

Return of Organization Exempt From Income Tax
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.

2003

Open to Public
Inspection

A For the 2003 calendar year, or tax year beginning 2003, 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 OF COLORADO

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

ONE KAISER PLAZA, SUITE 1550L

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

OAKLAND, CA 94612

D Employer identification number

84-0591617

E Telephone number

(510) 271-6611

F Accounting method

☐ Cash☒ Accrual

Other (specify) ▶

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

H and I are not applicable to section 527 organizations

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

H(b) If "Yes," enter number of affiliates ▶

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 Group Exemption Number ▶

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

G Website: ▶ N/A

J Organization type (check only one) ☒ 501(c) (3) (insert no.) ☐ 4947(a)(1) or ☐ 527K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 1,379,878,421.

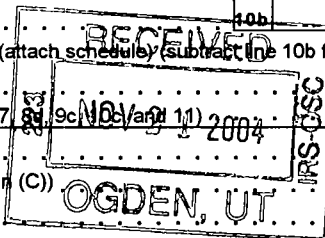
Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

1	Contributions, gifts, grants, and similar amounts received. STMT 1			
a	Direct public support	1a	1,310,942.	
b	Indirect public support	1b	645,452.	
c	Government contributions (grants)	1c	72,201.	
d	Total (add lines 1a through 1c) (cash \$ 2,028,595. noncash \$)	1d	2,028,595.	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	1,372,171,140.	
3	Membership dues and assessments	3		
4	Interest on savings and temporary cash investments	4	5,553,995.	
5	Dividends and interest from securities	5		
6a	Gross rents	6a		
b	Less rental expenses	6b		
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	111,677.	
7	Other investment income (describe ▶)	7	5,972.	
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	7,042.
b	Less cost or other basis and sales expenses	8b	2,904,446.	
c	Gain or (loss) (attach schedule) STMT. 4.	8c	-2,897,404.	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-2,897,404.	
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>			
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 (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, 8d, 9c, 10c, and 11)	12	1,376,973,975.	
13	Program services (from line 44, column (B))	13	1,205,314,248.	
14	Management and general (from line 44, column (C))	14	74,784,340.	
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	1,280,098,588.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	96,875,387.	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	348,997,519.	
20	Other changes in net assets or fund balances (attach explanation) STMT. 5. STMT. 6.	20	26,999,020.	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	472,871,926.	

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2003)

SCANNED DEC 13 2004



7-13

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Part II Statement of Functional Expenses

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc.	25			
26 Other salaries and wages	26 209,058,966.	209,058,966.		
27 Pension plan contributions	27 16,403,923.	16,403,923.		
28 Other employee benefits	28 33,618,096.	33,618,096.		
29 Payroll taxes	29 13,900,764.	13,900,764.		
30 Professional fundraising fees	30			
31 Accounting fees	31 677,896.	677,896.		
32 Legal fees	32 1,058,197.	1,058,197.		
33 Supplies	33 110,234,066.	110,234,066.		
34 Telephone	34 245,583.	245,583.		
35 Postage and shipping	35 1,815,780.	1,815,780.		
36 Occupancy	36 7,731,321.	7,731,321.		
37 Equipment rental and maintenance	37 2,656,911.	2,656,911.		
38 Printing and publications	38 3,178,386.	3,178,386.		
39 Travel	39 2,311,355.	2,311,355.		
40 Conferences, conventions, and meetings	40			
41 Interest	41 7,395.	7,395.		
42 Depreciation, depletion, etc. (attach schedule)	42 24,896,117.	24,896,117.		
43 Other expenses not covered above (itemize) STMT 7	43a 852,303,832.	777,519,492.	74,784,340.	
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
44 Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15.	44 1,280,098,588.	1,205,314,248.	74,784,340.	

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

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)What is the organization's primary exempt purpose? **STMT 8**

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

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

a SEE STATEMENT PART III	
(Grants and allocations \$ _____)	1,205,314,248.
b	
(Grants and allocations \$ _____)	
c	
(Grants and allocations \$ _____)	
d	
(Grants and allocations \$ _____)	
e Other program services (attach schedule)	(Grants and allocations \$ _____)
f Total of Program Service Expenses (should equal line 44, column (B), Program services).	1,205,314,248.

Part IV Balance Sheets (See page 25 of the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		(A) Beginning of year		(B) End of year
45	Cash - non-interest-bearing	6,755,393.	45	3,800,237.
46	Savings and temporary cash investments	156,799,168.	46	160,400,981.
47a	Accounts receivable	33,963,713.		
b	Less: allowance for doubtful accounts	4,341,081.	47c	29,622,632.
48a	Pledges receivable			
b	Less: allowance for doubtful accounts		48c	
49	Grants receivable		49	
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
51a	Other notes and loans receivable (attach schedule)			
b	Less: allowance for doubtful accounts		51c	
52	Inventories for sale or use	30,263,986.	52	27,663,218.
53	Prepaid expenses and deferred charges	3,840,543.	53	286,251.
54	Investments - securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
55a	Investments - land, buildings, and equipment: basis			
b	Less: accumulated depreciation (attach schedule)		55c	
56	Investments - other (attach schedule) STMT. 9.	1,057,903.	56	1,069,536.
57a	Land, buildings, and equipment: basis	466,592,813.		
b	Less: accumulated depreciation (attach schedule) STMT. 2.	245,009,181.	57c	221,583,632.
58	Other assets (describe ► STMT 10)	193,629,785.	58	274,411,768.
59	Total assets (add lines 45 through 58) (must equal line 74)	622,134,360.	59	718,838,255.
60	Accounts payable and accrued expenses	102,187,499.	60	119,053,997.
61	Grants payable		61	
62	Deferred revenue		62	
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
64a	Tax-exempt bond liabilities (attach schedule)		64a	
b	Mortgages and other notes payable (attach schedule)		64b	
65	Other liabilities (describe ► STMT 11)	170,949,342.	65	126,912,332.
66	Total liabilities (add lines 60 through 65)	273,136,841.	66	245,966,329.
Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
67	Unrestricted		67	
68	Temporarily restricted		68	
69	Permanently restricted		69	
Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.				
70	Capital stock, trust principal, or current funds	1,110.	70	1,110.
71	Paid-in or capital surplus, or land, building, and equipment fund		71	
72	Retained earnings, endowment, accumulated income, or other funds	348,996,409.	72	472,870,816.
73	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	348,997,519.	73	472,871,926.
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	622,134,360.	74	718,838,255.

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

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

a	Total revenue, gains, and other support per audited financial statements . . . ▶	a	
b	Amounts included on line a but not on line 12, Form 990:	b	
(1)	Net unrealized gains NOT APPLICABLE on investments . . . \$		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify):		
	\$		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	
d	Amounts included on line 12, Form 990 but not on line a:	d	
(1)	Investment expenses not included on line 6b, Form 990 . . . \$		
(2)	Other (specify):		
	\$		
	Add amounts on lines (1) and (2) . . ▶	d	
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return **NOT APPLICABLE**

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

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

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
See Statement 3		-0-	-0-	-0-

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶ ☒ Yes ☐ No

If "Yes," attach schedule - see page 28 of the instructions. See Statement 4

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

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . .		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	X	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b	If "Yes," enter the name of the organization <u>SEE ATTACHED STATEMENT 17</u> and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt.		
81 a	Enter direct and indirect political expenditures. See line 81 instructions. 81a <u>NONE</u>		
b	Did the organization file Form 1120-POL for this year?		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		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 <u>N/A</u>		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	N/A	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? 85a <u>N/A</u>		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 85b <u>N/A</u> 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 <u>N/A</u>		
d	Section 162(e) lobbying and political expenditures 85d <u>N/A</u>		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e <u>N/A</u>		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f <u>N/A</u>		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g <u>N/A</u>		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h <u>N/A</u>		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a <u>N/A</u>		
b	Gross receipts, included on line 12, for public use of club facilities 86b <u>N/A</u>		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a <u>N/A</u>		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b <u>N/A</u>		
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		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>NONE</u> ; section 4912 <u>NONE</u> ; section 4955 <u>NONE</u>		
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		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>NONE</u>		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>NONE</u>		
90 a	List the states with which a copy of this return is filed <u>COLORADO</u>		
b	Number of employees employed in the pay period that includes March 12, 2003 (See instructions) 90b <u>4184</u>		
91	The books are in care of <u>NATIONAL TAX DIRECTOR</u> Telephone no <u>510 271-6385</u> Located at <u>ONE KAISER PLAZA, OAKLAND, CA</u> ZIP + 4 <u>94612</u>		
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 92 <u>N/A</u>		

Form 990 (2003)

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a MEMBERS HEALTH DUE	621400	173,681.			928,105,993.
b SUPPL CHARG/PHARM					79,575,776.
c NON-PLAN & INDUSTR	621400	435,748.			2,112,205.
d OTHER PROGRAM SERV					1,466,738.
e					
f Medicare/Medicaid payments					360,300,999.
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	5,553,995.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property			16	111,677.	
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income			14	5,972.	
100 Gain or (loss) from sales of assets other than inventory			18	-2,897,404.	
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))		609,429.		2,774,240.	1,371,561,711.
105 Total (add line 104, columns (B), (D), and (E))					1,374,945,380.

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

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

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93	SEE DESCRIPTION ATTACHED AT STMT 18

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

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

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

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

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

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.

Please Sign Here

Signature of officer: Deborah Stokes Date: 11-12-04

VICE PRESIDENT CONTROLLER

Date: 11/3/04 Check if self-employed ☐ Preparer's SSN or PTIN (See Gen. Inst. W): P00365375

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),

501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

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

OMB No 1545-0047

2003

Employer identification number

84-0591617

KAISER FOUNDATION HEALTH PLAN OF COLORADO

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
SEE STATEMENT 12				
Total number of other employees paid over \$50,000	1467			

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
COLORADO PHYSICIANS MEDICAL GROUP		
DEPT. 119, DENVER, CO 80281-0119	MEDICAL SERVICES	237757692.
HCA HEALTHONE LLC		
1917 E 19TH AVE., DENVER, CO 80218	MEDICAL SERVICES	31166651.
COMMUNITY MEDICAL ASSOCIATES		
1100 BALSAM, BOULDER, CO 80301	MEDICAL SERVICES	27225540.
THE CHILDREN'S HOSPITAL ASSOC		
1056 E 29TH AVE., DENVER, CO 80218	MEDICAL SERVICES	15954521.
ST JOSEPH HOSPITAL		
DEPARTMENT 224, DENVER CO 80291-0224	MEDICAL SERVICES	169100000.
Total number of others receiving over \$50,000 for professional services	269	

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

Schedule A (Form 990 or 990-EZ) 2003

JSA

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

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>77,322</u> . (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.)	1	X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property? STMT. 13	2a	X
b Lending of money or other extension of credit? STMT. 14	2b	X
c Furnishing of goods, services, or facilities? STMT. 15	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? STMT. 16	2d	X
e Transfer of any part of its income or assets?	2e	X
3a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a	X
b Do you have a section 403(b) annuity plan for your employees?	3b	X
4 Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4	X

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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	1,589,437.	1,545,506.	1,936,149.	2,253,968.	7,325,060.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	1218432787.	1039005913.	891942980.	788727385.	3938109065.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	9,439,948.	9,098,254.	8,086,462.	7,038,693.	33,663,357.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1229462172.	1049649673.	901965591.	798020046.	3979097482.
24 Line 23 minus line 17	11,029,385.	10,643,760.	10,022,611.	9,292,661.	40,988,417.
25 Enter 1% of line 23	12,294,622.	10,496,497.	9,019,656.	7,980,200.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 NQT APPLICABLE					26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____					
c Add: Amounts from column (e) for lines: 15 <u>7,325,060.</u> 16 _____ 17 <u>3938109065.</u> 20 _____ 21 _____					27c 3945434125.
d Add Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e 3945434125.
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					27f 3979097482.
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 99.1540 %
h Investment Income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).					27h 0.8460 %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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)**NOT APPLICABLE**

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) ----- ----- -----	31	
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- ----- -----		
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

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

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

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

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ►	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
Lobbying nontaxable					
45 amount					
Lobbying ceiling amount					
46 (150% of line 45(e))					
47 Total lobbying expenditures					
Grassroots nontaxable					
48 amount					
Grassroots ceiling amount					
49 (150% of line 48(e))					
Grassroots lobbying					
50 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		
c Media advertisements		X	
d Mailings to members, legislators, or the public	X		2,047.
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes	X		71,181.
g Direct contact with legislators, their staffs, government officials, or a legislative body	X		2,047.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		2,047.
i Total lobbying expenditures (Add lines c through h.)			77,322.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities. *See Stmt 19*

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

DESCRIPTION	DATE & HOW ACQUIRED (NOTE #1)	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	GAIN OR LOSS
<u>DISPOSAL OF EQUIPMENT</u>						
<u>Write Offs</u>						
Green Mtn & Chatfield Bldg CIP	Various	Apr-03	-	274,690	-	(274,690)
<u>Retirement</u>						
Miscellaneous Retirements	Various	Various	0	9,534,714	9,430,854	(103,860)
<u>Partial Retirement</u>						
Various Buildings	Various	Dec-03	0	7,660,933	5,135,037	(2,525,896)
<u>Sale</u>						
Miscellaneous Equip, Furn/Fix	Various	Various	7,042	0	0	7,042
TOTAL - NET GAIN			<u><u>7,042</u></u>	<u><u>17,470,337</u></u>	<u><u>14,565,891</u></u>	<u><u>(2,897,404)</u></u>

RECAP OF NET GAIN

ORIGINAL COST AND EXPENSE OF SALE	17,470,337
DEPRECIATION	<u>14,565,891</u>
NET COST OR OTHER BASIS	2,904,446
LESS GROSS SALES PROCEEDS	<u>7,042</u>
NET LOSS	<u><u>(2,897,404)</u></u>

Note#1: All of the foregoing fixed assets and equipment were acquired by purchase by the organization for use in its tax-exempt purpose of providing health care to its enrolled members of the community.

STATEMENT 1

STATEMENT OF FIXED ASSETS AND DEPRECIATION

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		2003 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	31,313,048	33,587,173	0	0	0
LAND IMPROVEMENTS	6,149,988	6,565,938	4,650,128	4,774,345	124,217
BUILDINGS	227,158,230	230,647,278	96,765,402	101,688,968	10,064,899
LEASEHOLD IMPROVEMENTS	6,665,691	6,741,187	4,544,826	5,432,171	887,345
EQUIPMENT	96,004,905	96,830,120	81,129,395	77,908,748	6,118,691
CAPITALIZED SOFTWARE	63,249,750	63,590,266	47,509,837	55,204,949	7,700,965
CAPITALIZED LEASES	0	0	0	0	0
CONSTRUCTION IN PROGRESS	8,325,944	28,630,851	0	0	0
OTHER AMORTIZATION - START UP AND DEFERRED COSTS -					0
TOTALS TO:					
PART IV, LINE 57(A)	<u>438,867,556</u>	<u>466,592,813</u>			
PART IV, LINE 57(B)			<u>234,599,588</u>	<u>245,009,181</u>	
PART IV, LINE 57(C)	<u>204,267,968</u>	<u>221,583,632</u>			
PART II, LINE 42(A) DEPRECIATION, AMORTIZATION, ETC.					<u>24,896,117</u>

KAISER FOUNDATION HEALTH PLAN OF COLORADO
84-0591617
12/31/2003

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

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2003	(C2) COMPENSATION 2003	(D1) BENEFIT 2003	(D2) BENEFIT PAID 2004	(E) EXP ACCT/ OTHER ALLOW.
see note 2						
DIRECTORS:						
*see note 7						
George C Halvorson	Director & Chair	0	0	0	0	0
David R Andrews	Director	0	0	0	0	0
Barbara D Blum	Director	12	0	0	0	0
Christine k Cassel MD	Director from 6/2003	11	0	0	0	0
Thomas W Chapman	Director	9	0	0	0	0
Daniel P Garcia	Director	0	0	0	0	0
Henry M Kaiser	Director	0	0	0	0	0
Dorothy H Mann PhD, MPH	Director to 6/2003	5	0	0	0	0
Dean O Morton	Director to 4/2003	5	0	0	0	0
J Neal Purcell	Director from 7/2003	5	0	0	0	0
Mary E Reres EdD	Director to 12/2003	5	0	0	0	0
Robert L Ridgley	Director	8	0	0	0	0
Cynthia A. Telles PhD	Director from 4/2003	5	0	0	0	0
Barry L Williams	Director	5	0	0	0	0
SUBTOTAL DIRECTORS		0	0	0	0	0
OFFICERS AND KEY EMPLOYEES:						
Christopher L Binkley	Regional President	40	0	0	0	0
Robert E Briggs	Senior Vice President	40	0	0	0	0
Thomas R Meier	Vice President/Treasurer	40	0	0	0	0
Kirk E Miller*	Senior Vice President to 09/2003	40	0	0	0	0
Arthur M Southam, MD	Senior Vice President	40	0	0	0	0
Deborah Stokes	Vice President/Controller	40	0	0	0	0
Steven R Zalkin	Senior Vice President	40	0	0	0	0
Mitchell Cohen	Assistant Secretary	40	0	0	0	0
Victoria B Zalkin	Assistant Secretary	40	0	0	0	0
SUBTOTAL OFFICERS AND KEY EMPLOYEES		0	0	0	0	0
TOTAL		0	0	0	0	0

NOTES: See Statement 4A following page for notes applicable to the above reporting.

KAISER FOUNDATION HEALTH PLAN OF COLORADO

84-0591617
12/31/2003

STATEMENT FORM 990 PART V, LINE 75 - LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

(A) NAME <small>see note 2</small>	(B) TITLE/ HOURS* WEEKLY <small>*see note 7</small>	(C1) COMPENSATION PRE 2003 <small>See Notes 3 & 4</small>	(C2) COMPENSATION 2003 <small>See Notes 3 & 4</small>	(D1) BENEFIT 2003 <small>See Notes 3, 4 & 5</small>	(D2) BENEFIT PAID 2004 <small>See Notes 3, 4 & 5</small>	(E) EXP ACCT/ OTHER ALLOW. <small>See notes 3, 4 & 6</small>
DIRECTORS:						
George C Halvorson	Director & Chair	0	1,872,394	839,165	1,405,900	110,665
David R Andrews	Director	5	64,994	7,428	0	0
Barbara D Blum	Director	12	105,750	96	0	0
Christine k Cassel MD	Director from 6/2003	11	50,834	56	0	0
Thomas W Chapman	Director	9	95,710	9,567	0	0
Daniel P Garcia	Director	0	361,865	187,904	239,584	41,988
Henry M Kaiser	Director	5	82,744	7,428	0	0
Dorothy H Mann PhD, MPH	Director to 6/2003	5	40,000	48	0	0
Dean O Morton	Director to 4/2003	5	26,582	0	0	0
J Neal Purcell	Director from 7/2003	5	35,362	48	0	0
Mary E Reres EdD	Director to 12/2003	5	89,880	7,033	0	0
Robert L Ridgley	Director	8	117,286	13,803	0	0
Cynthia A Telles PhD	Director from 4/2003	5	58,790	5,275	0	0
Barry L Williams	Director	5	76,244	7,428	0	0
SUBTOTAL DIRECTORS		0	3,078,435	1,089,489	1,645,484	152,653
OFFICERS AND KEY EMPLOYEES:						
Christopher L Binkley	Regional President	40	493,121	626,503	209,952	580
Robert E Briggs	Senior Vice President	40	400,566	983,144	432,949	241,328
Thomas R Meier	Vice President/Treasurer	40	234,038	96,482	74,305	0
Kirk E Miller*	Senior Vice President to 09/2003	40	508,050	2,373,158	0	0
Arthur M Southam, MD	Senior Vice President	40	342,934	376,141	565,584	43,483
Deborah Stokes	Vice President/Controller	40	158,577	45,589	104,301	111
Steven R Zalkin	Senior Vice President	40	444,355	59,452	244,082	0
Mitchell Cohen	Assistant Secretary	40	0	36,218	62,956	0
Victoria B Zalkin	Assistant Secretary	40	0	49,641	64,559	0
SUBTOTAL OFFICERS AND KEY EMPLOYEES		1,580,929	4,105,437	4,646,329	1,758,688	285,502
TOTAL		1,580,929	7,183,872	5,735,818	3,404,172	438,155

NOTES: See Statement 4A following page for notes applicable to the above reporting.

STATEMENT 4

NOTES for current and future compensation, benefits and other reimbursements.

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

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

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

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

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

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

Some of the amounts shown as Compensation were actually earned in years prior to 2003. This compensation is reported twice – once in the year deferred and again in the year paid. However, the compensation is only paid once. The disclosure rules mandate that significant amounts of compensation are double-counted in both 2002 and 2003. For instance, column C1 includes amounts paid in 2003 for achievement of performance goals for prior years, and column D2 includes payments scheduled for 2004 for performance goals achieved in 2003.

Note #5 – The Organization offers various benefit plans, both qualified and non-qualified. Among the benefits offered to the officers listed on Form 990, Part V line 75 are a qualified Defined Benefit Plan (Plan A), a qualified Defined Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA), a Section 457(b) Deferred Compensation Plan (CAP), and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA, CAP and certain health and welfare benefit plans. Estimates for 2003 accruals for future benefits under Plan A are included in column D1. Individual values for post retirement health and welfare benefits are reported at the time of retirement.

For other benefit plans available to executives which provide future benefits earned during 2003 (where the specific amounts are available and determinable by the time this tax report is filed), the amount is included in the Benefits column D1 reported in this return. Amounts determinable at year-end under termination of employment arrangements calling for a stream-of-payments in a subsequent year are included in the D1 Benefit Plans column for this purpose. Individuals noted with (*) may have amounts included by reason of termination of employment and from benefit plan accounts that were previously earned.

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

Note #7 – The average weekly time spent on the organization's affairs during 2003 is reported based on individual records for Directors Blum, Cassel, Chapman and Ridgley; for the other directors the time is estimated to be five hours. Actual time spent by Board member may vary based on different responsibilities during the year. Key employees, who work full-time, may work in excess of the standard 40-hour work week.

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

RESERVE FOR MINIMUM PENSION LIAB

28,417,902.

TOTAL

28,417,902.
=====

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

UNREALIZED LOSS ON INVESTMENTS

1,418,882.

TOTAL

1,418,882.
=====

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
-----	----	-----	-----
PURCHASED MEDICAL SVC - BCP	430586378.	430586378.	
PURCHASED MEDICAL SVC - OUTSID	1,940,133.	1,940,133.	
PURCHASED SVC - OTHER NON-MEDC	69753916.	69753916.	
PURCHASED SVC - OTHER	215477498.	215477498.	
PROFESSIONAL & PUBLIC LIAB INS	6,137,686.	6,137,686.	
OTHER INSURANCE	206,466.	206,466.	
DUES & MEMBERSHIP	420,763.	420,763.	
SUBSCRIPTIONS	450,146.	450,146.	
STATE BUSINESS TAXES & LICENSE	49,868.	49,868.	
EMPLOYEE DEVELOPMENT	1,360,557.	1,360,557.	
EMPLOYEE RELATED EXPENSES	1,114,439.	1,114,439.	
AMORTIZATION DFRD S-U COST	6,688.	6,688.	
ADVERTISING & MARKETING EXPNS	3,426,283.	3,426,283.	
BROKER COMMISSIONS	10672229.	10672229.	
PUBLIC COMMUNITY RELATIONS	320,892.	320,892.	
INTER-REGIONAL CHARGES	19117636.	19117636.	
INFORMATION TECHNOLOGY SERVICE	67704647.	67704647.	
MISCELLANEOUS EXPENSE	9,785,017.	9,785,017.	74784340.
ALLOCATED ADMINISTRATIVE COSTS		-74784340.	
PROPERTY TAX	2,859,230.	2,859,230.	
SALES TAX	2,630,288.	2,630,288.	
RETALIATORY/PREMIUM TAX	6,353,361.	6,353,361.	
COMMUNITY CHARITABLE PROGRAMS	1,929,711.	1,929,711.	
TOTALS	852303832.	777519492.	74784340.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE
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THE PRIMARY EXEMPT PURPOSE OF KAISER FOUNDATION HEALTH PLAN OF COLORADO (HEALTH PLAN), A COLORADO NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PUBLIC BENEFIT AND GENERALLY EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), AND COMPARABLE STATE STATUTE, IS TO PROVIDE A PROGRAM OF HEALTHCARE AND MEDICAL SERVICES AS A PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION.

HEALTH PLAN IS A SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC AN ORGANIZATION ALSO EXEMPT FROM TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). HEALTH PLAN CONTRACTED WITH KAISER FOUNDATION HOSPITALS (HOSPITALS) AND COLORADO PERMANENTE MEDICAL GROUP PC (MEDICAL GROUP) TO PROVIDE OR ARRANGE FOR HOSPITAL AND MEDICAL SERVICES FOR ITS MEMBERS. HOSPITAL IN TURN CONTRACTS WITH COMMUNITY HOSPITALS TO PROVIDE SUCH HOSPITAL BASED MEDICAL CARE WHERE HOSPITALS DOES NOT OWN OR OPERATE FACILITIES. CONTRACT PAYMENTS TO COMMUNITY HOSPITALS AND MEDICAL GROUP REPRESENT A SUBSTANTIAL PORTION OF THE EXPENSES FOR MEDICAL AND HOSPITAL SERVICES REPORTED IN THIS TAX RETURN.

PLEASE SEE THE ATTACHMENT, "KAISER PERMANENTE COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN OF COLORADO FOR 2003". THIS REPORT WILL PROVIDE A DESCRIPTION OF THE ACTIVITIES CONDUCTED BY HEALTH PLAN IN THE ACCOMPLISHMENT OF ITS EXEMPT PURPOSES AND FOR THE BENEFIT OF THE COMMUNITY IN WHICH IT CONDUCTS ITS ACTIVITIES.



KAISER PERMANENTE®

**COMMUNITY BENEFIT REPORT
FOR
KAISER FOUNDATION HEALTH PLAN OF COLORADO
FY 2003**

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

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KAISER PERMANENTE®

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INTRODUCTION

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

In 2003, Kaiser Permanente served over 8.2 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia. The program is the largest private nonprofit health care program in the United States and has more than 109,000 full-time equivalent (FTE) employees and over 11,000 contracting physicians. The Colorado Health Plan serves more than 409,000 members, 4,200 administrative, clerical and technical employees as well as 606 full-time Permanente physicians.

This report describes the structure of Kaiser Permanente and documents the national community benefit activities, programs and services of KFHP and its subsidiaries, and KFH (combined), and the specific community benefit provided in the Colorado Region.

Kaiser Permanente is not just a financial arrangement but 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, preventive services, health education, and certain prescribed drugs. More comprehensive drug coverage is also provided through a separate coverage rider.

In the Colorado Region, three separate legal organizations comprise Kaiser Permanente, Colorado Health Plan, a Colorado nonprofit corporation, and federally qualified health maintenance organization providing federally qualified and non-federally qualified health benefit plans exempt from federal income tax under Internal Revenue Code §501(c)(3), KFH, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3), and the Colorado Permanente Medical Group ("Permanente Medical Group"), an independent multi-specialty group of physicians organized as a professional corporation.

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

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

Members receive services from various Permanente Medical Groups in the respective Kaiser Permanente regions. In Colorado Permanente Physicians accept responsibility for professional care of Health Plan members, are responsible for their own physician recruitment, selection and staffing, and are legally separate entities independent from Health Plan, KFH and each other. Colorado Permanente Physicians treat members in facilities owned, leased or contracted by Health Plan or KFH. In Colorado Springs, the Colorado Permanente Medical Group (CPMG) contracts with more than 150 primary care physicians and about 450 physician specialists to provide medical care services to Health Plan members.

KFHP and KFH are separate corporations governed by identical boards of directors. KFH accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members. KFH also contracts with other community hospitals to provide hospital services to members for specialized care and other services.

Membership in KFHP and its health plan subsidiaries 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 ages, social, and income groups within the areas served. Once enrolled, a member is free to maintain membership regardless of age, health status, or employment.

KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY

Through the Kaiser Permanente mission, the organization contributes to the health of the communities in two related ways. First, Kaiser Permanente strives for excellence in serving its more than eight million members, through market leading performance in quality, service and affordability. By doing so, Kaiser Permanente raises the bar for the performance of all healthcare organizations, benefits more people as it grows, provides a discipline in the marketplace by demonstrating meaningful value and affordability, and generates resources to reinvest in the community's health.

Second, Kaiser Permanente directly invests in improvements to its communities' health, working to increase access for the underserved, disseminate care improvements, alter the social determinants of health, and inform public policy.

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

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

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

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

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

- *Vulnerable Populations* - Address the financing and delivery problems of populations that are vulnerable because of socioeconomic status, illness, ethnicity, age, or other disabling factors;
- *Evidence-based Medicine* - Develop and communicate the evidence basis to determine what form of medical care works, for which patients and populations, under what circumstances, at what cost and in which delivery settings;
- *Education* - Evaluate and demonstrate educational models for the health professions in integrated care systems and for health care consumers for managing their own health and obtaining health care services; and
- *Public Policy* - Develop and disseminate public policy information that reflects the interests of the nation as a whole.

The Board elaborated that at least 75% of total community benefit funding will be directed to Program priorities within the four focus areas, and the remaining 25% of funding will be

directed by local Regions to respond to local community benefit needs and opportunities that may or may not be within the four key focus areas.

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

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

KFHP's primary social mission is the organization and provision of comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because the Health Plan is a nonprofit organization, revenues that exceed the cost of operations and provision of care are used to benefit members through improved facilities and service, increase benefits, and maintain affordable rates rather than to pay dividends to stockholders. Providing affordable, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to minimize medical indigence and contributes to quality of life in the communities we serve.

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

- **Integrated Services and Facilities** – KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente Regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFH and at medical office buildings owned or leased by KFHP. 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 also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.
- **Group Practice** – Contracting Permanente Medical Groups are organized into large multi-specialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFH or KFHP. The income that Permanente Medical Groups and their physicians receive is in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most

appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of “best clinical practices” throughout the community and across the nation.

- **Prepayment** – Generally, KFHP pays the Permanente Medical Groups a per 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** – KFHP provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care for most plans. Enrollees pay limited copayments at amounts that protect members from substantial out-of-pocket costs. Comprehensive prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, this reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.
- **No Pre-existing Condition Exclusions** – Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at time of enrollment. KFHP offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- **Participation in Medicare** – KFHP has participated in Medicare since it was first implemented in 1965. KFHP and its subsidiaries enrolled approximately 860,000 Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.
- **Participation in Medicaid** – KFHP began enrolling Medicaid beneficiaries in the mid 1960's. Currently, KFHP and certain of its subsidiaries provide care to over 125,000 Medicaid managed care members and serve a large number of Medicare and Medicaid patients on a fee-for-service basis.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS

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

- **Emergency departments** – KFH operates full-time emergency departments in each of its 27 licensed hospitals (including three licensed hospitals with multiple campuses) in California, Hawaii and Oregon. Emergency medical services are available to all individuals regardless of their ability to pay.
- **Care provided to all insured patients** – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan.
- **Open Medical Staff Privileges** – Staff privileges in the hospitals are available to community practitioners who are not affiliated with a Permanente Medical Group.
- **Board of Directors** – KFH and KFHP have identical 14 member Boards of Directors. The Board is comprised of individuals from the academic world and private industry who are representative of the community at large. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFH Boards of Directors.
- **Reinvestment of Surplus Revenues** – KFHP pays KFH for hospital services, and all surplus revenues are reinvested for capital replacement or expansion of facilities and equipment, debt amortization, improvement in patient care and services, and medical education and research.

THE COMMUNITY BENEFIT PROGRAM IN THE COLORADO REGION

In 2003, KFHP and KFH spent approximately \$641 million or approximately 2.5% of revenue, to support the Community Benefit Program in the community. The Colorado Health Plan spent over \$11 million to support communities in the Colorado area. A breakdown of the 2003 DCBI dollars attributable to KFHP and KFH nationally is described in Attachment A and those dollars attributable to KFHP and KFH regionally in Attachment B.

The following showcases many of the signature community benefit programs and services in the Colorado Region, according to the national focus areas.

VULNERABLE POPULATIONS

In 2003, the Colorado Health Plan spent \$4.2 million to address the financing and delivery of health and social problems of populations vulnerable because of socio-economic status, illness, ethnicity, age or other factors. Following are highlights of the programs and services offered by Colorado Health Plan for vulnerable populations.

MEDICAL CARE SERVICES

The Colorado Health Plan spent approximately \$3.5 million to provide a variety of medical care services to under- and uninsured residents in Colorado.

Charitable Care

Nearly \$3.5 million was spent to assist patients with limited resources to pay for care provided in Kaiser Permanente facilities and at Saint Joseph Hospital in Denver. More than 100 grants were made to organizations that support the provision of health services to vulnerable populations.

The **KP Helps!** Program helps families and individuals who are unable meet all or part of their cost of health care services and supplies. The *KP Helps!* Charitable Fund consists of monies contributed by the Colorado Health Plan, Colorado Permanente Medical Group and staff. The program serves individuals and families who meet income guidelines of under 200% of the federal poverty level and less than \$4,000 in cash assets.

Dues Subsidy Program

In Colorado, Health Plan spent approximately \$3 million to provide subsidized coverage to nearly 2,300 low-income adults and children who are not eligible for other public or privately sponsored coverage.

- **Connections** is the Colorado Health Plan's dues subsidy program that provides individuals the opportunity to continue their health care coverage at reduced costs when they are in transition, experience financial difficulties due to job loss, involuntary reduction in work hours, death, divorce, or legal separation from a spouse. Participants are not eligible for any other public or private group health care coverage. Based on income, the plan subsidizes up to 95 percent of their premium. Connections coverage provides increasingly more coverage for uninsured adults, but also offers services for children who do not qualify for this public program due to immigration status or families who might be slightly over income guidelines.

Persons eligible for the program must be referred by a participating community agency or be a terminating Kaiser Permanente member, have gross income below 200 percent of Federal Poverty Guidelines and liquid assets less than \$4,000 and not be eligible for or enrolled in Medicare, Medicaid, Child Health Plan Plus (CHP+), or an employer-sponsored health plan. Examples of community agency partners include school-based health centers, the Jefferson County Health Department, Tri-County Health Department, Volunteers of America and the People's Clinic.

Participation in Medicaid Primary Care Physician Program and Other Publicly Financed Programs

- Health Plan spent over \$6 million on medical services for individuals participating in one of the following government sponsored programs: the Medicaid Primary Care Physician Program, Premium Waiver – Medicaid eligible Medicare members, Medicaid Fee-for-

Service and the Child Health Plan Plus. The Colorado Health Plan received a \$10 million Medicaid settlement from the State for underpayment of premiums in prior years. The yearend Colorado Health Plan and National financial values reflect this credit.

- **Medicaid** – In 2003, the Colorado Region served approximately 850 Medicaid beneficiaries enrolled in Medicaid's Primary Care Physician Program. The Medicaid Primary Care Physician program operates like a fee-for-service Medicaid program but assigns participants to primary care physicians to improve continuity of care. These beneficiaries were subsidized in an amount equal to approximately \$1.6 million.
- **Medicaid Fee-for-Service** – Health Plan also subsidized Medicaid enrollees who were not enrolled in our prepaid program in an amount equal to \$1.6 million in Colorado.
- **Medicare-Medicaid Premium Subsidy** – In Colorado, state Medicaid policy does not allow use of state dollars to pay for Medicare+Choice monthly premiums, even for low-income persons. Health Plan waived premiums for KP Medicare members who also were eligible for Medicaid in 2003. This subsidy amounted to approximately \$900,000 and served over 2,600 individuals.
- **Child Health Plan Plus** – At yearend, the Colorado Health Plan had 4,056 members in CHP+, a state funded commercial insurance program for uninsured children from birth to 19, and prenatal care program for women age 19 and over from low and moderate-income families in Colorado. Health Plan provides comprehensive health benefits coverage, including acute and outpatient care, to CHP+ enrollees. These beneficiaries were subsidized in an amount equal to approximately \$2.2 million.

Grants & Donations for Medical Care Services for Vulnerable Populations

✶ The Colorado Health Plan donated \$448,000 to support the delivery of medical care services to a variety of individuals who were seeking services from community providers. Seventy-five grants were made to organizations in this category. Examples include:

- **Rocky Mountain Youth**, a nonprofit organization that provides medical care for indigent persons and families, received a grant to support their Medical Home for Special Needs Children. The grant will improve Rocky Mountain Youth's ability to serve children with chronic illnesses, developmental delays and physical disabilities. The grant also supports other service for these children, such as care coordination, communication with other community agencies and education.
- **Clinica Campesina**, a community clinic in the north Denver metro area, received a grant to provide much needed care to uninsured families in Broomfield, Boulder and Adams counties. The clinic provides more than 80,000 medical and 4,000 dental visits annually to over 20,000 individuals with a special focus on uninsured and medically underserved populations. In addition to primary care services, Clinica Campesina provides comprehensive health education and preventive services.
- **Escuela Tlatelolco**, an inner city school, received a grant to open an on-site health clinic, called the Oficina de Buena Salud. The clinic will provide immediate health care for minor injuries, immunizations, health screenings, mental health assessments and counseling services.
- Examples of other organizations who received grants to support medical services for vulnerable populations include: Vietnamese Elderly Association, Human Services Inc. Infant and Toddler Program, Special Transit, Women in Crisis, Community Health Services and Salud Family Health Center.

COMMUNITY-BASED PROGRAMS

The Colorado Health Plan spent approximately \$643,000 to provide a variety of programs to non-members who live and work in the communities we serve.

Youth and Other Employment Programs

The Colorado Health Plan spent over \$64,000 to fund a youth employment program aimed at improving the education and job skills of, or providing employment opportunities for, targeted populations.

- **INROADS** is an organization focused on developing minority college students for leadership roles in corporations and in the community. Student interns typically work two to five summers with the organization with the goal of permanent placement upon graduation from college. Health Plan supported 21 INROADS students in 2003.

Grants & Donations for Community-Based Programs

The Colorado Health Plan gave over \$495,000 to more than 70 community organizations for a variety of other programs and services for vulnerable populations. Following are a few examples of the community programs and services funded in 2003.

- Colorado Bright Beginnings received a grant to support their *Warm Welcome* program. Bright Beginnings is an organization whose mission is to promote the healthy development of children during the critical first three years of life. The *Warm Welcome* program provides critical information to parents and it stresses the importance of the parent/child bond as key to overall healthy child development.
- A grant to fulfill the American Heart Association's priority list for placement of automatic external defibrillators (AEDs) with first responders in the Denver metropolitan area. The grant enables many metro area fire departments to obtain AEDs for the first time. The defibrillators, which studies show dramatically increase the likelihood of surviving a heart attack if used, also were placed in the Colorado State Capitol and the Colorado History Museum.
- Denver Health Medical Center, the Denver area's primary public, community hospital, received a grant to support their Steps to a Healthier Denver program. The goals of the program are to 1) reducing overweight and obesity by improving nutrition and increasing physical activity, 2) improve the identification and management of diabetes, 3) improve identification and management of asthma, and 4) reduce tobacco use. The Health Plan grant funded the coordination and training of community organizations who are training lay community outreach workers or Community Health Advisors.
- Examples of other community-based programs supported by Health Plan include: Project PAVE, the Conflict Center, Easter Seals and Rebuilding Together.

EVIDENCE-BASED MEDICINE

Colorado Health Plan spent approximately \$833,000 to support evidenced-based health care activities. From the beginning, research has been a core value at Kaiser Permanente. Kaiser Permanente conducts more research than any other non-academic institution in the United States. Kaiser Permanente partners with several prominent academic research institutions including Duke University, Harvard, Oregon Health & Sciences University, Stanford University, University of California Los Angeles and San Francisco, University of Colorado, University of Southern California, University of Washington and also partners with the National Institutes of Health and the Centers for Disease Control and Prevention. A more complete description of DCBI attributable to Health Plan is described below.

Clinical and Health Services Research

In 2003, the Colorado Health Plan spent approximately \$484,000 to support clinical and health services research activities. Community benefit funds support research that meets important medical and social needs such as studies on the quality of asthma care, prevention of heart attacks, assessing quality of life in Multiple Sclerosis patients and developing self-care for patients with fibromyalgia. In 2003, Health Plan researchers wrote 49 peer reviewed articles, five book chapters, made 12 presentations by invitation and 16 other presentations.

The Colorado Clinical Research Unit (CRU) believes it is important to improve clinical outcomes for health plan members and the community. CRU contributes directly to making the Colorado Region the leader in high-quality, cost-effective care by working closely with clinical operations departments. Much of the internal work of the CRU contributes to Health Plan's social mission as a nonprofit health care organization.

Research studies undertaken address current health policy issues, improve care for common conditions where treatment often is linked to community-based efforts, and are broadly disseminated through articles and professional presentations. The following are a few examples of these research projects:

- **Anticoagulation** – Examines the efficacy of oral vitamin K in patients with mechanical heart valves who are receiving warfarin therapy. Low dose oral vitamin K is an effective, inexpensive advance in oral anticoagulation therapy.
- **Blood Glucose Control** – Evaluates the impact of blood glucose control on therapeutic anticoagulation control.
- **Breast Surgery Referrals** – Establishes medical education programs for 1) general surgery referrals and 2) primary care office breast biopsies to examine the practice outcomes of continuing medical education for clinicians. The hypothesis is that after education, clinicians will attempt more breast biopsies and work-ups prior to referring patients to general surgery.
- **Cardiac Risk Pilot** – Assesses cardiac risk preoperatively and prescription of beta-blockers for those at moderate to high risk of cardiac disease. This project targets surgical patients with coronary artery disease at high risk for post-operative myocardial infarction.
- **Multiple Sclerosis (MS) Quality of Life Study** – Creates an MS database with multiple health-related quality of life measures to compare results over time and medication.

- **Obese vs. Non-Obese** – Determines the direct health care costs that incur from a utilization perspective for obese members vs. non-obese members.
- **Osteoporosis Screening** – Defines measures of physician compliance with osteoporosis guidelines or the efficacy of the guidelines in preventing osteoporosis-related fracture then formulate and implement revised guidelines.
- **Pediatric Chronic Care** – Evaluates the effectiveness of coordination of chronic care in Health Plan members under age 18 with chronic disease to improve parental self-efficacy, provider satisfaction and children's health quality.
- **Adult Chronic Care** – Evaluates the effectiveness of coordination of care for adults with multiple chronic illness at high risk for hospitalization. The goal is to improve chronic disease self-management skills and functional outcomes for these members while reducing the likelihood of hospitalization.
- **Perinatal Data Base** – Evaluates quality assurance and outcomes using a neonatal intensive care unit database.
- **Prescription Benefits** – Assesses the impact of prescription benefits on medication use in-patients with Rheumatoid Arthritis.
- **Smoking Cessation Pilot** – Collects pilot data on 150 families to determine whether a smoking cessation program offered to parents of ill children will improve long-term smoking rates.

Tumor Board and Cancer Registry

Colorado Health Plan spent \$272,000 to collect specific cancer patient data to be sent to the state at particular intervals after diagnosis. Each patient is followed on an annual basis for the remainder of his or her life.

Grants & Donations for Evidence-Based Health Care

More than \$77,000 was donated to support 23 community organizations and programs that further the development and practice of evidence-based health care. Here are two examples:

The American Heart Association received two grants to support implementation of their "Get With the Guidelines" program in Colorado hospitals. Under the program, coronary patients are started on aggressive risk reduction therapies such as cholesterol-lowering drugs, aspirin, ACE inhibitors and beta-blockers in the hospital and receive smoking cessation and weight management counseling and referrals for cardiac rehabilitation before being discharged. These standards of care are outlined in the American Heart Association/American College of Cardiology secondary prevention guidelines for patients with coronary artery disease. A Colorado Permanente Medical Group physician played a leadership role in the implementation of this program in Colorado.

The Colorado Clinical Guidelines Collaborative received a grant to further their efforts in developing evidence-based clinical guidelines for use by Colorado hospitals and providers. In addition to grant funding, Colorado Permanente researchers actively participate as part of this collaborative, which serves all community providers.

EDUCATION

The Colorado Health Plan spent approximately \$5.8 million to educate consumers and health care professionals during 2003 in the Colorado Region. A more descriptive breakdown of the DCBI contributions follows:

CONSUMERS

The Colorado Health Plan spent more than \$649,000 on community wellness and health education programs in the Colorado Region.

Health Education Activities

The Colorado Health Plan provides a variety of health education classes, events and programs to both members and the general public. The health education department staffed booths at local health fairs, conducted smoking cessation, weight loss, parenting classes, and hosted a series of seminars on health-related topics such as diabetes, stress management, and managing chronic illness. The following provides examples of health education activities undertaken in 2003.

- For the fifth consecutive year, Health Plan created a significant health education outreach through sponsorship of the Capitol Hill People's Fair, which was funded through Health Plan's grants and donations. The People's Fair is an annual event held in downtown Denver that draws more than 275,000 attendees over a two-day period in early summer. More than 70 Kaiser Permanente volunteers and their families provide a wide array of health information to attendees, ranging from information on alternative therapies, to smoking cessation and prevention to nutrition and healthy eating. Health Plan volunteers gave away 400 English and 575 Spanish editions of the Kaiser Permanente Healthwise Handbook, that have a retail value totaling \$14,000. In addition, volunteers offer a range of services including body fat testing, flexibility testing and children's identification cards. Health Plan staff answers a wide variety of health-related questions for fair goers over the course of the two-day event. Money raised from the Fair supports Capital Hill United Neighborhoods, a nonprofit community agency serving Denver's many Capital Hill neighborhoods.
- Although smaller in scale than the People's Fair, Health Plan created a similar health education outreach through a sponsorship of the Dragon Boat Festival, a large festival produced by Denver's Asian community. In addition to health education and child safety programs, Health Plan awarded a \$2,000 grant to the Asian-Pacific Development Center as part of its participation in the event.

Educational Theatre Program

The Colorado Health Plan spent approximately \$539,000 in 2003 to produce the Educational Theatre Programs ("ETP") in Colorado. Since 1985, ETP has performed free, award-winning, health education plays for nearly one million youth in grades K-12. In 2003, ETP presented performances and workshops for 31,722 people.

- There are five programs in Colorado's ETP repertoire. **Bodywise** encourages students in K through 3rd grade to make healthy choices in the areas of nutrition, exercise, tobacco, and conflict. The play also addresses home, vehicle and stranger safety. As an extension to the live theatre production an interactive refusal skills workshop, "*Personal Power*", is also offered to schools.
- A new program, "***What Would You Do?***" was added in 2003 to address bullying, peer pressure and decision making for 4th and 5th graders. "***What Would You Do?***" is a highly interactive program that requires the student audience to think critically and help the characters on stage make choices that reflect respect for self and others. The play segues into an interactive session where students are invited to join the actors on stage to help resolve problems. Several additional follow-up activities are also offered to schools. The program complements local and federal anti-bullying programs and supports locally mandated education for character and safe school initiatives.

The ***X-Change*** program is presented for middle school students. The program encourages students to make healthy, life-affirming choices in the midst of peer pressure and family struggles and combines a live theatre production, based on stories written by middle school students, with a skill building workshop entitled "*Acting With Integrity*".

- ***The VOICES Project*** is an interactive community benefit program that uses theatre, photography and storytelling to capture the voices of people of all ages on issues that impact the health and well being of the community. Projects assess needs and offer solutions to identified problems. ETP actor-educators facilitate projects for schools, nonprofit organizations, faith communities and other community groups.
- ***Telling Our Stories***, an interactive workshop offered at no charge to schools and community groups to enhance communication, creativity and teamwork. ETP actor-educators work with groups to apply improvisational theatre and social issues theatre techniques to improving the way people interact and groups function.

Grants & Donations for Consumer Health Education

In addition to the above programs, the Colorado Health Plan donated over \$110,000 of community benefit funds to support 21 nonprofit community-based organizations providing consumer health education programs and services. This included grants to the Day of Caring, the Mental Health Association of Colorado and the Arthritis Foundation.

HEALTH CARE PROFESSIONALS

The Colorado Health Plan spent over \$5 million to support the training and education of physicians and other healthcare providers.

Continuing Medical Education

Colorado Health Plan spent approximately \$1.6 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. Eight different continuing education programs were offered locally. A total of more than 18,000 CME credits were earned in these programs. Fundamentals of Critical Care, a CME course, was attended by 43 physicians from Exempla Saint Joseph Hospital in Denver.

Graduate Medical Education

The Colorado Health Plan sponsors and participates in several graduate medical education programs for interns and residents around the Denver area. More than \$335,000 was spent sponsoring 5.5 full-time graduate medical resident positions in Emergency Medicine, Head and Neck, Preventive Medicine and Urology. In addition, the Colorado Permanente physicians mentored 50 medical students and another 90-100 residents in Internal Medicine, Family Practice, OB/GYN and Surgery during their in-patient rotations at Exempla Saint Joseph Hospital in Denver. Many of these residents also have the opportunity to rotate through Kaiser Permanente Outpatient and Urgent Care facilities.

The Colorado Health Plan and CPMG together co-sponsor the Denver Health Medical Center Emergency Medicine Program. Each year, 38 residents are accepted into the program that has the opportunity to rotate through an integrated medical care program. In addition, through an agreement with the University of Colorado Health Sciences Center, another 44 medical students do longitudinal clinical rotations in primary care departments at Kaiser Permanente.

Nurse Practitioner and Other Non-Physician Training Programs

Colorado Health Plan spent approximately \$3.2 million in training programs for physician assistants, pharmacy residents and technicians and other non-physician health professionals. During 2003, the Health Plan supported the training and education of 223 students, interns and externs pursuing a career, or working in, the health care field, including 21 INROADS students. Students from Red Rocks Community College PA programs also do rotations with CPMG physicians. As part of this, Colorado has three pharmacy programs described below.

Pharmacy Resident Program

The Colorado Health Plan offers a unique, one-year specialty residency that provides the opportunity to acquire advanced knowledge and skill in either primary care, mental health or cardiovascular pharmacotherapy in an integrated managed care setting. Six residents and 55 interns were accepted into this program in 2003. Pharmacy residents are provided with opportunities to integrate and transform individual patient care experiences into improved pharmaceutical care for patient populations. The importance of obtaining and evaluating clinical and financial outcomes from various perspectives are emphasized. Residents gain an understanding of managed care pharmacy practice; a practice which balances between evaluating outcomes, managing systems, and providing pharmaceutical care to individual patients. Residency rotations are offered in the areas of primary care, cardiac risk/anticoagulation/CHF, and mental health.

- **Pharmacy Student Training Program**

Experiential unpaid training opportunities are offered throughout 16 of the Colorado region's medical offices in the areas of outpatient, clinical pharmacy, and specialty pharmacy services. These rotations are generally six weeks in length. Students are required to complete 42 weeks of rotations during their last year of pharmacy school. Students are exposed to all aspects of pharmacy services through hands-on participation and provision of care. The majority of students are enrolled at the University of Colorado, however several other out-of-state schools have established affiliation agreements and send students. In addition to students from the University of Colorado, seven INROADS students participated in this program.

- **Pharmacy Technician Training Program**

This program offers paid and unpaid experiential training opportunities to students enrolled in a pharmacy technician program. Students generally complete 160 hours of experiential training after finishing their didactic course work. The Colorado Region partners with PIMA, Heritage College, Arapahoe Community College, Front Range Community College, and Community College of Denver to offer these opportunities. Students partner with a current Kaiser Permanente pharmacy technician to learn all aspects of the technician job. Twenty tech students participated in this program in 2003.

Grants & Donations to Support the Education of Health Care Professionals

The Colorado Health Plan also supported the training and education of health care professionals in the community by donating community benefit funds to designated programs. In 2003, \$4,400 was donated to three organizations in support of programs that provide direct training for health care professionals. The following is an example:

- Colorado Health Plan again provided funding to the Colorado Patient Safety Coalition, a coalition of concerned health care organizations whose mission is to reduce errors in clinical settings. The Coalition has been instrumental in elevating awareness of medical errors and developing a framework for addressing systemic elements that lead to medical errors.

PUBLIC POLICY

During 2003, the Colorado Health Plan used its expertise and convening power to develop and disseminate information on health policy issues that reflect both the interest of the country and residents of Colorado. Health Plan was active in providing information that informs public policy as it relates to improving community health. The following demonstrates a few of the Colorado Region's health care public policy efforts.

- A Colorado Health Plan employee chaired the Denver Metro Chamber of Commerce Health Care Committee and chaired the board of the Colorado Children's Campaign, where he was instrumental in the development and implementation of a child health policy staff position.

Colorado Health Plan's Government Affairs representatives frequently provide information, support, testimony and expertise on a variety of public health related policy issues.

Colorado Health Plan employees chaired the Board of Directors of the local American Heart Association, served on the Board of the American Diabetes Association, the Juvenile Diabetes Research Foundation and numerous other health-related community boards involved in public policy development.

OTHER COMMUNITY BENEFITS

The Colorado Health Plan spent approximately \$356,000 on other community benefit contributions. Among the many organizations receiving support in 2003: Mile High United Way, Partnership for Colorado, Hospice of Metro Denver, Rainbow Bridge, the Common Grant Report Format Project, Colfax on the Hill, the Denver Broncos Charities Fund, Metro Volunteers, and the Boulder Community Foundation. Health Plan employees play active roles in many of the organizations receiving grants in this category. A Colorado Health Plan employee led the metro-wide Common Grant Report Format Project, an effort to develop and implement a common reporting format for nonprofit organizations in Colorado; Health Plan employees serve on the Boards of Colfax on the Hill, the Better Business Bureau, the Make-a-Wish Foundation, the Salvation Army and the YMCA to name a few.

ATTACHMENT A**2003 NATIONAL DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM**

The following charts summarize 2003 community benefit invested nationally for KFHP and for KFH. The investments in the community reflected in the charts are unaudited.

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL HOSPITAL TOTAL	NATIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	313,330,186	215,084,539	528,414,725
Community-Based Programs	1,380,345	7,567,827	8,948,172
Other Vulnerable Populations	91,136	1,743,906	1,835,042
<i>Subtotal:</i>	<i>314,801,667</i>	<i>224,396,272</i>	<i>539,197,939</i>
EVIDENCE-BASE			
Research	1,753,506	16,986,739	18,740,245
Medical Libraries	73,463	6,527,547	6,601,010
Tumor Board & Cancer Registry	272,012	4,470,852	4,742,864
<i>Subtotal:</i>	<i>2,098,981</i>	<i>27,985,138</i>	<i>30,084,119</i>
EDUCATION			
Consumer	3,701,884	7,233,105	10,934,989
Health Professionals	5,213,496	46,095,639	51,309,135
<i>Subtotal:</i>	<i>8,915,380</i>	<i>53,328,744</i>	<i>62,244,124</i>
PUBLIC POLICY			
Public Policy Grants/Expenses	1,451,872	879,835	2,331,707
<i>Subtotal:</i>	<i>1,451,872</i>	<i>879,835</i>	<i>2,331,707</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	3,222,399	3,248,712	6,471,111
United Way	142,097	212,109	354,206
<i>Subtotal:</i>	<i>3,364,496</i>	<i>3,460,821</i>	<i>6,825,317</i>
TOTAL	\$330,632,396	\$310,050,810	\$640,683,206

ATTACHMENT B**2003 COMMUNITY BENEFIT INVESTMENT - COLORADO REGION**

CB PRIORITY AREAS	REGION HEALTH PLAN TOTAL	REGION KFH TOTAL	REGION CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$3,542,369	\$0	\$3,542,369
Community-Based Programs	643,098	0	643,098
<i>Subtotal:</i>	<i>4,185,467</i>	<i>0</i>	<i>4,185,467</i>
EVIDENCE-BASE			
Research	560,821	0	560,821
Tumor Board & Cancer Registry	272,012	0	272,012
<i>Subtotal:</i>	<i>832,833</i>	<i>0</i>	<i>832,833</i>
EDUCATION			
Consumers	649,402	0	649,402
Health Professionals	5,111,496	0	5,111,496
<i>Subtotal:</i>	<i>5,760,898</i>	<i>0</i>	<i>5,760,898</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	330,593	0	330,593
United Way	25,000	0	25,000
<i>Subtotal:</i>	<i>355,593</i>	<i>0</i>	<i>355,593</i>
TOTAL	\$11,134,791	\$0	\$11,134,791

FORM 990, PART IV - INVESTMENTS - OTHER
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
KAIVEST I, LLC	1,057,903.	NONE
STATUTORY DEPOSIT	NONE	1,062,679.
LONG TERM INVESTMENTS	NONE	6,857.
	-----	-----
TOTALS	1,057,903.	1,069,536.
	=====	=====

FORM 990, PART IV - OTHER ASSETS
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
DUE FROM KAISER FDN HOSPITALS	186,274,301.	242,659,933.
INTANGIBLE PENSION ASSETS	7,348,323.	18,484,549.
LONG TERM DEPOSITS		10,063,667.
OTHER LONG TERM DEPOSITS	7,161.	3,203,619.
	-----	-----
TOTALS	193,629,785.	274,411,768.
	=====	=====

FORM 990, PART IV - OTHER LIABILITIES
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
DUE TO RELATED ENTITIES	1,065,176.	NONE
RESERVE FOR SELF-INSURED RISKS	3,448,771.	3,614,788.
RESERVE -PROPERTY, PUBLIC LIAB	26,774,299.	20,928,212.
RESERVE FOR WORKERS COMP RISKS	1,859,564.	2,700,000.
RESERVE - MEDICARE RECD IN ADV	29,828,758.	31,583,811.
RESERVE - PREMIUMS COLL IN ADV	19,981,144.	18,977,539.
DEFINED PENSION LIABILITY	42,652,338.	
POST RETIREMENT LIABILITIES	36,845,072.	44,012,394.
OTHER LIABILITIES	8,494,220.	5,095,588.
	-----	-----
TOTALS	170,949,342.	126,912,332.
	=====	=====

**KAISER FOUNDATION HEALTH PLAN COLORADO.
EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES
FOR TAX YEAR 2003**

TOP FIVE EMPLOYEES

NAME	TITLE	HOURS	(C1) COMPENSATION PRE-2003	(C2) COMPENSATION 2003	(D1) BENEFITS 2003	(D2) BENEFITS PAID 2004	(E) EXP ACCT/ OTHER ALLOW.
			see notes 3 & 4	see notes 3 & 4	see notes 3, 4 & 5	see Notes 3, 4 & 5	see notes 3, 4 & 6
KRISTIN M SNYDER	VP	40	122,014	276,954	38,391	60,225	0
WADE OVERGAARD	VP	40	56,394	274,830	72,975	97,021	15,587
BARBARA ANN GRIMM	VP	40	67,743	168,371	153,730	79,920	0
FRANCIS SINCERE	VP	40	81,288	205,194	46,338	48,392	0
JAMES ERIC NEWSOME	VP	40	0	255,479	69,500	83,160	2,661

NOTES: See Statement 4A for notes applicable to the above reporting.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2A
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KAISER FOUNDATION HEALTH PLAN OF COLORADO (HEALTH PLAN) WAS AFFILIATED TO OTHER ORGANIZATIONS, EXEMPT AND NON-EXEMPT. DURING THE YEAR, IN THE NORMAL COURSE OF BUSINESS IN CARRYING OUT THE CHARITABLE CARE EXEMPT PURPOSE OF THE ORGANIZATION, HEALTH PLAN MAY HAVE ENTERED INTO LEASES, THE EXTENSION OF CREDIT, AND/OR THE FURNISHING OF SERVICES, GOODS, OR FACILITIES WITH THESE OTHER ORGANIZATIONS. HEALTH PLAN MAY HAVE ALSO ENTERED INTO THESE TYPES OF TRANSACTIONS WITH ORGANIZATIONS WHOSE OFFICERS WERE MEMBERS OF THE BOARD OF DIRECTORS OF HEALTH PLAN, SUCH TRANSACTIONS WOULD HAVE BEEN AT A PRICE WHICH IS NOT LESS THAN COST NOR MORE THAN FAIR-MARKET-VALUE.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2B

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SEE STATEMENT LINE 2A



SCHEDULE A, PART III - EXPLANATION FOR LINE 2C

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SEE STATEMENT LINE 2A

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

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SEE PART V FORM 990

KAISER FOUNDATION HEALTH PLAN OF COLORADO

84-0591617

DECEMBER 31, 2003

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. AND KAISER FOUNDATION HOSPITALS, CALIFORNIA
NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE
SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS
AS OF DECEMBER 31, 2003:

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

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS:

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

KAISER FOUNDATION HEALTH PLAN OF COLORADO.
TIN: 84-0591617
DECEMBER 31, 2003

STATEMENT FORM 990 PART VIII
RELATIONSHIP OF ACTIVITIES TO EXEMPT PURPOSE

LINE NUMBER 93:

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

KAISER FOUNDATION HEALTH PLAN OF COLORADO

TIN: 84-0591617
DECEMBER 31, 2003

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

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

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

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

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

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

STATEMENT 19

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

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

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN OF COLORADO	Employer identification number 84-0591617
	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, SUITE 1550	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. OAKLAND CA 94612	

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

- ☒ 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, 20 04.
- 5 For calendar year 2003, 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 A VERTICALLY INTEGRATED MANAGED HEALTH CARE DELIVERY PROGRAM AND REQUESTS ADDITIONAL TIME TO VERIFY THAT EACH MEMBER'S TAX RETURN DATA 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 \$ _____
- 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 \$ 0.00

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 Staker* Title VICE PRESIDENT/CONTROLLER Date 08/3/2004**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 and filings 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 _____

AUG 13 2004FIELD DIRECTOR,
SUBMISSION PROCESSING, OGDEN

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	RECEIVED AUG 27 2004 PROGRAM OFFICES CONTROLLER'S DEPT
	Number and street (include suite, room, or apt. no.) Or a P.O. box number	
	City or town, province or state, and country (including postal or ZIP code)	