

## Return of Organization Exempt From Income Tax

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

1997

This Form is  
Open to Public  
Inspection

Department of the Treasury

Internal Revenue Service

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

A For the 1997 calendar year, OR tax year period beginning

, 1997, and ending

, 19

B Check if:

☒ Change of address

☐ Initial return

☐ Final return

Please use IRS label or print or type. See

Specific Instructions.

C Name of organization

KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.

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

Room/suite

ONE KAISER PLAZA, 1521 ORDWAY

City, town, or post office, state, and ZIP + 4

OAKLAND, CA 94612

D Employer identification number

04-2583575

E State registration number

F Check ☐ if exemption application is pendingG Type of organization ☒ Exempt under section 501(c) ( 3 ) (insert number) OR ☐ section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H (a) Is this a group return filed for affiliates? ☐ Yes ☒ NoI If either box in H is checked "Yes," enter four-digit group exemption number (GEN) ☐J Accounting method: ☐ Cash ☒ AccrualOther (specify) ☐(b) If "Yes," enter the number of affiliates for which this return is filed: ☐(c) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

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

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 11.)

1	Contributions, gifts, grants, and similar amounts received:		
a	Direct public support	1a	NONE
b	Indirect public support	1b	NONE
c	Government contributions (grants)	1c	NONE
d	Total (add lines 1a through 1c) (attach schedule of contributors)		
	(cash \$ _____ noncash \$ _____)	1d	NONE
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	79,810,189.
3	Membership dues and assessments	3	
4	Interest on savings and temporary cash investments	4	544,242.
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	
7	Other investment income (describe <input type="checkbox"/> )	7	
8a	Gross amount from sale of assets other than inventory	(A) Securities	(B) Other
		8a	
b	Less: cost or other basis and sales expenses	8b	
c	Gain or (loss) (attach schedule)	8c	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-417,906.
9	Special events and activities (attach schedule)		
a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	
b	Less: direct expenses other than fundraising expenses	9b	
c	Net income or (loss) from special events (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	79,936,525.
13	Program services (from line 44, column (B))	13	75,244,304.
14	Management and general (from line 44, column (C))	14	9,537,620.
15	Fundraising (from line 44, column (D))	15	
16	Payments to affiliates (attach schedule)	16	
17	Total expenses (add lines 13 and 14, column (A))	17	84,781,924.
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	-4,845,399.
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	-4,669,540.
20	Other changes in net assets or fund balances (attach explanation)	20	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	-9,514,939.

**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 15.)

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	NONE	NONE		
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	123,797.	123,797.	
26	Other salaries and wages	26	7,104,259.	6,779,767.	324,492.
27	Pension plan contributions	27	239,381.	66,791.	172,590.
28	Other employee benefits	28	993,075.	93,903.	899,172.
29	Payroll taxes	29	105,244.	105,244.	
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32	70,953.	70,953.	
33	Supplies	33	6,483,961.	6,465,096.	18,865.
34	Telephone	34	255,029.	204,795.	50,234.
35	Postage and shipping	35	55,976.	46,453.	9,523.
36	Occupancy	36	545,802.	545,095.	707.
37	Equipment rental and maintenance	37	345,245.	334,079.	11,166.
38	Printing and publications	38	71,377.	69,729.	1,648.
39	Travel	39	67,937.	44,350.	23,587.
40	Conferences, conventions, and meetings	40	8,933.	8,933.	
41	Interest	41	222,113.	222,113.	
42	Depreciation, depletion, etc. (attach schedule)	42	1,065,894.	1,065,372.	522.
43	Other expenses (itemize): a STMT 1	43a	67,022,948.	59,121,631.	7,901,317.
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	84,781,924.	75,244,304.	9,537,620.

Reporting of Joint Costs. - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? . . . . .

☐ 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 Specific Instructions on page 18.)

What is the organization's primary exempt purpose? ► SEE STATEMENT 2

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 2

	(Grants and allocations \$	NONE)	75,244,304.
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)		75,244,304.

**Part IV Balance Sheets** (See Specific Instructions on page 18.)

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				45	423,940.
46	Savings and temporary cash investments			9,112,612.	46	6,525,269.
47a	Accounts receivable	47a	4,934,260.			
b	Less: allowance for doubtful accounts	47b	826,963.	2,708,627.	47c	4,107,297.
48a	Pledges receivable	48a				
b	Less: allowance for doubtful accounts	48b			48c	
49	Grants receivable				49	
50	Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a	Other notes and loans receivable (attach schedule)	51a				
b	Less: allowance for doubtful accounts	51b			51c	
52	Inventories for sale or use			403,296.	52	461,581.
53	Prepaid expenses and deferred charges	SEE STATEMENT 3		644,269.	53	NONE
54	Investments - securities (attach schedule)				54	
55a	Investments - land, buildings, and equipment: basis	55a				
b	Less: accumulated depreciation (attach schedule)	55b			55c	
56	Investments - other (attach schedule)	SEE STATEMENT 4		180,124.	56	NONE
57a	Land, buildings, and equipment: basis	57a	20,937,446.			
b	Less: accumulated depreciation (attach schedule)	57b	10,408,245.	12,688,528.	57c	10,529,201.
58	Other assets (describe SEE STATEMENT 5)			1,215,543.	58	1,124,228.
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)			26,952,999.	59	23,171,516.
60	Accounts payable and accrued expenses			27,890,659.	60	12,671,866.
61	Grants payable				61	
62	Deferred revenue	STMT. 6		755,750.	62	1,024,669.
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)	STMT. 7		NONE	64b	13,000,000.
65	Other liabilities (describe SEE STATEMENT 8)			2,976,130.	65	5,989,920.
66	<b>Total liabilities</b> (add lines 60 through 65)			31,622,539.	66	32,686,455.
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			NONE	70	NONE
71	Paid-in or capital surplus, or land, building, and equipment fund			NONE	71	NONE
72	Retained earnings, endowment, accumulated income, or other funds			-4,669,540.	72	-9,514,939.
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)			-4,669,540.	73	-9,514,939.
74	<b>Total liabilities and net assets/fund balances</b> (add lines 66 and 73)			26,952,999.	74	23,171,516.

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-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
1. Expenses per Audited Financial Statements	1,000.00
2. Expenses per Return	1,000.00
3. Difference	0.00

**Part V** List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions on page 20.)

[illegible]

If "Yes," attach schedule - see Specific Instructions on page 20.

☒ Yes      ☐ No

**Part VI Other Information** (See Specific Instructions on page 21.)

Yes No

6	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . .	76		X
7	Were any changes made in the organizing or governing documents but not reported to the IRS? . . . . . STMT. 13 . . . . . If "Yes," attach a conformed copy of the changes.	77	X	
8a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	78a		X
b	If "Yes," has it filed a tax return on Form 990-T for this year? . . . . .	78b	N/A	
9	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . . . .	79		X
0a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? . . . . .	80a	X	
b	If "Yes," enter the name of the organization <u>SEE STATEMENT 20</u> and check whether it is <input checked="" type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.			
1a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 . . . . .	81a	NONE	
b	Did the organization file Form 1120-POL for this year? . . . . .	81b	N/A	
2a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? . . . . .	82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.) . . . . .	82b	NONE	
3a	Did the organization comply with the public inspection requirements for returns and exemption applications? . . . . .	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . . . .	83b	N/A	
4a	Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	84b	N/A	
5	501(c)(4), (5), or (6) organizations.-a Were substantially all dues nondeductible by members? . . . . .	85a	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . . 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.	85b	N/A	
c	Dues, assessments, and similar amounts from members . . . . .	85c	N/A	
d	Section 162(e) lobbying and political expenditures . . . . .	85d	N/A	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . . . .	85e	N/A	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) . . . . .	85f	N/A	
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f? . . . . .	85g	N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? . . . . .	85h	N/A	
6	501(c)(7) organizations.-Enter: a Initiation fees and capital contributions included on line 12 . . . . .	86a	N/A	
b	Gross receipts, included on line 12, for public use of club facilities . . . . .	86b	N/A	
7	501(c)(12) organizations.-Enter: a Gross income from members or shareholders . . . . .	87a	N/A	
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .	87b	N/A	
8	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX . . . . .	88		X
9a	501(c)(3) organizations.-Enter: Amount of tax paid 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) organizations.-Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction . . . . .	89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . .		NONE	
d	Enter: Amount of tax in 89c, above, reimbursed by the organization . . . . .		NONE	
0a	List the states with which a copy of this return is filed <u>MASSACHUSETTS</u>			
b	Number of employees employed in the pay period that includes March 12, 1997 (See instructions.) . . . . .	90b	310	
1	The books are in care of <u>NATIONAL TAX DIRECTOR</u> Telephone no. <u>510/271-6385</u> Located at <u>ONE KAISER PLAZA 1521 ORDWAY OAKLAND CA</u> ZIP + 4 <u>94612</u>			
2	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	NONE	



**SCHEDULE A  
(Form 990)**

**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

**1997**

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  
MASSACHUSETTS, INC.**

Employer identification number  
**04-2583575**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See instructions on page 1. 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
MATTHES MANNINO	PROD DEVEL			
1 KAISER PLZ OAKLAND CA 94612	40 HOURS	102,837.	9,500.	NONE
MICHAEL BURKE	NETWORK OP			
1 KAISER PLZ OAKLAND CA 94612	40 HOURS	113,822.	9,500.	NONE
STEVEN SMITH	ADMINISTRA			
1 KAISER PLZ OAKLAND CA 94612	40 HOURS	110,033.	9,500.	NONE
SUE ANN BROWN	SVC OP			
1 KAISER PLZ OAKLAND CA 94612	40 HOURS	89,054.	9,500.	NONE
BARBARA DOWNS	UTIL MGMT.			
1 KAISER PLZ OAKLAND CA 94561	40 HOURS	83,232.	9,500.	NONE
Total number of other employees paid over \$50,000	▶ 20			

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

(See instructions on page 1. 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
NORTHEAST PERMANENTE MEDICAL GROUP MASS		
ROCKY HILL CT	MEDICAL CARE	22139562.
DALY INC		
WHITE PLAINS NY	PHARMACEUTICAL SVCS	1,517,201.
UNIVERSITY HEALTH SERVICES		
MASSACHUSETTS	HOSPITAL SERVICES	902,703.
COOLEY DICKINSON HOSPITAL		
MASSACHUSETTS	HOSPITAL SERVICES	359,047.
PCS HEALTH SYSTEMS INC		
MASSACHUSETTS	HOSPITAL SERVICES	200,634.
Total number of others receiving over \$50,000 for professional services	▶ 55	

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990) 1997

**Part III Statements About Activities**

	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? . . . . .	1 X	
If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ <u>57,734.</u>		
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 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 Sales, exchange, or leasing of property? . . . . . SEE STATEMENT 15 . . . . .	2a X	
b Lending of money or other extension of credit? . . . . .	2b X	
c Furnishing of goods, services, or facilities? . . . . .	2c X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	2d X	
e Transfer of any part of its income or assets? . . . . .	2e	X
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.? . . . . .	3	X
4 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. (See instructions on page 2.) STMT 16		

**Part IV Reason for Non-Private Foundation Status (See instructions on pages 2 through 4.)**

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 4.)
- 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 instructions on page 4.)

(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 instructions on page 4.)



**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) 1996	(b) 1995	(c) 1994	(d) 1993	(e) Total
5 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) . . . . .					
6 Membership fees received . . . . .					
7 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 . . . . .	77565318.	74295780.	73407171.	70218934.	295487203.
8 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 . . . . .	23,681.	76,555.	305,929.	130,394.	536,559.
9 Net income from unrelated business activities not included in line 18 . . . . .					
10 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					
11 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 . . . . .					
12 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .					
13 Total of lines 15 through 22 . . . . .	77588999.	74372335.	73713100.	70349328.	296023762.
14 Line 23 minus line 17 . . . . .	23,681.	76,555.	305,929.	130,394.	536,559.
15 Enter 1% of line 23 . . . . .	775,890.	743,723.	737,131.	703,493.	
16 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24 . . . . .	NOT APPLICABLE.				26a
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1993 through 1996 exceeded the amount shown in line 26a. Enter the sum 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 %
17 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year: (1996) NONE (1995) NONE (1994) NONE (1993) NONE					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list 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.) 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: (1996) NONE (1995) NONE (1994) NONE (1993) NONE					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 295487203. 20 _____ 21 _____					27c 295487203.
d Add: Line 27a total NONE and line 27b total NONE . . . . .					27d NONE
e Public support (line 27c total minus line 27d total) . . . . .					27e 295487203.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e). . . . .					27f 296023762.
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) . . . . .					27g 99.81874 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) . . . . .					27h 0.18126 %
18 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1993 through 1996, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions on page 4.)					

**Part V Private School Questionnaire** (See instructions on page 4.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

**NOT APPLICABLE**

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

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See instructions on page 6.)(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check here ☐ **a** if the organization belongs to an affiliated group.  
 Check here ☐ **b** if you checked "a" above and "limited control" provisions apply.

**Limits on Lobbying Expenditures**

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

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

**Caution:** if there is an amount on either line 43 or line 44, 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 7.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in) ►	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
Lobbying nontaxable					
<b>45</b> amount . . . . .					
Lobbying ceiling amount					
<b>46</b> (150% of line 45(e)) . . . . .					
<b>47</b> Total lobbying expenditures					
Grassroots nontaxable					
<b>48</b> amount . . . . .					
Grassroots ceiling amount					
<b>49</b> (150% of line 48(e)) . . . . .					
Grassroots lobbying					
<b>50</b> expenditures . . . . .					

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

(For reporting only by organizations that did not complete Part VI-A) (See instructions on page 7.)

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
<b>a</b> Volunteers . . . . .		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .	X		STMT 17
<b>c</b> Media advertisements . . . . .		X	NONE
<b>d</b> Mailings to members, legislators, or the public . . . . .	X		2,160.
<b>e</b> Publications, or published or broadcast statements . . . . .		X	NONE
<b>f</b> Grants to other organizations for lobbying purposes . . . . .		X	NONE
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .	X		55,574.
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .		X	NONE
<b>i</b> Total lobbying expenditures (add lines c through h) . . . . .			57,734.

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



KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.

04-2583575

THE ORGANIZATION IS FILING AN AMENDED FORM 990 FOR THE TAX YEAR ENDED DECEMBER 31, 1997 AS A RESULT OF CERTAIN ADJUSTMENTS MADE BY THE INDEPENDENT AUDITORS ON COMPLETION OF THEIR AUDIT OF THE FINANCIAL STATEMENTS OF THE ORGANIZATION. THESE CHANGES WERE MADE SUBSEQUENT TO THE PREPARATION OF THE ORIGINALLY FILED TAX RETURN.

FORM 990, PART III - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
PURCHASED MEDICAL SERVICES	36237560.	36232684.	4,876.
CONTRACT PAYMENTS TO HOSPITAL	11777379.	11777379.	NONE
OTHER OUTSIDE SERVICES	1,198,259.	989,013.	209,246.
BUSINESS TAXES & LICENSES	108,058.	93,756.	14,302.
ADVERTISING & MARKETING	6,387.	1,609.	4,778.
EMPLOYEE DEVELOPMENT	40,629.	16,608.	24,021.
INSURANCE EXPENSE	3,447,510.	3,447,510.	NONE
PROVISION FOR DOUBTFUL ACCOUNT	326,466.	326,466.	NONE
DUES SUBSIDY EXPENSE	7,815.	7,815.	NONE
FACILITIES/SERVICES RECHARGES	10825010.	2,909,439.	7,915,571.
MISCELLANEOUS EXPENSES	3,047,875.	3,319,352.	-271,477.
TOTALS	67022948.	59121631.	7,901,317.

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

PRIMARY EXEMPT PURPOSE: PROVISION OF HEALTH CARE SERVICES

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:

THE PRIMARY EXEMPT PURPOSE OF KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC, A MASSACHUSETTS NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PUBLIC BENEFIT AND EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), IS TO PROVIDE A PROGRAM OF HEALTH CARE SERVICES AS A FEDERALLY QUALIFIED PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION.

THE HEALTH PLAN PROVIDES COMPREHENSIVE HEALTH COVERAGE AT A REASONABLE COST TO MEMBERS OF THE PUBLIC AS PART OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM, A NATIONAL HEALTH CARE ORGANIZATION, REGARDLESS OF RACE, SEX, RELIGION, ETHNIC BACKGROUND, OCCUPATIONAL STATUS OR INCOME LEVEL. HEALTH PLAN'S APPROXIMATELY 45,000 MEMBERS IN MASSACHUSETTS BROADLY REPRESENT THE VARIOUS AGE, SOCIAL, AND INCOME GROUPS IN THE AREAS IT SERVES. ONCE ENROLLED, A MEMBER IS FREE TO MAINTAIN MEMBERSHIP, IRRESPECTIVE OF AGE, HEALTH STATUS OR EMPLOYMENT.

HEALTH PLAN PROVIDES COVERAGE FOR UNLIMITED HOSPITAL DAYS, PHYSICIAN OFFICE VISITS AND PREVENTIVE SERVICES AND DOES NOT IMPOSE PRE-EXISTING CONDITION LIMITATIONS. INDIVIDUALS, CONVERSION MEMBERS AND ENROLLEES IN GROUPS OF UNDER 100 MEMBERS PAY NO MORE THAN THE COMMUNITY RATE. MEMBERS ARE CHARGED LIMITED CO-PAYMENTS, DESIGNED SO THAT THERE IS NOT A BARRIER TO CARE, IN ADDITION TO PAYMENT OF PREPAID DUES.

HEALTH PLAN MAKES COVERAGE AVAILABLE TO INDIVIDUALS AND SMALL GROUPS AS WELL AS TO LARGE GROUPS. HEALTH PLAN IS AVAILABLE TO ALL PERSONS AND THEIR FAMILIES IN GROUPS THAT OFFER HEALTH PLAN AS A HEALTH BENEFITS OPTION. CONVERSION COVERAGE IS OFFERED ON A DIRECT ENROLLMENT BASIS TO INDIVIDUALS WHO RETIRE OR LOSE THEIR EMPLOYMENT AND TO DEPENDENT CHILDREN WHEN THEY ATTAIN THE AGE LIMIT FOR DEPENDENT COVERAGE. HEALTH PLAN ALSO SERVES MEDICARE AND MEDICAID BENEFICIARIES.

ALTHOUGH THE RECEIPT OF ADEQUATE PREPAID DUES FOR HEALTH PLAN COVERAGE IS CRITICAL TO THE OPERATION AND FINANCIAL STABILITY OF THE ORGANIZATION, HEALTH PLAN RECOGNIZES THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL HEALTH PLAN COVERAGE. HEALTH PLAN OPERATES A DUES SUBSIDY PROGRAM FOR LOW-INCOME APPLICANTS WHO MEET THE ELIGIBILITY CRITERIA AND WHO ARE NOT ELIGIBLE FOR MEDICAID. IN 1997 HEALTH PLAN CONTRIBUTED APPROXIMATELY 336,000 TO THE DUES SUBSIDY PROGRAM.

## FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID EXPENSES	7,016.	NONE
DEFERRED START-UP COSTS	637,253.	NONE
	-----	-----
TOTALS	644,269.	NONE
	=====	=====



## FORM 990, PART IV - INVESTMENTS - OTHER

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
INVESTMENT IN CONSOLIDATED SERVICE CENTER	180,124.	NONE
TOTALS	180,124.	NONE

## KAISER FOUNDATION HEALTH PLAN OF

04-2583575

## FORM 990, PART IV - OTHER ASSETS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
LONG-TERM PENSION FUNDING	1,215,543.	1,124,228.
	-----	-----
TOTALS	1,215,543.	1,124,228.
	=====	=====

## KAISER FOUNDATION HEALTH PLAN OF

04-2583575

## FORM 990, PART IV - DEFERRED REVENUE

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
ADVANCED MEMBERS' DUES RECVD	405,325.	439,858.
ADVANCED POS DEPOSITS	NONE	216,356.
ADVANCED MEDICARE RECEIVED	350,425.	368,455.
	-----	-----
TOTALS	755,750.	1,024,669.
	=====	=====

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE  
=====

LENDER: KAISER FOUNDATION HOSPITAL  
REPAYMENT TERMS: LOAN PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE  
SECURITY PROVIDED: UNSECURED INTERENTITY LOAN  
PURPOSE OF LOAN: WORKING CAPITAL  
DESCRIPTION AND FMV OF CONSIDERATION: WORKING CAPITAL ADVANCES IN THE FORM OF CASH AND/  
OR BY CHARGES FOR STRATEGIC OPERATING SERVICES.

BEGINNING BALANCE DUE ..... NONE  
ENDING BALANCE DUE ..... 13,000,000.  
-----

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE ..... NONE  
=====

TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE ..... 13,000,000.  
=====

## FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PUBLIC/PROFESSIONAL LIABILITY	NONE	4,562,383.
EXCESS MEDICARE RESERVES	2,418,551.	NONE
DUES SUBSIDY	469,044.	NONE
OTHER LIABILITIES	88,535.	1,427,537.
	-----	-----
TOTALS	2,976,130.	5,989,920.
	=====	=====

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

DESCRIPTION -----	AMOUNT -----
ALLOWANCE FOR DOUBTFUL ACCTS	-326,466.
GROUP 3000 PREMIUMS	-206,056.
GROUP 4000 PREMIUMS	-1,237,133.
DUES SUBSIDY PROGRAM	-7,815.
	-----
TOTAL	-1,777,470.
	=====

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

## DESCRIPTION

## AMOUNT

LOSS ON SALE OF FIXED ASSETS

-417,906.

TOTAL

-417,906.

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

LOSS ON SALE OF FIXED ASSETS

417,906.

TOTAL

-----  
417,906.  
=====



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

ALLOWANCE FOR DOUBTFUL ACCTS	326,466.
GROUP 3000 PREMIUMS	206,056.
GROUP 4000 PREMIUMS	1,237,133.
DUES SUBSIDY PROGRAM	7,815.
	-----
TOTAL	1,777,470.
	=====

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

PLEASE SEE THE COPY OF THE AMENDED BY-LAWS OF THE ORGANIZATION WHICH ARE  
ATTACHED AND MADE A PART OF THIS RETURN.

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

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

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

RESPONSE TO FORM 990, SCHEDULE A, PART III, QUESTIONS 2(A) TO 2(D) -

IN THE ORDINARY COURSE OF CARRYING OUT THE EXEMPT PURPOSE OF THE ORGANIZATION, THE ORGANIZATION ENGAGES IN NUMEROUS COMMERCIAL TRANSACTIONS WITH OTHER ORGANIZATIONS WHOSE DIRECTORS AND OFFICERS MAY ALSO BE DIRECTORS AND OFFICERS OF THE CORPORATION. ALL OF THESE COMMERCIAL RELATIONSHIPS ARE ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND INVOLVE TRANSACTIONS OF THE KIND REFERRED TO IN (A) THROUGH (D) OF QUESTION (2), REFERENCED ABOVE, AT RATES GENERALLY PREVAILING IN THE AREA FOR EQUIVALENT GOODS, SERVICES AND FACILITIES.

THE CORPORATION ALSO PAYS COMPENSATION TO ITS OFFICERS AND DIRECTORS AND EITHER PAYS FOR OR REIMBURSES THEM FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES. SEE PART V, FORM 990 FOR SCHEDULE OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENTS PROVIDED TO OFFICERS AND DIRECTORS FOR THEIR SERVICES TO THE CORPORATION.

SCHEDULE A, PART III - EXPLANATION FOR LINE 4  
=====

MOST OF THE CORPORATION'S DISBURSEMENTS RELATE TO PROVIDING HEALTH CARE SERVICES TO ITS MEMBERS AND INCLUDE CAPITAL EXPENDITURES AND OPERATING EXPENSES INCURRED IN FURTHERANCE OF THIS ACTIVITY. THE CORPORATION IS NOT A GRANT MAKING ORGANIZATION. THE ORGANIZATION PROVIDES ITS SERVICES DIRECTLY TO THE MEMBERS OF THE COMMUNITY THROUGH ITS MOSTLY PREPAID HEALTH CARE PROGRAMS.

SCHEDULE A, PART VI-B - PAID STAFF OR MANAGEMENT  
=====

## RESPONSE TO FORM 990, SCHEDULE A, PART VI-B - LOBBYING EXPENSES:

THE ORGANIZATION IS A MEMBER OF THE KAISER MEDICAL CARE PLAN PROGRAM. AS AN ORGANIZATION EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), THE ORGANIZATION DOES NOT PARTICIPATE IN OR CONDUCT POLITICAL CAMPAIGNS OR GRASSROOTS LOBBYING ACTIVITIES OF ANY TYPE.

THE ORGANIZATION HAS SEVERAL EMPLOYEES WHO FROM TIME TO TIME KEEP INFORMED OF FEDERAL AND STATE LEGISLATION HAVING AN IMPACT ON THE ORGANIZATION'S ACTIVITIES AS A HEALTH MAINTENANCE ORGANIZATION. THESE EMPLOYEES ATTEMPT TO ENSURE THAT THE PROPOSED LEGISLATION IS COMPATIBLE WITH THE ORGANIZATION'S INTERESTS BY PERFORMING THE FOLLOWING ACTIVITIES:

- COLLECTING, ANALYZING, AND DISTRIBUTING WITHIN THE ORGANIZATION, PUBLIC AND PRIVATE POLICY RECOMMENDATIONS, PROPOSED LEGISLATION, AND ENACTED LAWS THAT AFFECT THE OPERATION OF THE ORGANIZATION.
- MAILING APPROPRIATE INFORMATION MATERIALS TO LEGISLATORS.
- PREPARING WRITTEN AND ORAL TESTIMONY AND APPEARING AT LEGISLATIVE HEARINGS, MONITORING OF LEGISLATIVE PROCEEDINGS AND MEETING WITH LEGISLATORS AND/OR THEIR STAFFS REGARDING PERTINENT ISSUES.

FORM 990 PART IV, LINE 57 - LAND, BUILDING AND EQUIPMENT,  
LESS ACCUMULATED DEPRECIATION: AND  
PART II, LINE 42, COLUMN (B) - DEPRECIATION, DEPLETION, ETC.  
AS AMENDED

	<u>COST</u>	<u>ACCUM. DEPREC.</u>	<u>FIXED ASSETS NET</u>	<u>1997 DEPREC. EXPENSE</u>
LAND	813,637	-	813,637	-
LAND IMPROVEMENTS	54,017	55,686	(1,669)	19,471
BUILDINGS	9,144,817	2,447,515	6,697,302	353,856
LEASEHOLD IMPROVEMENTS	1,291,274	1,128,679	162,595	52,987
EQUIPMENT	9,420,467	6,776,364	2,644,103	639,580
CONSTRUCTION IN PROGRESS	213,234	-	213,234	-
TOTALS TO:				
PART IV, LINE 57(A)	<u>20,937,446</u>			
PART IV, LINE 57(B)		<u>10,408,245</u>		
PART IV, LINE 57(C)			<u>10,529,201</u>	
PART II, LINE 42 COLUMN (B)				<u>1,065,894</u>

**COMPENSATION, BENEFITS, EXPENSES OF DIRECTORS AND OFFICERS**

NAME	TITLE	COMPENSATION		BENEFITS		EXPENSES	
		TOTAL	ALLOCATED KFHP MASS	TOTAL	ALLOCATED KFHP MASS	TOTAL	ALLOCATED KFHP MASS
DIRECTORS:							
STEPHEN GELBACH	DIRECTOR	3,000	3,000	0	0	0	0
KLAUS KRONER	DIRECTOR	4,000	4,000	0	0	0	0
CATHY SCHOEN	DIRECTOR	3,000	3,000	0	0	0	0
NANCY STEEPER	DIRECTOR	3,500	3,500	4,222	4,222	0	0
DAVID M LAWRENCE	DIRECTOR	1,134,025	4,654	278,733	1,144	15,040	62
RICAHRD G BARNABY	DIRECTOR & CHAIRMAN	868,260	3,563	506,422	2,078	76,666	315
SUBTOTAL DIRECTORS		2,015,785	21,717	789,377	7,444	91,706	376
OFFICERS AND KEY EMPLOYEES:							
JOHN BAACKES	PRESIDENT	297,818	49,646	50,052	8,344	28,538	4,757
ROBERT M CRANE	SENIOR VICE PRESIDENT	458,567	1,882	104,609	429	4,974	20
KIRK E MILLER	SENIOR VICE PRESIDENT	303,133	1,244	41,123	169	180	1
SUSAN E PORTH	SENIOR VICE PRESIDENT	564,393	2,164	123,632	474	0	0
JAMES B WILLIAMS	SENIOR VICE PRESIDENT	571,906	2,347	48,077	197	92,213	378
STEVEN R ZATKIN	SENIOR VICE PRESIDENT	357,959	1,469	79,833	328	12,678	52
SUSAN J BALDWIN	VICE PRESIDENT	205,810	1,111	43,245	234	21,256	115
SHARON E CONROW/COMD	VICE PRESIDENT	173,594	712	28,197	116	7,540	31
JANICE K MURPHY	VICE PRESIDENT	233,080	957	36,934	152	22,040	90
GAIL N RUBINFELD	ASSISTANT SECRETARY	141,617	581	34,979	144	0	0
VICTORIA B ZATKIN	ASSISTANT SECRETARY	117,680	451	39,999	153	180	1
CAROL CUSACK	VICE PRESIDENT	131,580	6,579	36,934	1,847	0	0
LORI DUTCHER	VICE PRESIDENT	119,675	5,984	24,867	1,243	0	0
ZELDA GEYER-SYLVA	VICE PRESIDENT	134,976	6,749	34,088	1,704	0	0
BRUCE NASH, MD	VICE PRESIDENT	146,767	7,338	34,385	1,719	0	0
MAURINE WEST	VICE PRESIDENT	120,500	6,025	33,114	1,656	10,080	504
LYNNE E ABRAHAM	VICE PRESIDENT	44,481	2,224	7,800	390	15,000	750
WENDY WEIL	ASSISTANT SECRETARY	92,317	4,616	39,650	1,983	90	5
SUBTOTAL OFFICERS & KEY EMPLOYEES		4,215,853	102,080	841,518	21,280	214,769	6,704
TOTAL DIRECTORS, OFFICERS & KEY EMPLOYEES		6,231,638	123,797	1,630,895	28,725	306,475	7,081

NOTE 1: THIS ORGANIZATION IS ONE OF THE ORGANIZATIONS LISTED ON THE STATEMENT IN THE RETURN HEADED "RELATED AND CONTROLLING ENTITIES" AND PARTICIPATING IN THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS THE KAISER PERMANENTE MEDICAL CARE PROGRAM (MEDICAL CARE PROGRAM).

COMPENSATION AND BENEFIT CONTRIBUTIONS OF DIRECTORS, OFFICERS AND KEY EMPLOYEES IS PAID BY KAISER FOUNDATION HEALTH PLAN, INC. (KFHP, INC.) AND IS ALLOCATED TO THE ENTITY (KFHP, INC., AND SUBSIDIARIES OR KAISER FOUNDATION HOSPITALS) FOR WHICH THEY PERFORM SERVICES. DIRECTORS, OFFICERS, AND KEY EMPLOYEES PERFORM SERVICES FOR SEVERAL OF THE MEDICAL CARE PROGRAM ORGANIZATIONS. THEREFORE, A COMPOSITE ALLOCATION OF APPROXIMATELY 25% OF COMPENSATION, BENEFIT CONTRIBUTIONS, AND EXPENSE REIMBURSEMENTS IS ALLOCATED TO KAISER FOUNDATION HOSPITALS. THE BALANCE IS THEN ALLOCATED TO KFHP, INC., AND ITS SUBSIDIARIES BASED ON THE PERCENTAGE OF MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL KAISER ORGANIZATIONS.

NOTE 2: THE ABOVE LISTED INDIVIDUALS CAN BE CONTACTED C/O: KAISER FOUNDATION HEALTH PLAN, INC., ONE KAISER PLAZA, 1521 ORDMAN, OAKLAND, CA 94612



**FORM 990 PART VI. QUESTION 80 - RELATED AND CONTROLLING ENTITIES**

KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC., EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), IS A WHOLLY OWNED SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC. EMPLOYER IDENTIFICATION NUMBER 94-1340523. SUBSIDIARIES OF WHICH KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A CONTROLLING INTEREST ARE:

EMPLOYER ID#	ENTITY NAME	PERCENT OWNED BY KFHP, INC.
<b>ENTITIES 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%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.	100%
75-1607081	KAISER FOUNDATION HEALTH PLAN OF TEXAS	100%
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	100%
13-2847437	KAISER FOUNDATION HEALTH PLAN OF NEW YORK	100%
04-2583575	KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	100%
31-1573811	KAISER GROUP HEALTH	50%
23-7425486	COMMUNITY HEALTH PLAN	100%
22-3038896	RIVERVIEW DAYCARE, INC.	100%
94-1616359	KAISER FOUNDATION INTERNATIONAL	100%
94-1265039	KAISER PERMANENTE ADVISORY SERVICES	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
93-0480268	OLD HEALTH PLAN, INC.	100%

**NON-EXEMPT SUBSIDIARIES:**

95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	100%
94-3113684	KAISER PERMANENT HEALTH ALTERNATIVES, INC.	100%
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	50%*
94-3259432	KAISER PROPERTIES SERVICES	100%
99-0242151	PERMANENTE SERVICES OF HAWAII, INC.	100%
03-0329760	OAK TREE ASSURANCE, LTD.	100%
91-1814507	CHP COMPANIES, INC.	100%
14-1685128	CAMPUS PLAZA 7, INC.	100%
14-1688501	CHPS CORPORATION	100%
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	100%
94-3295378	CHP INSURANCE AGENCY, INC.	100%

**KAISER FOUNDATION HEALTH PLAN, INC., IS ALSO AFFILIATED WITH THE FOLLOWING:**

**EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3):**

94-1340523	KAISER FOUNDATION HOSPITALS	N/A
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**NON-EXEMPT AFFILIATES:**

94-3245176	KAISER PERMANENTE INTERNATIONAL	N/A
94-3292262	KAISER PERMANENTE VENTURES (BOTH ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS)	N/A

\* NOTE: KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT PROPERTY & CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK IS OWNED BY KAISER FOUNDATION HEALTH PLAN, INC. THE REMAINING COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS.

**THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS:**  
ONE KAISER PLAZA, 1521 ORDWAY  
OAKLAND, CA 94612

**ELECTION TO ALLOCATE TAXABLE INCOME BRACKETS**

THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, (WITHIN THE MEANING OF IRC SECTION 1563(a)), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW, WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 1997, FOR THE PURPOSE OF ALLOCATION OF THE AMOUNTS OF EACH TAXABLE BRACKET IN THE TAX TABLE AT SECTION 11(b) OF THE INTERNAL REVENUE CODE.

EMPLOYER ID #	NAME AND ADDRESS	FIRST \$50,000	FIRST \$25,000	FIRST \$ 9,925,000
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	NONE	NONE	\$ 9,354,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, INC.	NONE	NONE	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	NONE	NONE	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	NONE	NONE	\$ 10,000
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.	NONE	NONE	NONE
75-1607081	KAISER FOUNDATION HEALTH PLAN OF TEXAS	NONE	NONE	NONE
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	NONE	NONE	NONE
13-2847437	KAISER FOUNDATION HEALTH PLAN OF NEW YORK	NONE	NONE	NONE
04-2583575	KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.	NONE	NONE	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	NONE	NONE	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	NONE	NONE	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	NONE	NONE	NONE
94-1616359	KAISER FOUNDATION INTERNATIONAL	NONE	NONE	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	NONE	NONE	NONE
94-1265039	KAISER PERMANENTE ADVISORY SERVICES	NONE	NONE	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	NONE	NONE	\$ 50,000
93-0954562	KAISER HEALTH ALTERNATIVES	NONE	NONE	NONE
94-3259432	KAISER PROPERTY SERVICES, INC.	\$50,000	\$25,000	\$ 210,000
99-0242151	PERMANENTE SERVICES OF HAWAII, INC.	NONE	NONE	\$ 1,000
03-0329760	OAK TREE ASSURANCE, LTD.	NONE	NONE	\$ 300,000
93-0480268	OLD HEALTH PLAN, INC.	NONE	NONE	NONE

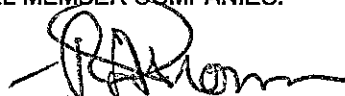
**ELECTION TO ALLOCATE TAXABLE INCOME BRACKETS**

THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, (WITHIN THE MEANING OF IRC SECTION 1563(a)), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW, WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 1997, FOR THE PURPOSE OF ALLOCATION OF THE AMOUNTS OF EACH TAXABLE BRACKET IN THE TAX TABLE AT SECTION 11(b) OF THE INTERNAL REVENUE CODE.

EMPLOYER ID #	NAME AND ADDRESS	FIRST \$50,000	FIRST \$25,000	FIRST \$ 9,925,000
91-1814507	CHP COMPANIES, INC.	NONE	NONE	NONE
23-7425486	COMMUNITY HEALTH PLAN	NONE	NONE	NONE
14-1685128	CAMPUS PLAZA 7, INC.	NONE	NONE	NONE
14-1688501	CHPS, CORPORATION	NONE	NONE	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	NONE	NONE	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	NONE	NONE	NONE
22-3038896	RIVERVIEW DAYCARE, INC.	NONE	NONE	NONE
94-3295378	CHP INSURANCE AGENCY, INC.	NONE	NONE	NONE
94-1105628	KAISER FOUNDATION HOSPITALS	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	NONE	NONE	NONE

THE COMMON ADDRESS OF ALL ENTITIES LISTED ABOVE IS:  
ONE KAISER PLAZA, 1521 ORDWAY  
OAKLAND, CA 94612

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES:



ROBERT A PROMM, VICE PRESIDENT/CONTROLLER

**ELECTION TO ALLOCATE \$40,000 ALTERNATIVE MINIMUM TAX EXEMPTION**

THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, (WITHIN THE MEANING OF IRC SECTION 1563(a)), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 1997.

EMPLOYER ID #	NAME AND ADDRESS	APPORTIONMENT OF \$40,000 EXEMPTION
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, INC	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	NONE
75-1607081	KAISER FOUNDATION HEALTH PLAN OF TEXAS	NONE
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	NONE
13-2847437	KAISER FOUNDATION HEALTH PLAN OF NEW YORK	NONE
04-2583575	KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS, INC.	NONE
56-1421313	KAISER FOUNDTION HEALTH PLAN OF NORTH CAROLINA	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	NONE
94-1616359	KAISER FOUNDATION INTERNATIONAL	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	NONE
94-1265039	KAISER PERMANENTE ADVISORY SERVICES	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	NONE
94-3259432	KAISER PROPERTY SERVICES, INC.	NONE
99-0242151	PERMANENTE SERVICES OF HAWAII, INC.	NONE
03-0329760	OAK TREE ASSURANCE, LTD.	NONE

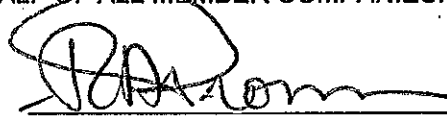
**ELECTION TO ALLOCATE \$40,000 ALTERNATIVE MINIMUM TAX EXEMPTION**

THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, (WITHIN THE MEANING OF IRC SECTION 1563(a)), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 1997.

EMPLOYER ID #	NAME AND ADDRESS	APPORTIONMENT OF \$40,000 EXEMPTION
93-0480268	OLD HEALTH PLAN, INC.	NONE
91-1814507	CHP COMPANIES, INC.	NONE
23-7425486	COMMUNITY HEALTH PLAN	NONE
14-1685128	CAMPUS PLAZA 7, INC.	NONE
14-1688501	CHPS, CORPORATION	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	NONE
22-3038896	RIVERVIEW DAYCARE, INC.	NONE
94-3295378	CHP INSURANCE AGENCY, INC.	NONE
94-1105628	KAISER FOUNDATION HOSPITALS	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	NONE
94-3292262	KAISER PERMANENTE VENTURES	NONE

THE COMMON ADDRESS OF ALL ENTITIES LISTED ABOVE IS:  
ONE KAISER PLAZA, 1521 ORDWAY  
OAKLAND, CA 94612

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES:

  
ROBERT A PROMM, VICE PRESIDENT/CONTROLLER

## Revisions to Bylaws

9/24/75	Bylaws adopted for Valley Health Plan
12/10/86	Revised Bylaws adopted for Kaiser Foundation Health Plan of Massachusetts, Inc.
4/7/87	§ E-5 staggered 4 year terms for Enrollee Directors § D-1 Enrollee Directors elected in November § D-2 30 days notice re Enrollee Director's election
11/10/88	Kaiser Foundation Health Plan, Inc. set # of Directors at 10
4/20/90	§ E-2 Kaiser Foundation Health Plan, Inc. fixed # of Directors at 10
6/8/95	Bylaws revised, approved by KFHP, Inc.
10/22/96	§ E-1(d) amended to remove setting of compensation from powers of Directors

BYLAWS OF  
KAISER FOUNDATION HEALTH PLAN OF  
MASSACHUSETTS, INC.

ARTICLE A  
PURPOSES

Section A-1.            Principal Purpose.

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

Section A-2.            Related Purposes.

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

Section A-3.            Nonprofit Character.

This corporation is a nonprofit corporation and is not organized for the private gain of any person. This corporation is organized for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any

other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

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

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

Section A-5.                    Non-discrimination.

The corporation, in the operation of its nonprofit comprehensive health care plan and related activities, shall conduct its activities and shall offer its services and benefits to all persons equally, without discrimination because of race, color, religion, sex, or national origin, and shall take affirmative action to maintain equality in such matters.



## ARTICLE B

### OFFICES

#### Section B-1.            Principal Office.

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

#### Section B-2.            Principal Office in Massachusetts.

The principal office of the corporation in the Commonwealth is in Amherst, Hampshire County, Massachusetts.

#### Section B-3.            Other Offices.

This corporation may at any time establish other offices at such place or places as the Board of Directors may designate.

## ARTICLE C

### MEMBER

#### Section C-1. Status of Membership.

Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation, is the sole member of this corporation.

#### Section C-2. Changes in Membership.

Changes in membership may be effected in such manner as the member shall determine. Only the member has the power to make changes in membership.

#### Section C-3. Termination.

All rights, powers and privileges incident to membership shall cease upon termination of membership.

#### Section C-4. Dues, Assessments and Liabilities.

No member of this corporation shall be subject to any charge for dues or assessments, nor shall any member be in any way liable for any debt, liability or obligation of the corporation.

#### Section C-5. Meetings.

There shall be an annual meeting of the member. Meetings of the member shall be governed by Section E-7, relating to meetings of Directors, except that meetings of the member shall be held upon at least ten days' notice by first class mail.

Section C-6.

Other Action by Member.

The member may, by unanimous written consent, take any action which the members of a Massachusetts nonprofit corporation are permitted to take without a meeting, and any action so taken shall have the same effect as, and be in all respects as valid as, action taken at a meeting duly held.

Section C-7.

Power and Authority of Member.

The member shall have the maximum power and authority now or hereafter provided or permitted under Massachusetts law to members of Massachusetts nonprofit corporations, except that all such powers shall be exercised consistent with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in Article A of these Bylaws.

ARTICLE D  
ANNUAL ELECTION OF ENROLLEE DIRECTORS

Section D-1.            Annual Election.

Each year an election of one or more Enrollee Directors shall be held in the month of October or in any other month that the Board of Directors may determine. All adult enrollees of the health care plan operated by this corporation shall be eligible to vote in this election, and each such enrollee shall be entitled to one vote.

Section D-2.            Notice of Annual Election.

Written notice of the time and manner of the annual election of Enrollee Directors shall be given to each Subscriber of record as of the date notice is sent by mailing a copy of such notice addressed to him or her at his or her latest mailing address as shown on the records of the corporation, not less than thirty (30) days before the date of the election.

Section D-3.            Nominations for Enrollee Directors.

The Board of Directors shall nominate Enrollee Directors and present such nominations to the enrollees for the annual election. Enrollees shall have the right to submit additional nominations in accord with such rules and regulations as may be established from time to time by the Board of Directors and communicated to the Subscribers. Each person nominated to be an Enrollee Director must be an enrollee of the health care plan operated by this corporation.

Section D-4.            Voting Requirements.

When there are no more than two nominees for Enrollee Director, the affirmative vote of a majority of enrollees voting in the annual election shall be the act of the enrollees. When there are more than two nominees for Enrollee Director, the affirmative

vote of a plurality of enrollees voting in the annual election shall be the act of the enrollees.

ARTICLE E  
DIRECTORS

Section E-1.            Power and Authority of Directors.

Subject to all restrictions stated in the Articles of Organization and this Section E-1 and elsewhere in these Bylaws, (A) all corporate powers shall be exercised by or under the authority of the Board of Directors, and the Board of Directors shall control the business and affairs of the corporation, and (B) the Board shall have the maximum power and authority now or hereafter provided or permitted under Massachusetts law to directors of Massachusetts nonprofit corporations, acting as a board, except that all such powers shall be exercised consistent with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in its Articles of Organization and in these Bylaws.

The following powers of the corporation are illustrative only, and shall not be construed, except where stated in this Section and elsewhere in these Bylaws, as constituting or implying any limitation upon powers exercisable by the Board of Directors or the corporation. Subject to the foregoing, the corporation shall have power to:

- (a) Commence, conduct and defend legal proceedings;
- (b) Adopt, use and alter a corporate seal, but failure to affix a seal shall not affect the validity of any act or instrument of the corporation;
- (c) Adopt or amend Bylaws to the extent and in the manner provided in  
Section  
I-3;
- (d) Select, remove and prescribe powers and duties of officers, agents and employees, and require security for faithful service; provided however, that removal of the Chairman of the Board or the President shall require the affirmative vote of the member;
- (e) Qualify to conduct, and conduct activities anywhere in the world;

(f) Acquire, hold, lease, encumber, convey, exchange, transfer upon trust, or otherwise dispose of real and personal property anywhere in the world, and receive and accept inter vivos or testamentary gifts of real or personal property, or both, except that the sale, lease, exchange, or other disposition of, the mortgage, pledge or dedication to the repayment of indebtedness (whether with or without recourse), or any other encumbrance of property of the corporation, or the acquisition of assets, whether or not in the usual or regular course of the corporation's activities, where the fair market value of such corporate property or assets being disposed of, acquired or encumbered exceeds 10% of the value of the assets of the corporation as reflected in the most recent annual or quarterly financial statements that are available on the date immediately preceding the date of the relevant transaction shall in addition require the affirmative vote of the member;

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

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

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

(j) Make donations for charitable purposes;

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

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

(m) Enter into any contracts, assume any obligations or do any other acts

incidental to the conduct of corporate affairs or the attainment of corporate purposes;

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

Section E-2.                      Number.

There shall be not less than five nor more than eleven Directors, as determined by resolution of the member.

Section E-3.                      Composition.

Four of the Directors shall be enrollees of the health care plan operated by this corporation and shall continue to be enrollees of the health care plan operated by this corporation during their term as Enrollee Directors.

Section E-4.                      Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section E-5, or E-6, or is removed by the member at a meeting of the member's Board of Directors, provided that the notice of the meeting of the member's Board of Directors indicates the purpose of the meeting. Any Director (except an Enrollee Director) may be removed by the member and all vacancies in the Board of Directors shall be filled by the member.

Section E-5.                      Election and Term of Office of Enrollee Directors.

Enrollee Directors shall be elected at the annual election of Enrollee Directors. At the first annual election after January 1, 1987, one Enrollee Director shall be elected for a term of one year; one Enrollee Director shall be elected for a term of two years; one Enrollee Director shall be elected for a term of three years; and one Enrollee Director shall be elected for a term of four years. As each Enrollee Director's term expires, his or her



successor shall be elected for a term of four years. Any Enrollee Director vacancy may be filled by the member. Each Enrollee Director shall hold office until the end of his or her term, or until he or she shall resign, terminate his or her enrollment in the health care plan operated by this corporation, become unable to serve as a Director, or be removed in accord with Section E-4.

Section E-6.                    Election, Term of Office and Removal of Other Directors.

Except for Enrollee Directors, Directors shall be elected by the member at the annual meeting of the member in 1996 and every third year thereafter for a term of office which shall end at the later of the annual meeting of the member in the third year following their election or when their successors are elected, except that in any event the term of a Director (including the term of any Enrollee Director) shall end on December 31 of the year in which he or she attains age 70. Notwithstanding the above, Directors (including Enrollee Directors) who are age 70 or over as of July 1, 1995 or who become age 70 during the term of office that includes July 1, 1995 may complete such term of office but will not be nominated for reelection or be reelected, and Directors (including Enrollee Directors) who served as Directors of this corporation's predecessor corporation who are age 70 or over during the term of office that includes July 1, 1995 may complete such current term and may be nominated and elected to serve one additional term of office only. Any vacancy may be filled only by the member. Each Director shall hold office until the end of his or her term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section E-4.

Section E-7.                    Meetings.

(a) Place of Meetings. Meetings shall be held at the place specified in the notice of the meeting or at such place as the Board of Directors shall designate by resolution or unanimous written consent, but unless another place shall be so designated,

all meetings shall be held at the principal office in the Commonwealth.

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

(c) Notice. Notice of all regular or special meetings shall be mailed, telegraphed, or personally delivered to each Director and to the member, at his, her or its usual business address. Notice of special meetings shall include a description of each matter of business to be conducted at the meeting. Notice of a meeting need not be given to the member or any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

(d) Proof of Notice. A statement showing service of any notice pursuant to Section E-7(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. Any waiver, consent or approval given in lieu of regular notice shall be entered in the minutes of the meeting.

(e) Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. Except as provided in Section E-8, Directors present at a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

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

(g) Adjourned Meetings. A majority of the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend.

Section E-8.            Action Without a Meeting.

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

Section E-9.            Meeting by Telephone.

A director may participate in a meeting of the Board of Directors by means of conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear one another at the same time; participation in such a meeting shall constitute presence in person at such meeting.

## ARTICLE F

### OFFICERS

#### Section F-1. Officers.

The officers of this corporation shall be a Chairman of the Board, a President, a Vice President, a Secretary, a Treasurer, and a Controller, and may include a Health Plan Manager and a Regional Controller. The corporation may have such other officers as the Board may from time to time appoint pursuant to Section F-3. One person may hold two or more offices, except that the same person may not be both President and Secretary.

#### Section F-2. Election and Term of Office.

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

#### Section F-3. Subordinate Officers.

The Board of Directors may appoint or delegate authority to appoint such other officers as the needs of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the Bylaws may provide, or as the Board of Directors, or the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine.

Section F-4.                    Removal and Resignation.

Any officer may be removed, at any time, either with or without cause, by the Board of Directors, except that removal of the Chairman of the Board or the President shall require the affirmative vote of the member. Except for officers chosen directly by the Board of Directors, any officer may be removed, either with or without cause, by any person authorized to appoint such officer, or by any person upon whom such power of removal may be conferred by the Board of Directors.

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

Section F-5.                    Vacancies.

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

Section F-6.                    Chairman of the Board.

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

Section F-7.                    President.

Subject to the direction of the Board of Directors, the President shall have the general powers and duties of management usually vested in the office of president of a corporation as well as such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide. If there is not a Chairman of the Board of

Directors in office and then acting, or if the Chairman of the Board is absent or disabled, the President shall perform all of the duties of the Chairman of the Board, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman of the Board, as prescribed in the Bylaws or by the Board of Directors.

The President shall have primary responsibility for carrying out the policies and supervising and controlling the personnel, programs and activities of the corporation. The President shall prepare budgets for, and otherwise report to the Board of Directors regarding, the projects and activities of the corporation and the execution of the policies adopted by the Board of Directors. The President may, subject to the approval of the Board of Directors, appoint and maintain immediate supervision over a Health Plan Manager and a Regional Controller. The President shall appoint and maintain general supervision over the activities of a regional internal auditor who shall conduct a comprehensive internal auditing program.

Section F-8.            Vice President.

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

Section F-9.

Secretary.

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

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

The Secretary shall appoint and supervise a Clerk who shall be a resident of the Commonwealth of Massachusetts, to perform such duties as may be designated by the Board of Directors or required by the General Laws of Massachusetts.

Section F-10.

Treasurer.

The Treasurer shall supervise banking relations, including the handling, depositing and disbursing of all funds. The Treasurer shall render to the President and to the Board of Directors, on request, an account of his or her transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Treasurer, any Assistant Treasurer may perform all or any part of the duties of the Treasurer.

Section F-11.            Controller.

The Controller shall properly maintain all home office records and books of account, and shall be responsible for properly maintaining all other corporation records and for the preparation of corporate financial statements and reports. The Controller shall coordinate the activities of the Regional Controller with respect to accounting and internal-external auditing policies and programs. The Controller shall render such assistance to the Treasurer's office as may be required with respect to fiscal matters.

All books of account maintained by or under the supervision of the Controller shall at all times be open to inspection by the Chairman, the President, the Executive Vice President, the Corporate Auditor, and any Director. The Controller shall, upon request, render an account of his or her actions as Controller to any such officers and to the Board of Directors. The Controller shall have such other powers and shall perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Controller, any Assistant Controller may perform all or any part of the duties of the Controller.

Section F-12.            Health Plan Manager.

A Health Plan Manager may be appointed as provided in Section F-7. If a Health Plan Manager has been appointed pursuant to Section E-7, the Health Plan Manager shall assist the President in the performance of his or her duties, and shall have primary responsibility for the detailed supervision and control of the enrollment and membership operations of the corporation. The Health Plan Manager shall have such other duties as the Board of Directors or the President shall designate, or as the Bylaws may provide.

Section F-13.            Regional Controller.

A Regional Controller may be appointed as provided in Section F-7. If a Regional Controller has been appointed pursuant to Section E-7, the Regional Controller shall



report to the President, and shall cooperate with the Controller to carry out the accounting and internal-external auditing policies and programs of the corporation. The Regional Controller shall maintain adequate and correct accounts of the properties and transactions of the corporation and shall render such assistance to the Controller as the Controller may require.

All books of account maintained by or under the authority of the Regional Controller shall at all times be open to inspection by Chairman of the Board, the President, the Executive Vice President, the Controller, the Corporate Auditor, and any Director. The Regional Controller shall, upon request, render an account of his or her actions as Regional Controller to any such officers and to the Board of Directors. The Regional Controller shall have such other powers and perform such other duties as the Board of Directors or the President shall designate, or as the Bylaws may provide. Subject to the supervision of the Regional Controller, any Assistant Regional Controller may perform all or any part of the duties of the Regional Controller.

ARTICLE G  
COMMITTEES

Section G-1.            Provision for Committees.

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

Section G-2.            Action Without a Meeting.

(a) By Unanimous Consent. Any action required or permitted to be taken by a committee of the Board of Directors may be taken without a meeting if all members of the committee individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the committee. Such written consent or consents shall be filed with the minutes of the proceedings of the committee.

(b) By Telephone. Meetings of committees may be held by telephone. A Director may participate in a meeting of a committee by means of a conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear one another at the same time; participation in such a meeting shall constitute presence in person at such meeting.

Section G-3.            Executive Committee.

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

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

1. Adopt, amend or repeal Bylaws.
2. Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable.
3. Elect, appoint, or remove Directors, designate committees of the Board of Directors or fill vacancies in the Board of Directors or in any such committee.
4. Dissolve, merge or consolidate the corporation.
5. Adopt, amend or repeal Articles of Organization.
6. Sell, lease, pledge, transfer or exchange all or substantially all of the property of the corporation.
7. Fix compensation of Directors for serving on the Board or on any committee.
8. Authorize any direct or indirect transfer of money or other property or incur any indebtedness to or for the benefit of the member or the Directors or officers of the corporation or to or for the benefit of transferees in liquidation (other than creditors of the corporation).
9. Take any other action which the Board of Directors is not authorized to take.

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

Section G-4.

Other Committees.

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

ARTICLE H  
MISCELLANEOUS

Section H-1.            Inspection of Corporate Records.

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

Section H-2.            Execution or Endorsement of Checks.

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

Section H-3.            Execution of Contracts.

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified instances. No

officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

Section H-4.                    Bylaws, Minutes and Membership Records.

The original or a certified copy of the Bylaws, together with all amendments thereto, and the minute book shall be kept at the principal office of the corporation in the Commonwealth and shall be subject to inspection as provided in Section H-1.

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

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

Section H-6.                    Fiscal Year.

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

Section H-7.                    Indemnification of Directors, the Member, Officers and Employees.

Every person heretofore, now, or hereafter serving as a Director, officer or employee of the corporation, and every person heretofore, now or hereafter serving at the written request of the corporation (or at its oral request subsequently confirmed in writing), as director, trustee, member, officer, or employee of another corporation or other business association which the corporation controls or in which the corporation owns shares of capital stock or other proprietary interest or of which the corporation is a creditor shall be

indemnified and held harmless by the corporation from and against any and all Indemnifiable Obligations (as hereafter defined) that may be imposed upon or incurred by him or her in connection with or resulting from any claim, action, suit or proceeding, judicial or administrative, civil or criminal, whether actually commenced or threatened (collectively "Claim") in which he or she may become involved as a party or otherwise by reason of his or her being or having been a Director, member, officer, or employee of the corporation, or of another corporation or other business association which the corporation controls or in which the corporation owns shares of capital stock or other proprietary interest or of which the corporation is a creditor, whether or not he or she continues to be such at the time such Indemnifiable Obligations shall have been imposed or incurred. As used herein, Indemnifiable Obligations include all expenses incurred in the defense of any Claim and the amounts of settlements, judgments, fines or penalties levied or rendered against any such person in connection therewith, except that no such person shall be entitled to indemnity hereunder if the Board of Directors of the corporation determines that such person was not acting in good faith within what he or she reasonably believed to be the scope of his or her employment or authority and for a purpose which he or she reasonably believed to be in the best interests of the corporation. Expenses incurred with respect to any such Claim may be advanced by the corporation prior to the final disposition thereof upon: (a) determination by the Board of Directors of the corporation that indemnification of such expenses is proper, or (b) receipt of an undertaking satisfactory in form and amount to the Board of Directors by or on behalf of the recipient to repay such amount unless it is ultimately determined that he or she is entitled to indemnification. The foregoing right of indemnification shall inure to the benefit of the heirs, executors, administrators and devisees of such persons, and shall not be deemed exclusive of any other rights to which any person may be otherwise entitled by contract or as a matter of law.

Section H-8.            Insurance.

To the extent permitted by law, the corporation shall have the power to purchase and maintain insurance on behalf of any Director, officer or employee of the corporation against any liability asserted against and incurred by such person in his or her official capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify that person under the provisions of Section H-7.

Section H-9.            Annual Report.

No annual report shall be required in connection with the activities of the corporation except as required by the General Laws of Massachusetts.



ARTICLE I  
AMENDMENT AND EFFECT OF BYLAWS

Section I-1.                    Previous Bylaws Superseded.

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

Section I-2.                    Effect of Bylaws.

These Bylaws are in all respects subordinate to, and shall be controlled by, applicable provisions of the General Laws of Massachusetts, other applicable laws, and the Articles of Organization of this corporation. Except as these Bylaws may be inconsistent with said laws and Articles, they shall regulate the conduct of the business affairs of this corporation with respect to all matters to which they relate.

Section I-3.                    Manner of Amendment.

These Bylaws may be amended by a majority vote of the Board of Directors provided a quorum of the Board is present and voting, except that Articles C, D, E and H of these Bylaws may be amended only by the member.

**Application for Extension of Time to File  
Certain Excise, Income, Information, and Other Returns**

OMB No. 1545-0148

▶ **File a separate application for each return.**Please type or  
print. File the  
original and one  
copy by the due  
date for filing  
your return. See  
instructions.

Name

**KAISER FOUNDATION HEALTH PLAN OF MASSACHUSETTS**

Employer identification number

**04-2583575**

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

**ONE KAISER PLAZA, 1521 ORDWAY**

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

**OAKLAND CA 94612-3610****Note:** Corporate income tax return filers must use **Form 7004** to request an extension of time to file. Partnerships, REMICs, and trusts must use **Form 8736** to request an extension of time to file **Form 1065, 1066, or 1041**.1 I request an extension of time until **NOVEMBER 16, 1998**, to file (check only one):☐ Form 706-GS(D)☐ Form 990-T (sec. 401(a) or 408(a) trust)☐ Form 1120-ND (sec. 4951 taxes)☐ Form 8612☐ Form 706-GS(T)☐ Form 990-T (trust other than above)☐ Form 3520-A☐ Form 8613☒ Form 990 or 990-EZ☐ Form 1041 (estate) (see instructions)☐ Form 4720☐ Form 8725☐ Form 990-BL☐ Form 1041-A☐ Form 5227☐ Form 8804☐ Form 990-PF☐ Form 1042☐ Form 6069☐ Form 8831If the organization does not have an office or place of business in the United States, check this box ☐2a For calendar year **1997**, or other tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_b If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period3 Has an extension of time to file been previously granted for this tax year? ☒ Yes ☐ No4 State in detail why you need the extension **THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP  
COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST  
DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.**5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720, 6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions. \$ **NONE**b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ **NONE**c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD coupon if required. 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 Title **VICE PRESIDENT/CONTROLLER**Date **08/6/98****FILE ORIGINAL AND ONE COPY.** The IRS will show below whether or not your application is approved and will return the copy.**Notice to Applicant — To Be Completed by the IRS**

- ☐ We HAVE approved your application. Please attach this form to your return.
- ☐ We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other: \_\_\_\_\_

Director

By: \_\_\_\_\_

Date

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Please  
Type  
or  
Print

Name

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

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

Department of the Treasury  
Internal Revenue Service

File a separate application for each return.

Please type or  
print. File the  
original and  
one copy by  
the due date  
for filing your  
return. (See  
instructions on  
the next page.)

Name

Kaiser Foundation Health Plan of Massachusetts, Inc.

Employer identification number

04-2583575

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

ONE KAISER PLAZA, 2608 ORDWAY

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

OAKLAND, CA 94612-3610

Note: Corporate income tax return filers must use Form 7004 to request an extension of time to file. Partnerships, REMICs, and trust must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

1 I request an extension of time until

08/15/98

to file (check only one):

<input type="checkbox"/> Form 706-GS(D)	<input type="checkbox"/> Form 990-T (401(a) or 408(a) trust)	<input type="checkbox"/> Form 1120-ND (4951 taxes)	<input type="checkbox"/> Form 8612
<input type="checkbox"/> Form 706-GS(T)	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 3520-A	<input type="checkbox"/> Form 8613
<input checked="" type="checkbox"/> Form 990 or 990-EZ	<input type="checkbox"/> Form 1041 (estate) (see instructions)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 8725
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 5227	<input type="checkbox"/> Form 8804
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1042	<input type="checkbox"/> Form 6069	<input type="checkbox"/> Form 8831

If the organization does not have an office or place of business in the United States, check this box

2a For calendar year 1997, or other tax year beginning

and ending

b If this tax year is for less than 12 months, check reason:

☐ Initial return☐ Final return☐ Change in accounting period

3 Has an extension of time to file been previously granted for this tax year?

☐ Yes☒ No

4 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP  
COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST  
DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.

5a If this form is for Form 706-GS(D), 706-GS(T), 990-BL, 990-PF, 990-T, 1041 (estate), 1042, 1120-ND, 4720,

6069, 8612, 8613, 8725, 8804, or 8831, enter the tentative tax, less any nonrefundable credits. See instructions

\$

NONE

b If this form is for Form 990-PF, 990-T, 1041 (estate), 1042, or 8804, enter any refundable credits and

estimated tax payments made. Include any prior year overpayment allowed as a credit

\$

NONE

c Balance due. Subtract line 5b from line 5a. Include your payment with this form, or deposit with FTD

coupon if required. See instructions

\$

NONE

## 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

Title VICE PRES/CONTROLLER

Date

5/5/98

FILE ORIGINAL AND ONE COPY. The IRS will show below whether or not your application is approved and will return the copy.

Notice to Applicant - To Be Completed by the IRS

- ☒ We HAVE approved your application. Please attach this form to your return.
- ☐ We HAVE NOT approved your application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of your 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 your return.
- ☐ We HAVE NOT approved your application. After considering the reasons stated in item 4, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period.
- ☐ We cannot consider your application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other:

EXTENSION APPROVED

By:

AUG 17 1998

Director

Deborah S. Decker

Date

Ogden Service Center

If you want a copy of this form to be returned to an address other than that shown above, please enter the address to which the copy should be sent.

Name

Please  
Type  
or  
Print

Number, street, and room or suite no. (or P.O. box no. if mail is not delivered to street address)

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