

Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

2006

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 2006 calendar year, or tax year beginning 01-01-2006 and ending 12-31-2006

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C Name of organization: KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES INC. Address: ONE KAISER PLAZA SUITE 1550L, OAKLAND, CA 94612

D Employer identification number: 52-0954463. E Telephone number: (510) 271-6611. F Accounting method: Accrual

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

G Web site: N/A

J Organization type: 501(c)(3)

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than 25,000

L Gross receipts: 2,082,132,542

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? H(b) If "Yes" enter number of affiliates. H(c) Are all affiliates included? H(d) Is this a separate return filed by an organization covered by a group ruling? I Group Exemption Number. M Check if the organization is not required to attach Sch B

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

Table with 21 rows and 4 columns. Rows include Revenue (1-12), Expenses (13-17), and Net Assets (18-21). Total revenue is 1,843,922,639 and total expenses is 1,813,844,346.

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 the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising	
22a	Grants paid from donor advised funds (attach Schedule) (cash \$ ⁰ _____ noncash \$ ⁰ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a				
22b	Other grants and allocations (attach schedule) (cash \$1,660,199 _____ noncash \$ ⁰ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b	1,660,199	1,660,199		
23	Specific assistance to individuals (attach schedule)	23				
24	Benefits paid to or for members (attach schedule)	24				
25a	Compensation of current officers, directors, key employees etc. Listed in Part V-A (attach schedule)	25a	82,600	82,600		
b	Compensation of former officers, directors, key employees etc. listed in Part V-B (attach schedule)	25b				
c	Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26	Salaries and wages of employees not included on lines 25a, b and c	26	257,695,013	257,695,013		
27	Pension plan contributions not included on lines 25a, b and c	27	26,528,506	26,528,506		
28	Employee benefits not included on lines 25a - 27	28	43,151,064	43,151,064		
29	Payroll taxes	29	18,256,254	18,256,254		
30	Professional fundraising fees	30				
31	Accounting fees	31	962,805	962,805		
32	Legal fees	32	591,045	591,045		
33	Supplies	33	247,391,790	247,391,790		
34	Telephone	34	1,690,290	1,690,290		
35	Postage and shipping	35	5,712,324	5,712,324		
36	Occupancy	36	31,033,688	31,033,688		
37	Equipment rental and maintenance	37	7,476,332	7,476,332		
38	Printing and publications	38	4,208,677	4,208,677		
39	Travel	39	2,439,091	2,439,091		
40	Conferences, conventions, and meetings	40	1,906,368	1,906,368		
41	Interest	41	8,766,000	8,766,000		
42	Depreciation, depletion, etc. (attach schedule)	42	25,385,428	25,385,428		
43	Other expenses not covered above (itemize)					
a	See Additional Data Table	43a				
b		43b				
c		43c				
d		43d				
e		43e				
f		43f				
g		43g				
44	Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	1,813,844,346	1,676,094,566	137,749,780	0

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$⁰ _____, (ii) the amount allocated to Program services \$⁰ _____, (iii) the amount allocated to Management and general \$⁰ _____, and (iv) the amount allocated to Fundraising \$⁰ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

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.

<p>What is the organization's primary exempt purpose? ▶</p>	<p>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 STATUTES, 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 510(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 REPRESENTS A SUBSTANTIAL PORTION OF</p>	<p>Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)</p>
<p>a SEE STATEMENT 11</p> <p>(Grants and allocations \$ 1,660,199) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>		<p>1,676,094,566</p>
<p>b</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>		
<p>c</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>		
<p>d</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>		
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>		
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) . . . ▶</p>	<p>1,676,094,566</p>	

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A)		(B)		
		Beginning of year		End of year		
Assets	45 Cash—non-interest-bearing		6,842,194	45	5,348,604	
	46 Savings and temporary cash investments		169,325,056	46	176,988,552	
	47a Accounts receivable	47a	73,886,905			
	b Less allowance for doubtful accounts	47b	5,456,528	61,339,368	47c	68,430,377
	48a Pledges receivable	48a				
	b Less allowance for doubtful accounts	48b			48c	
	49 Grants receivable				49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
	b Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)				50b	
	51a Other notes and loans receivable (attach schedule)	51a				
	b Less allowance for doubtful accounts	51b			51c	
	52 Inventories for sale or use		24,837,014	52	26,596,024	
	53 Prepaid expenses and deferred charges		4,235,092	53	2,344,396	
	54a Investments—publicly-traded securities <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		801,467	54a	1,786,956	
	b Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54b		
55a Investments—land, buildings, and equipment basis	55a					
b Less accumulated depreciation (attach schedule)	55b			55c		
56 Investments—other (attach schedule)				56		
57a Land, buildings, and equipment basis	57a	528,340,519				
b Less accumulated depreciation (attach schedule)	57b	303,744,812	210,670,358	57c	224,595,707	
58 Other assets, including program-related investments (describe <input type="checkbox"/> _____)			21,300,696	58	<input type="checkbox"/> 1,727,136	
59 Total assets (must equal line 74) Add lines 45 through 58		499,351,245	59	507,817,752		
Liabilities	60 Accounts payable and accrued expenses		147,540,289	60	141,391,922	
	61 Grants payable			61		
	62 Deferred revenue		3,115,181	62	2,180,820	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63		
	64a Tax-exempt bond liabilities (attach schedule)		13,066,238	64a	<input type="checkbox"/> 13,040,845	
	b Mortgages and other notes payable (attach schedule)			64b		
	65 Other liabilities (describe <input type="checkbox"/> _____)		144,611,129	65	<input type="checkbox"/> 171,061,301	
66 Total liabilities Add lines 60 through 65		308,332,837	66	327,674,888		
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		6,795,610	70	6,795,610	
	71 Paid-in or capital surplus, or land, building, and equipment fund			71		
	72 Retained earnings, endowment, accumulated income, or other funds		184,222,798	72	173,347,254	
	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)		191,018,408	73	180,142,864	
	74 Total liabilities and net assets / fund balances Add lines 66 and 73		499,351,245	74	507,817,752	

Part VI Other Information (continued)

Yes 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
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III)	82b		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	Yes	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	Yes	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a		
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year	85b		
c Dues assessments, and similar amounts from members	85c		
d Section 162(e) lobbying and political expenditures	85d		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86 501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12	86a	0	
b Gross receipts, included on line 12, for public use of club facilities	86b	0	
87 501(c)(12) orgs. Enter a Gross income from members or shareholders	87a	0	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	0	
88a 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	88a		No
b At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI	88b		No
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <u>0</u> , section 4912 <u>0</u> , section 4955 <u>0</u>			
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		No
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0</u>			
d Enter Amount of tax on line 89c, above, reimbursed by the organization			
e All organizations. At any time during the tax year was the organization a party to a prohibited tax shelter transaction?	89e		No
f All organizations. Did the organization acquire direct or indirect interest in any applicable insurance contract?	89f		No
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		
90a List the states with which a copy of this return is filed <u>DC,MD,VA</u>			
b Number of employees employed in the pay period that includes March 12, 2006 (See instructions)	90b	5,577	
91a The books are in care of <u>NATIONAL DIRECTOR OF TAX</u> Telephone no <u>(510) 271-6385</u> <u>ONE KAISER PLAZA STE 1550L</u> Located at <u>OAKLAND, CA</u> ZIP + 4 <u>94612</u>			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b	Yes	No
If "Yes," enter the name of the foreign country			
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts			

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No

If "Yes," enter the name of the foreign country _____

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year **92** _____

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a MBR HLTH CARE PREM					1,559,543,376
b SUPPL CHARGE/PHARM					93,098,240
c NON-PLAN & IND REV					5,310,628
d OTHER PRGM SERVICE					10,473,114
e _____					
f Medicare/Medicaid payments					165,035,000
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	7,783,552	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property					
98 Net rental income or (loss) from personal property			16	196,349	
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	54,402	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a <u>INC INT-AFFILIATE</u>			14	2,427,978	
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				10,462,281	1,833,460,358
105 Total (add line 104, columns (B), (D), and (E))					1,843,922,639

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

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

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

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

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

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

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

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

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

Part XI **Information Regarding Transfers To and From Controlled Entities** *Complete only if the organization is a controlling organization as defined in section 512(b)(13)*

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?	Yes	No

<p>Please Sign Here</p> <p>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.</p> <p>Signature of officer: _____</p> <p>DEBORAH STOKES VP, CONTROLLER, CAO</p> <p>Type or print name and title</p>	<p>Date: 2007-11-07</p>
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Paid Preparer's Use Only	Preparer's signature: _____ Firm's name (or yours if self-employed), address, and ZIP + 4: _____ KPMG LLP 55 SECOND STREET SAN FRANCISCO, CA 94105	Date: _____	Check if self-employed: <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst W): _____ EIN: _____ Phone no: _____
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**SCHEDULE A
(Form 990 or
990EZ)**

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information—(See separate instructions.)

OMB No 1545-0047

2006

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

Department of the
Treasury
Internal Revenue
Service

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 2 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SEE STATEMENT ONE KAISER PLAZE OAKLAND, CA 94612	SEE STATEMENT 40 0	0	0	0
Total number of other employees paid over \$50,000	2,237			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
INOVA GROUP OF HOSPITALS 2990 TELESTAR COURT FALLS CHURCH, VA 22042	HOSPITAL SERVICES	90,799,635
WASHINGTON HOSPITAL CENTER 110 IRVING STREET NW WASHINGTON, DC 20010	HOSPITAL SERVICES	49,422,840
HOLY CROSS HOSPITAL 1500 FOREST GLEN ROAD SILVER SPRINGS, MD 20910	HOSPITAL SERVICES	50,065,735
CHILDRENS HOSPITAL 111 MICHIGAN AVE NW WASHINGTON, DC 20010	HOSPITAL SERVICES	22,165,913
KAISER PERMANENTE MEDICAL GROUP 2101 E JEFFERSON ST ROCKVILLE, MD 20852	MEDICAL SERVICES	355,309,507
Total number of others receiving over \$50,000 for professional services	556	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
EMPLOYEE BENEFITS CORP 1410 SPRING HILL ROAD SUITE 301 MCLEAN, VA 22102	EMPLOYEE BENEFIT PLN	3,782,403
KREMERS URBAN LLC 13201 COLLECTIONS CENTER DRIVE CHICAGO, IL 60693	GENERIC PHARMACY	3,382,776
MT DONAHOE ASSOCIATES 7160 COLUMBIA GATEWAY DRIVE COLUMBIA, MD 20146	SHORT TERM MEDICAL	1,662,608
MIDATLANTIC CARDIOVASCULAR 1838 GREENE TREE ROAD SUITE 150 PIKESVILLE, MD 21208	VARIOUS SERVICES	1,136,245
METLIFE TOWER RESOURCES GROUP 10 S LASALLE STREET SUITE 3350 CHICAGO, IL 60603	LEGAL SERVICES	1,050,000
Total number of other contractors receiving over \$50,000 for other services	97	

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, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>252,635</u> (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	1	Yes	
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) 			
a Sale, exchange, or leasing property?	2a	Yes	
b Lending of money or other extension of credit?	2b	Yes	
c Furnishing of goods, services, or facilities?	2c	Yes	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	Yes	
e Transfer of any part of its income or assets?	2e		No
3a Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)	3a		No
b Did the organization have a section 403(b) annuity plan for its employees?	3b	Yes	
c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement	3c		No
d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		No
4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a		No
b Did the organization make any taxable distributions under section 4966?	4b		No
c Did the organization make a distribution to a donor, donor advisor, or related person?	4c		No
d Enter the total number of donor advised funds owned at the end of the tax year ▶ _____			
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____			
f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ <u>0</u>			
g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ <u>0</u>			

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only **ONE** applicable box)

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

Type I Type II Type III - Functionally Integrated Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support?
			Yes	No	
Total					

- 14** An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)					0
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	1,683,639,694	1,558,661,004	1,371,858,010	1,342,498,414	5,956,657,122
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	6,641,473	5,887,879	34,163,324	35,419,794	82,112,470
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	1,690,281,167	1,564,548,883	1,406,021,334	1,377,918,208	6,038,769,592
24 Line 23 minus line 17	6,641,473	5,887,879	34,163,324	35,419,794	82,112,470
25 Enter 1% of line 23	16,902,812	15,645,489	14,060,213	13,779,182	
26 Organizations described on lines 10 or 11:	<p>a Enter 2% of amount in column (e), line 24</p> <p>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 2002 through 2005 exceeded the amount shown in line 26a Do not file this list with your return. Enter the total of all these excess amounts</p> <p>c Total support for section 509(a)(1) test Enter line 24, column (e)</p> <p>d Add Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26 b _____</p> <p>e Public support (line 26c minus line 26d total)</p> <p>f Public support percentage (line 26e (numerator) divided by line 26c (denominator))</p>				<p>26a</p> <p>26b</p> <p>26c</p> <p>26d</p> <p>26e</p> <p>26f</p>
27 Organizations described on line 12:	<p>a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person "Do not file this list with your return. Enter the sum of such amounts for each year (2005) _____ 0(2004) _____ 0(2003) _____ 0(2002) _____ 0</p> <p>b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11b, 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 (2005) _____ 0(2004) _____ 0(2003) _____ 0(2002) _____ 0</p> <p>c Add Amounts from column (e) for lines 15 _____ 0 16 _____ 0 17 _____ 5,956,657,122 20 _____ 0 21 _____ 0</p> <p>d Add Line 27a total _____ 0 and line 27b total _____ 0</p> <p>e Public support (line 27c total minus line 27d total)</p> <p>f Total support for section 509(a)(2) test Enter amount from line 23, column (e) 27f 6,038,769,592</p> <p>g Public support percentage (line 27e (numerator) divided by line 27f (denominator))</p> <p>h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))</p>				<p>27c 5,956,657,122</p> <p>27d 0</p> <p>27e 5,956,657,122</p> <p>27g 98.64 %</p> <p>27h 1.36 %</p>
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See page 7 of the instructions.)**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

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

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)

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

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

Limits on Lobbying Expenditures

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

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

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 13 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

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

	Yes	No	Amount
a Volunteers		No	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	Yes		
c Media advertisements		No	
d Mailings to members, legislators, or the public		No	
e Publications, or published or broadcast statements		No	
f Grants to other organizations for lobbying purposes	Yes		15,819
g Direct contact with legislators, their staffs, government officials, or a legislative body	Yes		235,088
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	Yes		1,728
i Total lobbying expenditures (Add lines c through h.)			252,635

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

Form 4797

Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No 1545-0184

2006

Attachment Sequence No 27

Department of the Treasury Internal Revenue Service (99)

Attach to your tax return. See separate instructions.

Name(s) shown on return KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES INC

Identifying number 52-0954463

1 Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss)

- 3 Gain, if any, from Form 4684, line 42
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
6 Gain, if any, from line 32, from other than casualty or theft
7 Combine lines 2 through 6 Enter the gain or (loss) here and on the appropriate line as follows

Table with 2 columns: Line number, Amount (890,483)

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9 Skip lines 8, 9, 11, and 12 below

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9 If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions)
9 Subtract line 8 from line 7 If zero or less, enter -0- If line 9 is zero, enter the gain from line 7 on line 12 below If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

Table with 2 columns: Line number, Amount (420,539; 469,944)

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss)

- 11 Loss, if any, from line 7
12 Gain, if any, from line 7, or amount from line 8, if applicable
13 Gain, if any, from line 31
14 Net gain or (loss) from Form 4684, lines 34 and 41a
15 Ordinary gain from installment sales from Form 6252, line 25 or 36
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824
17 Combine lines 10 through 16

Table with 2 columns: Line number, Amount (0; 420,539; 420,539)

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below For individual returns, complete lines a and b below

a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22 Identify as from "Form 4797, line 18a " See instructions

18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a Enter here and on Form 1040, line 14

18b

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A STATEMENT 24		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing)	20	4,574,515			
21 Cost or other basis plus expense of sale	21	3,684,032			
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis Subtract line 22 from line 21	23	3,684,032			
24 Total gain Subtract line 23 from line 20	24	890,483			
25 If section 1245 property:					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Sections 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the smaller of line 24 or 27b	27c				
28 If section 1254 property:					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 If section 1255 property:					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties Add property columns A through D, line 24	30	890,483
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b Enter here and on line 13	31	
32 Subtract line 31 from line 30 Enter the portion from casualty or theft on Form 4684, line 36 Enter the portion from other than casualty or theft on Form 4797, line 6	32	890,483

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation (see instructions)	34	
35 Recapture amount Subtract line 34 from line 33 See the instructions for where to report	35	

TY 2006 Cash Grants Paid Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Class of Activity	Recipient's name	Address	Amount	Relationship
	AIDS WALK WASHINGTON - WHITMAN WALK	PO BOX 73768 WASHINGTON, DC 200563768	5,000	N/A
	AMERICAN CANCER SOCIETY	11331 AMHERST AVENUE SILVER SPRING, MD 20902	5,000	N/A
	AMERICAN DIABETES ASSOCIATION	1025 CONNECTICUT AVE NW SUITE 10 WASHINGTON, DC 20036	30,000	N/A
	AMERICAN HEART ASSOCIATION	415 NORTH CHARLES STREET ANNANDALE, VA 22003	20,000	N/A
	ANNE ARUNDEL MEDICAL CENTER FOUNDAT	2001 MEDICAL PARKWAY SAJAK PAVILION ANNAPOLIS, MD 21401	5,000	N/A
	ARC OF HOWARD COUNTY	11735 HOMEWOOD ROAD ELLCOTT CITY, MD 21042	10,000	N/A
	ARLINGTON FREE CLINIC	3833 NORTH FAIRFAX DRIVE SUITE 400 ARLINGTON, VA 22203	85,000	N/A
	ASSOCIATED BLACK CHARITIES	1114 CATHEDRAL STREET ELLCOTT CITY, MD 21042	5,000	N/A

Class of Activity	Recipient's name	Address	Amount	Relationship
	CATHOLIC COMMUNITY SERVICES	924 G STREET NW WASHINGTON, DC 20001	5,000	N/A
	COMMUNITY HEALTH AWARENESS MONITO	2901 DRUID PARK DRIVE SUITE A-204 BALTIMORE, MD 21215	10,000	N/A
	COPPIN STATE UNIVERSITY	2500 WEST NORTH AVENUE ARLINGTON, VA 22206	54,100	N/A
	DC ACTION FOR CHILDREN	1616 P STREET NW SUITE 420 WASHINGTON, DC 20036	65,000	N/A
	DOMESTIC VIOLENCE CENTER OF HOWARD	OVERLOOK CENTER COLUMBIA, MD 21045	15,000	N/A
	GEORGE MASON UNIVERSITY	4400 UNIVERSITY DRIVE FAIRFAX, VA 22030	24,469	N/A
	GREATER BALTIMORE MEDICAL CENTER FO	6701 NORTH CHARLES STREET BALTIMORE, MD 21204	5,000	N/A
	GREATER WASHINGTON EDUCATION TELECO	6701 NORTH CHARLES STREET ARLINGTON, VA 22206	55,300	N/A

Class of Activity	Recipient's name	Address	Amount	Relationship
	HADASSAH THE WOMEN'S ZIONIST ORG OF	3723 OLD COURT ROAD SUITE 205 BALTIMORE, MD 21208	10,000	N/A
	HEALTH OUTREACH INFORMATION NETWORK	PO BOX 48069 WASHINGTON, DC 20002	5,000	N/A
	HISPANIC COLLEGE FUND	1717 PENNSYLVANIA AVE NW WASHINGTON, DC 20006	57,500	N/A
	HOLY CROSS HOSPITAL	1500 FOREST GLEN ROAD SILVER SPRING, MD 20910	82,080	N/A
	HOLY CROSS HOSPITAL FOUNDATION	11801 TECH ROAD SILVER SPRING, MD 20904	10,000	N/A
	HOWARD COMMUNITY COLLEGE EDUCATION	10901 LITTLE PATUXENT PARKWAY COLUMBIA, MD 21044	35,000	N/A
	HOWARD HOSPITAL FOUNDATION	10705 CHARTER DRIVE SUITE 450 COLUMBIA, MD 21044	10,000	N/A
	INOVA HEALTH SYSTEM FOUNDATION	10396 DEMOCRACY LANE FAIRFAX, VA 22030	10,000	N/A

Class of Activity	Recipient's name	Address	Amount	Relationship
	KP DONOR ADVISED FUND COMMUNITY FOU	1201 15TH STREET NW WASHINGTON, DC 20005	529,000	N/A
	LEADERSHIP GREATER WASHINGTON	1725 I STREET NW SUITE 200 WASHINGTON, DC 20006	30,000	N/A
	LOUDOUN COMMUNITY FREE CLINIC	224 CORNWELL STREET LEESBURG, VA 20175	5,000	N/A
	MARCH OF DIMES	2700 SOUTH QUINCY STREET SUITE 220 WASHINGTON, DC 20005	70,250	N/A
	MARY'S CENTER FOR MATERNAL CHILD	2333 ONTARIO ROAD NW WASHINGTON, DC 20009	5,000	N/A
	LOUDOUN HEALTHCARE FOUNDATION	44035 RIVERSIDE PARKWAY SUITE 420 LEESBURG, VA 20176	10,000	N/A
	MEDICAL CARE FOR CHILDREN'S PRTRNSP	12000 GOVERNMENT CENTER PARKWAY SU FAIRFAX, VA 22035	15,000	N/A
	MONTGOMERY COUNTY COALITION FOR THE	600-B EAST GUDE DRIVE ROCKVILLE, MD 20850	5,000	N/A

Class of Activity	Recipient's name	Address	Amount	Relationship
	NATIONAL FEDERATION FOR THE BLIND	1800 JOHNSON STREET BALTIMORE, MD 21230	10,000	N/A
	NATIONAL OVARIAN CANCER COALITION	318 CENTER STREET NW VIENNA, VA 22180	7,500	N/A
	NORTHERN VIRGINIA COMMUNITY COLLEGE	4001 WAKEFIELD CHAPEL ROAD ANNANADALE, VA 220033796	35,000	N/A
	NORTHERN VIRGINIA FAMILY SERVICE	10455 WHITE GRANITE DRIVE OAKTON, VA 22124	10,000	N/A
	PLANNED PARENTHOOD OF METROPOLITAN	1108 16TH STREET NW WASHINGTON, DC 20036	30,000	N/A
	PREVENT BLINDNESS VIRGINIANATIONAL	5505 CONNECTICUT AVENUE NW 271 WASHINGTON, DC 200152601	25,000	N/A
	PRIMARY CARE COALITION OF MONTGOMER	8757 GEORGIA AVENUE 10TH FLOOR SILVER SPRING, MD 20910	75,000	N/A
	PRINCE GEORGE'S COUNTY COMMUNITY FO	1201 15TH STREET NW SUITE 420 BALTIMORE, MD 21216	50,000	N/A

Class of Activity	Recipient's name	Address	Amount	Relationship
	SINAI HOSPITAL SAVE A LIMB	2401 WEST BELVEDERE AVE BALTIMORE, MD 21215	5,000	N/A
	SOUTHEASTERN UNIVERSITY	501 I STREET SW WASHINGTON, DC 200242788	10,000	N/A
	ST AGNES FOUNDATION	900 CATON AVE BALTIMORE, MD 212295201	5,000	N/A
	SUMMIT HEALTH INSTITUTE FOR RESEARC	440 FIRST STREET NW SUITE 440 WASHINGTON, DC 20001	65,000	N/A
	SUSAN G KOMEN BREAST CANCER FOUNDA	200 E JOPPA ROAD SUITE 407 TOWSON, MD 21286	20,000	N/A
	THE WASHINGTON FREE CLINIC	1525 NEWTON STREET NW 3RD FLOOR WASHINGTON, DC 20010	25,000	N/A

TY 2006 Gain/Loss from Sale of Public Securities Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Gross Sales Price: 233,689,790

Basis: 234,525,871

Sales Expenses:

Total (net): -836,081

TY 2006 Other Assets Schedule

Name: KAISER FOUNDATION HEALTH PLAN
 OF THE MID-ATLANTIC STATES INC
EIN: 52-0954463

Description	Beginning of Year Amount	End of Year Amount
PREPAID PENSION	20,541,337	0
SECURITY DEPOSITS	50,000	50,000
DUE FROM HOSPITALS	147,681	0
GOODWILL-NET OF AMORTIZATION	561,678	0
OTHER ASSETS	0	1,545,000
DEFERRED DEBT ISSUE COST	0	132,136

TY 2006 Other Changes in Net Assets Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Amount
NET UNREALIZED GAIN ON INVESTMENTS	789,424
ADOPTION OF FASB STMT NUMBER 158	41,743,261

TY 2006 Other Expenses Included Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Amount
FIXED ASSET LOSS-RECLASS	18,474

**TY 2006 Other Expenses
Not Included Schedule**

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Amount
BAD DEBT EXPENSE-RECLASS	7,518,362

TY 2006 Other Liabilities Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Beginning of Year Amount	End of Year Amount
DUE TO RELATED ENTITIES	40,723,556	25,986,066
RESERVE FOR PROF & PUBLIC LIAB	49,327,236	48,441,876
OTHER CURRENT LIABILITIES	11,636,935	3,050,272
POST RETIREMENT BENEFITS	36,715,635	82,465,684
OTHER LONG TERM LIABILITIES	726,963	2,863,443
RESERVE FOR SELF INSURED RISK	5,480,804	8,253,960

TY 2006 Other Revenues Included Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Amount
BAD DEBT EXPENSE-RECLASS	-7,518,362

**TY 2006 Other Revenues
Not Included Schedule**

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Description	Amount
FIXED ASSET LOSS-RECLASS	-18,474

TY 2006 Tax-Exempt Bond Liabilities Schedule

Name: KAISER FOUNDATION HEALTH PLAN
 OF THE MID-ATLANTIC STATES INC
EIN: 52-0954463

Item No.	1
Name of Issue	
Purpose	1995 SERIES A MARYLAND HEALTH AND HIGHER EDUCATION
Amount Outstanding	13040845
Unexpended Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

TY 2006 Non Electing Public Charities Statement

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Statement:

TY 2006 Self Dealing Statement

Name: KAISER FOUNDATION HEALTH PLAN
 OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Line Number	Explanation
2a	

Line Number

Explanation

2b

Line Number

Explanation

2c

Line Number

Explanation

2d

FORM 990, PART V

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2006 Supplemental Support Schedule

Name: KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC

EIN: 52-0954463

Year	Gifts, Grants and Contributions Received	Membership Fees Received	Gross Receipts From Admissions, Etc.	Gross Investment Income And Post 1975UBI	Net UBI Pre 1975	Tax Revenues Levied For Organization's Benefit	Value Of Services, Facilities Furnished By Government	Other Income	Total
2005			1,683,639,694	6,641,473					1,690,281,167
2004			1,558,661,004	5,887,879					1,564,548,883
2003			1,371,858,010	34,163,324					1,406,021,334
2002			1,342,498,414	35,419,794					1,377,918,208

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2006, or tax year beginning _____, 2006, and ending _____, 20__

2006

Department of the Treasury
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

▶ See instructions on back.

Name of exempt organization

Employer identification number

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES

52-0954463

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8453-EO and enter the applicable amount from the return if any. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line for the return for which you are filing this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (that is, do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here	▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, line 12)	1b	<u>1843922639</u>
2a Form 990-EZ check here	▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here	▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here	▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here	▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b	

Part II Declaration of Officer

6 I authorize the US Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the US Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2006 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Sign Here ▶ *Deborah Steber* | 11-12-2007 | ▶ VP, CONTROLLER, CAO
Signature of officer Date Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Publication 4206, Information for Authorized IRS e-file Providers of Exempt Organization Filings. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only

ERO's signature: *Cynthia Larsen* | Date: 12 Nov 2007 | Check if also paid preparer: | Check if self-employed: | ERO's SSN or PTIN: P00297006

Firm's name (or yours if self-employed), address, and ZIP code: CYNTHIA LARSEN, CPA KFHP, INC | EIN: _____
ONE KAISER PLAZA, 1550L
OAKLAND CA 94612 | Phone no: 510-271-6385

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer's Use Only

Preparer's signature: *Regina Prince CPA* | Date: 11/6/07 | Check if self-employed: | Preparer's SSN or PTIN: P00576936

Firm's name (or yours if self-employed), address, and ZIP code: KPMG LLP | EIN: 13-5565207
55 SECOND STREET
SAN FRANCISCO CA 94105 | Phone no: 415.963.5100

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. You must file original and one copy.

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

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

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

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

- The books are in the care of **NATIONAL DIRECTOR OF TAX**
Telephone No. **510 271.6385** FAX No **510 271.2611**
- 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 11/15, 20 07

5 For calendar year 2006, or other tax year beginning _____, 20____ and ending _____, 20____

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

7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF A VERTICALLY INTEGRATED MANAGED HEALTH CARE DELIVERY PROGRAM AND REQUESTS ADDITIONAL TIME TO VERIFY THAT EACH MEMBER'S TAX RETURN DATA IS COMPLETE.

a	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	8a	\$
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	8b	\$
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	8c	\$

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 Steiker* Title VP, CONTROLLER, CAO Date 8-6-07

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 extended due date of the return for which an extension was requested
- Other _____

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)

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

52-0954463

12/31/2006

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

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2006	(C2) COMPENSATION 2006	(D1) BENEFIT 2006	(D2) BENEFIT PAID 2007	(E) EXP ACCT/ OTHER ALLOW.
see note 2						
DIRECTORS.						
Bernard J Tyson	Director & Chair	0	0	0	0	0
Anthony Barrueta	Director	0	0	0	0	0
Raymond Baxter	Director	0	0	0	0	0
Thomas W Chapman	Director	0	16,300	0	0	0
J Eugene Grigsby III	Director	0	18,693	0	0	0
Susan Hager	Director	0	17,800	0	0	0
Marilyn J Kawamura	Director	0	0	0	0	0
Karen Rothenberg	Director effective July 2006	0	8,200	0	0	0
Robert G Templin	Director effective July 2006	0	8,200	0	0	0
Mary Carter- Williams	Director	0	14,800	0	0	0
OFFICERS AND KEY EMPLOYEES:						
Marilyn J Kawamura	Regional President	0	0	0	0	0
Kathryn Lancaster	Senior Vice President	0	0	0	0	0
Christine Malcolm	Senior Vice President from March 2006	0	0	0	0	0
Arthur M Southam	Senior Vice President	0	0	0	0	0
Steven R Zatkun	Senior Vice President	0	0	0	0	0
Thomas R Meier	Vice President/Treasurer	0	0	0	0	0
Deborah Stokes	Vice President/Controller	0	0	0	0	0
Susan Spurlark	Assistant Secretary	0	0	0	0	0
Victoria B Zatkun	Assistant Secretary	0	0	0	0	0

see notes 3, 4 & 6

See Notes 3, 4 & 5 See Notes 3, 4 & 5

see notes 3 & 4

see notes 3 & 4

*see note 7

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

52-0954463

12/31/2006

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

(A) NAME	(C1) COMPENSATION PRE 2006	(C2) COMPENSATION 2006	(D1) BENEFIT 2006	(D2) BENEFIT PAID 2007	(E) EXP ACCT/ OTHER ALLOW.
see note 2					see notes 3, 4 & 6
Bernard J Tyson	3,827	890,811	327,852	803,244	0
Anthony Barraeta	0	0	0	0	0
Raymond Baxter	0	535,109	486,720	530,372	0
Thomas W Chapman	0	186,959	0	0	0
J Eugene Grigsby III	0	172,309	0	0	3,240
Susan Hager	0	0	0	0	0
Karen Rothenberg	0	0	0	0	0
Robert G. Templin	0	0	0	0	0
Mary Carter- Williams	0	0	0	0	0
Marilyn J Kawamura	1,056,129	518,989	180,406	338,371	0
Kathryn Lancaster	181,081	835,249	223,860	600,279	0
Christine Malcolm	0	476,250	260,746	247,320	0
Arthur M Southam	1,146,160	1,193,155	330,131	968,555	0
Steven R Zatkin	609,081	780,787	547,768	595,664	0
Thomas R Meier	229,630	337,939	118,013	211,978	0
Deborah Stokes	74,678	385,377	107,626	219,492	0
Susan Spurlark	0	256,801	58,188	61,508	0
Victoria B Zatkin	3,768	209,383	67,343	70,718	0

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
52-0954463

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

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

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

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

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

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

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

Some of the amounts shown as Compensation were actually earned in years prior to 2006. This compensation is effectively reported in Part V twice – once in the year deferred and again in the year paid. However, the compensation is only paid once. The disclosure rules mandate that significant amounts of compensation are double-counted in both 2005 and 2006. For instance, column C1 includes distributions from retirement, savings, and deferred compensation plans that were earned in prior years, and column D2 includes incentive payments scheduled for 2007 for performance goals achieved in 2006.

Note #5 – The Organization offers various benefit plans, both qualified and non-qualified. Among the benefits offered to the officers listed on Form 990, Part V-A line 75 c are a qualified Defined Benefit Plan (Plan A), a qualified Defined Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA), a Section 457(b) Deferred Compensation Plan (CAP), and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA, CAP and certain health and welfare benefit plans. Estimates for 2006 accruals for future benefits under Plan A are included in column D1.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
52-0954463

For other benefit plans available to executives which provide future benefits earned during 2006 (where the specific amounts are available and determinable by the time this tax report is filed), the amount is included in the Benefits column D1 reported in this return. Amounts determinable at year-end under termination of employment arrangements calling for future payments in a subsequent year are included in the D1 Benefit Plans column for this purpose. Individuals noted with (*) may have amounts included by reason of termination of employment and from benefit plan accounts that were previously earned.

Certain officers, directors and key employees are eligible for post-retirement medical and life insurance benefits if they meet certain eligibility requirements. Payments are not made to these post-retirement benefit plans on behalf of individuals until retirement, and thus, payments to these plans are not reported on Part V, column D. However, when the retiree benefits are actually paid, they are reported on Part V-B of the Form 990.

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

Note #7 – The average weekly time spent on the organization's affairs during 2006 is estimated to be two hours. Actual time spent by Board member may vary based on different responsibilities during the year. Key employees, who work full-time, may work in excess of the standard 40-hour work week.

KAISER FOUNDATION HEALTH PLAN MID-ATLANTIC STATES, INC
 EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES
 FOR TAX YEAR 2006

TOP FIVE EMPLOYEES

NAME	TITLE	HOURS	(C1) COMPENSATION PRE-2006	(C2) COMPENSATION 2006	(D1) BENEFITS 2006	(D2) BENEFITS PAID 2007	(E) EXP ACCT/ OTHER ALLOW.
CARRIE HARRIS-MULLER	VP	see note 7 40	see notes 3 & 4 83,225	see notes 3 & 4 269,257	see notes 3, 4 & 5 70,406	see Notes 3, 4 & 5 83,526	see notes 3, 4 & 6 0
KENDALL HUNTER	VP	40	40,536	376,077	66,873	152,603	0
LEVY CURRY	VP	40	0	254,815	40,798	65,477	0
DEANNE PETERSEN	VP	40	28,628	246,168	64,038	81,819	0
THOMAS CURTIN JR	VP	40	0	389,903	66,990	134,066	0

NOTES: See Statement # 1q for notes applicable to the above reporting.

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

52-0954463

DECEMBER 31, 2006

ATTACHMENT FOR:

FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES

KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS, CALIFORNIA NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2006

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.	
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC., THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC 501(C)(3)			
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%	
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%	
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%	
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.	100%	
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%	
23-7425486	COMMUNITY HEALTH PLAN	100%	
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	100%	
93-0954562	KAISER HEALTH ALTERNATIVES	100%	
94-3299123	CAMP BOWIE SERVICE CENTER	100%	
93-0480268	OHP	100%	
91-2171891	LOKAHI ASSURANCE, LTD	100%	
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC THAT ARE TAXABLE FOR FEDERAL AND STATE INCOME TAX PURPOSES:			
03-0329760	OAK TREE ASSURANCE, LTD	100%	
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%	
94-3259432	KAISER PROPERTIES SERVICES, INC	100%	
91-1814507	CHP COMPANIES, INC	100%	
KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING ENTITIES EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)			
94-1105628	KAISER FOUNDATION HOSPITALS	*(1)	N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2)	N/A
KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX.			
94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2)	N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2)	N/A
68-0444615	CARETOUCH, INC	*(2)	N/A
91-2166347	KP ONCALL, LLC (elected to be treated as a disregarded entity for tax purposes)	*(2)	N/A
20-3774729	ARCHIMEDES, INC	*(2)	N/A
20-3924985	HEALTH CARE MANAGEMENT SOLUTIONS, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
N/A	HAMI - COLORADO, LLC (elected to be treated as a disregarded entity for tax purposes)	*(4)	N/A
20-2961620	KP CAL		100%
20-2712661	KPCAL, LLC (elected to be treated as a disregarded entity for tax purposes)		100%
20-2396517	KAISER PERMANENTE OREGON PLUS, LLC	*(5)	
NOTE *(1)	KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC		
NOTE *(2)	THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS		
NOTE *(3)	KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT LIFE, ACCIDENT AND HEALTH INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK ARE OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS		
NOTE *(4)	HAMI - COLORADO, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER HOSPITALS ASSET MANAGEMENT, INC		
NOTE *(5)	KAISER PERMANENTE OREGON PLUS, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST		

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS:

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

**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						
GAINS AND LOSSES FROM SALE OF INVESTMENTS						
State Street	Various	Various	\$218,608,722	\$219,352,445	-	-743,723
State Street	Various	Various	15,081,068	15,173,426	-	-92,358
Total Realized Gains from Investments			<u>233,689,790</u>	<u>234,525,871</u>	<u>0</u>	<u>-836,081</u>
GAIN OR LOSS FROM SALES OF FIXED ASSETS						
Land	11/13/1989	8/31/2006	4,545,180	3,665,559	-	879,621
Administrative Equipment	Various	Various	868	42,915	37,140	(4,907)
Leasehold Improvements	Various	Various	32	1,407	1,407	32
Medical Equipment	Various	Various	16,450	185,350	172,652	3,752
Vehicles	Various	Various	11,985	147,572	147,572	11,985
TOTALS NET GAIN (LOSS) FROM SALES OF FIXED ASSETS			<u>4,574,515</u>	<u>4,042,803</u>	<u>358,771</u>	<u>890,483</u>
Combined Totals			<u>238,264,305</u>	<u>238,568,674</u>	<u>358,771</u>	<u>54,402</u>

RECAP OF NET GAIN/(LOSS)

ORIGINAL COST AND EXPENSE OF SALE	238,568,674
DEPRECIATION	<u>358,771</u>
NET COST OR OTHER BASIS	238,209,903
LESS GROSS SALES PROCEEDS	<u>238,264,305</u>
NET GAIN/(LOSS)	<u><u>54,402</u></u>

NOTE SALES NOTED ARE ARMS-LENGTH TO UN-RELATED THIRD PARTY

NOTE #1 ALL OF THE FOREGOING FIXED ASSETS AND EQUIPMENT WERE ACQUIRED BY PURCHASE BY THE ORGANIZATION FOR USE IN ITS TAX-EXEMPT ACTIVITIES

STATEMENT OF FIXED ASSETS AND DEPRECIATION

FORM 990 PART IV, LINE 57 - LAND, BUILDING AND EQUIPMENT,
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION; AND
PART II, LINE 42, COLUMN (B) - DEPRECIATION AND AMORTIZATION EXPENSE.

	COST		ACCUMULATED DEPREC/AMORT		2006 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	45,067,771	43,428,394	0	0	0
LAND IMPROVEMENTS	548,656	587,156	379,392	399,162	19,770
BUILDINGS	242,465,374	262,880,194	119,488,785	131,053,126	11,564,342
LEASEHOLD IMPROVEMENTS	33,921,728	34,850,953	25,551,842	29,299,791	3,749,355
EQUIPMENT	139,083,099	145,731,516	112,377,795	121,192,350	9,171,918
CAPITALIZED SOFTWARE	23,360,141	23,360,141	20,920,340	21,800,383	880,043
CAPITALIZED LEASES	0	0	0	0	0
CONSTRUCTION IN PROGRESS	4,941,743	17,502,165	0	0	0
TOTALS TO					
PART IV, LINE 57(A)	<u>489,388,512</u>	<u>528,340,519</u>			
PART IV, LINE 57(B)			<u>278,718,154</u>	<u>303,744,812</u>	
PART IV, LINE 57(C)	<u>210,670,358</u>	<u>224,595,707</u>			
PART II, LINE 42 COLUMN (B)					<u>25,385,428</u>

**KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC
STATES, INC.
52-0954463
DECEMBER 31, 2006**

**STATEMENT FORM 990 PART VII
RELATIONSHIP OF ACTIVITIES TO EXEMPT PURPOSE**

LINE NUMBER 93:

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

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

**TIN: 52-0954463
DECEMBER 31, 2006**

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

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

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

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

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

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

TAXABLE ENTITY RELATIONSHIPS
KAISER FOUNDATION HOSPITALS AND HEALTH PLAN INC.

EMPLOYER TAX ID #	ENTITY NAME	Purpose of Entity
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KAISER FOUNDATION HOSPITAL SUBSIDIARIES (TAXABLE):

94-3245176	KAISER PERMANENTE INTERNATIONAL	Txbl An international consulting company
94-3292262	KAISER PERMANENTE VENTURES	Txbl Inactive
68-0444615	CARETOUCH, INC	Txbl Retail health products (web based) enterprise Winding up its business affairs
91-2166347	KP ONCALL, LLC	LLC Owns & operates nurse telemedicine services call center

KAISER FOUNDATION HEALTH PLAN INC. SUBSIDIARIES (TAXABLE):

94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	Txbl Provides dental plans and Point of Service medical plans in Washington state to groups/individuals
94-3259432	KAISER PROPERTIES SERVICES, INC	Txbl Holds a CA real estate brokerage license
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	Txbl Insurance company offering indemnity benefit plans
03-0329760	OAK TREE ASSURANCE, LTD	Txbl Captive insurance company to insure workers compensation & auto insurance coverage
91-2171891	LOKAHI ASSURANCE LTD	Txbl A captive insurance company to insure and secure reinsurance for property & casualty risks
	ORDWAY INTERNATIONAL, LTD	Txbl A holding company to provide offshore risk management tools
	ORDWAY INDEMNITY, LTD	Txbl An offshore company used as a risk management tool
91-1814507	CHP COMPANIES, INC	Txbl Holding company, sole member of CHP CHP is an inactive health plan in New York

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
FEIN: 52-0954463
December 31, 2006

Schedule A, Part III, Question 2a:

Kaiser Foundation Health Plan of the Mid-Atlantic States (KFHP) is organized for the public benefit and provides health and medical care services for its members. KFHP and Kaiser Foundation Health Plan, Inc. (KFHP Inc.) and Kaiser Foundation Hospitals (KFH) have common Boards of Directors. Many of the officers of KFHP are also officers of KFHP, Inc. and KFH. KFHP, KFHP, Inc. and KFH are operated as separate charitable corporations. See **Statement 23** for a list of tax-exempt and non-exempt related entities.

Based on a review of KFHP records and Conflict of Interest (COI) statements for these directors, officers and key employees for 2006, KFHP did not engage in the sale, exchange, or leasing of property with any of the persons listed on Form 990, Part V.

Based on a review of the records of the affiliated taxable entities for transactions with these individuals, none of these taxable entities engaged in any sale, exchange or lease of property with KFHP individual directors or officers.

In the normal course of business in carrying out its charitable purposes, KFHP may have entered into the sale, exchange, or leasing of property with some of the related entities described in **Statement 23**. KFHP relationships with such organizations are conducted on a fair market value basis.

Schedule A, Part III, Question 2b:

Statement 30 provides a list of the directors, officers and key employee family members with whom KFHP did business or who were employed by KFHP or any KFHP affiliate. KFHP does not have trustees, creators or substantial contributors.

Based on a review of KFHP records and COI statements for these directors, officers and key employees for 2006, KFHP did not engage in the lending of money or other extension of credit with any of these persons in 2006. KFHP, Inc. has a program that provides loans to relocate executives. The program was modified in August 2002 to take into consideration the Section 402 provisions of the Sarbanes Oxley Act, limiting certain employees' eligibility for loans. **Statement 19** provides information regarding officer and key employee loans made by KFHP, Inc. as disclosed in the KFHP, Inc. 2006 Form 990, Part IV Part IV and Schedule A, Part III, question 2b.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
FEIN: 52-0954463
December 31, 2006

Based on the COI questionnaires for 2006, **Statement 29A (attached)** lists non-affiliated taxable organizations which did business with KFHP in 2006 and on which KFHP officers, directors, key employees or their families served as an officer, director, or owner. KFHP relationships with such organizations are conducted on a fair market value basis and the KFHP officer director or key employee abstained from voting on any such matter.

Schedule A, Part III, Question 2c:

Form 990, Part V lists the officers, directors and key employees of KFHP in 2006. Based on a review of COI statements for these directors, officers and key employees for 2006, **Statement 30** provides a list of their family members with whom KFHP did business or who were employed by KFHP or any KFHP affiliate. KFHP does not have trustees, creators or substantial contributors. Any such transactions are conducted on a fair market value basis.

Based on a review of KFHP records and COI statements for these directors, officers and key employees for 2006, KFHP did not engage in the furnishing of goods, services, or facilities with any of the persons in 2006.

In the normal course of business in carrying out its charitable purposes, KFHP may have entered into the furnishing of goods, services, or facilities with some of the related taxable entities. **Statement 28** generally describes the transactions between KFHP and those entities.

Based on the COI questionnaires for 2006, **Statement 29A** lists non-affiliated taxable organizations, which did business with KFHP in 2006 and on which KFHP officers, directors, key employees or their families served as an officer, director, or owner. **Statement 29A** also provides a general summary of the transactional relationship (if any) between KFHP and such organizations. KFHP relationships with such organizations are conducted on a fair market value basis and the officer, director or key employee abstained from voting on any such transaction.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC
FEIN: 52-0954463
December 31, 2006

FORM 990, SCHEDULE A, PART III

NON-AFFILIATED TAXABLE ORGANIZATION RELATIONSHIPS

<u>NAME</u>	<u>NON-AFFILIATED TAXABLE ORG</u>	<u>TRANSACTIONAL RELATIONSHIP</u>
RAYMOND BAXTER	UNION BANK PACIFIC CARE	NONE NONE

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC
FEIN: 52-0954463
December 31, 2006

FORM 990, SCHEDULE A, PART III

TAXABLE ORGANIZATION FAMILY RELATIONSHIPS

<u>NAME</u>	<u>NON-AFFILIATED TAXABLE ORG</u>	<u>TRANSACTIONAL RELATIONSHIP</u>	<u>FAMILY RELATIONSHIP</u>
KATHRYN LANCASTER	TOP TIER CONSULTING	IT CONSULTING SERVICES	SIBLING, BENEFICIAL BUSINESS OWNER
STEVEN ZATKIN	ARLEN GROUP	BENEFITS CONSULTANT/BROKER	IN-LAW
VICTORIA ZATKIN	ARLEN GROUP	BENEFITS CONSULTANT/BROKER	IN-LAW

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC
FEIN: 52-0954463
FORM 990, SCHEDULE A, PART III
12/31/2006

FAMILY AFFILIATIONS REPORTED

NAME	FAMILY MEMBER AFFILIATION
STEVE R ZATKIN	SPOUSE EMPLOYEE OF KFHP INC.
VICTORIA B ZATKIN	SPOUSE, SR. VP, GENERAL COUNSEL AND SECRETARY OF KFH, KFHP INC. AND REGIONAL HEALTH PLANS

**2006 COMMUNITY BENEFIT REPORT
FORM 990, PART III
KAISER FOUNDATION HEALTH PLAN OF MID-ATLANTIC STATES, INC.**

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. or “Mid-Atlantic Health Plan” is a tax-exempt subsidiary health plan of Kaiser Foundation Health Plan, Inc. (KFHP). 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 or “Kaiser Permanente.”

This report describes the structure of Kaiser Permanente and documents the National Community Benefit activities, programs and services of KFHP, its subsidiaries, and KFH, combined, as well as the specific community benefit provided by the Mid-Atlantic Health Plan in Maryland, Virginia and the District of Columbia.

In 2006, Kaiser Permanente served 8.6 million people in nine states. California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia, Washington and the District of Columbia. The program is the largest private nonprofit health care program in the United States with 126,347 full time employees, more than 13,000 physicians and 119 dentists. The Mid-Atlantic Health Plan serves more than 508,000 members, and has 4,454 full time administrative, clerical and technical employees as well as 920 Permanente physicians.

In the Mid-Atlantic states region, three separate legal organizations comprise Kaiser Permanente: Health Plan of the Mid-Atlantic States, Inc., a Maryland nonprofit corporation exempt from federal income tax under Internal Revenue Code 501(c)(3); KFHP, 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., an independent multi-specialty group of physicians organized as a professional corporation.

Persons enroll in Kaiser Permanente through KFHP or one of the Health Plan subsidiaries or “Health Plan.” Health Plan provides and arranges comprehensive health care services for members on a predominantly prepaid basis and fulfills its contractual obligations to group and individual members by contracting with KFHP and a Permanente Medical Group to provide the required health care services.

Members receive services from various Permanente Medical Groups in the respective Kaiser Permanente regions. In the Mid-Atlantic States, Permanente physicians accept responsibility for professional care of Mid-Atlantic Health Plan members, are responsible for their own physician recruitment, selection and staffing; they are legally separate entities independent from Health Plan, KFHP and other Permanente Medical Groups. The Mid-Atlantic Permanente physicians generally treat members in facilities owned, leased or contracted by Health Plan of the Mid-Atlantic States or KFHP.

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

Membership in KFHP and its health plan subsidiaries is available without regard to sex, race, religion, ethnic background, sexual orientation, and occupational status or income level. Health Plan members are broadly representative of the various ages, social, and income groups within the areas it serves. 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 8.6 million members through market-leading performance in quality, service and affordability. By doing so, Kaiser Permanente provides a discipline in the marketplace by demonstrating meaningful value and affordability, and generating resources to reinvest in the community’s health

Second, Kaiser Permanente directly invests in improvements to community health by working to increase access for the underserved, disseminating care improvements, altering the social determinants of health, educating healthcare workers and consumers, and informing public policy.

This latter approach, which Kaiser Permanente calls the Direct Community Benefit Investment (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 an intentional, planned, budgeted, measurable, accountable creation for better health in our communities. It is done in collaboration with, not in isolation from, the community. DCBI serves to fulfill Kaiser Permanente’s social purpose, justify its tax-exempt status, and differentiate it from other health care organizations.

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

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

- Address critical questions in American health care that the Program’s history, culture and competencies position it uniquely to examine.
- Build the reputation of Kaiser Permanente for its leadership in helping to 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 DCBI program be guided by a national strategy, with continued local flexibility and implementation. The program is supported by national and regional funding pools, and built on the organization’s integrated healthcare system. Community benefit investments are concentrated in four areas:

- *Vulnerable Populations* – Address the financing and delivery problems of populations that are vulnerable due to socioeconomic status, illness, ethnicity, age, or other disabling factors.
- *Evidence-based Medicine* – Develop and communicate the evidence base 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 in managing their own health and obtaining health care services.
- *Public Policy* – Develop and disseminate public policy information that reflects the interests of the nation as a whole.

The Board elaborated that at least 75% of total community benefit funding will be directed to program priorities within the four focus areas and the remaining 25% of funding will be directed by local 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 approved the formation of a National Community Benefit Governance Council, and established a standing Community Benefit Committee of the Board of Directors to oversee the new program. The Board also 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 for Community Benefit, reporting to the CEO and Chairman of the Board.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

KFHP provides 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 reinvested in the program to improve facilities and service, increase benefits, fulfill our charitable mission and maintain affordable rates rather than to pay dividends to stockholders.

KFHP provides care that emphasizes prevention to minimize medical indigence and contributes to quality of life in the communities we serve. To best serve the community by providing affordable, comprehensive health care and support in its social mission, KFHP is organized and operated as a fully integrated delivery system.

- *Integrated Services and Facilities* – KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFHP and at medical office buildings owned or leased by KFHP. Members typically have all the services and professional care they require available in one place, 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 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 KFHP or KFHP. The income that Permanente Medical Groups and their physicians receive is in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of “best clinical practices” throughout the community and across the nation.
- *Prepayment* – Generally, KFHP pays the Permanente Medical Groups a per-member payment on a budgeted, prepaid basis that does not vary with the amount of service provided. Permanente Medical Group physicians are generally not compensated on a fee-for-service basis.
- *Benefit Plans* – KFHP offers a variety of coverage options that provide for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. In order to maximize affordability and encourage people at different income levels to purchase coverage, KFHP

offers a variety of cost-sharing options. Comprehensive prepaid coverage with differing levels of premium and cost-sharing 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.

- *No Pre-existing Condition Exclusions* – Pre-existing condition exclusions allow carriers to exclude coverage for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions for group members 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 893,400 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-1960s. Currently, KFHP and certain of its subsidiaries provide care to more than 148,400 Medicaid managed-care members and in addition serve a large number of Medicare and Medicaid patients on a fee-for-service basis. KFHP also participates in the State Child Health Insurance Program (SCHIP) and served an additional 112,360 children in 2006.

THE COMMUNITY BENEFIT PROGRAMS IN THE MID-ATLANTIC REGION

In 2006, Kaiser Permanente spent approximately \$807 million or approximately 2.3% of revenue, to support the Community Benefit Program in the community. The Mid-Atlantic Health Plan provided approximately \$21.5 million in community benefit. A breakdown of the 2006 DCBI dollars attributable to KFHP and KFHP nationally is described in Attachment A and those dollars attributable to the Mid-Atlantic Health Plan regionally in Attachment B.

The following identifies many of the signature community benefit programs and services funded by the Mid-Atlantic Health Plan, according to the national focus areas

VULNERABLE POPULATIONS

The Mid-Atlantic Health Plan spent \$20.2 million to address financing and delivery of health care for populations vulnerable due to socio-economic status, illness, ethnicity, age or other factors in 2006.

MEDICAL CARE SERVICES

Mid-Atlantic Health Plan provides medical care services for vulnerable population in many ways.

Charitable Care (Medical Financial Assistance Program and Charitable Coverage)

In the Mid-Atlantic States, Health Plan provides charity care to low-income vulnerable populations through the Medical Financial Assistance and Charitable Coverage Programs. In 2006, the Mid-Atlantic States Health Plan spent \$9.9 million on under- and uninsured residents in Maryland, Virginia and the District of Columbia to serve nearly 4,000 children and adults.

Medical Financial Assistance

Late in 2006, the Mid-Atlantic Health Plan implemented a new charity care program. The Medical Financial Assistance (MFA) Program provides temporary financial assistance to individuals who are in both medical and financial need and ensures that collection practices do not further burden an individual or family in financial distress. The program is available to assist Health Plan members in reducing out-of-pocket costs such as co-payments, co-insurance, medical services and/or pharmacy. Non-members are offered assistance for specified services after the initial episode of care within a designated time frame. In order to receive financial assistance, members and non-members must not be eligible to receive assistance under any other public or private program. Health Plan administers a

means test to determine eligibility and may provide up to a \$1,000 of assistance per individual. MFA awards are only for services provided in Health Plan facilities.

Charitable Coverage

Bridge Program – This program enables participants to have health care coverage at significantly reduced costs at a time 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, Health Plan subsidizes either 90% or 95% of their monthly health care coverage cost. Participants in the Bridge Program whose incomes do not exceed 175% of the federal income guidelines (FIG) are eligible for a 95% monthly subsidy and individuals with incomes are between 175% and 200% of the FIG are eligible for a 90% subsidy coverage. Bridge provides comprehensive health care coverage to its members.

- *Baltimore Partnersh.i.p.* – The Baltimore Partnersh.i p., transitioned to a dues subsidized Bridge product July 1, 2006. Prior to this transition, the program was a partnership between the Baltimore County Department of Health, Greater Baltimore Medical Center and St. Agnes Healthcare. This program was available only to adults living in Baltimore County, Maryland and whose incomes are 200% or below the Federal Poverty Guideline. Health Plan in the Mid-Atlantic States provides all primary care services for enrollees in Health Plan medical centers. The County Health Department, Greater Baltimore Medical Center and St. Agnes Healthcare provide referrals for specialists not available through Mid-Atlantic States Permanente physicians, and arrange for inpatient hospitalization
- *Medical Care for Children Partnerships* – This program is located in Montgomery and Prince George Counties in Maryland and Fairfax, Loudoun and Prince William Counties in Virginia, as well as 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 nonprofit community groups. Enrollees receive primary care services from Health Plan medical centers. Referrals to specialists not available from the Permanente Medical Group and inpatient hospitalizations are covered by the program's partners. This program targets children of "working poor" families.

Other Government Programs

The Maryland Medical Assistance Program provides funds to allow the state to increase rates that Medicaid pays to fee-for-service health care providers and managed care health care providers. The program helps increase the number of practitioners willing to serve Medicaid patients, and without such practitioners, access to care could be seriously curtailed for vulnerable populations in Maryland. Mid-Atlantic Health Plan contributed \$8.4 million to support this medical care program.

COMMUNITY-BASED PROGRAMS FOR VULNERABLE POPULATIONS

The Mid-Atlantic Health Plan spent approximately \$1.3 million in charitable contributions to support community-based programs that provide other services for vulnerable populations.

Grants and Donations for Community-based Programs

In 2006, Health Plan supported the Safety Net Provider Program of Health Services for Children with Special Needs, Inc. The program addressed issues that surround health, welfare and protection of children with special needs in Washington, DC. Parents who participate in the program work to increase the knowledge and understanding of how to care for children with special needs and to improve overall parenting skills though peer outreach and support groups.

EDUCATION

The Mid-Atlantic Health Plan spent \$901,670 on programs to educate consumers and health care professionals during 2006.

CONSUMERS

Community benefit funds supported several community health education and prevention programs for Mid-Atlantic States health care consumers.

Community Health Education and Prevention Programs

Most often, community health fairs are the primary sites for dissemination of health education information to both Health Plan members and community residents in Mid-Atlantic States. In 2006, the Regional Community Benefit Department spent \$37,500 on community-wide events. Below are two examples:

- Over 22,000 adults and children attended the Tavis Smiley – Road to Health Expo in Baltimore, Maryland. This event featured an interactive exhibit area. Kaiser Permanente workshops included one-on-one sessions with professional fitness trainers, Healthy Eating Tips from nutritionists, learning a hip-hop dance routine from a choreographer, and exploring careers in health. Physicians and clinical staff also performed workshops on Understanding Asthma and the importance of managing high blood pressure, while non-clinical volunteers led adults and kids in a wide variety of fun activities including jump rope and hula hoop contests, a pedometer walking challenge and “Boozed and Confused” bowling.
- In 2006, Health Plan of Mid-Atlantic States provided free medical exams, laboratory test and when appropriate, prescriptions medications to approximately 230 uninsured residents of Prince George County, Maryland. Physicians and employees volunteered their time on a day that honors the Reverend Martin Luther King, Jr. The “day of service” event took place at the Kaiser Permanente Largo Medical Center.

Educational Theatre Programs

The Educational Theatre Programs (ETP) in Mid-Atlantic States provided a professional, award-winning health education plays for grades K-12 for 20 years in Maryland, Virginia and the District of Columbia.

Each program presents up-to-date health information in age-appropriate ways. Actor-educators are extensively trained in related health issues and workshop facilitation. Resources material for students, teachers and parents reinforce the educational messages in each performance.

The Educational Theatre Program in Mid-Atlantic States enhanced Healthy Eating/Active Living components of its production *Professor Bodywise's Traveling Menagerie*. In 2006, the Educational Theatre Program added messages to encourage children to reduce television, video game and computer screen time and to be more physically active. In 2006, Mid-Atlantic Health Plan spent approximately \$729,000 to present 168 performances to over 27,000 children.

Grants and Donations for Consumer Education

Health Plan donated \$135,569 to support nonprofit community-based health education programs in Maryland and Virginia.

- In 2006, Mid-Atlantic Health Plan made a donation to the American Heart Association of Greater Washington to support its mission of to reduce disability and death from cardiovascular disease and stroke. To prevent, treat and ultimately defeat these diseases, the association funds research, creates and implements professional and public education programs focusing on improving emergency care and reducing risk factors, holds community service activities and engages in advocacy efforts to safeguard American's health
- Health Plan made charitable contributions to the American Diabetes Association of Maryland and Washington respectively to advance their collective mission to prevent and cure diabetes and to improve the lives of all people affected by diabetes. To fulfill this mission, the American Diabetes Association funds research, publishes scientific findings, provides information and other services

to people with diabetes, their families, health professionals and the public. The Association is also actively involved in advocating for scientific research and for the rights of people with diabetes.

HEALTH CARE PROFESSIONALS

In 2006, the Mid-Atlantic Health Plan spent \$184,800 to support the education and training of health care professionals. The following provides a description of the efforts undertaken to alleviate health care workforce shortages in the community:

Nurse Practitioner and Other Non-Physician Training Programs

During 2006, Health Plan supported students pursuing a career in the allied health care field and spent \$153,800 on training and education programs for nurse practitioners, nurses, radiology and sonography technicians, physical therapists, post-graduate psychology and social work students, pharmacists, and other non-physician health professionals.

Grants and Donations for the Education of Health Care Professionals

Health Plan spent \$31,000 on charitable contributions to nonprofit organizations providing educational opportunities for individuals seeking a career as a health care provider or professional.

- Mid-Atlantic Health Plan contributed \$20,000 to the Hispanic College Fund to support the Hispanic Youth Symposium. The program helps create pathways to success for Hispanic high school students by connecting them to the public and private sectors, and nonprofits organizations and resources to help youth succeed in high school and attend college.
- Howard Community College Education Foundation in Columbia, Maryland received a \$10,000 donation for the Kaiser Permanente Scholarship Endowment. This scholarship program provides awards for tuition, fees, books and other college supplies for local students.

OTHER COMMUNITY BENEFITS

The Mid-Atlantic Health Plan spent \$171, 448 on other community benefits in the region.

Other Grants and Donations

- Mid-Atlantic Health Plan provided a grant to the Primary Care Coalition of Montgomery County, Maryland to support the development of an Open Source medication database to automatically perform drug-drug interaction checks, and print patient information sheets and drug labels. The database will be added to CHL Care, an Open Source electronic medical record used by safety net providers in Montgomery County, Maryland.
- In 2006 Health Plan contributed funds to support NoVaHealthFORCE, which allowed that organization to work directly with Northern Virginia higher education institutions to expand their classroom teaching and training capacity to increase the number of newly registered nurses and enhance the availability of nursing facility.

ATTACHMENT A**2006 NATIONAL DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM**

The following chart summarizes 2006 Community Benefit investments nationally for KFHP and for KFH. The investments in the community reflected in the charts are unaudited.

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL HOSPITAL TOTAL	NATIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$404,001,035	\$256,776,183	\$660,777,217
Community-Based Programs	2,250,523	15,552,601	17,803,124
Other Vulnerable Populations	5,892,479	10,261,422	16,153,901
<i>Subtotal:</i>	<i>412,144,036</i>	<i>282,590,206</i>	<i>694,734,242</i>
EVIDENCE-BASED MEDICINE			
Research	1,650,394	15,443,415	17,093,809
Medical Libraries	80,121	3,783,359	3,863,480
Other	318,633	1,607,585	1,926,218
<i>Subtotal:</i>	<i>2,049,148</i>	<i>20,834,359</i>	<i>22,883,507</i>
EDUCATION			
Consumer	3,651,037	10,036,963	13,688,000
Health Professionals	3,956,700	61,229,431	65,186,131
<i>Subtotal:</i>	<i>7,607,737</i>	<i>71,266,394</i>	<i>78,874,131</i>
PUBLIC POLICY			
Public Policy Grants/Expenses	1,331,511	843,305	2,174,816
<i>Subtotal:</i>	<i>1,331,511</i>	<i>843,305</i>	<i>2,174,816</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expenses	932,649	6,398,001	7,330,650
Community Giving	398,308	189,352	587,660
<i>Subtotal:</i>	<i>1,330,957</i>	<i>6,587,353</i>	<i>7,918,310</i>
TOTAL	\$424,463,389	\$382,121,617	\$806,585,006

ATTACHMENT B**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM
2006 MID-ATLANTIC REGIONAL COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2006 community benefit investments by the Mid-Atlantic Health Plan. The investments in the community reflected in the chart are unaudited.

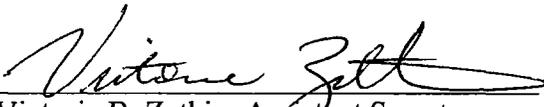
CB PRIORITY AREAS	REGIONAL HEALTH PLAN TOTAL	REGIONAL KFH TOTAL	REGIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$18,273,762	\$0	\$18,273,762
Community-based Programs	1,272,725	0	1,272,725
Other Vulnerable Populations	649,325	0	649,325
<i>Subtotal:</i>	<i>20,195,812</i>	<i>0</i>	<i>20,195,812</i>
EVIDENCE-BASED MEDICINE			
Research	0	0	0
Medical Libraries	0	0	0
Other	22,750	0	22,750
<i>Subtotal:</i>	<i>22,750</i>	<i>0</i>	<i>22,750</i>
EDUCATION			
Consumers	901,670	0	901,670
Health Professionals	184,800	0	184,800
<i>Subtotal:</i>	<i>1,086,470</i>	<i>0</i>	<i>1,086,470</i>
PUBLIC POLICY			
Public Policy Grants/Expenses	0	0	0
<i>Subtotal:</i>	<i>0</i>	<i>0</i>	<i>0</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expenses	171,448	0	171,448
Community Giving Campaign	250	0	250
<i>Subtotal:</i>	<i>171,698</i>	<i>0</i>	<i>171,698</i>
TOTAL	\$21,476,730	\$0	\$21,476,730

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.
OFFICER'S CERTIFICATE

I, the undersigned, Victoria B. Zatkan, Assistant Secretary of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., a Maryland nonprofit public benefit corporation (the "Corporation"), do hereby certify that:

Attached hereto is a full, true, and correct copy of the Amended Bylaws of the Corporation, as of September 30, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand.


Victoria B. Zatkan, Assistant Secretary

September 14, 2007
Date

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

ARTICLE A

PURPOSES

Section A-1. Principal Purpose.

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

Section A-2. Related Purposes.

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

Section A-3. Nonprofit Character.

This corporation is a nonprofit corporation and is not organized for the private gain of any person. This corporation is organized for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the power to distribute

gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

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

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

Section A-5. Non-discrimination.

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

ARTICLE B

OFFICES

Section B-1. Principal Office Outside of Maryland.

The principal office of this corporation outside of Maryland shall be located at the Ordway Building, One Kaiser Plaza, Oakland, Alameda County, California.

Section B-2. Principal Office in Maryland.

The principal office of this corporation in this state is located at 2101 E. Jefferson Street, Rockville, Montgomery County, Maryland.

Section B-3. Change of the Principal Office.

The Board of Directors may change the location of the principal offices at any time.

Section B-4. Other Offices.

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

ARTICLE C

MEMBER

Section C-1. Status of Membership.

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

Section C-2. Changes in Membership.

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

Section C-3. Termination.

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

Section C-4. Dues, Assessments and Liabilities.

The member of this corporation shall not be subject to any charge for dues or assessments, nor shall the member be in any way liable for any debt, liability or obligation of the corporation.

Section C-5. Meetings.

There shall be an annual meeting of the member. Meetings of the member shall be governed by Section D-5, relating to meetings of Directors.

Section C-6. Other Action by Member.

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

Section C-7. Power and Authority of Member.

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

ARTICLE D

DIRECTORS

Section D-1. Power and Authority of Directors.

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

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

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

Board or the Regional President shall require the affirmative vote of the member;

(e) Qualify to conduct, and conduct activities anywhere in the world;

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

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

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

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

(j) Make donations for charitable purposes;

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

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

(m) Enter into any contracts, assume any obligations or do any other acts incidental to the conduct of corporate affairs or the attainment of corporate purposes;

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

Section D-2. Number.

The number of Directors may be changed at any time by amendment of these Bylaws by the member. There shall be not less than five nor more than eleven Directors, as determined by resolution of the member. Up to two (2) of the Directors shall be elected from among enrolled subscribers ("Subscriber Directors") in accord with Section D-4. Each Director shall be counted for purposes of determining the presence of a quorum and shall have one vote.

Section D-3. Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section D-4, is removed in accord with law, or is removed by the member at a meeting of the member's Board of Directors, provided that the notice of the meeting of the member's Board of Directors indicates the purpose of the meeting. Additional vacancies shall arise whenever and to the extent that the number of Directors is increased as provided in Section D-2. Any Director may be removed by the member, at any

time, either with or without cause. All vacancies in the Board of Directors shall be filled by the member.

Section D-4. Election and Term of Office.

(a) There shall be two classes of Directors, Subscriber Directors and Directors other than Subscriber Directors.

(b) Subscriber Directors shall be elected by the member from among enrolled subscribers in good standing, on recommendation of the Chairman and the Regional President. Two Subscriber Directors shall be elected at the annual meeting of the member in 2006. The term of one Subscriber Director shall end at the annual meeting of the member in 2007, and the term of the second Subscriber Director shall end at the annual meeting of the member in 2008. At the annual meeting of the member in 2007, and each calendar year thereafter, upon expiration of the term of one Subscriber Director, one Subscriber Director shall be elected for a two year term of office which shall end at the later of the annual meeting of the member in the second year following his or her election or when his or her successor is elected.

(c) Directors other than Subscriber Directors shall be elected by the member at the annual meeting of the member in 1995 for a term of office which shall end at the later of the annual meeting of the member in 1996 or when their successors are elected. Thereafter, Directors other than Subscriber Directors shall be elected by the member at the annual meeting of the member in 1996 and every second year thereafter for a term of office which shall end at the later of the annual meeting of the member in the second year following their election or when their successors are elected.

(d) In any event, the term of a Director other than a Subscriber Director shall end on December 31 of the year in which he or she attains age 70 unless the Chairman of the Board specifically requests a Director to remain on the Board for an interim transition period which may continue for up to twelve months. Any vacancy may be filled only by the member acting through its Board of Directors or its Executive Committee. Each Director shall hold office until the end of his or her term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section D-3.

Section D-5. Meetings.

(a) Place of Meetings. Meetings shall be held at the place specified in the notice of the meeting, or if not so designated, all meetings shall be held at the principal office referred to in Section B-1.

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

(c) Notice. Notice of meetings shall be mailed, personally delivered, or delivered by electronic transmission to each Director, at his or her usual business address. Special meetings shall be held upon at least four days' notice by first class mail or forty-eight hours' notice delivered personally or by telephone, including a voice message system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the

meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

(d) Proof of Notice. A statement showing service of any notice pursuant to Section D-5(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. All waivers, consents or approvals given in lieu of regular notice shall be entered in the minutes of the meeting.

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

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

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

(h) Participation in Meetings. Members of the Board may participate in the meeting through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes

presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have means to participate in all matters.

Section D-6. Action Without a Meeting.

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

ARTICLE E

OFFICERS

Section E-1. Officers.

The officers of this corporation shall be a Chairman of the Board, a Regional President, one or more Executive or Senior Vice Presidents, a Secretary, a Chief Financial Officer, a Controller, a Treasurer and one or more Assistant Secretaries. These shall be the only officers of the corporation. The Chairman of the Board or the President of Kaiser Foundation Health Plan, Inc. may assign such other titles as may be appropriate to other individuals, including the title of Vice President, but such other individuals shall not be corporate officers. One person may hold two or more offices, except that the same person may not be both Regional President and Vice President or Regional President and Secretary.

A person who holds more than one office in the corporation may not act in more than one capacity to execute, acknowledge, or verify an instrument required by law to be executed, acknowledged, or verified by more than one officer.

Section E-2. Election and Term of Office.

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

Section E-3. Subordinate Officials.

The Chairman of the Board or Regional President may appoint or delegate authority to appoint such other officials as the needs of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine. These officials shall not be officers of the corporation. Such officials holding the title of Vice President shall have authority to sign contracts and other documents on behalf of the corporation.

Section E-4. Removal and Resignation.

The Board of Directors may remove an officer by resolution passed by the Board at any regular or special meeting, but only by a majority vote of all the Directors then in office, if it finds that the best interests of the corporation would be served thereby, except that removal of the Chairman of the Board or the Regional President shall require the affirmative vote of the member. Any officer may resign at any time, by giving written notice to the Board of Directors or to the Regional President or to the Secretary. Any such resignation shall take effect upon receipt of such notice, or at any later time specified therein; unless otherwise specified therein, a resignation shall be effective without express acceptance.

Section E-5. Vacancies.

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

Section E-6. Chairman of the Board.

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

Section E-7. Regional President.

Subject to the direction of the Board of Directors, the Regional President shall have the general powers and duties of management usually vested in the office of president of a corporation as well as such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide. If there is not a Chairman of the Board in office and then acting, or if the Chairman of the Board is absent or disabled, the Regional President shall perform all of the duties of the Chairman of the Board, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman of the Board, as prescribed in the Bylaws or by the Board of Directors.

The Regional President shall have primary responsibility for carrying out the policies and supervising and controlling the personnel, programs and activities of the corporation. The Regional President shall prepare budgets for, and otherwise report to the Board of Directors regarding, the projects and activities of the corporation and the execution of the policies adopted by the Board of Directors.

Section E-8. Executive or Senior Vice President.

Each Executive or Senior Vice President shall assist the Regional President in the

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

Section E-9. Secretary.

The Secretary shall be responsible for keeping a book of minutes at the principal offices of the corporation as specified in Sections B-1 and B-2, or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect: the time and place of the meetings; whether they were held pursuant to notice, waiver, or consent; if they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

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

Section E-10. Chief Financial Officer.

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

ARTICLE F
COMMITTEES

Section F-1. Provision for Committees.

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

Section F-2. Participation in Meetings.

Committee members may participate in committee meetings through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have the means to participate in all matters. Minutes shall be kept of each meeting of any Board Committee, and shall be filed with the corporate records.

Section F-3. Action Without a Meeting.

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

committee. Such written consent or consents or consents by electronic transmission shall be filed with the minutes of the proceedings of the committee.

Section F-4. Executive Committee.

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

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

- (1) Adopt, amend or repeal Bylaws.
- (2) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable.
- (3) Elect, appoint or remove Directors, designate committees of the Board of Directors or fill vacancies in the Board of Directors or in any such committee.
- (4) Dissolve, merge or consolidate the corporation.
- (5) Adopt, amend or repeal Articles of Incorporation.
- (6) Sell, lease, pledge, transfer or exchange all or substantially all of the property of the corporation.

- (7) Fix compensation of Directors for serving on the Board or on any committee.
- (8) Authorize any direct or indirect transfer of money or other property or incur any indebtedness to or for the benefit of the member or the Directors or officers of the corporation or to or for the benefit of transferees in liquidation (other than creditors of the corporation).
- (9) Take any other action which the Board of Directors is not authorized to take.

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

Section F-5. Other Committees.

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

ARTICLE G
MISCELLANEOUS

Section G-1. Inspection of Corporate Records.

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

Section G-2. Execution or Endorsement of Checks.

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

Section G-3. Execution of Contracts.

The Board of Directors may authorize any officer or officers or any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the

corporation, and such authority may be general or limited to specified instances. No officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

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

The original or a certified copy of the Bylaws, together with all amendments thereto, and the minute book shall be kept at the principal offices of the corporation referred to in Section B-1 and Section B-2 and shall be subject to inspection as provided in Section G-1.

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

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

Section G-6. Fiscal Year.

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

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

The corporation shall indemnify Directors, officers, employees and the member of the

corporation to the fullest extent permitted by the Maryland Nonstock Corporations Act and Maryland General Corporation law.

Section G-8. Insurance.

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

ARTICLE H
AMENDMENT AND EFFECT OF BYLAWS

Section H-1. Previous Bylaws Superseded.

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

Section H-2. Effects of Bylaws.

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

Section H-3. Manner of Amendment.

(a) In Any Legal Way. These Bylaws may be amended in any manner now or hereafter provided by the applicable provisions of the laws of the State of Maryland, except as provided in Section H-3(b) of this Article.

(b) By Directors. These Bylaws may be amended by a majority vote of the Board of Directors at any meeting, provided a quorum of the Board is present and voting, except that Articles C, D and H of these Bylaws may be amended only by the member.

Additional Data**Software ID:****Software Version:****EIN:** 52-0954463**Name:** KAISER FOUNDATION HEALTH PLAN
OF THE MID-ATLANTIC STATES INC**Form 990, Part II, Line 43 - Other expenses not covered above (itemize):**

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a PROF & PUBLIC LIABILITY INS	43a	32,031,811	32,031,811		
b OTHER INSURANCE	43b	2,694,859	2,694,859		
c DUES & SUBSCRIPTIONS	43c	1,079,609	1,079,609		
d BUSINESS LICENSE & TAXES	43d	1,386,284	1,386,284		
e PROPERTY, SALES, INC TAXES	43e	4,202,655	4,202,655		
f STATE PREMIUM TAX	43f	8,400,000	8,400,000		
g EMPLOYEE DEVELOPMENT	43g	1,673,358	1,673,358		
h EMPLOYEE RELATED EXPENSES	43h	2,064,283	2,064,283		
i EMPLOYEE RELOCATION & PD PARKG	43i	635,442	635,442		
j INTERREGIONAL CHARGE	43j	45,228,384		45,228,384	
k INFORMATION TECHNOLOGY SERV	43k	103,267,327	25,816,832	77,450,495	
l PURCHASED MEDICAL SERVICES	43l	298,303,902	298,303,902		
m MISCELLANEOUS	43m	13,828,768	1,708,869	12,119,899	
n BANK SERVICE CHARGES	43n	2,951,002		2,951,002	
o BAD DEBT EXPENSE	43o	7,518,362	7,518,362		
p ADVERTISING & MARKETING	43p	20,880,127	20,880,127		
q BASIC CONTRACTUAL PAYMENTS	43q	548,451,648	548,451,648		
r PURCHASED NON-MEDICAL SERVICES	43r	32,305,852	32,305,852		
s SMALL TOOLS, EQUIPMENT	43s	2,003,199	2,003,199		