

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

**2002**

Department of the Treasury  
Internal Revenue Service

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

Open to Public Inspection

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

<b>A</b> For the 2002 calendar year, OR tax year period beginning <u>1/1/2002</u> , 2002, and ending <u>12/31/2002</u>	
<b>B</b> Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.</b> Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>ONE KAISER PLAZA, SUITE 1550L</b> City or town State or Country ZIP code <b>OAKLAND CA 94612</b> <b>Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)</b>
<b>G</b> Web site <u>N/A</u>	<b>D</b> Employer identification number <b>48-0924402</b> <b>E</b> Telephone number <b>(510) 271-6611</b> <b>F</b> Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <b>H and I are not applicable to section 527 organizations</b> <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> If "Yes," enter number of affiliates <u>N/A</u> <b>H(c)</b> Are all affiliates included? <u>N/A</u> <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list. See instructions.) <b>H(d)</b> Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>I</b> Enter 4-digit GEN _____ <b>M</b> Check <input checked="" type="checkbox"/> if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)
<b>J</b> Organization type (check only one) <input checked="" type="checkbox"/> 501(c)(3) (insert no) <input type="checkbox"/> 4947(a)(1) <input type="checkbox"/> 527	
<b>K</b> Check here <input type="checkbox"/> 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. <b>Some states require a complete return.</b>	
<b>L</b> Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 <u>20,783,880</u>	

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

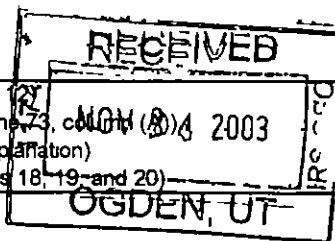
(See Specific Instructions on page 18.)

<b>Ex- pen- ses</b>	<b>1</b>	Contributions, gifts, grants, and similar amounts received										
		<b>a</b> Direct public support	<b>1a</b>									
		<b>b</b> Indirect public support	<b>1b</b>									
		<b>c</b> Government contributions (grants)	<b>1c</b>									
		<b>d</b> Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	<b>1d</b>									
		<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>	8 532,689								
		<b>3</b> Membership dues and assessments	<b>3</b>									
		<b>4</b> Interest on savings and temporary cash investments	<b>4</b>	1 469 367								
		<b>5</b> Dividends and interest from securities	<b>5</b>									
		<b>6a</b> Gross rents	<b>6a</b>									
		<b>b</b> Less rental expenses	<b>6b</b>									
		<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>									
	<b>7</b> Other investment income (describe _____)	<b>7</b>										
	<b>8a</b> Gross amount from sales of assets other than inventory	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; text-align: center;">(A) Securities</td> <td style="width:50%; text-align: center;">(B) Other</td> </tr> <tr> <td style="text-align: right;">9,344,324</td> <td style="text-align: right;">1,437,500</td> </tr> <tr> <td style="text-align: right;">9,450,360</td> <td style="text-align: right;">2,043,662</td> </tr> <tr> <td style="text-align: right;">(106,036)</td> <td style="text-align: right;">(606,162)</td> </tr> </table>	(A) Securities	(B) Other	9,344,324	1,437,500	9,450,360	2,043,662	(106,036)	(606,162)	<b>8a</b>	
(A) Securities	(B) Other											
9,344,324	1,437,500											
9,450,360	2,043,662											
(106,036)	(606,162)											
	<b>b</b> Less cost or other basis and sales expenses	<b>8b</b>										
	<b>c</b> Gain or (loss) (attach schedule)	<b>8c</b>										
	<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>	(712,198)									
	<b>9</b> Special events and activities (attach schedule)											
	<b>a</b> Gross revenue (not including \$ _____ of contributions reported on line 1a)	<b>9a</b>										
	<b>b</b> Less direct expenses other than fundraising expenses	<b>9b</b>										
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>										
	<b>10a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>										
	<b>b</b> Less cost of goods sold	<b>10b</b>										
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>										
	<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>										
	<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>	9 289,858									
	<b>13</b> Program services (from line 44, column (B))	<b>13</b>	8 555,703									
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>	1 248 906									
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>										
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>										
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>	9,804 609									
	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>	(514,751)									
<b>Net Assets</b>	<b>19</b> Net assets or fund balances at beginning of year (from line 18, column (B))	<b>19</b>	(87,312,087)									
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>	(3,247,200)									
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>	(91 074 038)									

For Paperwork Reduction Act Notice, see the separate instructions

SEE STATEMENT LINE 20

Form 990 (2002)



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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 Specific Instructions on page 21.)

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 (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			
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31	300,000	300,000	
32	Legal fees	32	84,632	84,632	
33	Supplies	33	13,185	13,185	
34	Telephone	34	11,316	11,316	
35	Postage and shipping	35	1,297	1,297	
36	Occupancy	36	2,122,340	2,122,340	
37	Equipment rental and maintenance	37	2,842	2,842	
38	Printing and publications	38	67	67	
39	Travel	39	25,957	25,957	
40	Conferences, conventions, and meetings	40	1,049	1,049	
41	Interest	41	1,876,904	1,876,904	
42	Depreciation, depletion, etc	42			
43	Other expenses (itemize) a	43a			
	b SEE STATEMENT LINE 43	43b	5,365,020	4,116,114	1,248,906
	c	43c			
	d	43d			
	e	43e			
	f	43f			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	9,804,609	8,555,703	1,248,906

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

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A

(ii) the amount allocated to Management and general \$ N/A

(iii) the amount allocated to Program services \$ N/A and (iv) the amount allocated to Fundraising \$ N/A

**Part III Statement of Program Service Accomplishments**

(See Specific Instructions on page 24.)

What is the organization's primary exempt purpose? SEE STATEMENT PART III

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	
b	(Grants and allocations \$)	8,555,703
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)	8,555,703

**Part IV Balance Sheets**

(See Specific Instructions on page 24.)

Note	Where required, attached schedules and amounts within the description column should be for end-of-year amounts only	(A) Beginning of year		(B) End of year
<b>Assets</b>				
45	Cash - non-interest-bearing	191,124	45	169,579
46	Savings and temporary cash investments	34,441,940	46	35,629,255
47a	Accounts receivable	680,933		
b	Less allowance for doubtful accounts	826,065	47c	680,933
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		52	
53	Prepaid expenses and deferred charges	160,588	53	171,822
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)		56	
57a	Land, buildings, and equipment basis	9,053,379		
b	Less accumulated depreciation	1,541,809	57c	7,511,570
58	Other assets (describe LONG TERM PENSION FUNDING)	2,759,099	58	272,029
59	Total assets (add lines 45 through 58) (must equal line 74)	47,997,647	59	44,435,188
<b>Liabilities</b>				
60	Accounts payable and accrued expenses	43,051,649	60	42,240,248
61	Grants payable		61	
62	Deferred revenue		62	
63	Loans from officers, directors, trustees, and key employees		63	
64a	Tax-exempt bond liabilities (attach schedule)		64a	
b	Mortgages and other notes payable (attach schedule)	75,490,242	64b	77,116,157
65	Other liabilities (describe SEE STATEMENT LINE 65)	16,767,843	65	16,152,821
66	Total liabilities (add lines 60 through 65)	135,309,734	66	135,509,226
<b>Net Assets or Fund Balances</b>				
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"/> X and complete lines 70 through 74				
70	Capital stock, trust principal, or current funds	(87,312,087)	70	(91,074,038)
71	Paid-in or capital surplus, or land, bldg, and equipment fund		71	
72	Retained earnings, endowment, accumulated income, or other funds		72	
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)	(87,312,087)	73	(91,074,038)
74	Total liabilities and net assets/fund balances (add lines 66 and 73)	47,997,647	74	44,435,188

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.

N/A

**Part VI Other Information**

(See Specific Instructions on pages 27 )

Yes or No

<b>76</b>	Did the organization engage in any activity not previously reported to the Internal Revenue Service? If "Yes," attach a detailed description of each activity	<b>76</b>	NO
<b>77</b>	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	<b>77</b>	NO
<b>78a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>78a</b>	NO
<b>b</b>	If "Yes," has it filed a tax return on Form 990-T for this year?	<b>78b</b>	N/A
<b>79</b>	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	<b>79</b>	NO
<b>80a</b>	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?	<b>80a</b>	YES
<b>b</b>	If "Yes," enter the name of the organization SEE STATEMENT LINE 80 and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt		
<b>81a</b>	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	<b>81a</b>	NONE
<b>b</b>	Did the organization file Form 1120-POL for this year?	<b>81b</b>	NO
<b>82a</b>	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?	<b>82a</b>	NO
<b>b</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 for reporting in Part III )	<b>82b</b>	N/A
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>83a</b>	YES
<b>b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<b>83b</b>	N/A
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?	<b>84a</b>	N/A
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>84b</b>	N/A
<b>85</b>	501(c)(4), (5), or (6) organizations (a) Were substantially all dues nondeductible by members?	<b>85a</b>	N/A
<b>b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" 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	<b>85b</b>	N/A
<b>c</b>	Dues, assessments, and similar amounts from members	<b>85c</b>	N/A
<b>d</b>	Section 162(e) lobbying and political expenditures	<b>85d</b>	N/A
<b>e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	<b>85e</b>	N/A
<b>f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e)	<b>85f</b>	N/A
<b>g</b>	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	<b>85g</b>	N/A
<b>h</b>	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	<b>85h</b>	N/A
<b>86</b>	501(c)(7) orgs - Enter (a) Initiation fees and capital contributions included on line 12	<b>86a</b>	N/A
<b>b</b>	Gross receipts, included on line 12, for public use of club facilities	<b>86b</b>	N/A
<b>87</b>	501(c)(12) orgs - Enter a Gross income from members or shareholders	<b>87a</b>	N/A
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them )	<b>87b</b>	N/A
<b>88</b>	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	<b>88</b>	NO
<b>89a</b>	501(c)(3) organizations - Enter Amount of tax paid during the year under section 4911 NONE , section 4912 NONE , section 4955 NONE	<b>89</b>	NO
<b>b</b>	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes" attach a statement explaining each transaction		
<b>c</b>	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under section 4912, 4955 and 4958		NONE
<b>d</b>	Enter Amount of tax in 89c, above, reimbursed by the organization		NONE
<b>90a</b>	List the states with which a copy of this return is filed KANSAS AND MISSOURI	<b>90b</b>	NONE
<b>b</b>	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)		
<b>91</b>	The books are in care of DONALD RUHL, NATIONAL TAX DIRECTOR Located at ONE KAISER PLAZA, 1550L, OAKLAND, CA	Telephone no ZIP code	(510) 271-6385 94612
<b>92</b>	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here enter the amount of tax-exempt interest received or accrued during the tax year	<b>92</b>	N/A

**Part VII Analysis of Income-Producing Activities**

(See Specific Instructions on pages 32.)

**Note** Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E)
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
<b>93</b> Program service revenue					
<b>a</b> MEMBERS HEALTH CARE PREMIUMS					26,318
<b>b</b> SUPPLEMENTAL CHARGES					15
<b>c</b> NON PLAN AND INDUSTRIAL REVENUE					242
<b>d</b> OTHER PROGRAM SERVICE REVENUE			1	8,502,691	
<b>e</b>					
<b>f</b> Medicare/Medicaid payments					3,423
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			14	1,469,367	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income (loss) from real estate					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory			18	(712,198)	
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>104</b> Subtotal (add cols. (B), (D), and (E))				9,259,860	29,998
<b>105</b> Total (add line 104, columns (B), (D), and (E))					9,289,858

**Note** Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes**

(See Specific Instructions on page 32.)

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

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities**

(See Specific Instructions on page 33.)


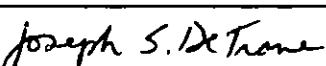
(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts**

(See Specific Instructions on page 33.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	 Signature of officer		11-13-03 Date	
Paid	DEBORAH STOKES VP/CONTROLLER OF PARENT COMPANY Type or print name		Title	
	Preparer's signature JOSEPH S. DE TRANE  signature		Date 11/13/03 Check if self-employed <input checked="" type="checkbox"/>	
		EIN		Preparer's SSN or PTIN
		4105		Phone (415) 783-4000

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

**Organization Exempt Under Section 501(c)(3)**

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

Supplementary Information - (See separate instructions )

OMB No 1545-0047

**2002**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC**

Employer identification number

**48-0924402**

**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
NONE				

Total number of other employees paid over \$50,000

NONE

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 1 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
PERMANENTE MEDICAL GROUP OF MID-AMERICA 10561 BARKLEY #200, OVERLAND PARK, KS 66212	MEDICAL SERVICES	56,958

Total number of others receiving over \$50,000 for professional services

NONE

**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

(Must equal amounts on line 38, Part VI-A, or line I of Part VI-B)

Organizations that made an election under section 501(h) by filing Form 5768 must complete

Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities

NONE

- 2** During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its 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

a Sale, exchange, or leasing of property?

SEE STMT SCH A PART III, LINE 2

b Lending of money or other extension of credit?

SEE STMT SCH A PART III, LINE 2

c Furnishing of goods, services, or facilities?

SEE STMT SCH A PART III, LINE 2

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

SEE STMT PART V

e Transfer of any part of its income or assets?

If the answer to any question is "Yes," attach a detailed statement explaining the transactions

- 3** Does the organization make grants for scholarships, fellowships, student loans, etc.?

SEE STMT SCH A PART III, LINE 3

4a Do you have a section 403(b) annuity plan for your employees?

**Note** Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments

**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, page 5)
- 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** below)
- 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
<b>15</b> Gifts, grants and contributions received (Do not include unusual grants. See line 28.)					
<b>16</b> Membership fees received					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	33,849,326	125,622,950	124,254,817	116,111,613	399,838,706
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	1,775,359	1,984,069	925,877	860,259	5,545,564
<b>19</b> Net income from unrelated business activities not included in line 18					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
<b>23</b> Total of lines 15 through 22	35,624,685	127,607,019	125,180,694	116,971,872	405,384,270
<b>24</b> Line 23 minus line 17	1,775,359	1,984,069	925,877	860,259	5,545,564
<b>25</b> Enter 1% of line 23	356,247	1,276,070	1,251,807	1,169,719	

<b>26 Organizations described in lines 10 or 11</b>	<b>a</b> Enter 2% of amount in column (e), line 24	<b>26a</b>
<b>b</b> Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.		<b>26b</b>
<b>c</b> Total support for section 509(a)(1) test. Enter line 24, column (e).		<b>26c</b>
<b>d</b> Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____		<b>26d</b>
<b>e</b> Public support (line 26c minus line 26d total)		<b>26e</b>
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))		<b>26f</b>

<b>27 Organizations described on line 12</b>	<b>a</b> For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list (which is not open to public inspection) 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.	
	(2001) (2000) (1999) (1998)	
<b>b</b> For any amount included in line 17 that was received from each person (other than "disqualified person"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.		
	(2001) (2000) (1999) (1998)	
<b>c</b> Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 <u>399,838,706</u> 20 _____ 21 _____		<b>27c</b> 399,838,706
<b>d</b> Add: Line 27a total _____ and line 27b total _____		<b>27d</b>
<b>e</b> Public support (line 27c minus line 27d total)		<b>27e</b> 399,838,706
<b>f</b> Total support for section 509(a)(2) test. Enter amount on line 23, column (e).		<b>27f</b> 405,384,270
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))		<b>27g</b> 98.63%
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		<b>27h</b> 1.37%

**28 Unusual Grants** For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, 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)**

		N/A	
		Yes	No
<b>29</b>	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
<b>30</b>	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
<b>31</b>	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)		
<b>32</b>	Does the organization maintain the following		
<b>a</b>	Records indicating the racial composition of the student body, faculty, and administrative staff?		
<b>b</b>	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
<b>c</b>	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
<b>d</b>	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
<b>33</b>	Does the organization discriminate by race in any way with respect to		
<b>a</b>	Students' rights or privileges?		
<b>b</b>	Admissions policies?		
<b>c</b>	Employment of faculty or administrative staff?		
<b>d</b>	Scholarships or other financial assistance?		
<b>e</b>	Educational policies?		
<b>f</b>	Use of facilities?		
<b>g</b>	Athletic programs?		
<b>h</b>	Other extracurricular activities?		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a statement)		
<b>34a</b>	Does the organization receive any financial aid or assistance from a governmental agency?		
<b>b</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		
<b>35</b>	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

**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)

N/A

Check here ☐ a If the organization belongs to an affiliated group  
 Check here ☐ 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 -		
Not over \$500,000		
Over \$500,000 but not over \$1,000,000		
Over \$1,000,000 but not over \$1,500,000		
Over \$1,500,000 but not over \$17,000,000		
Over \$17,000,000		
The lobbying nontaxable amount is -		
20% of the amount on line 40		
\$100,000 plus 15% of the excess over \$500,000		
\$175,000 plus 10% of the excess over \$1,000,000		
\$225,000 plus 5% of the excess over \$1,500,000		
\$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, 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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

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

(For reporting 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

- a Volunteers  
 b Paid staff or management (include compensation in expenses reported on lines c through h )  
 c Media advertisements  
 d Mailings to members, legislators, or the public  
 e Publications, or published or broadcast statements  
 f Grants to other organizations for lobbying purposes  
 g Direct contact with legislators, their staffs, government officials, or a legislative body  
 h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means  
 i Total lobbying expenditures (add lines c through h)

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		NONE

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

**(See page 12 of the instructions )**

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

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

[illegible]

☐ Yes ☒ No

(c)  
Description of relationship

[illegible]

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**  
**48-0924402**  
**12/31/2002**

**STATEMENT LINE 8**  
**FORM 990 PART I, LINE 8 - SALE OF ASSETS OTHER THAN INVENTORY**

	<u>DESCRIPTION</u>	<u>GROSS PROCEEDS</u>	<u>COST &amp; EXPENSES</u>	<u>ACCUM DEPREC</u>	<u>GAIN/(LOSS)</u>
8A	NET SECURITIES SALES	<u>9,344,324</u>	<u>9,450,380</u>	<u>0</u>	<u>(106,038)</u>
8B	SALE OF OTHER				
	<u>Sale of Medical Office Buildings</u>				
	Northland Medical Office	825,000	2,034,252	660,463	(548,789)
	Parallel Medical Office	612,500	1,183,635	513,762	(57,373)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	TOTAL Line 8b	<u>1,437,500</u>	<u>3,217,887</u>	<u>1,174,225</u>	<u>(606,162)</u>
8d	Net Gain or Loss on Sale of Assets Other Than Inventory				<u>(712,198)</u>
	<u>Recap of Net Gain/Loss</u>		<u>Securities</u>	<u>Other</u>	
	Original Cost Basis and Cost of Sale		9,450,360	3,217,887	
	Less Accumulated Depreciation		<u>0</u>	<u>1,174,225</u>	
	Net Cost or Adjusted Basis		9,450,360	2,043,662	
	Less Gross Sales Proceeds		<u>9,344,324</u>	<u>1,437,500</u>	
	Net Gain/(Loss) for Reporting Purposes		<u>(106,036)</u>	<u>(606,162)</u>	<u>(712,198)</u>

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**STATEMENT LINE 20  
FORM 990 PART I, LINE 20—OTHER CHANGES IN FUND BALANCE**

<u>DESCRIPTION</u>	<u>AMOUNT</u>
OTHER	1,176
UNREALIZED GAIN ON INVESTMENTS	507,490
RESERVE FOR ADDITIONAL MIN PENSION	<u>(3,755,866)</u>
 TOTAL - OTHER CHANGES IN FUND BALANCE	 <u><u>(3,247,200)</u></u>

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**  
**48-0924402**  
**12/31/2002**

OTHER EXPENSES  
STATEMENT LINE 43  
FORM 990, PART II, LINE 43

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>PROGRAM SERVICE</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUNDRAISING</u>
ADMINISTRATIVE EXPENSES	649,677	649,677	0	0
PURCHASED MEDICAL SERVICES - BCP	56,959	56,959	0	0
PURCHASED MEDICAL SERVICES - OUTSIDE SVCS	303,155	303,155	0	0
PURCHASED SERVICES - OTHER PROFESSIONAL	72,047	72,047	0	0
PURCHASED SERVICES - OTHER NON-PROFESSIONAL	1,414,334	1,414,334	0	0
OTHER INSURANCE	951	951	0	0
BUSINESS LICENSES & TAXES	6,900	6,900	0	0
PROPERTY TAXES	107,963	107,963	0	0
BAD DEBTS	2,048	2,048	0	0
DUES & SUBSCRIPTIONS - PROFESSIONAL	16	16	0	0
INTER-REGIONAL CHARGES	254,014	254,014	0	0
LOSS ON ASSET IMPAIRMENTS	74,337	74,337	0	0
MISCELLANEOUS AND OTHER EXPENSES	1,173,713	1,173,713		0
ALLOCATED ADMINISTRATIVE EXPENSES	1,248,906	0	1,248,906	0
 TOTAL LINE 43	 <u>5,365,020</u>	 <u>4,116,114</u>	 <u>1,248,906</u>	 <u>0</u>

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**STATEMENT PART III**

**FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS**

The primary exempt purpose of Kaiser Foundation Health Plan of Kansas City, Inc ("Health Plan"), a Kansas 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, was to provide a program of health care 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 Permanente Medical Group of Mid-America, P A (Medical Group) to provide or arrange for hospital and medical services for its members Contract payments to Hospitals and Medical Group represented a substantial portion of the expenses for medical and hospital services reported in prior reporting periods

In 2000 the Board of Directors of Health Plan adopted a Plan of Divestiture under which Health Plan ceased health plan operations and began an orderly process of liquidating assets, resolution of claims and other liabilities, and arranging for continuation of care for members under contract at the time During the period following the adoption of the Plan of Dissolution Health Plan has worked with the State regulatory agencies to reach an orderly dissolution

Revenue received during this period of time has been from the resolution of prior period contracts and other settlements and from the short term investment of Health Plan cash reserves Expenditures have been for the preservation of assets and resources of Health Plan and in settlement of claims and obligations which arose from the HMO operations of Health Plan



**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC**  
**48-0924402**  
**12/31/2002**

STATEMENT LINE 57

FIXED ASSETS DESCRIPTION	COST BASIS		ACCUMULATED DEPRECIATION		2002 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	2 100 464	1 228 660	0	0	0
LAND IMPROVEMENTS	139 617	0	139,615	0	0
BUILDINGS	9 263 158	7 069 427	2,046,138	1,011,527	0
LEASEHOLD IMPROVEMENTS	0	0	0	0	0
EQUIPMENT	1 034,993	757 292	733 650	530,282	0
CAPITALIZED SOFTWARE	0	0	0	0	0
CAPITALIZED LEASES	0	0	0		0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
TOTALS	<u>12,538,232</u>	<u>9,053,379</u>	<u>2,919,401</u>	<u>1,541,809</u>	<u>0</u>
TOTALS TO PART IV, LINE 57(A)	<u>12,538,232</u>	<u>9,053,379</u>			
PART IV, LINE 57(B)			<u>2,919,401</u>	<u>1,541,809</u>	
PART IV, LINE 57(C)	<u>9,618,831</u>	<u>7,511,570</u>			
PART II LINE 42(A) - DEPRECIATION, AMORTIZATION, DEPLETION, ETC					<u>0</u>

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC**  
**48-0924402**  
**12/31/2002**

STATEMENT LINE 64b - MORTGAGES AND OTHER NOTES PAYABLE  
FORM 990 PART IV

<u>Name and Title</u>	<u>Lender's Relationship</u>	<u>Original Amount</u>	<u>Balance Due</u>		<u>Date of Note</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Purpose</u>
			<u>12/31/01</u>	<u>12/31/02</u>						
KAISER FOUNDATION HOSPITALS AFFILIATED ENTITY		75,490,242	75,490,242	77,116,157			PAYABLE ON DEMAND WITH VARIABLE RATE OF INTEREST		UNSECURED	WORKING CAPITAL
TOTAL			<u>75,490,242    77,116,157</u>							

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**OTHER LIABILITIES  
STATEMENT LINE 65  
FORM 990, PART IV, LINE 65**

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
RESERVE FOR MEDICARE RECEIVED IN ADV	1,200,000	1,119,305
OTHER CURRENT LIAB	15,567,843	13,955,495
DEFINED PENSION LIABILITY	0	1,078,021
 TOTAL LINE 65	 <u>16,767,843</u>	 <u>16,152,821</u>

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**SCHEDULE FORM 990, PART V  
STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES  
COMPENSATION, BENEFITS AND REIMBURSEMENTS**

NAME and ADDRESS	TITLE	SCHEDULED HOURS	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
<b>DIRECTORS</b>					
Bernard J Tyson	Director & Chair	As Needed	0	0	0
Cynthia A Finter	Director	As Needed	0	0	0
Peter J Hohl	Director	As Needed	0	0	0
Kirk E Miller	Director	As Needed	0	0	0
<b>OFFICERS AND KEY EMPLOYEES</b>					
Cynthia A Finter	Regional President	As Needed	0	0	0
Kirk E Miller	Senior Vice President	As Needed	0	0	0
Peter J Hohl	Vice President	As Needed	0	0	0
Mitchell Cohen	Assistant Secretary	As Needed	0	0	0
Carol H Cox	Assistant Secretary	As Needed	0	0	0
Victoria B Zarkin	Assistant Secretary	As Needed	0	0	0
Total Compensation of Directors, Officers and Key Employees for Part V			0	0	0

**NOTES, See Notes on Statement Form 990, Part V, Line 75 for description of compensation, benefits and reimbursements**

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**SCHEDULE FORM 990, PART V, LINE 75  
STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES PAID BY  
RELATED EXEMPT ORGANIZATION**

NAME	TITLE	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
See Note 2		See Notes 3 & 4	See Notes 4 & 5	See Notes 4 & 6
<b>DIRECTORS</b>				
Bernard J Tyson	Director & Chair	794,823	997,938	0
Cynthia A Finter	Director	See Below	See Below	See Below
Peter J Hohl	Director	See Below	See Below	See Below
Kirk E Miller	Director	See Below	See Below	See Below
<b>OFFICERS AND KEY EMPLOYEES</b>				
Cynthia A Finter	Regional President	811,098	692,922	36,953
Kirk E Miller	Senior Vice President	483,216	1,047,175	2,158
Peter J Hohl	Vice President	215,339	189,588	1,920
Mitchell Cohen	Assistant Secretary	185,757	64,913	1,425
Carol H Cox	Assistant Secretary	85,552	20,598	0
Victoria B Zatkun	Assistant Secretary	145,955	144,923	1,920

**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 the integrated direct service prepaid health care program commonly referred to as "The Kaiser Permanente Medical Care Program" (Kaiser Permanente).

**Note #2** - The above individuals can be contacted care/of  
Kaiser Foundation Health Plan, Inc  
Program Office Controller's Department  
One Kaiser Plaza, Suite 15L Ordway  
Oakland, CA 94612

**NOTES** See following page for continuation of notes applicable to the above reporting

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**SCHEDULE FORM 990, PART V, LINE 75  
STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES PAID BY  
RELATED EXEMPT ORGANIZATION**

**Continuation of notes for current and future compensation, benefits and other reimbursements.**

**Note #3** - The executive compensation plan for Kaiser Permanente is designed to recruit, retain and motivate qualified senior management personnel. The comprehensive compensation plan is designed for positions that have a significant impact on the high-level strategic and policy direction of the organization.

Base pay for executive positions is established at a level comparable to market compensation. Market data analyses are made of comparable organizations and comparable benchmark positions in the market. In addition, certain components of the total compensation plan bear an 'at-risk' feature designed to establish a total executive compensation which is equivalent to the general comparable outside market in which the organization must compete for executive leadership candidates. These plans create an environment that allows the executive to focus on individual and team performance objectives as identified by the organization over time.

**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 Kaiser Permanente. Certain Directors, Officers and/or Key Employees perform services for several of the Kaiser Permanente member organizations. Compensation for these individuals is included in a mix of other administrative costs and expenses allocated to the member entities based on membership and other factors. Specific allocation of these compensation elements are not shown by entity as they are not computed separately by management.

**Note #5** - Some of the amounts shown as Benefits were earned in prior years and deferred. Other amounts were earned in 2002 and not paid until 2003. These amounts are shown on this 2002 report and will be shown again in 2003 when actually paid. These dollars are reported twice but paid only once.

Among the benefits offered all employees are a Defined Benefit Plan (Plan A), a Qualified Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA) and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA and general health and welfare benefit plans. For future payment, these amounts were not actually paid in 2002. Future benefits under Plan A are excluded from this reporting as they are not readily determinable on an annual basis but are actuarially determined at the time the individual qualifies for retirement benefits.

For other benefit plans available to executives which provide future benefits where the specific amounts are available and determinable by the time this tax report is filed, the amount is included in the Benefits reported in this return. This would include the amounts of compensation exchanged or converted under the Key Employee Savings Option Plan (KESOP) in the year. Amounts that are paid under the Annual Incentive Plan (AIP) and the Long Term Incentive Plan (LTIP) that are paid out to the individual participants in the following year but prior to filing the return are determined to be fixed or determinable as of year-end and are included. Amounts known at year-end under termination of employment arrangements calling for a stream-of-payments in a subsequent year are included in the Benefit Plans column for this purpose. Individuals noted with (\*) have amounts included by reason of termination of employment and/or have received payouts from benefit plan accounts that consist of amounts previously earned.

Where benefit plans provide for a future benefit that contain elements of a substantial risk-of-forfeiture conditioned on continued employment and on achieving individual and Program-wide performance targets these amounts are excluded from the reporting.

**Note #6** - The amounts reported as Other Payments include amounts for reimbursement of expenses. The included amounts do not include such ordinary and necessary expenses as travel, transportation, lodging, meals, business meetings, conferences and other routine expenditures for which the individual accounts to the employer organization. These items are reimbursed on a specific expenditure basis, consistent with 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 above listed Officers and Key Employees are scheduled to work a minimum of 40 hours per week in their respective positions for the Kaiser Permanente Medical Care Program. The amount of time the individuals spend on management issues germane to a specific entity is appropriate to the needs of the entity.

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC**  
**48-0924402**  
**12/31/2002**

**RELATED ORGANIZATIONS**  
**STATEMENT LINE 80**  
**FORM 990, PART VI, LINE 80**

**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 CORPORATE ENTITIES AS OF DECEMBER 31, 2002**

<b>EMPLOYER ID #</b>	<b>ENTITY NAME</b>	<b>DIRECT &amp; INDIRECT % CONTROLLED BY KFHP, INC</b>
<b>SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC, THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)</b>		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	100%
58-1592078	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425488	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)
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2)

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC**

**48-0924402**

**12/31/2002**

**RELATED ORGANIZATIONS**

**STATEMENT LINE 80**

**FORM 990, PART VI, LINE 80**

**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)
94-3292282	KAISER PERMANENTE VENTURES	*(2)
68-0444615	CARETOUCH, INC	*(2)
91-2166347	KP ONCALL, LLC	*(2)
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)
N/A	HAMI - COLORADO, LLC	*(4)
94-3289704	KAIVEST I, LLC	*(5)

**NOTE \*(1)** KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC

**NOTE \*(2)** THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS

**NOTE \*(3)** KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT PROPERTY AND CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK 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 IS A SUBSIDIARY OF KAISER HOSPITAL ASSET MANAGEMENT, INC

**NOTE \*(5)** KAIVEST I, LLC - THIS CASH POOLING INVESTMENT FUND HAS THREE AFFILIATE 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 KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**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**

Revenue received for co-payments from or on behalf of members for health care services provided under the plans referred to in 93A above  
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

**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 KANSAS CITY, INC.**

**48-0924402**

**12/31/2002**

**STATEMENT ABOUT ACTIVITIES**  
**STATEMENT SCH A P III LN 2**  
**FORM 990, SCHEDULE A, PART III, LINE 2**

As reflected in Statement 80, Kaiser Foundation Health Plan of Kansas City, Inc (Health Plan) was affiliated with other organizations, exempt and non-exempt. During the year, in the normal course of business in carrying out the exempt charitable care purpose of the organization, Health Plan may have entered into leases, the extension of credit, and/or the furnishing of services, goods, and/or facilities with these 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.

**KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.**  
**48-0924402**  
**12/31/2002**

**STATEMENT ABOUT ACTIVITIES**  
**STATEMENT SCH A P III LN 3**  
**FORM 990, SCHEDULE A, PART III, LINE 3**

Health Plan generally is not a grant making organization and as such has not made any grants or charitable disbursements during the year of the nature contemplated in this question



**KAISER PERMANENTE**

**COMMUNITY BENEFIT REPORT  
FOR  
KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY  
FY 2002**

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



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## INTRODUCTION

Kaiser Foundation Health Plan of Kansas City (Kansas City Health Plan), a nonprofit, federally qualified health maintenance organization is a subsidiary 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") Additionally, Kaiser Foundation Health Plan, Inc has five subsidiary health plans that are no longer operating and have been or are being dissolved because Kaiser Permanente has divested its Northeast, North Carolina, and Kansas City Regions (Kaiser Foundation Health Plan of Connecticut, Inc , Kaiser Foundation Health Plan of Kansas City, Inc , Kaiser Foundation Health Plan of North Carolina, CHP Companies, Inc ; and Community Health Plan)

Kaiser Permanente served over 8.4 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia It is the largest private health care program in the United States with over 131,000 administrative, clerical and technical employees and over 11,000 contracting physicians, representing all specialties

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

Kaiser Permanente is not just a financial arrangement It is an integrated health care delivery system that combines the provision and financing of health care services People who elect to enroll in Kaiser Permanente receive a full range of prepaid health care services, including hospital care, professional care in hospitals and physicians' offices, x-ray and laboratory services, physical therapy, emergency and ambulance service, preventive services, health education and prescribed drugs

In the Kansas City Region, Kaiser Permanente was comprised of three separate legal organizations the Kansas City Health Plan, a Kansas nonprofit corporation, and a federally qualified health maintenance organization 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 Code §501(c)(3), and the Permanente Medical Group of Mid-America ("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 KFHP and a Permanente Medical Group to provide the required health care services

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

KFHP and KFHP are separate corporations governed by identical boards of directors. KFHP accepts responsibility to provide or arrange necessary hospital services and facilities for the health plan members. KFHP owns and operates 30 nonprofit community hospitals in California, Hawaii and Oregon providing emergency and inpatient services to all persons in the community. Staff privileges are available on a nondiscriminatory basis to physicians in the communities served. KFHP also contracts with other community hospitals to provide hospital services to members for specialized care and other services.

Services provided by KFHP and Health Plan membership 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 this Kaiser Permanente raises the bar for the performances of all healthcare organizations, benefits more people as it grows, provides a discipline in the marketplace by demonstrating the greatest value, and generates resources to reinvest in the community's health.

Secondly, 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 (DCBI), is fundamental to being a not-for-profit 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. Direct Community Benefit fulfills Kaiser Permanente's social purpose, justifies our tax-exempt status, and differentiates us 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 the Medicaid and Medicare programs, 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 community benefit 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
- 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 community benefit 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 to be 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 for what form of medical care works, for which patients and populations, under what circumstances, at what cost and in which delivery settings
- *Education* – Evaluate and demonstrate educational models for the health professions in integrated care systems and for health care consumers in managing their own health and obtaining health care services
- *Public Policy* – Develop and disseminate public policy information that reflects the interests of the nation as a whole



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

As part of the new approach, the Board also approved the formation of a national Community Benefit Governance Council to oversee the new program and designated a national executive of KFHP and KFH to lead the Kaiser Permanente 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 cost of operations and provision of care are used to benefit the members through improved facilities and service, increased benefits and affordable rates rather than to pay dividends to stockholders Providing affordable, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to prevent medical indigence and contributes to quality of life in the communities we serve KFHP has incorporated the following elements that support and facilitate the attainment of its social mission into its operations

- **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, centralization 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 solely 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** – 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. Enrollees pay limited copayments, at amounts, which protect members from substantial out-of-pocket costs. Comprehensive, prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, this reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.
- **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 850,000 Medicare beneficiaries, providing all 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 its subsidiaries provides care to over 145,000 Medicaid managed care members. In addition, the organization serves 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. KFHP's general community benefits are

- **Emergency departments** – KFH operates full-time emergency departments in each of its 30 hospitals in California, Hawaii and Oregon. Emergency medical services are available 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 plans.
- **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. George C. Halvorson serves as the Chairman and Chief Executive Officer for the joint KFHP and KFH Boards of Directors.
- **No private inurement** – 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.

## TOTAL COMMUNITY BENEFIT INVESTMENTS FOR 2002

The following chart summarizes 2002 national community benefit investments. The community investment in this chart is unaudited.

### 2002 NATIONAL COMMUNITY BENEFIT PROGRAM INVESTMENT

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL KFH TOTAL	NATIONAL CB TOTAL
<b>EDUCATION</b>			
Health Professionals	\$1,514,311	\$47,769,383	\$49,283,693
Consumers	2,481,001	5,434,653	7,915,654
<i>Subtotal</i>	<i>3,995,312</i>	<i>53,204,035</i>	<i>57,199,347</i>
<b>EVIDENCE-BASE</b>			
Research	605,645	13,181,636	13,787,282
Medical Libraries	70,877	5,333,781	5,404,658
Tumor Board & Cancer Registry	237,296	3,685,402	3,922,697
<i>Subtotal</i>	<i>913,818</i>	<i>22,200,819</i>	<i>23,114,637</i>
<b>PUBLIC POLICY</b>			
Public Policy Grants	123,992	834,289	958,281
<i>Subtotal</i>	<i>123,992</i>	<i>834,289</i>	<i>958,281</i>
<b>VULNERABLE POPULATIONS</b>			
Medical Care Services	244,835,730	138,832,625	383,668,355
Community-Based Programs	2,119,260	6,644,271	8,763,531
Other Vulnerable Populations	4,745,924	975,351	5,721,275
<i>Subtotal</i>	<i>251,700,914</i>	<i>146,452,246</i>	<i>398,153,161</i>
<b>OTHER COMMUNITY BENEFITS</b>			
Other CB Grants/Expense	3,076,975	2,038,871	5,115,846
United Way	89,471	201,550	291,021
<i>Subtotal</i>	<i>3,166,446</i>	<i>2,240,421</i>	<i>5,406,867</i>
<b>TOTAL</b>	<b>\$259,900,482</b>	<b>\$224,931,811</b>	<b>\$484,832,293</b>

- 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 KANSAS CITY, INC.	Employer identification number 48-0924402
	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 03
- 5 For calendar year 2002, or other tax year beginning \_\_\_\_\_, 20 \_\_\_\_ and ending \_\_\_\_\_, 20 \_\_\_\_
- 6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM. IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ NONE
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0.00

**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 [Signature] Title VP/Controller of Parent Co Date 08/7/2003**Notice to Applicant — To Be Completed by the IRS**

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

Director \_\_\_\_\_ By \_\_\_\_\_ Date \_\_\_\_\_

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

Type or print	Name
	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)

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

OMB No 1545-1709

▶ File a separate application for each return

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

**Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868**

**Part I Automatic 3-Month Extension of Time** — Only submit original (no copies needed)

**Note. Form 990-T corporations requesting an automatic 6-month extension** — check this box and complete Part I only ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print  File by the due date for filing your return. See instructions	Name of Exempt Organization	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	48-0924402
	Number, street, and room or suite no. If a PO box, see instructions ONE KAISER PLAZA, SUITE 1550	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions OAKLAND CA 94612	

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

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

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

- 1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until AUGUST 15, 20 03, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- ▶ ☒ calendar year 20 02 or
- ▶ ☐ tax year beginning \_\_\_\_\_, 20 \_\_\_\_\_, and ending \_\_\_\_\_, 20 \_\_\_\_\_

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

- 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ 0
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_
- c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0.00

**Signature and Verification**

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

Signature ▶ Deborah StohsTitle ▶ VP/Controller of Parent Co. Date ▶ 05/12/2003

For Paperwork Reduction Act Notice, see Instruction

Form **8868** (12-2000)