

Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2002

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2002 calendar year, OR tax year period beginning 1/1/2002 2002, and ending 12/31/2002	
B Check if applicable <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC Number and street (or P.O. box if mail is not delivered to street address) Room/suite ONE KAISER PLAZA, SUITE 1550L City or town State or Country ZIP code OAKLAND CA 94612
D Employer identification number 52-0954463	E Telephone number (510) 271-6611
F Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	
G Web site N/A	
J Organization type (check only one) <input checked="" type="checkbox"/> 501(c)(3) (insert no) <input type="checkbox"/> 4947(a)(1) <input type="checkbox"/> 527	
K Check here <input type="checkbox"/> if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.	
L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 1,377,918,208	
H and I are not applicable to section 527 organizations H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) If "Yes," enter number of affiliates N/A H(c) Are all affiliates included? N/A <input type="checkbox"/> Yes <input type="checkbox"/> No H(d) Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No I Enter 4 digit GEN M Check <input checked="" type="checkbox"/> if the organization is not required to attach Sch. B (Form 990 990-EZ or 990-PF)	

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

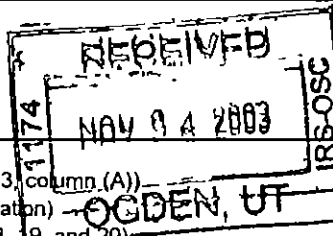
(See Specific Instructions on page 16)

1 Contributions, gifts, grants, and similar amounts received			
a Direct public support	1a		
b Indirect public support	1b		
c Government contributions (grants)	1c		
d Total (add lines 1a through 1c) (cash \$ noncash \$)	1d		
2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	1,367,755,991	
3 Membership dues and assessments	3		
4 Interest on savings and temporary cash investments	4		
5 Dividends and interest from securities	5	1,758,525	
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 INVESTMENT INCOME FROM KAIVEST I LLC)	7	8,382,461	
8a Gross amount from sales of assets other than inventory	(A) Securities 8a (B) Other 8b	21,231	
b Less cost or other basis and sales expenses	8b	0	
c Gain or (loss) (attach schedule)	8c	21,231	
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	21,231	
9 Special events and activities (attach schedule)	SEE STATEMENT LINE 8		
a Gross revenue (not including \$ of contributions reported on line 1a)	9a		
b Less direct expenses other than fundraising expenses	9b		
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
10a Gross sales of inventory, less returns and allowances	10a		
b Less cost of goods sold	10b		
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
11 Other revenue (from Part VII, line 103)	11		
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	1,377,918,208	
13 Program services (from line 44, column (B))	13	1,323,388,867	
14 Management and general (from line 44, column (C))	14	74,032,151	
15 Fundraising (from line 44, column (D))	15		
16 Payments to affiliates (attach schedule)	16		
17 Total expenses (add lines 16 and 44, column (A))	17	1,397,421,018	
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	(19,502,810)	
19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	170,583,505	
20 Other changes in net assets or fund balances (attach explanation)	20	(24,985,990)	
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	126,094,705	

For Paperwork Reduction Act Notice, see the separate instructions

Form 990 (2002)

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Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 21.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (cash \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25			
26 Other salaries and wages	26	212,952,078	212,952,078	
27 Pension plan contributions	27	9,432,343	9,432,343	
28 Other employee benefits	28	28,926,398	28,926,398	
29 Payroll taxes	29	15,194,448	15,194,448	
30 Professional fundraising fees	30			
31 Accounting fees	31	1,293,308	1,293,308	
32 Legal fees	32	696,965	696,965	
33 Supplies	33	196,779,691	196,779,691	
34 Telephone	34	487,190	487,190	
35 Postage and shipping	35	3,647,891	3,647,891	
36 Occupancy	36	25,466,367	25,466,367	
37 Equipment rental and maintenance	37	3,531,972	3,531,972	
38 Printing and publications	38	4,615,476	4,615,476	
39 Travel	39	2,475,859	2,475,859	
40 Conferences, conventions, and meetings	40			
41 Interest	41	9,588,062	9,588,062	
42 Depreciation, depletion, etc STMT LINE 57	42	23,011,675	23,011,675	
43 Other expenses (itemize) a	43a			
b SEE STATEMENT LINE 43	43b	859,321,295	785,289,144	74,032,151
c	43c			
d	43d			
e	43e			
f	43f			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D) carry these totals to lines 13 - 15	44	1,397,421,018	1,323,388,867	74,032,151

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

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

(ii) the amount allocated to Program services \$ N/A

(iii) the amount allocated to Management and general \$ N/A and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments

(See Specific Instructions on page 24.)

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

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

Program Service Expenses

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

a SEE STATEMENT PART III	(Grants and allocations \$)	1,323,388,867
b	(Grants and allocations \$)	
c	(Grants and allocations \$)	
d	(Grants and allocations \$)	
e Other program services (attach schedule)	(Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44 column (B), Program services)		1,323,388,867

Part IV Balance Sheets

(See Specific Instructions on page 24)

Note	Where required, attached schedules and amounts within the description column should be for end-of-year amounts only	(A) Beginning of year		(B) End of year
Assets				
45	Cash - non-interest-bearing	17,000	45	4,480,385
46	Savings and temporary cash investments		46	3,657,042
47a	Accounts receivable	56,732,289		
b	Less allowance for doubtful accounts	2,921,993	47c	53,810,296
48a	Pledges receivable		48c	
b	Less allowance for doubtful accounts		48c	
49	Grants receivable		49	
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
51a	Other notes and loans receivable (attach schedule)		51c	
b	Less allowance for doubtful accounts		51c	
52	Inventories for sale or use	19,958,457	52	28,271,495
53	Prepaid expenses and deferred charges	1,116,579	53	2,125,009
54	Investments - securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
55a	Investments - land, buildings, and equipment basis		55c	
b	Less accumulated depreciation (attach schedule)		55c	
56	Investments - other (attach schedule)	148,795,186	56	156,861,596
57a	Land, buildings, and equipment basis	462,594,938	57c	223,814,633
b	Less accumulated depreciation	238,780,305	57c	223,814,633
58	Other assets (describe SEE STATEMENT LINE 58)	15,446,367	58	8,049,009
59	Total assets (add lines 45 through 58) (must equal line 74)	490,393,000	59	481,069,465
Liabilities				
60	Accounts payable and accrued expenses	186,069,346	60	126,916,086
61	Grants payable		61	
62	Deferred revenue	17,324,008	62	13,866,320
63	Loans from officers, directors, trustees, and key employees		63	
64a	Tax-exempt bond liabilities (attach schedule)	13,167,812	64a	13,142,418
b	Mortgages and other notes payable (attach schedule)		64b	
65	Other liabilities (describe SEE STATEMENT LINE 65)	103,248,329	65	201,049,936
66	Total liabilities (add lines 60 through 65)	319,809,495	66	354,974,760
Net Assets or Fund Balances				
Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
67	Unrestricted		67	
68	Temporarily restricted		68	
69	Permanently restricted		69	
Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74				
70	Capital stock, trust principal, or current funds	170,583,505	70	126,094,705
71	Paid-in or capital surplus, or land, bldg, and equipment fund		71	
72	Retained earnings, endowment, accumulated income, or other funds		72	
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)	170,583,505	73	126,094,705
74	Total liabilities and net assets/fund balances (add lines 66 and 73)	490,393,000	74	481,069,465

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 VI Other Information

(See Specific Instructions on pages 27)

Yes or No

76	Did the organization engage in any activity not previously reported to the Internal Revenue Service? If "Yes," attach a detailed description of each activity	76	NO
77	Were any changes made in the organizing or governing documents, but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	NO
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	YES
78b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	YES
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	NO
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	YES
b	If "Yes," enter the name of the organization SEE STATEMENT LINE 80 and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt		
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	NONE
81b	Did the organization file Form 1120-POL for this year?	81b	NO
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	NO
82b	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	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	YES
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85a	501(c)(4), (5), or (6) organizations (a) Were substantially all dues nondeductible by members?	85a	N/A
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	N/A
85c	Dues, assessments, and similar amounts from members	85c	N/A
85d	Section 162(e) lobbying and political expenditures	85d	N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	N/A
85h	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
86a	501(c)(7) orgs - Enter (a) Initiation fees and capital contributions included on line 12	86a	N/A
86b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87a	501(c)(12) orgs - Enter a Gross income from members or shareholders	87a	N/A
87b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes" complete Part IX	88	YES
89a	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>		
89b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes" attach a statement explaining each transaction	89b	NO
89c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under section 4912, 4955 and 4958		NONE
89d	Enter Amount of tax in 89c, above, reimbursed by the organization		NONE
90a	List the states with which a copy of this return is filed <u>DISTRICT OF COLUMBIA, MARYLAND, VIRGINIA</u>		
90b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	6,207
91	The books are in care of <u>DONALD RUHL, NATIONAL TAX DIRECTOR</u> Telephone no <u>510 271-6385</u> Located at <u>ONE KAISER PLAZA, 1550L, OAKLAND, CA</u> ZIP code <u>94612</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

Part VII Analysis of Income-Producing Activities

(See Specific Instructions on pages 32.)

Note Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E)
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	Related or exempt function income
93 Program service revenue					
a MEMBERS HEALTH CARE PREMIUMS	621400	23,041,546			1,065,752,683
b SUPPLEMENTAL CHARGES	621400	2,216,031			71,213,775
c NON PLAN AND INDUSTRIAL REVENUE					1,904,039
d INTERREGIONAL REVENUE					4,991,423
e OTHER PROGRAM SERVICE REVENUE			1	11,528,405	
f Medicare/Medicaid payments					187,108,089
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14		
96 Dividends and interest from securities				1,758,525	
97 Net rental income (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income			14	8,382,461	
100 Gain or (loss) from sales of assets other than inventory			18	21,231	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
b					
c					
d					
e					
104 Subtotal (add cols. (B), (D), and (E))		25,257,577		21,690,622	1,330,970,009
105 Total (add line 104, columns (B), (D), and (E))					1,377,918,208

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes

(See Specific Instructions on page 32.)

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

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities

(See Specific Instructions on page 33.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
KAIVEST I LLC	83.540%	INVESTMENT	9,848,127	187,932,628
ONE KAISER PLAZA, SUITE 1550L	%			
OAKLAND, CA 94612	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts

(See Specific Instructions on page 33.)

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

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

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer

Date 11-13-03

DEBORAH STOKES, VP/CONTROLLER

Type or print name

Title

Preparer's

Date

Date

10/3/03

Check if self-employed ☒

Preparer's SSN or PTIN

LLP

EIN

94105

Phone

(415) 783-4000

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information - (See separate instructions)

OMB No 1545-0047

2002

Department of the Treasury
Internal Revenue Service

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

Name of the organization

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC

Employer identification number

52-0954463

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Stephanie A Strass 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Director Medicare Sales 40 Hours	213,795	0	0
Jeri B Steinkraus 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Director Medicare Sales 40 Hours	146,188	15,546	0
Christopher H Bowen 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Director Pricing & Underwrtng 40 Hours	141,451	16,016	4,903
Mona Ma Janke 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Director Medical Ops Supt 40 Hours	146,081	16,447	0
Patricia N Mathews 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Executive Director 40 Hours	142,529	4,811	0
Total number of other employees paid over \$50,000	1,573			

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

(See page 1 of the instructions List each one (whether individuals or firms) If there are none, enter "None ")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Mid-Atlantic Permanente Medical Group 2101 E Jefferson Street Rockville, MD 20852	Medical Services	298,381,408
INOVA Group of Hospitals PO Box 37019, Baltimore MD 21297	Hospital Services	85,455,923
Holy Cross Hospital PO Box 64722, Baltimore MD 21264	Hospital Services	52,220,809
Washington Hospital Center PO Box 631290, Baltimore MD 21263	Hospital Services	43,346,088
GBMC Inc PO Box 631568, Baltimore MD 21263	Hospital Services	18,814,115
Total number of others receiving over \$50,000 for professional services	598	

Part III Statements About Activities

(See page 2 of the instructions)

		Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	SEE STMT SCH A PART III LINE 1 244,457	X	
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary			
a Sale, exchange, or leasing of property?	SEE STMT SCH A PART III LINE 2	X	
b Lending of money or other extension of credit?	SEE STMT SCH A PART III LINE 2	X	
c Furnishing of goods, services, or facilities?	SEE STMT SCH A PART III LINE 2	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	SEE STMT PART V	X	
e Transfer of any part of its income or assets? If the answer to any question is "Yes," attach a detailed statement explaining the transactions			X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.?	SEE STMT SCH A PART III, LINE 3		X
4a Do you have a section 403(b) annuity plan for your employees?		X	
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments			

Part IV Reason for Non-Private Foundation Status

(See pages 3 through 6 of the instructions)

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

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

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

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

- 14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)

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

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 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	1,261,969,145	1,211,610,240	1,115,546,996	980,900,502	4,570,026,883
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	66,686,650	22,261,053	15,202,245	7,842,090	111,992,038
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	1,328,655,795	1,233,871,293	1,130,749,241	988,742,592	4,682,018,921
24 Line 23 minus line 17	66,686,650	22,261,053	15,202,245	7,842,090	111,992,038
25 Enter 1% of line 23	13,286,558	12,338,713	11,307,492	9,887,426	

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

27 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 (which is not open to public inspection) to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:	
	(2001) (2000) (1999) (1998)	
b For any amount included in line 17 that was received from each person (other than "disqualified person"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:		
	(2001) (2000) (1999) (1998)	
c Add Amounts from column (e) for lines 15 _____ 16 _____		27c 4,570,026,883
17 4,570,026,883 20 _____ 21 _____		27d
d Add Line 27a total _____ and line 27b total _____		27e 4,570,026,883
e Public support (line 27c minus line 27d total)		27f 4,682,018,921
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e).		27g 97.61%
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27h 2.39%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire

(See page 7 of the instructions.)

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

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

Part VI-A Lobbying Expenditures by Electing Public Charities

(See page 9 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

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

Limits on Lobbying Expenditures

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

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

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

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

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

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Non-electing Public Charities

(For reporting by organizations that did not complete Part VI-A) (See page 12 of the instructions)

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

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

Yes	No	Amount
	X	
X		
	X	
X		10,039
	X	
X		18,367
X		212,441
X		3,610
		244,457

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

SEE STMT SCH A PART III LINE 1

Schedule A (Form 990 or 990-EZ) 2002

KAISER FOUNDATION HEALTH PLAN OF MID-ATLANTIC STATES, INC.
FORM 990 TAX YEAR 2002

52-0954463

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

DESCRIPTION	DATE & HOW ACQ'RD	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	GAIN OR (LOSS)
NOTE #1						
<u>GAIN OR LOSS FROM SALES OF FIXED ASSETS</u>						
1996 Dodge Caravan	9/13/1996	10/4/2002	1,250	16,898	16,898	1,250
1994 Dodge Caravan	8/31/1998	10/4/2002	750	20,800	20,800	750
1991 Ford Aerostar	9/12/1991	10/4/2002	425	15,166	15,166	425
1993 Chevrolet Astro	2/26/1997	10/4/2002	1,000	17,737	17,737	1,000
Equipment	1994	Various	1,500	10,382	10,382	1,500
Equipment	1994	Various	1,500	7,081	7,081	1,500
Miscellaneous Equipment	Various	Various	14,806	-	-	14,806
TOTALS NET GAIN (LOSS) FROM SALES OF FIXED ASSETS			21,231	88,064	88,064	21,231

RECAP OF NET GAIN/(LOSS)

ORIGINAL COST AND EXPENSE OF SALE	88,064
DEPRECIATION	88,064
NET COST OR OTHER BASIS	-
LESS GROSS SALES PROCEEDS	21,231
NET GAIN/(LOSS)	21,231

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

STATEMENT LINE 20

FORM 990 PART I, LINE 20--OTHER CHANGES IN FUND BALANCE

<u>DESCRIPTION</u>	<u>AMOUNT</u>
UNREALIZED GAIN ON INVESTMENTS	724,025
CHANGE IN RESERVE FOR MINIMUM PENSION LIABILITIES	(25,710,015)
	<hr/>
TOTAL - OTHER CHANGES IN FUND BALANCE	<u>(24,985,990)</u>

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
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OTHER EXPENSES
STATEMENT LINE 43
FORM 990, PART II, LINE 43

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>PROGRAM SERVICE</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>
ADMINISTRATIVE EXPENSES	621,881	621,881	0	0
PURCHASED MEDICAL SERVICES - BCP	455,287,844	455,287,844	0	0
PURCHASED MEDICAL SERVICES - OUTSIDE SVCS	257,057,015	257,057,015	0	0
PURCHASED SERVICES - OTHER PROFESSIONAL	3,393,826	3,393,826	0	0
PURCHASED SERVICES - OTHER NON-PROFESSIONAL	1,383,717	1,383,717	0	0
PROFESSIONAL & PUBLIC LIAB INSURANCE	41,415,740	41,415,740	0	0
OTHER INSURANCE	186,702	186,702	0	0
INFORMATION TECHNOLOGY SERVICES	50,634,329	50,634,329	0	0
BUSINESS LICENSES & TAXES	1,151,992	1,151,992	0	0
PROPERTY TAXES	4,115,744	4,115,744	0	0
DUES & SUBSCRIPTIONS - PROFESSIONAL	458,546	458,546	0	0
DUES & SUBSCRIPTIONS - OTHER	216,642	216,642	0	0
AMORTIZATION OF GOODWILL	670,886	670,886	0	0
EMPLOYEE DEVELOPMENT EXPENSES	1,331,774	1,331,774	0	0
EMPLOYEE RELATED EXPENSES	1,981,597	1,981,597	0	0
ADVERTISING AND MARKETING EXPENSES	4,202,897	4,202,897	0	0
BROKER COMMISSIONS	10,137,329	10,137,329	0	0
INTER-REGIONAL CHARGES	18,935,064	18,935,064	0	0
COMMUNITY CHARITABLE PROGRAMS	1,879,743	1,879,743	0	0
LOSS ON RETIREMENT OF FIXED ASSETS	20,874	20,874	0	0
MISCELLANEOUS AND OTHER EXPENSES	4,237,153	4,237,153	0	0
ALLOCATED ADMINISTRATION EXPENSES	0	(74,032,151)	74,032,151	0
TOTAL LINE 43	859,321,295	785,289,144	74,032,151	0

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
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STATEMENT PART III
FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

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

Health Plan is a subsidiary of Kaiser Foundation Health Plan, Inc an organization also exempt from tax under Internal Revenue Code Section 501(c)(3) Health Plan contracted with Kaiser Foundation Hospitals (Hospitals) and Mid-Atlantic Permanente Medical Group, P C (Medical Group) to provide or arrange for hospital and medical services for its members Hospital in turn contracts with community hospitals to provide such hospital based medical care where Hospitals does not own or operate facilities Contract payments to community hospitals and Medical Group represent a substantial portion of the expenses for medical and hospital services reported in this tax return

Please see the attachment, "Kaiser Permanente Community Benefit Report for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc for 2002 " This report will provide a description of the activities conducted by Health Plan in the accomplishment of its exempt purposes and for the benefit of the community in which it conducts its activities

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
52-0954463
12/31/2002

INVESTMENTS - OTHER
STATEMENT LINE 56
FORM 990, PART IV, LINE 56

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
Kaivest I, LLC	148,795,186	156,861,596
 TOTAL LINE 56 - OTHER INVESTMENTS	<u>148,795,186</u>	<u>156,861,596</u>

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC
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STATEMENT LINE 57

FIXED ASSETS DESCRIPTION	COST BASIS		ACCUMULATED DEPRECIATION		2002 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	45 068 733	41 411 650	0	0	0
LAND IMPROVEMENTS	479 887	518 516	300 055	338 514	39 881
BUILDINGS	222 159 191	234 501 163	78 845 598	88 228 004	9 384 324
LEASEHOLD IMPROVEMENTS	14 183 171	19 626 244	10,604 353	12 530 423	1 935 975
EQUIPMENT	143 989 376	134 231 811	124 106 474	114 314 367	9 380 388
CAPITALIZED SOFTWARE	26 551 022	26 551,022	21 097,890	23 368 997	2 271 107
CONSTRUCTION IN PROGRESS	15 684 624	5 754 532	0	0	0
TOTALS	<u>468 116,004</u>	<u>462 594 938</u>	<u>234 954,370</u>	<u>238,780 305</u>	<u>23 011 675</u>
TOTALS TO PART IV LINE 57(A)	<u>468,116,004</u>	<u>462,594,938</u>			
PART IV LINE 57(B)			<u>234,954,370</u>	<u>238 780 305</u>	
PART IV LINE 57(C)	<u>233 161,634</u>	<u>223 814 633</u>			
PART II LINE 42(A) - DEPRECIATION AMORTIZATION DEPLETION ETC					<u>23 011 675</u>

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

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**OTHER ASSETS
STATEMENT LINE 58
FORM 990, PART IV, LINE 58**

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
Due from Kaiser Permanente Affiliated Health Plans	10,055,066	375,789
Intangible Pension Assets	0	3,999,951
Security Deposits	0	749,079
Prepaid Expenses	2,146,079	349,854
Goodwill - Net of Amortization	3,245,222	2,574,336
TOTAL LINE 58 - OTHER ASSETS	15,446,367	8,049,009

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
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STATEMENT LINE 64a
FORM 990 PART IV, LINE 64a - TAX EXEMPT BOND LIABILITIES

Description	Purpose of Issue	Amount Outstanding		Unexpended Proceeds	Third Party Use
		12/31/01	12/31/02		
Health Fac Rev Bonds	Construction	13,167,812	13,142,418	None	None
TOTAL TAX-EXEMPT BONDS		<u>13,167,812</u>	<u>13,142,418</u>		

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
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OTHER LIABILITIES
STATEMENT LINE 65
FORM 990, PART IV, LINE 65

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
DUE TO RELATED ENTITIES	0	55,873,809
RESERVE FOR UNCLAIMED PROPERTY	0	696,894
RESERVE FOR SELF-INSURED RISKS	65,540,329	13,704,941
RESERVE FOR PROFESSIONAL & PUBLIC LIAB	0	60,562,701
DEFINED PENSION LIABILITY	0	38,891,348
POST RETIREMENT BENEFIT LIABILITES	27,008,000	30,612,801
CAPITALIZED LEASE	10,700,000	0
OTHER LIABILITIES	0	707,442
 TOTAL LINE 65	 <u>103,248,329</u>	 <u>201,049,936</u>

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

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

NAME and ADDRESS	TITLE	SCHEDULED HOURS	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
DIRECTORS					
Bernard J Tyson	Director & Chair	As Needed	0	0	0
Robert M Crane	Director	As Needed	0	0	0
Leslie A Margolin	Director	As Needed	0	0	0
Barbara B Blum	Director	As Needed	0	0	0
H Lee Boatwright, III	Director	As Needed	0	0	0
James O Gibson	Director	As Needed	0	0	0
Barry L Williams	Director	As Needed	0	0	0
Isadore Seeman	Director	As Needed	0	0	0
Jean M Hams	Director	As Needed	0	0	0
Fredenck D Gregory	Director	As Needed	0	0	0
OFFICERS AND KEY EMPLOYEES					
Bernard J Tyson	Group President	As Needed	0	0	0
Manlyn J Kawamura	Regional President	As Needed	0	0	0
L Dale Crandall	Executive Vice President	As Needed	0	0	0
William A Gillespie, MD	Executive Vice President	As Needed	0	0	0
Robert E Briggs	Senior Vice President	As Needed	0	0	0
Kirk E Miller	Senior Vice President	As Needed	0	0	0
Steven R Zatzkin	Senior Vice President	As Needed	0	0	0
Thomas R Meier	Vice President - Treasurer	As Needed	0	0	0
Deborah Stokes	Vice President - Controller	As Needed	0	0	0
Dinah Seiver	Assistant Secretary	As Needed	0	0	0
Victoria B Zatzkin	Assistant Secretary	As Needed	0	0	0
Total Compensation of Directors, Officers and Key Employees for Part V			0	0	0

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

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

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

NAME	TITLE	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
See Note 2		See Notes 3 & 4	See Notes 4 & 5	See Notes 4 & 6
DIRECTORS				
Bernard J Tyson	Director & Chair	See Below	See Below	See Below
Robert M Crane	Director	730 392	333 148	2 180
Leslie A Margolin	Director	1 551 680	345 278	0
Barbara B Blum	Director	7,000	2,078	899
H Lee Boatwright III	Director	6,500	0	476
James O Gibson	Director	7 125	1 919	0
Barry L Williams	Director	0	0	0
Isadore Seeman	Director	7,500	0	0
Jean M Hams	Director	7,000	0	0
Fredenck D Gregory	Director	4 000	0	0
OFFICERS AND KEY EMPLOYEES				
Bernard J Tyson	Group President	794 823	997,938	0
Manlyn J Kawamura	Regional President	583 837	465,102	44 582
L Dale Crandall	* Executive Vice President	4 723 765	2 723 388	1,080
William A Gillespie MD	* Executive Vice President	1,267,294	2,466,903	960
Robert E Briggs	Senior Vice President	928 383	429 518	70,824
Kirk E Miller	Senior Vice President	483 216	1 047 175	2 158
Steven R Zatzkin	Senior Vice President	388,022	576 530	1,920
Thomas R Meier	Vice President - Treasurer	253 096	201 527	2,160
Deborah Stokes	Vice President - Controller	334 087	201,161	2,055
Dinah Seiver	Assistant Secretary	218 654	182 957	248
Victoria B Zatzkin	Assistant Secretary	145 955	144,923	1 920

NOTES for current and future compensation, benefits and other reimbursements

Note #1 - This Organization is one of the corporate entities listed on the Statement Line 80 "Related and Controlled Entities" which is included as a part of this return. This Organization is a participating member of the integrated direct service prepaid health care program commonly referred to as "The Kaiser Permanente Medical Care Program" (Kaiser Permanente).

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

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

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

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

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

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

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

Note #4 - Compensation, benefit plan contributions and reimbursement for certain expenses (collectively referred to as "compensation") of Directors, Officers and Key Employees are paid by Kaiser Foundation Health Plan, Inc. (Health Plan) as common paymaster and disbursement agent for the participating member organizations of Kaiser Permanente. Certain Directors, Officers and/or Key Employees perform services for several of the Kaiser Permanente member organizations. Compensation for these individuals is included in a mix of other administrative costs and expenses allocated to the member entities based on membership and other factors. Specific allocation of these compensation elements are not shown by entity as they are not computed separately by management.

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

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

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

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

Note #6 - The amounts reported as Other Payments include amounts for reimbursement of expenses. The included amounts do not include such ordinary and necessary expenses as travel, transportation, lodging, meals, business meetings, conferences and other routine expenditures for which the individual accounts to the employer organization. These items are reimbursed on a specific expenditure basis, consistent with policies and procedures based on prudent fiduciary responsibilities and standards. The policies under which these individuals account to the payer meet the substantiation requirements of Internal Revenue Code Section 274. This reporting includes taxable moving and relocation reimbursements and allowances.

Note #7 - The above listed Officers and Key Employees are scheduled to work a minimum of 40 hours per week in their respective positions for the Kaiser Permanente Medical Care Program. The amount of time the individuals spend on management issues germane to a specific entity is appropriate to the needs of the entity.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
52-0954463
12/31/2002

STATEMENT FORM 990 PART VIII
RELATIONSHIP OF ACTIVITIES TO EXEMPT PURPOSE

LINE NUMBER - 93 & 103

93A MEMBERS HEALTH CARE PREMIUMS

Revenue received from or on behalf of members for prepaid health care coverage under the HMO care plans offered by Health Plan to its members
Revenue excluded under the provisions of Revenue Ruling 68-27

93B SUPPLEMENTAL CHARGES

Revenue received for co-payments from or on behalf of members for health care services provided under the plans referred to in 93A above
Revenue excluded under the provisions of internal revenue regulation 1 501(c)(3)-1

93C NON-PLAN AND INDUSTRIAL REVENUE

Revenue received from non-members for health care and from outside insurers for reimbursement for health care services provided to members for work-related injuries or conditions
Revenue excluded under the provisions of internal revenue regulation 1 501(c)(3)-1

93D INTERREGIONAL REVENUE

Revenue received from other Kaiser Permanente Medical Care Program affiliated entities for health care services provided to visiting members and other services provided by this Organization for the affiliated entities
Revenue excluded under the provisions of internal revenue regulation 1 501(c)(3)-1

93F MEDICARE/MEDICAID PAYMENTS

Revenue received from the Social Security Administration for medical and health care services provided to Plan members covered under Part B of Medicare
Revenue excluded under the provisions of internal revenue regulation 1 501(c)(3)-1

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

**INFLUENCE LEGISLATIVE MATTER
FORM 990, SCHEDULE A, PART III, LINE 1**

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

This Organization may have to an insubstantial degree made comments or statements concerning legislation which may affect the health care industry. Health Plan has not intervened in any political campaign. Health Plan may have possibly engaged in telephone conversations and/or written letters to various federal, state, and local officials regarding matters which affected the healthcare industry as a whole. The amount of time and money involved in the activities was negligible.

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

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

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

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

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

As reflected in Statement Line 80, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc (Health Plan) was affiliated with other organizations, exempt and non-exempt. During the year, in the normal course of business in carrying out the exempt charitable care purpose of the organization, Health Plan may have entered into leases, the extension of credit, and/or the furnishing of services, goods and/or facilities with these organizations. Health Plan may have also entered into these types of transactions with organizations whose officers were members of the Board of Directors of Health Plan, such transactions would have been at a price which is not less than cost nor more than fair-market-value.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.

52-0954463

12/31/2002

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

Grants made during the year are to organizations qualified under Internal Revenue Code Section 501(c)(3)

All programs that are supported are for the betterment of the health of the members of Kaiser Permanente and/or the health of the members of the communities in which Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc conducts its activities

Health Plan provides its services directly to the members of the community through its mostly prepaid health care programs For an explanation of these programs and those that benefit the community, please refer to the "Kaiser Permanente Community Benefit Report for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc for 2002" which is included as a part of this return



KAISER PERMANENTE

**COMMUNITY BENEFIT REPORT
FOR
KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES
FY 2002**

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



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INTRODUCTION

Kaiser Foundation Health Plan of the Mid Atlantic States, Inc ("Mid-Atlantic Health Plan") is a nonprofit, federally qualified HMO that is a subsidiary of Kaiser Foundation Health Plan, Inc Kaiser Foundation Health Plan, Inc (KFHP), with its five principal operating tax exempt subsidiary health plans (Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Georgia, Inc , Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc , Kaiser Foundation Health Plan of the Northwest, and Kaiser Foundation Health Plan of Ohio) as well as Kaiser Foundation Hospitals (KFH) are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program ("Kaiser Permanente") Additionally, Kaiser Foundation Health Plan, Inc has five subsidiary health plans that are no longer operating and have been or are being dissolved because Kaiser Permanente has divested its Northeast, North Carolina, and Kansas City Regions (Kaiser Foundation Health Plan of Connecticut, Inc , Kaiser Foundation Health Plan of Kansas City, Inc , Kaiser Foundation Health Plan of North Carolina, CHP Companies, Inc , and Community Health Plan)

In 2002, Kaiser Permanente served over 8.4 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia The program is the largest private non-profit health care program in the United States and has more than 131,000 employees and over 11,000 contracting physicians In the Mid-Atlantic Region, the Health Plan serves more than 517,000 members, 6,500 employees as well as 900 full time equivalent contracting Permanente physicians

This report describes the structure of Kaiser Permanente and documents the national community benefit activities, programs and services of KFHP and its subsidiaries, and KFH (combined), and the specific community benefit provided by the Mid-Atlantic Health Plan in Maryland, Virginia and the District of Columbia

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

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

Persons enroll in Kaiser Permanente through KFHP or one of its subsidiaries ("Health Plan") Health Plan provides and arranges comprehensive health care services for members on a predominantly prepaid basis and fulfills its contractual obligations to group and individual members by contracting with KFH and the Mid-Atlantic Permanente

Members receive physician services from various Permanente Medical Groups in the respective Kaiser Permanente regions In the Mid-Atlantic States, the Permanente Medical Group accepts responsibility for professional care of Health Plan members, is responsible for its own physician recruitment, selection and staffing, and is a legally separate entity independent from Health Plan and KFH The Mid-Atlantic Permanente Medical Group treats members in facilities owned or leased by Health Plan and KFH

KFHP and KFH are separate corporations governed by identical boards of directors KFH accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members In the Mid-Atlantic States Region, KFH contracts with community hospitals to provide hospital services to members

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

KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY

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

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

This latter approach, which Kaiser Permanente calls the Direct Community Benefit Investment program (DCBI), is fundamental to being a nonprofit organization It embodies the organization's commitment to improve the health of communities beyond services to Health Plan members It is more than traditional corporate citizenship or corporate philanthropy It is intentional, planned, budgeted, measurable, accountable creation of better health in our communities It is done in collaboration with, not isolation from, the community Direct

Community Benefit fulfills Kaiser Permanente's social purpose, justifies its tax-exempt status, and differentiates it from other healthcare organizations

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

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

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

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

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

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

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

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

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

- **Integrated Services and Facilities** – KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente Regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFH and at medical office buildings owned or leased by KFHP. Our members typically have available in one place all the services and professional care they require which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high-technology services such as neurosurgery, open heart surgery, and cancer treatment centers are also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.
- **Group Practice** - Contracting Permanente Medical Groups are organized into large multi-specialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFH or KFHP. The income that Permanente Medical Groups and their physicians receive is solely in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of "best clinical practices" throughout the community and across the nation.
- **Prepayment** – KFHP pays the Permanente Medical Groups a per capita payment that does not vary with the amount of service provided. Permanente Medical Group physicians are not compensated on a fee-for-service basis.

- **Comprehensive Benefits** - KFHP provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care for most plans. Enrollees pay limited copayments at amounts that protect members from substantial out-of-pocket costs. Comprehensive, prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, this reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.
- **No Pre-existing Condition Exclusions** - Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at time of enrollment. KFHP offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- **Participation in Medicare** – KFHP has participated in Medicare since it was first implemented in 1965. KFHP and its subsidiaries enrolled approximately 850,000 Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.
- **Participation in Medicaid** – KFHP began enrolling Medicaid beneficiaries in the mid 1960's. Currently, KFHP and its subsidiaries provide care to over 145,000 Medicaid managed care members and serve a large number of Medicare and Medicaid patients on a fee for service basis.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS

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

- **Emergency departments** – KFH operates full-time emergency departments in each of its 27 licensed hospitals (including three licensed hospitals with multiple campuses) in California, Hawaii and Oregon. Emergency medical services are available to all individuals regardless of their ability to pay.
- **Care provided to all insured patients** – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan.

- **Open Medical Staff Privileges** – Staff privileges in the hospitals are available to community practitioners who are not affiliated with a Permanente Medical Group
- **Board of Directors** – KFHP and KFHP have identical 14 members Boards of Directors. The Board is comprised of individuals from the academic world and private industry who are representative of the community at large. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFHP Boards of Directors.
- **No private inurement** – KFHP pays KFHP for hospital services, and all surplus revenues are reinvested for capital replacement or expansion of facilities and equipment, debt amortization, improvement in patient care and services, and medical education and research.

THE COMMUNITY BENEFIT PROGRAM IN THE MID-ATLANTIC STATES REGION

In 2002, KFHP and KFHP spent approximately \$485 million or approximately 2.2% of revenue, to support the Community Benefit Program in the communities. In the Mid-Atlantic States, Kaiser Permanente spent approximately \$8 million, all of which is allocable to Health Plan.

The following showcases many of the signature community benefit programs and services according to the new focus areas:

EDUCATION

Mid-Atlantic Health Plan spent approximately \$875 thousand to educate consumers and health care professionals during 2002 in the Mid-Atlantic States Region.

CONSUMERS

Health Plan spent approximately \$269 thousand on community wellness/health education programs in Mid-Atlantic States.

Health Education Activities

Health Plan provides a variety of health education classes, events and programs to both members and the general public. During 2002, the Health Education Department staffed booths at local health fairs, conducted smoking cessation, weight loss and parenting classes, and hosted a series of seminars on health-related topics such as diabetes, stress management, and managing chronic illness.

In addition, Mid-Atlantic Health Plan, in partnership with Hadassah of Greater Baltimore, expanded its "Check It Out" program, a breast and testicular cancer awareness program, to all Baltimore metropolitan area public and private schools. Geared to eleventh and twelfth grade young men and women, the program was offered free of charge. Early detection of breast and prostate cancer were the main themes of the presentations.

Educational Theatre Program

Health Plan spent approximately \$606 thousand in 2002 to produce the Educational Theatre Programs (“ETP”) in Mid-Atlantic States. ETP has performed free, award-winning, health education plays for youth in grades K-12 for more than 16 years in Mid-Atlantic States. In 2002, there were three programs in Mid-Atlantic States ETP repertoire: “Professor Bodywise’s Traveling Menagerie”, providing basic health messages for elementary school children, “R-Files”, focused on refusal skills, peer pressure, and personal responsibility, directed toward middle school youngsters, and “Secrets” raising HIV, AIDS and STD awareness among high school students. Supplementary materials such as teaching guides, student activity guides, and reference materials for parents reinforce the educational messages in each presentation. During 2002, ETP performed before more than 28,000 children, parents and teachers.

Other Community Health Education Support

Mid-Atlantic Health Plan also supported a number of programs aimed at educating consumers on a wide range of health issues and topics, including

- Alliance for Fairness in Reforms to Medicaid—to provide consumers with information about managed care and the safety net program in the District of Columbia,
- Campaign for Our Children—to support a community based teen pregnancy prevention program,
- DC Rape Crisis Center—to support an expanded community awareness and outreach campaign focused on rape prevention

PUBLIC POLICY

During 2002, Health Plan used modest resources, along with its expertise and convening power to develop and disseminated information on health policy issues that reflect both the interest of the country and residents of Mid-Atlantic States. The Mid-Atlantic Health Plan began a public policy partnership with The Brookings Institution, the Metropolitan Washington Public Health Association and two local funders to focus on the issue of health disparities in the Washington region. The work is based on a study, funded in part by the Mid-Atlantic Region, that provided a first-time ever detailed report on the region’s health indicators. Area health officers have expressed their commitment to continuing with this examination, identifying collaborative strategies that can be used region-wide.

VULNERABLE POPULATIONS

MEDICAL CARE SERVICES

Dues Subsidy Programs

Health Plan spent approximately \$4.4 million to provide subsidized coverage to nearly 3,645 low-income adults and children who are not eligible for other public or privately funded coverage.

in Mid-Atlantic States. In the Mid-Atlantic States Region, the two Bridge Programs, the Baltimore Partnership, and the Medical Care for Children Partnerships comprise the Dues Subsidy Program.

The two Bridge Programs provide members the opportunity to continue their health care coverage at reduced costs when they are experiencing financial difficulties due to job loss, involuntary reduction in work hours, death, divorce, or legal separation from a spouse. Typically, these individuals are not eligible for any other public or private group health care coverage. Based on income, the plan subsidizes the 90% or 95% of the per member/per month health care coverage cost. Participants in the Bridge Program whose incomes do not exceed 175% of the Federal Poverty guideline are eligible for a 95% pmpm subsidy, those whose incomes are between 175% and 200% of the Federal Poverty Guideline are eligible for a 90% subsidy.

The Baltimore Partnership is a subsidy program that is conducted in partnership with the Baltimore County Department of Health, Greater Baltimore Medical Center and St. Agnes Healthcare. This program is available only to adults living in Baltimore County, MD, and whose incomes are 200% or under the Federal Poverty Guideline. Mid-Atlantic States provides each participant with all of the care and services offered at our medical centers, the County Health Department, Greater Baltimore Medical Center and St. Agnes Healthcare provide referrals for specialists not available through Mid-Atlantic States, and hospitalization.

Mid-Atlantic Health Plan also operated six Medical Care for Children Partnerships, located in Montgomery and Prince George's Counties in Maryland, Fairfax, Loudoun and Prince William Counties in Virginia, and the District of Columbia. Children in these programs may not be eligible for public or private health care programs, and must have family incomes of between 200% and 250% of poverty. Each of these programs is operated in partnership with local governments, hospitals and/or non-profit community groups. Participants receive all of the care available in our medical centers. Referrals, specialists not available within Mid-Atlantic and hospitalizations are covered by our program partners. This program targets children of "working poor" families—one of the fastest growing groups of uninsured in the Mid-Atlantic States area.

Grants and Donations for Medical Care Services for Vulnerable Populations

Over \$1 million was provided in grants and donations to support the delivery of medical care services to a variety of individuals who were seeking services by community providers.

- *Community Clinic Partners Program* – Mid-Atlantic States supported a number of community clinics in 2002. Among clinics receiving support were Arlington Free Clinic—to support the salary of a pharmacist-in-charge, Mary's Center for Maternal and Child Care—to support 24-hour primary care for low-income families, Mercy Health Clinic—to fund a Spanish-speaking part-time staff nurse, Pediatric Mobile Clinic of Children's Hospital National Medical Center—to support services to those most at-risk in low-income neighborhoods, Community Clinic—to continue work necessary to secure accreditation from the national Joint Commission of Accreditation for Health Organizations, and Unity Health.

Care—to support the health outreach program, while providing screenings and other services to medically underserved residents of the community

- *Special RFP Grant* – In 2002, Mid-Atlantic States issued an RFP for the Community Health Impact Grant program, focused on providing support to non-profit organizations that addressed the problem of limited access to health care for residents of the region. Among the grants made to groups were Family Tree—to provide urgent response and crisis stabilization, home visitation and parent education and support services for at-risk families, Foreign-born Information and Referral Network—to provide case management and trained medical interpreters to assist low- and moderate-income foreign-born residents of Howard County, MD to receive medical treatment and supportive services, Hospice of Baltimore—to support an outreach project to the Latino/Hispanic community to increase their access to quality end-of-life medical care, Samaritan Inns—to support the Intensive Recovery Program for recovering homeless addicts
- *Other Grants* - Additionally, support was provided to Citizens Planning and Housing Association of Baltimore to translate the Baltimore Neighborhood Self-Help Handbook into Spanish, and to Network to Improve Community Health to start the Faith Community Diabetes Project in 20 multi-denominational faith organizations serving primarily minority populations

COMMUNITY-BASED PROGRAMS

Health Plan in Mid-Atlantic States spent approximately \$1.3 million to provide a variety of programs to non-members who live and work in the communities we serve. Examples of the types of programs funded are:

Grants and Donations for Community Programs to meet the needs of Vulnerable Populations

The Mid-Atlantic Health Plan donated approximately \$1.3 million to more than 40 community organizations to support a variety of other programs and services for vulnerable populations in the Mid-Atlantic States. Among those receiving contributions were the Baltimore City Department of Health, to support a Hispanic Outreach program, The Women's Center, to support a bilingual Hispanic outreach coordinator, Girl Scout Council of the Nation's Capital, to support a comprehensive violence awareness and prevention program for girls throughout the region, and St. Francis Academy, to support a community health suite and outreach program for low-income children in Baltimore City. In addition, support was provided to health fairs held throughout Mid-Atlantic States, all focused on helping community groups assist their clients and in improving and enhancing their health care.

OTHER COMMUNITY BENEFITS

The Mid-Atlantic Health Plan spent more than \$273 thousand on other community benefits in the Mid-Atlantic States. An example of one benefit is Mid-Atlantic States participation in United Way of Central Maryland and United Way of the National Capital Area. In support of both organizations, Mid-Atlantic States provided a corporate gift, organized the workplace campaign, staffed employee and physician volunteers, and raised more than \$20,000 in 2002.

2002 NATIONAL COMMUNITY BENEFIT PROGRAM INVESTMENT

The following charts summarize 2002 community benefit investments, nationally and in the Mid-Atlantic Region. The community benefit investments unaudited.

2002 National Community Benefit Program Investment

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

2002 COMMUNITY BENEFIT INVESTMENT MID ATLANTIC STATES REGION

CB PRIORITY AREAS	REGION HEALTH PLAN TOTAL	REGION KFH TOTAL	REGION CB TOTAL
EDUCATION			
Health Professionals	\$0	\$0	\$0
Consumers	875,000	0	875,000
<i>Subtotal</i>	<i>875,000</i>	<i>0</i>	<i>875,000</i>
EVIDENCE-BASE			
Research	0	0	0
Medical Libraries	0	0	0
Tumor Board & Cancer Registry	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>0</i>
PUBLIC POLICY			
Public Policy Grants	50,000	0	50,000
<i>Subtotal</i>	<i>50,000</i>	<i>0</i>	<i>50,000</i>
VULNERABLE POPULATIONS			
Medical Care Services	5,466,953	0	5,466,953
Community-Based Programs	1,286,553	0	1,286,553
Other Vulnerable Populations	0	0	0
<i>Subtotal</i>	<i>6,753,506</i>	<i>0</i>	<i>6,753,506</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	253,447	0	253,447
United Way	20,000	0	20,000
<i>Subtotal</i>	<i>273,447</i>	<i>0</i>	<i>273,447</i>
TOTAL	\$7,951,953	\$0	\$7,951,953

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

• If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

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

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	52-0954463
	Number, street, and room or suite no. If a P.O. box see instructions	For IRS use only
	ONE KAISER PLAZA, SUITE 1550	
	City, town, or post office, state, and ZIP code. For a foreign address see instructions	
	OAKLAND CA 94612	

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

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

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

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

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 20 03
- 5 For calendar year 2002, or other tax year beginning _____, 20 ____ and ending _____, 20 ____
- 6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM. IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ NONE
- c **Balance Due** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0.00

Signature and Verification

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

Signature [Signature] Title VICE PRESIDENT/CONTROLLER Date 08/7/2003

Notice to Applicant — To Be Completed by the IRS

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

Director _____ By _____ Date _____

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

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

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ► ☒
 - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)
- Note** Do not complete **Part II** unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

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

Note Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only ► ☐
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns
Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065 1066 or 1041

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization		Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC		52-0954463
	Number street and room or suite no. If a P.O. box, see instructions		
	ONE KAISER PLAZA, SUITE 1550		
City, town or post office state, and ZIP code. For a foreign address see instructions			
OAKLAND CA 94612			

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

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

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

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

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

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

Signature and Verification

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

Signature ► Deborah Steiner Title ► VICE PRESIDENT/CONTROLLER Date ► 05/12 /2003

For Paperwork Reduction Act Notice, see Instruction Form **8868** (12-2000)