,835

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



**Schedule B**(Form 990, 990-EZ,  
or 990-PF)Department of the Treasury  
Internal Revenue Service**Schedule of Contributors**Supplementary Information for  
line 1 of Form 990, 990-EZ and 990-PF (see instructions)

OMB No 1545-0047

**2001**

Name of organization

Employer identification number

**KAISER FOUNDATION HEALTH PLAN, INC****94-1340523**

Organization type (check one)

Filers of

Section

Form 990 or 990-EZ

☐

501(c)( 3 ) (enter number) organization

☐

4947(a)(1) nonexempt charitable trust not treated as a private foundation

☐

527 political organization

Form 990-PF

☐

501(c)(3) exempt private foundation

☐

4947(a)(1) nonexempt charitable trust treated as a private foundation

☐

501(c)(3) taxable private foundation

Check if your organization is covered by the **General rule** or a **Special rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check box(es) for both the General rule and a Special rule - see instructions )

**General Rule -**☒

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II )

**Special Rules -**☐

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II )

☐

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III )

☐

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the Parts unless the General rule applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year ) . . . . . ▶ \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General rule and/or the Special rules do not file Schedule B (Form 990, 990-EZ, or 990-PF) but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Schedule B (Form 990, 990-EZ, or 990-PF) (2001)

If a section 501(c)(7), (8), or (10) organization received contributions or bequests for use exclusively for religious, charitable, etc., purposes (sections 170(c)(4), 2055(a)(3), or 2522(a)(3)) -

List in Part I each contributor whose contributions total more than \$1,000 during the year that were for a religious, charitable, etc., purpose. To determine the \$1,000, aggregate all of a contributor's gifts for the year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that received any charitable contributions and listed any charitable contributors on Part I must also complete Part III.

If a section 501(c)(7), (8), or (10) organization received charitable gifts, but is not required to list any charitable contributors on Part I, check the box on line A at the top of Schedule B (Form 990 or 990-EZ) and enter the amount of charitable contributions received in the space provided. The organization need not complete and attach Part III.

## Specific Instructions

**Note.** You may duplicate Parts I, II, and III if more copies are needed. Number each page of each Part.

**Part I.** In column (a), identify the first contributor listed as no. 1 and the second contributor as no. 2, etc. Number consecutively. Show the contributor's name, address, aggregate contributions for the year, and the type of contribution (e.g., whether an individual, payroll, or noncash contribution). Report payroll contributions by listing the employer's name, address, and total amount given (unless an employee gave enough to be listed individually).

**Part II.** In column (a), show the number that corresponds to the contributor's number in Part I. Describe the noncash contribution fully. Report on property with readily determinable market value (i.e., market quotations for securities) by listing its fair market value (FMV). For marketable securities registered and listed on a recognized securities exchange, measure market value by the average of the highest and lowest quoted selling prices (or the average between the bona fide bid and asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When market value cannot be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution that is subject to an outstanding debt, subtract the debt from the property's fair market value.

**Part III.** Section 501(c)(7), (8), or (10) organizations that received contributions or bequests for use exclusively for religious, charitable, etc., purposes must complete Parts I through III for those persons whose gifts totaled more than \$1,000 during the year. Show also, in the heading of Part III, total gifts that were \$1,000 or less and were for a religious, charitable, etc., purpose. Complete this information only on the first Part III page.

If an amount is set aside for a religious, charitable, etc., purpose, show in column (d) how the amount is held (e.g., whether it is mingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in column (e) and explain the relationship between the two organizations.

Name of organization

Employer identification number

KAISER FOUNDATION HEALTH PLAN, INC

94-1340523

**Part I** Contributors (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
<u>1</u>	-	<u>466,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )
(a) No		(c) Aggregate contributions	(d) Type of contribution
<u>2</u>	-	<u>256,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )
(a) No		(c) Aggregate contributions	(d) Type of contribution
<u>3</u>	-	<u>178,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )
(a) No.		(c) Aggregate contributions	(d) Type of contribution
<u>4</u>	-	<u>129,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )
(a) No		(c) Aggregate contributions	(d) Type of contribution
<u>5</u>	-	<u>65,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )
(a) No		(c) Aggregate contributions	(d) Type of contribution
<u>6</u>	-	<u>41,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution )



Name of organization

Employer identification number

KAISER FOUNDATION HEALTH PLAN, INC

94-1340523

**Part I** Contributors (See Specific Instructions)

(a) No.	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7		33,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
8		15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
9		10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
10		33,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
11	OTHER GRANTS RECEIVED	463,081.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

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

DESCRIPTION	DATE & HOW ACQ'RD	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	NET BOOK VALUE	GAIN OR (LOSS)
See Note -	#1	#2					
<b>NORTHERN CALIFORNIA REGION</b>							
Controllable Equipment	VARIOUS	VARIOUS	303,521	805,329	755,721	49,608	253,913
Software	VARIOUS	VARIOUS	0	8,848,449	8,848,449	0	0
Initial Complement Equipment	VARIOUS	VARIOUS	2,943	2,976,504	2,973,770	2,734	209
Non-Controllable Equipment	VARIOUS	VARIOUS	9,959	1,845,009	1,836,709	8,300	1,659
Non-Capital Equipment	VARIOUS	VARIOUS	438	1,637,498	1,637,118	380	58
Autos and Trucks	VARIOUS	VARIOUS	43,963	214,026	211,588	2,438	41,525
Settlement of Claim from All State	VARIOUS	VARIOUS	6,920			0	6,920
Miscellaneous Adjustment	VARIOUS	VARIOUS		42		42	-42
Subtotal - Northern California Region			<u>367,744</u>	<u>16,326,857</u>	<u>16,263,355</u>	<u>63,502</u>	<u>304,242</u>
<b>SOUTHERN CALIFORNIA REGION</b>							
Moveable Equipment	VARIOUS	VARIOUS	55,038	10,977,382	8,529,244	2,448,138	-2,393,100
Sale of Vehicles	VARIOUS	VARIOUS	71,100	1,042,680	961,320	81,340	-10,240
Loss on Asset Impairment	VARIOUS	VARIOUS		140,000		140,000	-140,000
Miscellaneous adjustments	VARIOUS	VARIOUS	2,357,366			0	2,357,366
Subtotal - Southern California Region			<u>2,483,504</u>	<u>12,160,042</u>	<u>9,490,564</u>	<u>2,669,478</u>	<u>-185,974</u>
<b>Hawaii</b>							
Adjustment to Miscellaneous Equipment	VARIOUS	VARIOUS	0	502,093	0	502,093	-502,093
<b>PROGRAM OFFICE</b>							
Sales of Miscellaneous Equipment	VARIOUS	VARIOUS	82,250	190,509	144,060	46,449	35,801
<b>Net Gains on Sales/Abandonments or Other Disposals</b>			<u>2,933,498</u>	<u>29,179,501</u>	<u>25,897,979</u>	<u>3,281,522</u>	<u>-348,024</u>
<b>RECAP OF NET GAIN/(LOSS)</b>							
ORIGINAL COST AND EXPENSE OF SALE				29,179,501			
DEPRECIATION				25,897,979			
NET COST OR OTHER BASIS				3,281,522			
LESS GROSS SALES PROCEEDS				2,933,498			
NET GAIN/(LOSS)				<u>-348,024</u>			

**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 by reason of termination of lease agreements or of options to acquire such asset. 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.

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		2001 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	257,102,622	269,593,873	0	0	0
LAND IMPROVEMENTS	37,395,590	38,137,031	22,314,390	24,919,878	2,605,489
BUILDINGS	1,621,501,471	1,694,585,763	653,341,666	724,921,692	71,801,847
LEASEHOLD IMPROVEMENTS	266,254,619	277,595,211	147,561,859	171,219,818	20,432,343
EQUIPMENT	975,848,372	981,614,216	771,307,829	844,140,658	72,717,377
CAPITALIZED SOFTWARE	575,081,248	568,679,822	169,049,672	221,396,594	54,864,037
CAPITALIZED LEASES	46,805	0	21,000	0	0
CONSTRUCTION IN PROGRESS	71,158,763	87,590,908	0	0	0
TOTALS TO					
PART IV, LINE 57(A)	<u>3,804,389,492</u>	<u>3,917,796,823</u>			
PART IV, LINE 57(B)			<u>1,763,596,412</u>	<u>1,986,598,639</u>	
PART IV, LINE 57(C)	<u>2,040,793,080</u>	<u>1,931,198,184</u>			
PART II, LINE 42 COLUMN (B)					<u>222,421,092</u>

FORM 990, PART I - OTHER INVESTMENT INCOME  
=====DESCRIPTION  
-----AMOUNT  
-----

FROM PARTNERSHIPS

-339,357.

TOTAL

-339,357.

=====

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

DESCRIPTION -----	AMOUNT -----
INTERREGIONAL CAPITAL FUND TRANSFERS	9,000,000.
UNREALIZED LOSS ON MARKETABLE SECURITIES	80,718,419.
OTHER ADJ. TO FUND RETAINED INCOME	1,064,800.
	-----
TOTAL	90,783,219.
	=====

## FORM 990, PART II, LINE 43 - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
EMPLOYEE DEVELOPMENT EXPENSES	27,734,866	12,758,853	14,976,013
OUTSIDE PURCHASED SERVICES	964,062,872	904,362,311	59,700,561
BASIC CONTRACTUAL PAYMENTS	11,058,336,581	11,056,266,738	2,069,843
PROFESSIONAL MEMBERSHIP DUES & FEES	517,527	517,527	0
OTHER DUES & SUBSCRIPTIONS	3,506,225	561,700	2,944,525
PROFESSIONAL & PUBLIC LIAB INSURANCE	161,193,956	161,193,956	0
OTHER INSURANCE	2,639,555	2,606,851	32,704
PROVISION FOR DOUBTFUL ACCOUNTS	57,895,258	57,895,258	0
BUSINESS TAX & LICENSE FEES	22,209,405	18,931,634	3,277,771
ADVERTISING	29,413,053	125,967	29,287,086
DEFERRED EXPENSE AMORTIZATION	7,936	7,936	0
IT CHARGES AND RECHARGES	19,409,117	0	19,409,117
MISCELLANEOUS CHARGES	222,578,181	127,746,020	94,832,161
INTER-DIVISIONAL ALLOCATIONS	0	-622,749,795	622,749,795
TOTAL OTHER TO LINE 43	<u>12,569,504,532</u>	<u>11,720,224,956</u>	<u>849,279,576</u>

## FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

=====

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 THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), IS TO PROVIDE A PROGRAM OF HEALTH CARE SERVICES TO ITS MEMBERS AS A FEDERALLY QUALIFIED PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION.

HEALTH PLAN IS ALSO THE PRINCIPAL OR SOLE MEMBER IN THE AFFILIATED REGIONAL HEALTH PLAN ORGANIZATIONS THAT ARE ALSO EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), THAT MAKE UP THE KAISER PERMANENTE MEDICAL CARE PROGRAM.

HEALTH PLAN CONTRACTS WITH KAISER FOUNDATION HOSPITALS TO PROVIDE HOSPITAL AND RELATED MEDICAL AND HEALTH CARE SERVICES FOR ITS HEALTH PLAN MEMBERS. HEALTH PLAN ALSO CONTRACTS WITH THE PERMANENTE MEDICAL GROUP IN NORTHERN CALIFORNIA; WITH SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP IN SOUTHERN CALIFORNIA; AND WITH THE HAWAII PERMANENTE MEDICAL GROUP IN HAWAII FOR PHYSICIAN SERVICES FOR MEDICAL AND HEALTH CARE SERVICES FOR ITS MEMBERS. HEALTH PLAN ALSO 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. PAYMENTS TO HOSPITALS, THESE MEDICAL GROUPS AND REGIONAL HEALTH PLANS AS WELL AS TO THIRD PARTY SERVICE PROVIDERS REPRESENT A SUBSTANTIAL PORTION OF THE EXPENSES FOR MEDICAL, HEALTH AND HOSPITAL SERVICES REPORTED IN THIS INFORMATION REPORTING RETURN.

PLEASE SEE ATTACHMENT, "KAISER PERMANENTE COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN, INC. FOR 2001 " THIS DOCUMENT PROVIDES A MORE DETAILED DESCRIPTION OF THE ACTIVITIES CONDUCTED BY HEALTH PLAN IN THE ACCOMPLISHMENT OF ITS EXEMPT PURPOSE AND FOR THE BENEFIT OF THE COMMUNITIES IN WHICH HEALTH PLAN AND KAISER PERMANENTE MEDICAL CARE PROGRAM AS A WHOLE CONDUCT ITS ACTIVITIES.

## FORM 990, PART IV - RECEIVABLES DUE FROM OFFICERS, ETC.

Borrower: BARBARA ESTES, VICE PRESIDENT (FORMER)

ORIGINAL AMOUNT: 80,000.

INTEREST RATE: 6.110000

DATE OF NOTE: 03/15/1996

MATURITY DATE: 03/15/2000

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	40,000
ENDING BALANCE DUE .....	NONE

Borrower: MARY DURHAM, DIRECTOR HEALTH CENTER

ORIGINAL AMOUNT: 50,000.

INTEREST RATE: 6.600000

DATE OF NOTE: 06/15/1997

MATURITY DATE: 06/15/2002

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ....	20,000.
ENDING BALANCE DUE ...	10,000.

Borrower: GARY HURLBUT, VICE PRESIDENT

ORIGINAL AMOUNT: 85,000.

INTEREST RATE: 5.690000

DATE OF NOTE: 05/15/1998

MATURITY DATE: 05/15/2002

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	42,500.
ENDING BALANCE DUE .....	21,250.



BORROWER: BERNARD TYSON, REGIONAL PRESIDENT

ORIGINAL AMOUNT: 80,000.

INTEREST RATE: 5.690000

DATE OF NOTE: 05/29/1998

MATURITY DATE: 05/29/2002

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	40,000.
ENDING BALANCE DUE .....	20,000.
	-----

BORROWER: THOMAS WILLIAMSON, VICE PRESIDENT

ORIGINAL AMOUNT: 80,000.

INTEREST RATE: 5.770000

DATE OF NOTE: 06/30/1998

MATURITY DATE: 06/30/2002

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	40,000.
ENDING BALANCE DUE .....	20,000.
	-----

BORROWER: RICHARD CORDOVA, SR VICE PRESIDENT

ORIGINAL AMOUNT: 80,000.

INTEREST RATE: 5.220000

DATE OF NOTE: 06/15/1999

MATURITY DATE: 06/15/2003

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	60,000.
ENDING BALANCE DUE .....	40,000.
	-----

BORROWER: EDWARD GLAVIS, SR VICE PRESIDENT  
 ORIGINAL AMOUNT: 80,000.  
 INTEREST RATE: 6.020000  
 DATE OF NOTE: 10/27/1999  
 MATURITY DATE: 10/27/2003  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	60,000.
ENDING BALANCE DUE .....	40,000.

BORROWER: JOSEPH HUMMEL, VICE PRESIDENT  
 ORIGINAL AMOUNT: 100,000.  
 INTEREST RATE: 5.960000  
 DATE OF NOTE: 10/25/1999  
 MATURITY DATE: 10/25/2004  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	80,000.
ENDING BALANCE DUE .....	60,000.

BORROWER: DEBORAH STOKES, VICE PRESIDENT  
 ORIGINAL AMOUNT: 40,000.  
 INTEREST RATE: 4.520000  
 DATE OF NOTE: 12/31/1998  
 MATURITY DATE: 12/31/2002  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
 SECURITY PROVIDED: OTHER  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

BEGINNING BALANCE DUE .....	20,000.
ENDING BALANCE DUE .....	10,000.

BORROWER: TERRY BELMONT  
ORIGINAL AMOUNT: 100,000.  
INTEREST RATE: 6.400000  
DATE OF NOTE: 05/31/2000  
MATURITY DATE: 05/31/2005  
REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
SECURITY PROVIDED: RECORDED DEED OF TRUST  
PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

BEGINNING BALANCE DUE .....	100,000.
ENDING BALANCE DUE .....	80,000.
	-----

BORROWER: JOHN DOIDGE  
ORIGINAL AMOUNT: 40,000.  
INTEREST RATE: 6.330000  
DATE OF NOTE: 08/31/2000  
MATURITY DATE: 08/31/2004  
REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
SECURITY PROVIDED: RECORDED DEED OF TRUST  
PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

BEGINNING BALANCE DUE .....	40,000.
ENDING BALANCE DUE .....	30,000.
	-----

BORROWER: ADRIENNE EDENS  
ORIGINAL AMOUNT: 50,000.  
INTEREST RATE: 6.010000  
DATE OF NOTE: 11/17/2000  
MATURITY DATE: 11/17/2004  
REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY  
SECURITY PROVIDED: RECORDED DEED OF TRUST  
PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

BEGINNING BALANCE DUE .....	50,000.
ENDING BALANCE DUE ... ..	37,500.
	-----

## BORROWER: WILLIAM LITTLE

ORIGINAL AMOUNT: 40,000.

INTEREST RATE: 6.010000

DATE OF NOTE: 12/15/2000

MATURITY DATE: 12/15/2005

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

OF CONSIDERATION:

BEGINNING BALANCE DUE .....	40,000.
ENDING BALANCE DUE .....	40,000.

## BORROWER: DARREN OLIVER

ORIGINAL AMOUNT: 100,000.

INTEREST RATE: 6.220000

DATE OF NOTE: 10/04/2000

MATURITY DATE: 10/04/2005

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDED DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

OF CONSIDERATION:

BEGINNING BALANCE DUE .....	100,000.
ENDING BALANCE DUE .....	80,000.

## BORROWER: JAMES WALLER - 1

ORIGINAL AMOUNT: 50,000.

INTEREST RATE: 6.400000

DATE OF NOTE: 06/23/2000

MATURITY DATE: 06/23/2004

REPAYMENT TERMS: PRINCIPAL AND INTEREST ARE PAYABLE ANNUALLY

SECURITY PROVIDED: DEED OF TRUST

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN.

OF CONSIDERATION:

BEGINNING BALANCE DUE .....	50,000.
ENDING BALANCE DUE .....	37,500.

## BORROWER: DONNA DECKARD

ORIGINAL AMOUNT: 100,000.  
 INTEREST RATE: 4.590000  
 DATE OF NOTE: 10/04/2001  
 MATURITY DATE: 10/04/2005  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
 ENDING BALANCE DUE ..... 100,000.  
 -----

## BORROWER: ROBERT FOOS

ORIGINAL AMOUNT: 100,000.  
 INTEREST RATE: 5.610000  
 DATE OF NOTE: 01/29/2001  
 MATURITY DATE: 01/29/2005  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
 ENDING BALANCE DUE ..... 80,000.  
 -----

## BORROWER: MITCHELL GOODSTEIN

ORIGINAL AMOUNT: 80,000.  
 INTEREST RATE: 5.020000  
 DATE OF NOTE: 06/15/2001  
 MATURITY DATE: 06/15/2005  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
 ENDING BALANCE DUE ..... 80,000.  
 -----

## BORROWER: WADE OVERGAARD

ORIGINAL AMOUNT: 50,000.

INTEREST RATE: 5.120000

DATE OF NOTE: 07/30/2001

MATURITY DATE: 07/30/2005

REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDING OF DEED OF TRUST IN PROCESS

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
ENDING BALANCE DUE ..... 50,000.  
-----

## BORROWER: GEMMA TAYAO

ORIGINAL AMOUNT: 20,000.

INTEREST RATE: 5.020000

DATE OF NOTE: 06/01/2001

MATURITY DATE: 06/01/2005

REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDING OF DEED OF TRUST IN PROCESS

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
ENDING BALANCE DUE ..... 20,000.  
-----

## BORROWER: LEONID TOKER

ORIGINAL AMOUNT: 37,500.

INTEREST RATE: 5.120000

DATE OF NOTE: 08/01/2001

MATURITY DATE: 08/01/2006

REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY

SECURITY PROVIDED: RECORDING OF DEED OF TRUST IN PROCESS

PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION

DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE ..... NONE  
ENDING BALANCE DUE ..... 37,500.  
-----

BORROWER: JAMES WALLER - 2  
 ORIGINAL AMOUNT: 30,000.  
 INTEREST RATE: 4.770000  
 DATE OF NOTE: 05/29/2001  
 MATURITY DATE: 05/29/2005  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: TO ASSIST EMPLOYEE IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	NONE
ENDING BALANCE DUE .....	30,000.

BORROWER: GREGORY ADAMS  
 ORIGINAL AMOUNT: 100,000.  
 INTEREST RATE: 4.680000  
 DATE OF NOTE: 07/24/2001  
 MATURITY DATE: 02/28/2002  
 REPAYMENT TERMS: PRINCIPAL AND INTEREST PAYABLE ANNUALLY  
 SECURITY PROVIDED: RECORDED DEED OF TRUST  
 PURPOSE OF LOAN: SHORT TERM BRIDGE LOAN TO ASSIST IN RELOCATION  
 DESCRIPTION AND FMV OF CONSIDERATION: ORGANIZATION DISBURSEMENT IN AMOUNT OF LOAN

BEGINNING BALANCE DUE .....	NONE
ENDING BALANCE DUE .....	100,000.

TOTAL BEGINNING RECEIVABLES DUE FROM OFFICERS, ETC.	782,500.
---	----------

TOTAL ENDING RECEIVABLES DUE FROM OFFICERS, ETC.	1,023,750.
--	------------

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE  
=====

BORROWER: KAISER FOUNDATION HOSPITAL

ORIGINAL AMOUNT: 30,000,000.

DATE OF NOTE: 04/01/1996

REPAYMENT TERMS: PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE

SECURITY PROVIDED: UNSECURED INTER-COMPANY NOTE

PURPOSE OF LOAN: WORKING CAPITAL AND STRATEGIC PROJECTS CAPITAL

DESCRIPTION AND FMV OF CONSIDERATION: DIRECT PAYMENT AND/OR CREDITS FOR OPERATING AND  
FOR CAPITAL PROJECT EXPENDITURES

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 - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID EXPENSES	40,071,625.	34,818,574.
DEPOSITS AND DEFERRED CHARGES	147,604,499.	124,316,850.
AMORTIZATION ON DEFERRED CHGS	-8,900,000.	-32,900,001.
	-----	-----
TOTALS	178,776,124.	126,235,423.
	=====	=====

FORM 990, PART IV - INVESTMENTS - SECURITIES  
=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PUBLIC SECURITIES INVESTMENTS	2,669,400,583. -----	2,559,348,306. -----
TOTALS	2,669,400,583. =====	2,559,348,306. =====

## FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
BOND FUNDS HELD BY TRUSTEE	14,942,319.	37,164,170.
EQUITY: OAKTREE ASSURANCE LTC	6,049,268.	3,773,094.
	-----	-----
TOTALS	20,991,587.	40,937,264
	=====	=====

## FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
LONG-TERM PENSION FUNDING	62,848,226.	42,492,344.
OTHER DEPOSITS & DEFERRED CHGS	52,516.	NONE
OTHER ASSETS	NONE	134,742.
	-----	-----
TOTALS	62,900,742.	42,627,086.
	=====	=====

## FORM 990, PART IV - DEFERRED REVENUE

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
ADVANCE MEMBERS DUES	130,262,461.	159,620,092.
ADVANCE MEDICARE PAYMENTS	323,172,758.	364,816,068.
EXCESS MEDICARE RESERVES	75,394,728.	NONE
REVENUE DEFERRED - OTHER	45,600,000.	NONE
	-----	-----
TOTALS	574,429,947.	524,436,160.
	=====	=====

## FORM 990, PART IV - OTHER LIABILITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PHYSICIANS RETIREMENT PLANS	1,286,234,469.	1,342,231,093.
POST RETIREMENT BENEFITS	275,240,920.	281,233,826.
SELF-INSURED RISKS	166,365,054.	113,624,442.
PROFESSIONAL/PUBLIC RISKS	153,013,516.	198,817,827.
WORKERS COMPENSATION RISKS	104,553,472.	162,460,128.
OTHER CURRENT LIABILITIES	48,561,486.	96,666,034.
CURRENT INSTALLMENTS LT DEBT	15,606,767.	65,242.
OTHER LONG TERM OBLIGATIONS	45,576,606.	58,289,125.
LONG-TERM TO EXTERNAL ENTITIES	NONE	11,264,402.
	-----	-----
TOTALS	2,095,152,290.	2,264,652,119.
	=====	=====

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN  
=====DESCRIPTION  
-----AMOUNT  
-----

INTERCOMPANY DEBT TRANSACTION

54,000,000.

RECLASS INTERREGIONAL CHARGES

4,772,659,674.  
-----

TOTAL

4,826,659,674.  
=====

FORM 990, PART IV-A - OTHER REVENUE ON RETURN BUT NOT ON BOOKS  
=====

DESCRIPTION -----	AMOUNT -----
DEBITS TO REVENUE ACCOUNTS	
RECLASSED TO EXPENSE	39,357,104.
RECLASS OF LOSSES ON SALES	-528,714.
RECLASS OF ASSET IMPAIRMENT	1,315,145.
CREDITS TO EXPENSE ACCOUNTS	
RECLASSED TO REVENUE	622,749,855.
ADJUST TO FINANCIAL STATEMENT	-808,413.
TOTAL REVENUE	-----
	662,084,977.
	=====
TOTAL	



## FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

DESCRIPTION -----	AMOUNT -----
RECLASS INTERREGIONAL CHARGES	4,716,216,163.
	-----
TOTAL	4,716,216,163.
	=====

FORM 990, PART IV-B - OTHER EXPENSES ON RETURN BUT NOT ON BOOKS  
=====

DESCRIPTION -----	AMOUNT -----
DEBITS TO REVENUE ACCOUNTS	
RECLASSED TO EXPENSE	39,357,104.
RECLASS OF LOSSES ON SALES	-528,714.
RECLASS OF ASSET IMPAIRMENT	1,315,145.
CREDITS TO EXPENSE ACCOUNTS	
RECLASSED TO REVENUE	622,749,855.
ADJUST TO FINANCIAL STATEMENT	-508,751.
TOTAL EXPENSES	-----
	662,384,639.
	=====
TOTAL	

FORM 990, PART V - COMPENSATION PROVIDED BY RELATED ORGANIZATION

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
SEE STATEMENT 38		7,952,888.	441,469.	136,009.
	GRAND TOTALS	7,952,888.	441,469.	136,009.

FORM 990, PART VI - CHANGES TO ORGANIZING OR GOVERNING DOCUMENT

=====

PLEASE REFER TO A COPY OF THE AMENDED BY-LAWS FOR THE ORGANIZATION WHICH  
ARE INCLUDED IN AND ARE MADE A PART OF THIS RETURN BY THEIR INCLUSION.  
THE AMENDED BY-LAWS WERE ADOPTED ON OCTOBER 23, 2001.

**KAISER FOUNDATION HEALTH PLAN, INC.**

**BYLAWS CERTIFICATE**

I, the undersigned, Victoria B. Zatzkin, hereby certify that I am the duly elected Assistant Secretary of Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation. I further certify that attached hereto is a true and correct copy of the Bylaws of Kaiser Foundation Health Plan, Inc. and I do further certify that the attached Bylaws have not been altered, amended or revoked, and are, at the date of this certificate, in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 2nd day of January, 2002.

A handwritten signature in cursive script, reading "Victoria B. Zatzkin", written over a horizontal line.

Victoria B. Zatzkin  
Assistant Secretary

**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, 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, Kaiser Center, 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, 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. 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, 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 by resolution or written consent, but unless another place shall be 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, telegraphed, or personally delivered to each Director, at his or her usual business address Meetings shall be held upon at least four days' notice by first class mail or forty-eight hours' notice delivered personally or by telephone or telegraph 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

#### Section C-6      Action Without a Meeting

(a) By Unanimous Consent 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

(b) By Telephone Meetings of the Board of Directors may be held by telephone if all Directors participating in such a meeting can hear one another

## ARTICLE D

### OFFICERS

#### Section D-1      Officers

The officers of the corporation shall be a Chairman of the Board, a President, one or more Executive or 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      Executive or National Senior Vice President

Each Executive or 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

Executive Vice President, if one is designated by the Board, or in the absence of such designation, the Executive or 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 Executive or 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.

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 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      Action Without a Meeting

(a)    By Unanimous Consent 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.

(b)    By Telephone Meetings of committees may be held by telephone if all committee members participating in such a meeting can hear one another

Section E-3      Executive Committee

(a)    Composition The Executive Committee shall consist of six (6) Directors, who shall be selected by the Board of Directors, and who shall continue as members of the Executive Committee at the pleasure of the Board

(b) Authority and Duties The Executive Committee shall have authority to act for the Board of Directors between Board meetings Unless otherwise provided by law, the Board of Directors, the Articles of Incorporation, or the Bylaws, any action taken by the Executive 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 Executive Committee shall have no authority to (1) Fill vacancies on the Board or the Executive Committee, (2) Fix the compensation of Directors for serving on the Board or any committee, (3) Adopt, amend or repeal Bylaws, (4) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable, (5) Appoint committees of the Board or appoint the members thereof, (6) Change roles, titles or employment status of corporate officers, or (7) Approve any aspect of a transaction involving the corporation when a Director has a material financial interest in that transaction, except as expressly provided by law

(c) Conduct of Business A quorum of the Executive Committee shall consist of three (3) committee members The Executive Committee shall report to the Board of Directors regarding its actions and decisions

#### Section E-4. 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,



(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

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, 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.

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

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.

## FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
93A	MEMBERS DUES - REPRESENTS DUES RECEIVED FROM OR ON BEHALF OF MEMBERS FOR THE MOSTLY PREPAID HEALTH CARE COVERAGE UNDER THE PLANS REFERRED TO IN PART III. REVENUE IS EXCLUDED UNDER THE PROVISIONS OF REVENUE RULING 68-27.
93B	SUPPLEMENTAL CHARGES - REPRESENTS REVENUE RECEIVED FROM OR ON BEHALF OF MEMBERS FOR CO-PAYMENTS AND OTHER CHARGES FOR HEALTH CARE COVERAGE UNDER THE PLANS REFERRED TO IN PART III.  REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93C	NONPLAN AND INDUSTRIAL REVENUE - REPRESENTS REVENUE RECEIVED FROM NON-MEMBERS FOR HEALTH CARE AND FROM OUTSIDE INSURERS FOR REIMBURSEMENT FOR HEALTH CARE SERVICES DELIVERED TO MEMBERS FOR WORK-RELATED INJURIES. REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93D	INTER-REGIONAL REVENUE - REPRESENTS REVENUE RECEIVED FOR PROVIDING MEDICAL CARE SERVICES TO MEMBERS OF RELATED KAISER FOUNDATION HEALTH PLAN ENTITIES AS A PART OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM. REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1.501(C)(3)-1.
93F	MEDICARE/MEDICAID REVENUE - REVENUE RECEIVED FROM THE SOCIAL SECURITY ADMINISTRATION FOR MEDICAL CARE SERVICES PROVIDED TO PLAN MEMBERS COVERED UNDER PART B OF MEDICARE. REVENUE IS EXCLUDED UNDER PROVISIONS OF INTERNAL REVENUE REGULATION 1.501(C)(3)-1.

## 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
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KAISER FND ADDED CHOICE HP INC ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 95-4237200	100.000000	INACTIVE	NONE	NONE
OAKTREE ASSURANCE LTD ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 03-0329760	100.000000	CAPTIVE INSUR	1,292,268.	3,773,094.
KAISER PROPERTY SERVICES INC ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 94-3259432	100.000000	R/E BROKERAGE	1,015,963.	1,035,077.
KAISER PERMANENTE INSURANCE CO ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 94-3203402	0.005000	INSURANCE	38,268,394.	49,854,576.
CHP COMPANIES INC ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 91-1814507	100.000000	INACTIVE	NONE	1,000..
UPSTATE COMMUNITY SERVICES INC ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 22-2973489	100.000000	INACTIVE	NONE	NONE
HUDSON VALLEY COMM SVCS CORP ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 22-2751724	100.000000	INACTIVE	NONE	NONE
KAISER PERMANENTE HLTH ALTERN ONE KAISER PLAZA 1550 ORDWAY OAKLAND CA 94612 94-3113684	100.000000	MEDICAL SVCS	5,468,781.	3,451,436.



## 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
TOTAL INCOME				
			46,045,406	58,114,183.

## SCHEDULE A, PART III - EXPLANATION FOR LINE 2A

## =====

## RESPONSE FOR SCHEDULE A, PART III, QUESTIONS 2(A) TO 2(D):

IN THE ORDINARY COURSE OF CARRYING OUT THE EXEMPT PURPOSE OF THE ORGANIZATION, THE EMPLOYEES, OFFICERS AND DIRECTORS OF HEALTH PLAN ENGAGE IN NUMEROUS COMMERCIAL TRANSACTIONS WITH OTHER ORGANIZATIONS WHOSE DIRECTORS, AND/OR OFFICERS MAY ALSO BE DIRECTORS OR OFFICERS OF THE HEALTH PLAN. ALL OF THESE COMMERCIAL RELATIONSHIPS ARE ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND MAY INVOLVE TRANSACTIONS OF THE KIND REFERRED TO IN (A) THROUGH (D) OF QUESTION 2, PART III, SCHEDULE A, FORM 990, AT RATES GENERALLY PREVAILING IN THE AREA AT THE TIME FOR EQUIVALENT GOODS, SERVICES AND FACILITIES.

HEALTH PLAN ALSO PAYS COMPENSATION TO ITS EMPLOYEES, OFFICERS AND DIRECTORS AND EITHER PAYS FOR OR REIMBURSES THEM FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES TO HEALTH PLAN. SEE PART V, FORM 990 FOR SCHEDULE OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENTS PROVIDED TO OFFICERS AND DIRECTORS FOR THEIR SERVICES TO HEALTH PLAN AND TO THE KAISER PERMANENTE MEDICAL CARE PROGRAM AS A WHOLE.

## SCHEDULE A, PART III - EXPLANATION FOR LINE 3

=====

MOST OF THE HEALTH PLAN'S DISBURSEMENTS RELATE TO PROVIDING HEALTH CARE SERVICES TO ITS MEMBERS INCLUDING CAPITAL EXPENDITURES AND OPERATING EXPENSES INCURRED IN FURTHERANCE OF THIS ACTIVITY.

HEALTH PLAN IS GENERALLY NOT A GRANT MAKING ORGANIZATION. HEALTH PLAN PROVIDES ITS SERVICES DIRECTLY TO THE MEMBERS OF THE COMMUNITY THROUGH ITS MOSTLY PREPAID HEALTH CARE PROGRAMS. HOWEVER, ANY DIRECT FINANCIAL SUPPORT TO OTHER ORGANIZATIONS IS MADE ON A BASIS OF COMMUNITY NEED AND BENEFIT. HEALTH PLAN SUPPORTS AND INITIATES A NUMBER OF HEALTH IMPROVEMENT PROGRAMS IN THE COMMUNITY. THESE PROGRAMS ARE GENERALLY OPEN TO MEMBERS OF THE GENERAL COMMUNITY AND TO TARGETED GROUPS. FOR A DESCRIPTION OF PROGRAMS THAT BENEFIT THE COMMUNITY, PLEASE REFER TO THE "COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN, INC FOR 2001" WHICH IS INCLUDED AS A PART OF THIS RETURN.

SCHEDULE A, PART VI-B – LOBBYING ACTIVITY

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RESPONSE TO FORM 990, SCHEDULE A, PART VI-B – LOBBYING EXPENSE

HEALTH PLAN PARTICIPATES IN AND BENEFITS FROM LOBBYING ACTIVITIES CONDUCTED AT THE NATIONAL LEVEL FOR ITS MEMBERS AND FOR THE HEALTH CARE INDUSTRY AS A WHOLE AS AN ORGANIZATION EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HEALTH PLAN DOES NOT PARTICIPATE IN OR CONDUCT POLITICAL CAMPAIGN ACTIVITIES

HEALTH PLAN HAS SEVERAL EMPLOYEES WHO FROM TIME TO TIME KEEP INFORMED OF FEDERAL AND STATE LEGISLATION HAVING AN IMPACT ON THE HEALTH PLAN'S ACTIVITIES AS AN EXEMPT HEALTH MAINTENANCE ORGANIZATION THESE INDIVIDUALS ATTEMPT TO ENSURE THAT PROPOSED LEGISLATION IS COMPATIBLE WITH THE INTERESTS OF HEALTH PLAN, ITS COMPONENT AFFILIATED MEMBER ORGANIZATIONS, AND WITH THE HEALTH CARE INTERESTS OF THE INDIVIDUAL MEMBERS COVERED BY THE HEALTH CARE PLANS OFFERED BY THE KAISER PERMANENTE MEDICAL CARE PROGRAM

THESE INDIVIDUALS INVOLVED WITH GOVERNMENT RELATIONS PERFORM THEIR SERVICES BY CONDUCTING THE FOLLOWING ACTIVITIES ON BEHALF OF HEALTH PLAN

- BY COLLECTING, ANALYZING AND DISTRIBUTING WITHIN THE ORGANIZATION PUBLIC AND PRIVATE POLICY RECOMMENDATIONS, PROPOSED LEGISLATION AND ENACTED LAWS THAT AFFECT THE OPERATION OF HEALTH PLAN AND ITS ABILITY TO PROVIDE QUALITY HEALTH CARE SERVICES TO ITS MEMBERS AT AN AFFORDABLE PRICE
- BY MAILING 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
- BY PREPARING WRITTEN AND ORAL TESTIMONY AND APPEARING AT LEGISLATIVE HEARINGS, MONITORING OF LEGISLATIVE PROCEEDINGS AND MEETING WITH LEGISLATORS AND/OR THEIR STAFFS REGARDING ISSUES PERTINENT TO THE MISSION OF THE ORGANIZATION
- OTHER EMPLOYEES AND OFFICERS PERFORM SERVICES BY DELIVERING SPEECHES AT VARIOUS PUBLIC AND PRIVATE FUNCTIONS AND IN SERVING AS FACULTY FOR NUMEROUS HEALTH CARE RELATED EDUCATIONAL PROGRAMS

ATTACHMENT FOR:  
**FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES**  
AND/OR  
**FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5**

KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2001

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KEHP, 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 SECTION 501(C)(3)		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	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%
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, INC	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	100%
22-2973489	UPSTATE COMMUNITY SERVICES, 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.  
FORM 990 TAX YEAR 2001**

**94-1340523**

**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 (LLC)	*(2)	N/A
94-3289704	KAIVEST I, LLC	*(2)	N/A
91-2166347	KP ONCALL, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%

**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 PROPERTY AND CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK IS OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS**

**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 ORDWAY  
OAKLAND, CA 94612**

**CONSENT TO APPORTIONMENT PLAN FOR TAXABLE INCOME BRACKETS  
BY CONTROLLED GROUP MEMBERS**


PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF TAX BRACKETS		
			FIRST \$50,000	NEXT \$25,000	NEXT \$9,925,000
<b>KAISER FOUNDATION HEALTH PLAN GROUP.</b>					
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$50,000	\$25,000	\$9,925,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE	NONE	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE	NONE	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE	NONE	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE
52-0954463	KAISER FOUNDATION HP OF THE MID-ATLANTIC STATES, INC	990-T	NONE	NONE	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE	NONE	NONE
93-0480268	OHP	990-T	NONE	NONE	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE	NONE	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE	NONE	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	1120	NONE	NONE	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE	NONE	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE	NONE	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE	NONE	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE	NONE	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE	NONE	NONE
<b>KAISER FOUNDATION HOSPITALS GROUP.</b>					
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE
68-0444615	CARETOUCH, INC	1120	NONE	NONE	NONE
94-3289704	KAIVEST I, LLC	1065	NONE	NONE	NONE
91-2166347	KP ONCALL, LLC	1065	NONE	NONE	NONE
TOTAL OF EACH BRACKET ALLOCATED			\$50,000	\$25,000	\$9,925,000

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS

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

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES

  
DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF  
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS  
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE  
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

**CONSENT TO APPORTIONMENT PLAN FOR ALTERNATIVE MINIMUM TAX EXEMPTION  
BY CONTROLLED GROUP MEMBERS**


PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
<b>KAISER FOUNDATION HEALTH PLAN GROUP:</b>			
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	990-T	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES IN	990-T	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE
93-0480268	OHP	990-T	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	1120	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE
<b>KAISER FOUNDATION HOSPITALS GROUP:</b>			
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE
68-0444615	CARETOUCH, INC (LLC)	1120	NONE
94-3289704	KAIVEST I, LLC	1065	NONE
91-2166347	KP ONCALL, LLC	1065	NONE

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS.

c/o KAISER FOUNDATION HEALTH PLAN, INC.  
PROGRAM OFFICE CONTROLLER'S DEPARTMENT-TAX  
ONE KAISER PLAZA, 1550 ORDWAY  
OAKLAND, CA 94612

CONSENT AND AUTHORIZATION FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES

  
DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF  
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS  
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE  
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT



COMPENSATION, BENEFITS AND EXPENSES OF DIRECTORS AND OFFICERS

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

		(C) COMPENSATION		(D) BENEFITS		(E) REIMBURSEMENT OF EXPENSES	
(A) NAME	(B) TITLE	TOTAL	ALLOCATE TO KFHP INC	TOTAL	ALLOCATE TO KFHP INC	TOTAL	ALLOCATE TO KFHP INC
<b>DIRECTORS.</b>							
JAMES A VOHS	CHAIRMAN EMERITUS	0	0	0	0	0	0
DAVID M LAWRENCE, MD	CHAIRMAN AND CEO	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
L DALE CRANDALL	DIRECTOR	67,489	29,127	5,222	2,254	1,109	479
DAVID R ANDREWS	DIRECTOR	64,452	27,815	5,222	2,254	3,107	1,341
THOMAS W CHAPMAN	DIRECTOR	53,889	23,256	5,222	2,253	0	0
HENRY M KAISER	DIRECTOR	29,889	12,899	5,222	2,254	0	0
CHANG LIN TIEN	DIRECTOR	48,600	20,974	114	49	1,874	808
BARBARA D BLUM	DIRECTOR	45,850	19,787	114	50	113	50
DOROTHY H MANN PHD MPH	DIRECTOR	49,330	21,289	5,371	2,318	0	0
MARY E RERES EDD	DIRECTOR	64,213	27,712	9,804	4,231	645	279
ROBERT L RIDGLEY	DIRECTOR	62,080	26,792	5,371	2,318	2,665	1,150
DANIEL P GARCIA	DIRECTOR	52,689	22,739	5,222	2,254	0	0
DEAN O MORTON	DIRECTOR	40,500	17,479	114	50	0	0
EDWARD E. PENHOET	DIRECTOR	40,966	17,680	3,945	1,703	0	0
BARRY L WILLIAMS	DIRECTOR						
SUBTOTAL DIRECTORS		619,947	267,549	50,943	21,988	9,513	4,107
<b>OFFICERS &amp; KEY EMPLOYEES.</b>							
DAVID M LAWRENCE, MD	CHIEF EXECUTIVE OFFICER	1,493,462	979,680	25,864	16,966	0	0
L DALE CRANDALL	PRESIDENT	1,397,022	571,021	34,612	13,740	2,100	463
BERNARD J TYSON	GROUP PRESIDENT	709,674	342,426	25,011	12,068	0	0
RICHARD R PETTINGILL	REGIONAL PRESIDENT CA REGIONS	630,561	419,983	28,953	19,284	1,140	759
BRUCE BEHNKE	REGIONAL PRESIDENT HI REGION	302,500	229,900	25,162	19,123	0	0
WILLIAM A GILLESPIE, MD	EXECUTIVE VICE PRESIDENT	1,149,373	593,642	28,953	14,954	800	413
ARTHUR SOUTHAM MD	EXECUTIVE VICE PRESIDENT	389,491	249,631	18,560	11,895	3,300	2,115
ROBERT BRIGGS	SENIOR VICE PRESIDENT	0	0	0	0	0	0
LYNN E ABRAHAM	SENIOR VICE PRESIDENT	457,778	347,912	15,114	11,487	431	328
ROBERT M CRANE	SENIOR VICE PRESIDENT	535,894	386,916	29,824	21,533	2,100	1,514
MITCHELL J GOODSTEIN	SENIOR VICE PRESIDENT	316,504	224,718	10,257	7,283	162,020	119,034
JOSEPH W HUMMEL	SENIOR VICE PRESIDENT	279,598	212,494	27,563	20,948	1,920	1,459
KENDALL D HUNTER	SENIOR VICE PRESIDENT	267,689	203,443	29,819	22,663	0	0
LESLIE A MARGOLIN	SENIOR VICE PRESIDENT	348,250	264,670	28,412	21,593	0	0
KIRK E MILLER	SENIOR VICE PRESIDENT	775,917	321,659	27,273	11,306	2,100	871
PATRICIA B SIEGEL, RN	SENIOR VICE PRESIDENT	367,607	279,381	25,740	19,563	0	0
TIMOTHY E SULLIVAN	SENIOR VICE PRESIDENT	497,262	353,056	26,797	19,026	2,100	1,491
HERMAN M WEIL	SENIOR VICE PRESIDENT	307,704	222,162	24,999	18,049	0	0
STEVEN R ZATKIN	SENIOR VICE PRESIDENT	362,293	207,772	27,279	15,645	2,093	1,200
THOMAS R MEIER	VICE PRESIDENT & TREASURER	225,899	107,384	21,541	10,244	2,100	999
DEBORAH STOKES	VICE PRESIDENT & CONTROLLER	241,304	142,971	23,751	14,072	2,100	1,244
CAROL H COX	ASSISTANT SECRETARY	63,605	44,714	15,357	10,796	0	0
STEVEN DOSHAY	ASSISTANT SECRETARY	197,453	150,064	10,454	7,945	0	0
KATHLEEN A ELDRIDGE	ASSISTANT SECRETARY	39,082	28,217	8,957	6,467	470	339
JUDITH M MEARS	ASSISTANT SECRETARY	300,395	228,300	23,743	18,045	2,100	1,596
WAYNE MORRIS	ASSISTANT SECRETARY	259,113	196,926	25,780	19,593	0	0
INDRAJIT OBEYSEKERE	ASSISTANT SECRETARY	189,014	143,651	15,334	11,654	1,825	1,387
CARLOS ZARAGOZA	ASSISTANT SECRETARY	236,993	180,114	19,050	14,478	0	0
VICTORIA B ZATKIN	ASSISTANT SECRETARY	138,028	52,530	23,811	9,062	1,802	687
SUBTOTAL OFFICERS AND KEY EMPLOYEES		12,479,375	7,685,339	647,972	419,481	190,504	131,902
TOTAL DIRECTORS OFFICERS AND KEY EMPLOYEES		13,099,322	7,952,888	698,915	441,469	200,017	136,009

NOTE 1. THIS ORGANIZATION IS ONE OF THE CORPORATE ENTITIES LISTED ON THE STATEMENT "RELATED AND CONTROLLED ENTITIES" INCLUDED AS A PART OF THIS RETURN. THIS ORGANIZATION IS A PARTICIPATING MEMBER OF THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS "THE KAISER PERMANENTE MEDICAL CARE PROGRAM" (MEDICAL CARE PROGRAM).

NOTE 2. COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT FOR CERTAIN EXPENSES OF DIRECTORS, OFFICERS AND KEY EMPLOYEES ARE PAID BY KAISER FOUNDATION HEALTH PLAN, INC. (HEALTH PLAN) AS COMMON DISBURSEMENT AGENT FOR PARTICIPATING MEMBER ORGANIZATIONS. CERTAIN DIRECTORS, OFFICERS AND KEY EMPLOYEES PERFORM SERVICES FOR SEVERAL OF THE MEDICAL CARE PROGRAM MEMBER ORGANIZATIONS.

BASED ON MANAGEMENT ANALYSIS AND CONSISTENT WITH THE ALLOCATION OF OTHER COMMON EXPENSES, A COMPOSITE ALLOCATION OF COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSES ARE ALLOCATED TO KAISER FOUNDATION HOSPITALS. SPECIFIC ALLOCATIONS ARE THEN MADE TO CERTAIN OTHER PARTICIPATING ORGANIZATIONS BASED ON REASONABLE CONSIDERATIONS. THE BALANCE OF COMPENSATION, ETC. IS THEN ALLOCATED TO KAISER FOUNDATION HEALTH PLAN, INC. AND ITS SUBSIDIARY REGIONAL HEALTH PLANS BASED ON THE PERCENTAGE OF REGIONAL HEALTH PLAN MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL HEALTH PLAN ENTITIES COMPOSING THE MEDICAL CARE PROGRAM.

FOR THOSE INDIVIDUALS ASSIGNED TO A SPECIFIC ENTITY OR SUB-GROUP OF ENTITIES THEIR COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSE ARE ALLOCATED DIRECTLY TO THE ENTITY AND/OR BASED ON A RATIO OF THE MEMBERSHIP OF THE ENTITY TO TOTAL MEMBERSHIP OF THE SUB-GROUP OF ENTITIES FOR WHICH THE INDIVIDUAL HAS ASSIGNED RESPONSIBILITIES.

NOTE 3. THE AMOUNTS REPORTED ABOVE FOR REIMBURSEMENT OF EXPENSE DO NOT INCLUDE SUCH ORDINARY AND NECESSARY EXPENSES AS TRAVEL, TRANSPORTATION, LODGING, MEALS, BUSINESS MEETINGS, CONFERENCES AND OTHER ROUTINE EXPENDITURES FOR WHICH THE INDIVIDUAL ACCOUNTS TO THE EMPLOYER ORGANIZATION. THESE ITEMS ARE REIMBURSED ON A SPECIFIC EXPENDITURE BASIS CONSISTENT WITH ADOPTED POLICIES AND PROCEDURES BASED ON PRUDENT FIDUCIARY RESPONSIBILITIES AND STANDARDS. THE POLICIES UNDER WHICH THESE INDIVIDUALS ACCOUNT TO THE EMPLOYER, MEET THE REQUIREMENTS OF INTERNAL REVENUE CODE SECTION 274 SUBSTANTIATION REQUIREMENTS.

NOTE 4. THE ABOVE LISTED INDIVIDUALS ARE SCHEDULED TO WORK A MINIMUM OF 40 HOURS PER WEEK IN THEIR RESPECTIVE POSITIONS.

NOTE 5. THE ABOVE LISTED INDIVIDUALS CAN BE CONTACTED AT:  
KAISER FOUNDATION HEALTH PLAN, INC.  
ONE KAISER PLAZA, 1550 ORDMAN  
OAKLAND, CA 94612

**KAISER FOUNDATION HEALTH PLAN, INC**

**94-1340523**

**SCHEDULE A  
PART IV-A**

	<b>(a) 2000</b>	<b>(b) 1999</b>	<b>(c) 1998</b>	<b>(d) 1997</b>	<b>(e) Total</b>
<b>LINE 17</b>	15,042,154,629	14,221,874,681	12,324,792,797	11,079,149,536	52,667,971,643
<b>LINE 18</b>	106,527,401	181,059,857	96,467,880	78,777,373	462,832,511
<b>LINE 23</b>	15,148,682,030	14,402,934,538	12,421,260,677	11,157,926,909	53,130,804,154
<b>LINE 24</b>	106,527,401	181,059,857	96,467,880	78,777,373	462,832,511
<b>LINE 25</b>	151,486,820	144,029,345	124,212,607	111,579,269	



**COMMUNITY BENEFIT REPORT  
for  
KAISER FOUNDATION HEALTH PLAN, INC.  
FY 2001**

*For Attachment to the  
Internal Revenue Service Form 990  
Return of Organization Exempt from Income Tax  
(rev 10/01/2002)*



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## INTRODUCTION

Kaiser Foundation Health Plan, Inc. ("Health Plan"), its five principal operating tax exempt subsidiary health plans, and Kaiser Foundation Hospitals ("Hospitals") are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program ("Kaiser Permanente") Kaiser Permanente is an integrated health care delivery system that in 2000 served over 8 million people in 11 states (California, Colorado, Georgia, Hawaii, Kansas, Maryland, Missouri, Ohio, Oregon, Virginia and Washington) and the District of Columbia It is the largest private non-profit health care program in the United States with over 120,000 employees and over 11,000 full-time equivalent contracting physicians

In December 1996, the Boards of Directors of Health Plan and of Hospitals approved the Direct Community Benefit Investment (DCBI) Policy to assist Health Plan, its tax-exempt subsidiaries, and Hospitals achieve our collective social purpose to improve the health of our members and the communities we serve. The Direct Community Benefit Investment Policy is as follows

*"Each year, we will devote 3% of revenue, but no more than 50% of net income based on a rolling multi-year average, as our national goal for direct community benefit investments The "50% of net income" standard will be implemented subject to management discretion*

*Based upon the needs of the communities we serve and our ability to impact these needs, we will focus our investments on three overlapping areas of priority*

- *Improving the health of children*
- *Improving the health of the uninsured through subsidized coverage or care*
- *Advancing medical knowledge through clinical and health services research*

This report describes the structure of Kaiser Permanente and documents the major community benefit activities of Health Plan, its eleven principal tax-exempt subsidiary health plans and Hospitals, as well as the specific community benefit provided by Health Plan in California and Hawaii.

## KAISER PERMANENTE

Kaiser Permanente is not just a financial arrangement It is an integrated health care delivery system that combines the provision and financing of health care services People who elect to enroll in Kaiser Permanente 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 service, home health care, preventive services, mental health, substance abuse services, health education and prescribed drugs

In California and Hawaii, Kaiser Permanente is conducted by five separate legal organizations Health Plan, a California nonprofit public benefit corporation, which is a federally

qualified health maintenance organization ("HMO") exempt from federal income tax under Internal Revenue Code §501(c)(3), Hospitals, 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. During 2001, Kaiser Permanente served an approximately 6.2 million members in California and over 225,000 members in Hawaii.

Persons enroll in Kaiser Permanente through Health Plan. Health Plan undertakes to arrange comprehensive health care services for members on a predominantly prepaid basis. Health Plan fulfills its contractual obligations to group and individual members by contracting with Hospitals and a Permanente Medical Group to provide the required health care services.

Members receive physician services from The Permanente Medical Group, Inc. in Northern California, Southern California Permanente Medical Group in Southern California, and Hawaii Permanente Medical Group, Inc. in Hawaii. 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 and Hospitals. The Permanente Medical Groups treat members in facilities owned or leased by Health Plan and Hospitals.

Health Plan and Hospitals are separate corporations governed by identical Boards of Directors. Hospitals accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members. In California and Hawaii, Hospitals owns and operates 27 licensed hospitals, all of which are nonprofit community hospitals that offer services to all persons in the community. Staff privileges are available on a nondiscriminatory basis to physicians in the communities served. Hospitals also contracts with community hospitals to provide hospital services to members in areas not served by a hospital owned and operated by Hospitals and for specialized inpatient and other hospital services.

Membership in Health Plan is 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 age, social and income groups within the areas it serves. Once enrolled, a member is free to maintain membership, irrespective of age, health status or employment.

## **COMMUNITY BENEFIT PROVIDED BY HEALTH PLAN**

Health Plan'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 Health Plan is a nonprofit organization, revenues that exceed the cost of operations and the provision of care are used to benefit the members through improved facilities and service, increased benefits and affordable rates rather than to paying dividends to stockholders. Providing low-cost, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to prevent medical indigence.

and contributes to the quality of life in the communities we serve. Health Plan has incorporated the following elements that support and facilitate the attainment of its social mission into its operations:

- **Integrated Services and Facilities** – Health Plan has organized and integrated the professional and physical resources required to provide comprehensive health care. In California and Hawaii, this primarily occurs at major medical centers, which include nearby outpatient medical offices owned by Hospitals and at medical office buildings owned or leased by Health Plan. Our 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 centralized, facilitating the development and transfer of best clinical practices among all Permanente providers. Duplication of facilities, equipment and personnel are avoided or minimized.
- **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 Hospitals or Health Plan. The income that Permanente Medical Groups and their physicians receive is solely in consideration of their professional medical and related services. The amounts paid to Permanente Medical Groups are negotiated annually at arms' length. By altering the straight-line relationship between service performed and income received, Health Plan removes incentives to perform unneeded services, encouraging use of the most appropriate medical care. Group practice enhances the quality and appropriateness of care for members and for the community by facilitating the development and sharing of "best clinical practices" throughout the community and across the nation.
- **Prepayment** – Health Plan pays the Permanente Medical Groups a per capita payment that does not vary with the amount of service provided. Permanente Medical Group physicians are not compensated on a fee-for-service basis.
- **Comprehensive Benefits** - Health Plan provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. Enrollees pay limited co-payments, 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. Health Plan actively encourages members to maintain their health through regular preventive care services such as well-baby check-ups, immunizations and screening tests. In addition to improving the 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.
- **No Pre-Existing Condition Exclusions** - Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed prior to enrollment with the carrier. Health Plan imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at the time of enrollment. Health Plan 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** – Health Plan has participated in Medicare since it was first implemented in 1965. In 2001, Health Plan enrolled an average of 588,692 Medicare beneficiaries in California and approximately 19,700 Medicare beneficiaries in Hawaii through Medicare+Choice Contracts, providing all Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage. Approximately 29,777 Medicare beneficiaries in California and approximately 1,200 Medicare beneficiaries in Hawaii were enrolled through a Medicare Cost Contracts providing Medicare Part A and B services on a cost reimbursement basis.

## **COMMUNITY BENEFIT PROGRAM**

In addition to the above, Kaiser Permanente has a wide variety of community benefit programs, some of which are allocable to Health Plan, some to Hospitals. This report highlights examples of Kaiser Permanente's national community benefit programs as well as the community benefit activities of Health Plan in California and Hawaii. Consistent with our DCBI Policy, based upon the needs of the communities we serve and our ability to impact these needs, Health Plan and Hospitals are focusing their investments on three overlapping areas of priority:

- Improving the health of children
- Improving the health of the uninsured through subsidized coverage or care
- Advancing medical knowledge through clinical and health services research

Community benefit programs, while consistent in nature, will differ in amount and scope from year to year, based on the resources and objectives of Kaiser Permanente nationally and locally. In 2001, Health Plan and Hospitals spent approximately \$349 million or approximately 1.7% of revenue, on DCBI activities across the nation in the communities we serve. In California and Hawaii, Kaiser Permanente spent approximately \$305 million, of which approximately \$146 million is allocable to Health Plan and approximately \$159 million is allocable to Hospitals. The following charts summarize 2001 DCBI expenditures nationally and in California and Hawaii. The expenditures reflected in the charts are unaudited estimates calculated in accordance with Kaiser Permanente's DCBI Accounting Policy.



### 2001 DCBI Expenditures for National Program

DCBI CATEGORY	NATIONAL DCBI TOTAL	NATIONAL HOSPITALS TOTAL	NATIONAL HEALTH PLANS TOTAL
Dues Subsidy	\$36,540,132	\$8,177,106	\$28,363,026
Medicaid Shortfalls	\$201,204,002	\$62,618,916	\$138,585,086
Other Publicly Subsidized Programs	\$1,662,171	\$396,207	\$1,265,964
Charitable Care	\$15,121,244	\$10,621,244	\$4,500,000
Graduate Medical Education	\$27,233,578	\$26,514,928	\$718,650
Health Professional Training Programs (non-MD)	\$5,453,665	\$5,097,995	\$355,670
Continuing Medical Education	\$7,133,586	\$7,103,928	\$29,658
Health Education Activities	\$2,180,439	\$1,531,990	\$648,449
Community Health Care Services	\$5,235,651	\$5,143,439	\$92,212
Educational Symposiums	\$838,914	\$838,914	0
Grants\Donations – Health Care	\$10,481,301	\$8,765,412	\$1,715,889
Grants\Donations – Non Health Care	\$270,912	\$85,325	\$185,587
Medical Research	\$9,013,299	\$7,810,128	\$1,203,171
Medical Libraries	\$6,296,969	\$6,296,969	0
Tumor Board & Registries	\$3,611,978	\$3,438,578	\$173,400
Educational Theatre	\$4,971,712	\$4,013,560	\$958,152
Youth\Other Employment Programs	\$1,504,288	\$1,401,948	\$102,340
Board of Directors Fund	\$887,233	\$887,233	0
Other Community Service	\$3,230,520	0	\$3,230,520
<b>TOTAL</b>	<b>\$342,871,594</b>	<b>\$160,743,820</b>	<b>\$182,127,774</b>

## 2001 DCBI Expenditures in California and Hawaii

DCBI CATEGORY	CALIFORNIA TOTAL	CALIFORNIA HOSPITALS TOTAL	CALIFORNIA HEALTH PLAN TOTAL	HAWAII TOTAL	HAWAII HOSPITALS TOTAL	HAWAII HEALTH PLAN TOTAL
Dues Subsidy	\$25,538,049	\$8,002,106	\$17,535,943	\$986	0	\$986
Medicaid Shortfalls	\$176,613,089	\$60,940,275	\$115,672,814	\$13,610,315	\$1,678,641	\$11,931,674
Other Publicly Subsidized Programs	\$1,320,690	\$396,207	\$924,483	0	0	0
Charitable Care	\$8,785,511	\$8,785,511*	0	\$1,015	\$1,015	0
Graduate Medical Education	\$24,257,070	\$24,257,070	0	\$772,436	\$772,436	0
Health Professional Training Programs (non-MD)	\$5,097,995	\$5,097,995	0	0	0	0
Continuing Medical Education	\$6,564,723	\$6,564,723	0	\$217,120	\$217,120	0
Health Education Activities	\$1,416,169	\$1,416,169	0	\$192,233	0	\$192,233
Community Health Care Services	\$4,950,439	\$4,950,439	0	0	0	0
Educational Symposiums	\$808,914	\$808,914	0	0	0	0
Grants/Donations – Health Care	\$8,529,265	\$8,529,265	0	\$110,084	\$110,084	0
Grants/Donations – Non Health Care	0	0	0	\$85,325	\$85,325	0
Medical Research	\$5,670,970	\$5,670,970	0	\$227,040	\$227,040	0
Medical Libraries	\$6,001,502	\$6,001,502	0	\$62,311	\$62,311	0
Tumor Board & Registries	\$2,514,313	\$2,514,313	0	\$196,180	\$196,180	0
Educational Theatre	\$3,090,488	\$3,090,488	0	0	0	0
Youth/Other Employment Programs	\$1,401,948	\$1,401,948	0	0	0	0
Board of Directors Fund	\$801,787	\$801,787	0	\$85,446	\$85,446	0
Other Community Service	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$283,362,922</b>	<b>\$149,229,682</b>	<b>\$134,133,240</b>	<b>\$15,560,491</b>	<b>\$3,435,598</b>	<b>\$12,124,893</b>

\*As a prepaid health organization, Kaiser Permanente has not invested in the expensive administrative processes and data systems necessary to determine exactly how many nonmembers served by Hospitals might be eligible for the category of "charitable care" and the value of the service provided to them. Each licensed hospital operated by Hospitals in California and elsewhere has an emergency room open to the public without regard to ability to pay. In California, Hospitals is beginning to track this number more accurately. We believe that this represents only a portion of the charitable care provided. In the future, we expect to be able to report this amount more completely.

## **HIGHLIGHTS OF COMMUNITY BENEFIT PROGRAM IN CALIFORNIA AND HAWAII**

The following are some highlights of the 2001 community benefit programs in California and Hawaii

### **Dues Subsidy Program**

Health Plan and Hospitals spent approximately \$25.5 million to provide subsidized coverage to over 10,000 low-income adults and children who are not eligible for other public or privately funded coverage in California. Of that amount, approximately \$8 million is attributable to services provided by Hospitals and over \$17.5 million is attributable to Health Plan. In California, the Steps Plan and KP Cares for Kids Child Health Plan 1 & 2 are the specific products that form the Dues Subsidy Program. The Steps Plan provides members the opportunity to continue their health care coverage at reduced costs when they are experiencing financial difficulties due to job loss, involuntary reduction in work hours, death, divorce, or legal separation from a spouse. Typically, these individuals are not eligible for any other public or private group health care coverage. The plan is available to parents of children enrolled in AIM, Healthy Families or the Kaiser Permanente Cares for Kids Child Health Plans as well as to individuals participating in government and social service agency vocational training programs. The cost of health care is subsidized on the basis of family income in four steps—80%, 60%, 40%, and 20%. Participants stay at entry-level for one year before being moved to the next level.

The Kaiser Permanente Cares for Kids (KPCK) initiative was designed to promote universal coverage for uninsured children in California. In order to achieve this goal, KPCK uses a multifaceted approach that includes research and evaluation as well as advocacy and participation in statewide coalitions. However, KPCK's centerpiece is subsidized health care coverage for children (birth through 18 years) who are ineligible for Medi-Cal or the Healthy Families Programs. KPCK offers two insurance plans, Child Health Plan 1 and 2. The 2001 average enrollment was 1585 children.

Child Health Plan-1 (CHP-1), opened for enrollment in September 1998, targets uninsured children who are ineligible for public programs because of income status and whose family income is 250% to 300% of the Federal Income Guideline. Income-eligible children must live within one of the KP Service Areas in California and can not be eligible for employer-subsidized coverage. CHP-1 provides a comprehensive benefits package including preventive care, inpatient and outpatient services, prescription drugs, and vision care. The premium cost is \$15 per child per month for a maximum of three children, and low co-payments exist for some services.

Child Health Plan-2 (CHP-2) is a 30-month pilot program that was launched in July 2001. CHP-2 targets noncitizen children in families with income below 250% of the Federal Income Guideline. Eligible children must reside within a designated zip code of southeast Los Angeles County. The benefit package is identical to the CHP-1 benefits except that CHP-2 also includes dental coverage. The cost per family is \$24 regardless of number of children. The families also incur low co-payments for some services.

The KP 9/11 Personal Advantage Gap Conversion Plan was created in Hawaii in response to the terrorist attacks on the United States on September 11. The plan dues are partially subsidized by Kaiser Permanente Hawaii, and is offered to individuals and their families who have been displaced from employment by the rippling economic effects caused by the national tragedies of September 11. The offering is available to all displaced employees regardless of whether they were Kaiser Permanente members or not prior to displacement. The KP 9/11 Personal Advantage Gap Conversion Plan provides individual plan benefits with co-pays and pharmacy discounts.

### **Participation in Medicaid and Other Publicly Financed Programs**

Health Plan and Hospitals have a long history of participation in publicly financed health programs.

- **Medicaid** – During 2001, Health Plan enrolled an average of 101,103 Medicaid beneficiaries in California and over 16,850 Medicaid beneficiaries in Hawaii on a prepaid basis. Health Plan subsidized these members in an amount equal to approximately \$102.5 million in California and over \$11.9 million in Hawaii. In addition, Health Plan and Hospitals subsidized hospital-based care for Medicaid enrollees who were not enrolled in our prepaid program in an amount equal to approximately \$74.1 million in California and approximately \$1.7 million in Hawaii.
- **Health Insurance Plan of California** - Health Plan was an early supporter and is an active participant in the Health Insurance Plan of California (“HIPC”). Health Plan is HIPC’s largest participant providing coverage to approximately 37% of the individuals enrolled through HIPC.
- **California Healthy Families** – Health Plan enrollment reached 39,364 by yearend in 2001 for *Healthy Families*, a federal and state-funded, insurance program that provides low- and moderate-income families with health insurance for children age under 19 years. The program is the result of the federal Children’s Health Initiative, 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 of 100% to 250% of the federal poverty level and must be ineligible for Medi-Cal coverage. Kaiser Permanente provided \$1.3 million in subsidized coverage to these members, of which \$924,483 is allocable to Health Plan and another \$396,207 is allocable to Hospitals.
- **California Major Risk Medical Insurance Program (MRMIP)** – MRMIP provides limited insurance for those who are not eligible for individual coverage because of pre-existing conditions or excessively high medical bills. Health Plan has participated in this program since its inception. For 2001, Health Plan had an average of 3,598 members enrolled from MRMIP.
- **California Access for Infants and Mothers Program (AIM)** – Low income pregnant women, not covered by any other public or private health care insurance program, who are eligible for Medi-Cal receive coverage during the term of their pregnancy and for 60 days postpartum under AIM. Children born under the AIM program receive health coverage for two full years after they are born. Health Plan and Hospitals both participate in AIM. In 2001, Health Plan enrolled by year-end 1,513 AIM beneficiaries.

### **Clinical and Health Services Research**

Hospitals spent approximately \$5.7 million in California and approximately \$227,000 in Hawaii 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 more than 40 eminent academic research institutions including UCLA, University of Southern California, University of California San Francisco, Stanford University and Harvard and also partners with the National Institutes of Health and the Centers for Disease Control and Prevention. For 40 years, Kaiser Permanente researchers have parlayed modest grants financed through our community service budget into major discoveries that have served our communities, influenced national policy, and informed medical practice throughout the nation and the world.

DCBI funds support research that meets important medical and social needs, such as preventing violence, preventing infectious disease and improving health care for adolescents, youth and under-served populations. Our 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. Examples of research projects that have received DCBI funds in California are described below:

- *Prostate Cancer* The objective of this study is to examine known and suspected prostate cancer risk factors among multi-ethnic males, ages 45 to 69. Widely varying rates of clinically apparent disease by ethnicity and geographic location suggest the importance of environmental and behavioral factors. Information on dietary factors, adolescent and adult physical activity patterns, body size, family history, and other factors will be collected. Over 100,000 men will participate in this study.
- *Controlling Hypertension* This study involves learning how well patients with high blood pressure understand the terminology used in patient education materials, how their actual blood pressure measures and control status compare with perceptions of these, and what patients are doing to control their blood pressure. Ethnicity, education level, and language preference will also be considered as to the impact they have on the above measures.
- *Young Women's Prenatal clinic* Several research projects are undertaken by nurses to support the systematic study and evaluation of nursing practices and patient care. One study currently in the data collection phase is a collaborative project with Contra Costa County School District to evaluate a multidisciplinary health team approach to providing prenatal care for high-risk pregnant teens.

### **Graduate Medical Education**

Hospitals spent \$26.4 million on graduate medical education to educate 675 affiliated and independent residents in California and \$772,436 on graduate medical education to educate 193 residents and interns in Hawaii. Sixty-six percent of these interns and residents are studying within primary care medicine areas of Internal Medicine, Pediatrics, OB/GYN, Family Medicine and Psychiatry. As part of their program, many of the independent residents include a community rotation to provide medical care to disadvantaged populations in a

variety of ambulatory settings, such as community clinics, school-based health centers, homeless shelters, and migrant farmworker camps

### **Nurse Practitioner and Other Non-Physician Training Programs**

Hospitals in California spent approximately \$5.1 million in training programs for nurse practitioners, nurses, radiology and pharmacy technicians, physical therapists, and other non-physician health professionals. California has seventeen different training and education programs. During 2001, Hospitals supported the training and education of over 800 students pursuing a career in the health care field. Examples of these programs are listed below.

- ◆ *Kaiser Permanente-California State University Fullerton RN-to-BSN Collaborative Program* - With the start of the 2001 fall semester, the Kaiser Permanente Distance Learning Program and the California State University Fullerton entered into a partnership to offer a new RN-to-BSN program. Over 150 registered nurses enrolled in the program and attend class at eight sites throughout California. Courses are conducted using a combination of interactive videoconference and the Internet. The current cohort is scheduled to complete in summer 2004.
- ◆ *Kaiser Permanente Psychology and Social Work Internship Program* - Many Northern California KFH facilities offer the Psychology and Social Work Internship Program, which is primarily for students who have completed their undergraduate academic training in psychology and enrolled in postgraduate courses leading to a doctoral degree. Postdoctoral residency positions are available to those who must complete the required number of supervised hours before taking licensing exams, and internships are available for students in a Master of Social Work program. Students in both programs receive regular and intensive exposure to all facets of outpatient services, professional guidance through staff meetings, formal supervision, informal contact with staff, and weekly training seminars.
- ◆ *Kaiser Permanente Radiology Training Program* - Students enrolled in local community college radiology technology programs can complete a full year clinical rotation required for certification as a radiology technologist at one of nine KFH facilities in Southern California. Some facilities offer students monthly stipends.
- ◆ *Allied Health Care Education Scholarships* - The Kaiser Permanente Allied Health Care Education Scholarship was started in 1994 to assist students throughout California in their pursuit of obtaining allied health care degree. The program is managed on Kaiser Permanente's behalf by the California Health Professions Education Foundation in Sacramento. Scholarships of up to \$2,500 are awarded based on a combination of merit and financial need; preference is given to students from underrepresented groups. As part of the scholarship, recipients must work or volunteer in a medically under-served area anywhere in California after graduation for a designated period. Thirty-three scholarships were given in 2001.
- ◆ *Advanced Practice and Allied Health Care Educational Programs* - The Southern California Department of Professional Education offers educational programs for allied health care providers throughout the Southern California community. The programs are designed to meet many of the primary and continuing educational needs

of nurse practitioners, physician assistants, certified nurse-midwives, physical therapists, occupational therapists, clinical laboratory specialists, radiology technologists, speech pathologists, social workers, and marriage and family counselors

### **Continuing Medical Education**

Hospitals in California spent approximately \$6.6 million in providing continuing medical education to community physicians and providers, as well as physicians affiliated with the Permanente Medical Groups and other health care providers. Over 7,000 different continuing education programs were offered locally, regionally or statewide during 2001 and nearly 89,000 continuing education units (CEU) earned.

### **Charitable Care**

Hospitals in California spent nearly \$8.8 million to assist patients with limited resources to pay for care provided in Kaiser Permanente facilities. There are two programs designed to distinguish true charity care from bad debt. The Medical Financial Assistance Program helps families and individuals that are unable to meet all or part of the cost of healthcare services and supplies. Patients are screened for eligibility and whose needs are immediate and of a nonrecurring nature. In Northern California, "Indigent Care" is an account set up for emergency services to charge the cost of care and treatment given to homeless persons without a known address. In addition, Hospitals spent over \$3.8 million in uncompensated care in Hawaii. Since this figure includes both charitable care and bad debt, it is not reported under DCBI expenditures. While the Hawaii Region has not invested in the expensive administrative processes or data systems necessary to determine how many non-members served by Hospitals might be eligible for the category of "charitable care," a special account has been established to capture outpatient services and medications for patients who cannot afford to pay.

### **Community Health Care Services**

Hospitals in California spent approximately \$5 million to provide a variety of services and programs to non-members who live and work in the communities we serve. Examples of the types of programs funded are:

- ♦ *Watts Counseling and Learning Center (WCLC)* For 35 years, the Watts Counseling and Learning Center has implemented its mission of supporting the "personal growth and development of under-served children and families in the Watts and South Central area of Los Angeles, by providing accessible, quality, community service programs of counseling, education, child development and outreach services". Focal to the center's offerings are an advocacy and intervention program for children with learning differences; a state-licensed preschool program, "Kids Can Cope" support groups for children whose parents or siblings have cancer, and an intern training program for social work graduate students from six colleges and universities.

The center annually awards five \$2,000 scholarships to high school seniors and to college students enrolled in a community college, four-year colleges, universities, and technical or vocational schools that have completed at least 300 hours of volunteer community service.

The scholarship program, which was established in 1997, is named for the center's founding director, Bill Coggins

- ♦ *Educational Outreach Program (EOP)* The Educational Outreach Program has been offering free educational, counseling and enrichment services to Latino youth and their parents in Baldwin Park and surrounding community since 1993. The youth and their parents can attend ten different programs at either their school site, after-school, Saturday or summer programs, which include homework assistance and reinforcement of study skills, a mother-daughter program encouraging 6<sup>th</sup> grade girls to begin identifying their post-secondary education goals, an early literacy program that encourages parents to read to their children, a summer enrichment program for six weeks, summer youth employment, a work preparation program; a conflict resolution curriculum for fourth graders, and family counseling

### **Educational Theatre**

Hospitals spent approximately \$3.1 million in 2001 to produce the Educational Theatre Program ("ETP") in California. The Southern California ETP troupe travels each year to Hawaii for 3-4 weeks to perform three of the programs. The Educational Theatre Programs (ETP) use live theatre, music, comedy and drama to inspire children, teens and adults to make healthier choices and better decisions about their well-being. As educational as they are entertaining, ETP's award-winning programs were developed with help of teachers, parents, students, health educators, medical professionals, and professional performing artists and are performed by professional actors who are also trained as health educators.

Now in their 17<sup>th</sup> year, ETP's programs are provided free of charge as a community benefit. In addition to the performances, ETP supplies schools and organizations with supplementary educational materials such as workbooks, parent and teacher guides, and student wallet cards, designed to reinforce the messages presented on stage. In 2001, more than 400,000 students and adults participated in a production by attending one of more than 1800 performances. ETP also participated in dozens of community events, festivals and seminars.

The current ETP 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 antiviolence program for upper-elementary school students, Nightmare on Puberty Street, a dramatic presentation about the joys and angst of adolescence, and Secrets, an HIV/AIDS education drama for high school students. ETP also runs a Community Troupe outreach program that provides community groups with customized educational theatre programs and services. The troupe is currently offering a mini-production around the issues of childhood asthma.

### **Educational Symposiums for Health Care Professionals**

Hospitals in California spent over \$808,900 to organize health symposiums to educate and inform health care providers and people who work in health care about health care issues.



### **Health Education Activities**

Hospitals and Health Plan spent approximately \$1.4 million on community wellness/health education programs in Hawaii and California. Most often, 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. In addition, community health education materials, programs, services and training sessions are designed to reach members of the community. The purpose is to improve the health and prevent disease in adults, children, families, and teens by conducting appropriate health education interventions and sharing Kaiser Permanente health education resources.

These community health education activities widely disseminate 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 many resources donated. Types of programs offered include Breast feeding, HIV Prevention, Better Nutrition and Lifestyle, Coping with Chronic Diseases, Teen Choices and Challenges, and Seniors' Movement Programs. Continuing education course and skill training sessions are also provided to community health care providers. Many of the programs and resources are provided in partnerships with community advocacy groups, community clinics, libraries, nonprofit organizations, cable television channels and schools. Over 200 different topics of outstanding health education print materials and videos produced by Kaiser Permanente are available. During 2001, the program donated a set of 23 Kaiser Permanente-produced videos to all community libraries in the State of California.

In 2001, Hawaii Health Plan participated in the New Baby Expo, a three-day exposition designed to educate and inform new and expecting parents on childcare facilities, practices, consumer items, and more. Physicians and staff from Obstetrics and Gynecology, Pediatrics, Labor and Delivery and Maternity participated, providing pre-natal care information and child rearing and safety tips to thousands of Hawaii residents. In addition, physicians and staff participated in the Great Aloha Run, state's second largest fitness run in the islands, providing qualified medical care to injured and weary runners. And hundreds of volunteers promoted healthy lifestyles through exercise and good nutrition to Hawaii's youth at the Mililani Fun Run, the state's largest recreational children's run.

### **Grants and Donations for Health Care Related Activities**

Hospitals gave approximately \$8.6 million in health care related grants and donations in the communities it serves in California and Hawaii. Through its Community Contributions Program, Hospitals provides donations and grants to many nonprofit community-based organizations serving diverse communities throughout California. More than 1800 organizations received support in 2001. Requests for funding are received year-round. Preference is given to programs that address specific needs of vulnerable populations including children, disabled persons, economically disadvantaged families, and people of ethnic minorities and senior persons. Grants also are awarded to eligible groups and organizations for hosting health conferences and fairs, providing health education messages, sponsoring nonprofit fundraising events and supporting capital campaigns. The program does not fund academic research,

contributions to individuals, leisure and recreation programs, performing arts programs or political campaigns. Examples of the grant categories are described below

- ◆ *SB 697 Grant Funds* - SB 697 Grant Funds are allocated annually to each of the 27 licensed hospitals owned and operated in California to support community benefit activities and projects outlined in the local community benefit plans. Most funding is in the form of contributions to community coalitions and collaboratives, local government agencies, nonprofit 501(c) 3 organizations, and public schools. Funds also may be used for additional resources including consultants, staff positions and in-kind services.
- ◆ *Clinic Partners Program* - The Clinic Partners Program was created in response to the growing number of medically indigent California residents. Hospitals form partnerships with neighboring community, free and school-based health clinics to increase their service capacity. Hospitals provide financial, human and technical resources to the clinics, and Kaiser Permanente physicians, nurses, medical professionals and other employees volunteer their time.
- ◆ *HIV/AIDS Grants* - HIV/AIDS grants support community agencies throughout California that serve the health care needs of people with HIV/AIDS. Submitted proposals are reviewed and approved by internal committees from each KFH service area. Awards range from \$3000 to \$10000.
- ◆ *Growing Healthy Communities* - Grants of \$25,000 each are awarded annually to four nonprofit, community-based organizations in California for programs to help families managing care for members with diabetes or addressing the growing concern of childhood obesity.

#### **Grants and Donations Unrelated to Health Care**

Hospitals in Hawaii gave approximately \$85,000 to community organizations for purposes not directly related to health care. These donations include donations to schools for general educational support, for scholarships, and other community service functions. In Hawaii, the Local Area Partnership Program provides support for long-term, clinic-based partnerships with non-profit organizations that provide social support to the needy, uninsured or underprivileged. Examples of projects supported by this program are:

- Kaiser Permanente physicians and staff on the island of Hawaii donate time and resources supporting the East Hawaii Coalition for the Homeless, an emergency and transitional shelter for men, women and children in the town of Hilo. In 2001, physicians and staff cleaned and painted units that needed refurbishing, purchased large appliances for the shelter, treated residents to various seasonal festivities and distributed needed supplies such as toiletries and cold kits. Kaiser Permanente's Hilo Clinic also conducts year-round food and clothing drives for shelter residents, relying upon the generosity of staff and also members who visit the clinic.
- Kaiser Permanente staff on the West End of the Big Island recently formalized a partnership with Family Support Services of West Hawaii. Kona Clinic physicians and staff have volunteered weekends to build and paint benches and refurbish playground equipment for the children of the program, many of whom are considered at risk.

- Kaiser Permanente employees are currently teaching classes on nutrition, wellness and basic life skills at Ka Hale Ake Ola, a transitional housing project on Maui which teaches residents how to “get back on their feet.” Kaiser Permanente lifestyle coordinators, nurses, physicians and clerks are going to the shelter to teach healthy cooking classes, basic childcare health and nutrition, and computer skills. The Maui partnership has been recognized by the Governor’s Commission on Volunteerism, and is a model for area-based partnerships.
- Kaiser Permanente’s Honolulu Clinic continues to support its partnership with the Salvation Army Family Treatment Services, a shelter for women and children who are trying to escape abusive domestic situations. Physicians and staff regularly volunteer weekends providing landscaping, cleaning and general maintenance of the grounds and facilities, and also provide recreational outlets for the women to boost their self-esteem and motivation.

### **Youth Employment Programs**

In California, Hospitals spent approximately \$1.4 million to fund youth employment programs aimed at improving the education and job skills of, or providing employment opportunities for, targeted populations. Summer Youth provides economically disadvantaged high school students, with meaningful supportive summer employment experiences in the health care field. In addition to their work assignments, students participate in educational sessions and motivational workshops to enhance job skills and work performance. Many former Summer Youth students are now employed with the organization as administrators, communication technicians, engineers, lab technicians, opticians, nurses, and physicians.

Hospitals has partnered with Inroads, a national nonprofit program that began in 1970 as a way for minority students to receive business experience in preparation to become community and corporate leaders. The program targets outstanding African-American, Latino, and Native American college freshmen who commit to intern for three consecutive summers at participating organizations with the goal of summer internships leading to the possibility of permanent jobs at graduation. As part of the internships, students receive career development counseling, performance appraisals and support from company mentors. During the school year, Inroads provides counseling and tutoring. Approximately 400 youth were employed through these two programs in 2001.

### **Medical Libraries**

Hospitals in California and Hawaii spent over \$6 million to support medical libraries and other health resource and information dissemination services. These programs allow medical staff and the greater professional community access to health-related research conducted within and outside of Kaiser Permanente. During 2001, medical libraries established an inter-loan system with other community hospitals, supported students in training and education programs to conduct literature searches and conducted searches for community clinics and other community-based organizations on advances in medical treatment, clinical protocols and new development on specific health issues.

### **Tumor Board and Registry**

Hospitals in California and Hawaii spent \$2.7 million to support the Tumor Board and Registry. In California and Hawaii, each hospital is required by state law to provide specific cancer patient

data to the state at particular intervals after diagnosis. Each patient is followed on an annual basis for the remainder of his or her life. Each hospital has staff whom collect the state-mandated information and transmit the information electronically each month.

#### **Board of Directors' Fund and Other Community Services**

During 2001, Kaiser Foundation Hospitals Board of Directors Fund made 39 charitable contributions to 37 tax-exempt organizations totaling \$905,996. Grants in Kaiser Permanente's focus area of children's health included a contribution to the National Safe Kids Campaign to reduce injury rates to children in low-income families through provision of safety devices and other outreach efforts to at-risk populations. Similar grants went to the Physicians for a Violence Free Society, the Colorado Children's Campaign, and Children Now.

In the clinical focus area of asthma, Kaiser Permanente Cares for Communities Grants were awarded to the Long Beach Alliance for Children with Asthma, and the Asthma Coalition of the District of Columbia. Through a continuing partnership with the American Lung Association (ALA), Kaiser Permanente and the ALA awarded five grants to community coalitions that will incorporate recommendations for asthma programs developed through a conference hosted in 2000. Coalition leaders include local chapters of the ALA of San Francisco and San Mateo Counties, Maryland and Hawaii, as well as the Disease and Wellness Clinic in Colorado Springs, CO and the ZAP Asthma Consortium in Atlanta, Georgia.

Two major grants were also awarded in the area of breast cancer. The National Breast Cancer Coalition was awarded a grant to support their Quality Care Advocate Training Program, which will educate and train community activists to help individuals facing breast cancer navigate the health care system and make informed choices. The Women's Information Network Against Breast Cancer (WINABC) received a grant to expand their programs designed to meet the complex needs of culturally diverse, medically indigent and under-served patients. Also in the area of women's health, the National Partnership for Women & Families received a grant to convene a Women's Health Symposium in Washington, DC.

The American Public Health Association received a grant to support the national Campaign to Eliminate Racial and Ethnic Disparities in Health, including specific initiatives in the State of California. The focus of the initiative is to increase the accessibility of health care insurance and to promote the need for ensuring coverage of more than 1.85 million children in California who have no private or public health care insurance. In addition to funding this effort, the Chairman and CEO of KFHP/H and the President of the California Division will contribute their expertise and leadership on the Executive Planning Committee.

An award to the Health Forum of the American Hospital Association will fund Patient Safety Leadership Fellowships, carefully selected health care practitioners who embrace patient safety and who will develop and promote cultures of safety and innovation in current health systems. Kaiser Permanente also awarded a grant to the National Consumers League to improve the ability of consumers to make appropriate health care choices by formulating messages that will enhance their understanding of quality and evidence-based medicine.

**Application for Extension of Time To File an  
Exempt Organization Return**

OMB No 1545-1709

► 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)
- Note** 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)

**Note** 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

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

- 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) NA 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

- 1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 20 02, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- ☒ calendar year 20 01 or
- ☐ tax year beginning \_\_\_\_\_, 20 \_\_\_\_\_, and ending \_\_\_\_\_, 20 \_\_\_\_\_

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

- 3a 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 \$ 0
- b 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 \$ \_\_\_\_\_
- c **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 \$ 0.00

**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 S. Sten Title ► VICE PRESIDENT/CONTROLLER Date ► 5/ 8 /2002

For Paperwork Reduction Act Notice, see Instruction

Form **8868** (12-2000)

- 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 <b>KAISER FOUNDATION HEALTH PLAN INC.</b>	Employer identification number <b>94-1340523</b>
	Number, street, and room or suite no. If a P.O. box, see instructions <b>ONE KAISER PLAZA, SUITE 1550</b>	For IRS use only
	City, town, or post office, state, and ZIP code. For a foreign address, see instructions <b>OAKLAND CA 94612</b>	

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

- ☒ Form 990    ☐ Form 990-EZ    ☐ Form 990-T (sec. 401(a) or 408(a) trust)    ☐ Form 1041-A    ☐ Form 5227    ☐ Form 8870  
☐ Form 990-BL    ☐ Form 990-PF    ☐ Form 990-T (trust other than above)    ☐ Form 4720    ☐ Form 6069

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

- 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

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 2002
- 5 For calendar year 2001, or other tax year beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_
- 6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a 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 \$ NONE
- 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 \$ NONE
- 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 \$ 0

**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 S. S. S. Title VICE PRESIDENT/CONTROLLER Date 7/29/2002**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 due date of the return for which an extension was requested.
- ☐ Other \_\_\_\_\_

Director \_\_\_\_\_

By \_\_\_\_\_

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

Type or print	Name <b>AUG 13 2002</b>
	Number and street (include suite, room, or apt. no.) Or a P.O. box number <b>LINDA WEISKOPF, FIELD DIRECTOR, SUBMISSION PROCESSING—OGDEN</b>
	City or town, province or state, and country (including postal or ZIP code)

**COPY**