

Return of Organization Exempt from Income Tax

OMB No 1545-0047

2001

Open to Public Inspection

Department of the Treasury
Internal Revenue ServiceUnder Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

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

A For the 2001 calendar year, or tax year beginning , 2001, and ending , 20

B Check if applicable

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please use
IRS label
or print
or type.
See
specific
instructions.KAISER FOUNDATION HEALTH PLAN OF NORTH
CAROLINA
ONE KAISER PLAZA, 1550 ORDWAY
OAKLAND, CA 94612

D Employer identification number

56-1421313

E Telephone number

510 271-6385

F Accounting method:

☐ Cash ☒ Accrual☐ Other (specify) ▶Section 501(c)(3) organizations and 4947(a)(1) nonexempt
charitable trusts must attach a completed Schedule A
(Form 990 or 990-EZ).

H and I are not applicable to Section 527 organizations.

H (a) Is this a group return for affiliates? ☐ Yes ☒ NoH (b) If yes, enter number of affiliates ☐ Yes ☐ NoH (c) Are all affiliates included? ☐ Yes ☐ No
(If 'no,' attach a list. See instructions.)H (d) Is this a separate return filed by an
organization covered by a group ruling? ☐ Yes ☒ No

I Enter 4-digit group GEN

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

G Web site: ▶ N/A

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

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 23,548,565

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

1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a			
b	Indirect public support	1b			
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ noncash \$)	1d			0
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			8,934,479
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			2,979,086
5	Dividends and interest from securities	5			
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	11,635,000	
b	Less: cost or other basis and sales expenses	8b	15,480,744		
c	Gain or (loss) (attach schedule)	8c	-3,845,744		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			-3,845,744
9	Special events and activities (attach schedule)				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			8,067,821
13	Program services (from line 44, column (B))	13			4,910,347
14	Management and general (from line 44, column (C))	14			178,417
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 16 and 44, column (A))	17			5,088,764
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18			2,979,057
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19			-243,461,650
20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 1	20			381,969
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			-240,100,624

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (att sch) (cash \$ _____ non cash \$ _____)	22			
23	Specific assistance to individuals (att sch)	23			
24	Benefits paid to or for members (att sch)	24			
25	Compensation of officers, directors, etc	25	141,622	141,622	
26	Other salaries and wages	26			
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31	154,371	154,371	
32	Legal fees	32	721,346	721,346	
33	Supplies	33	1,164	1,164	
34	Telephone	34	11,408	11,408	
35	Postage and shipping	35	4,244	4,244	
36	Occupancy	36	1,499,246	1,499,246	
37	Equipment rental and maintenance	37	47,182	47,182	
38	Printing and publications	38	210	85	125
39	Travel	39	32,277	32,277	
40	Conferences, conventions, and meetings	40			
41	Interest	41	30	30	
42	Depreciation, depletion, etc (attach schedule)	42	121,937	121,937	
43	Other expenses not covered above (itemize)				
a	SEE STATEMENT 2	43a	2,353,727	2,353,578	149
b		43b			
c		43c			
d		43d			
e		43e			
44	Total functional expenses (add lines 22-43) Organizations completing columns (B) (D), carry these totals to lines 13-15	44	5,088,764	4,910,347	178,417

Joint Costs Check ☐ if you are following SOP 98.2Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to program services \$ _____, (iii) the amount allocated to management and general \$ _____, and (iv) the amount allocated to fundraising \$ _____

Part III Statement of Program Service AccomplishmentsWhat is the organization's primary exempt purpose? ☐ SEE STATEMENT 3

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

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

a	SEE STATEMENT 3	
	(Grants and allocations \$ _____)	4,910,347
b		
	(Grants and allocations \$ _____)	
c		
	(Grants and allocations \$ _____)	
d		
	(Grants and allocations \$ _____)	
e	Other program services (Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), program services)	4,910,347

Part IV Balance Sheets (See instructions)

Note: Where required, attached schedules and amounts within the description column should be for end-of year amounts only		(A) Beginning of year		(B) End of year	
ASSETS	45 Cash — non-interest bearing	22,552,306	45		
	46 Savings and temporary cash investments	28,093,264	46	30,669,544	
	47a Accounts receivable				
	b Less allowance for doubtful accounts	171,708	47c		
	48a Pledges receivable				
	b Less allowance for doubtful accounts		48c		
	49 Grants receivable		49		
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50		
	51a Other notes & loans receivable (attach sch)				
	b Less allowance for doubtful accounts		51c		
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges	52,571	53	90,775	
	54 Investments — securities (attach schedule)		54		
	55a Investments — land, buildings, & equipment basis				
	b Less accumulated depreciation (attach schedule)		55c		
	56 Investments — other (attach schedule)		56		
	57a Land, buildings, and equipment basis	210,090			
	b Less accumulated depreciation (attach schedule) STMT 14 STATEMENT 4	210,090	57c		
	58 Other assets (describe ► SEE STATEMENT 5)	5,700,025	58	33,262,287	
59 Total assets (add lines 45 through 58) (must equal line 74)	71,630,712	59	64,022,606		
LIABILITIES	60 Accounts payable and accrued expenses	2,385,669	60	1,026,916	
	61 Grants payable		61		
	62 Deferred revenue		62		
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule) STMT 7A	278,133,178	64b	276,261,335	
	65 Other liabilities (describe ► SEE STATEMENT 6)	34,573,515	65	26,834,979	
	66 Total liabilities (add lines 60 through 65)	315,092,362	66	304,123,230	
	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		-243,461,650	70	-240,100,624	
71 Paid-in or capital surplus, or land, building, and equipment fund			71		
72 Retained earnings, endowment, accumulated income, or other funds			72		
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)		-243,461,650	73	-240,100,624	
74 Total liabilities and net assets/fund balances (add lines 66 and 73)		71,630,712	74	64,022,606	

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.

BAA

Part IV-A **Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions)**

Part IV-B	Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
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		a		N/A	
a	Total revenue, gains, and other support per audited financial statements				
b	Amounts included on line a but not on line 12, Form 990				
(1)	Net unrealized gains on investments \$				
(2)	Donated services and use of facilities \$				
(3)	Recoveries of prior year grants \$				
(4)	Other (specify)				
	----- \$				
	Add amounts on lines (1) through (4)	b			
c	Line a minus line b	c			
d	Amounts included on line 12, Form 990 but not on line a				
(1)	Investment expenses not included on line 6b, Form 990 \$				
(2)	Other (specify)				
	----- \$				
	Add amounts on lines (1) and (2)	d			
e	Total revenue per line 12, Form 990 (line c plus line d)	e			
a	Total expenses and losses per audited financial statements				
b	Amounts included on line a but not on line 17, Form 990				
(1)	Donated services and use of facilities \$				
(2)	Prior year adjustments reported on line 20, Form 990 \$				
(3)	Losses reported on line 20, Form 990 \$				
(4)	Other (specify)				
	----- \$				
	Add amounts on lines (1) through (4)	b			
c	Line a minus line b	c			
d	Amounts included on line 17, Form 990 but not on line a				
(1)	Investment expenses not included on line 6b, Form 990 \$				
(2)	Other (specify)				
	----- \$				
	Add amounts on lines (1) and (2)	d			
e	Total expenses per line 17, Form 990 (line c plus line d)	e			

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

[illegible]

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? SEE STATEMENT 8

► ☒ Yes ☐ No

If 'Yes,' attach schedule – see instructions

Part VI Other Information (See specific instructions)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes	77	X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement	79	X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If 'Yes,' enter the name of the organization SEE STATEMENT 10 and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt	81a	0
81a Enter direct or indirect political expenditures. See line 81 instructions	81a	0
b Did the organization file Form 1120-POL for this year?	81b	X
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	X
b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III)	82b	N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If 'Yes,' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	N/A
c Dues, assessments, and similar amounts from members	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of Section 6033(e)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g Does the organization elect to pay the Section 6033(e) tax on the amount on line 85f?	85g	N/A
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	N/A
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations Sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under Section 4911 0 , Section 4912 0 , Section 4955 0	89a	0
b 501(c)(3) and 501(c)(4) organizations 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	X
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under Sections 4912, 4955, and 4958		0
d Enter Amount of tax on line 89c, above, reimbursed by the organization		0
90a List the states with which a copy of this return is filed NORTH CAROLINA	90a	0
b Number of employees employed in the pay period that includes March 12, 2001 (see instructions)	90b	0
91 The books are in care of NATIONAL TAX DIRECTOR Telephone number 510 271-6385 Located at 1 KAISER PLAZA, 1550 ORDWAY, OAKLAND, CA ZIP + 4 94612	91	
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	N/A

Part VII Analysis of Income-Producing Activities (See 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 OTHER REVENUE			1	8,934,479	
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	2,979,086	
96 Dividends & interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-3,845,744	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				8,067,821	
105 Total (add line 104, columns (B), (D), and (E))					8,067,821

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See 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)
N/A	

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

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

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

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

☐ Yes ☒ No

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

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

NOV 4 2002

Date

OF SOLE-MEMBER CORPORATION

Schedule A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1)
Nonexempt Charitable Trust Supplementary Information — (See separate instructions)

Supplementary Information — (see separate instructions)

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

OMB No. 1545-0047

2001

Name of the Organization

KAISER FOUNDATION HEALTH PLAN OF NORTH
CAROLINA

Employer Identification Number

56-1421313

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

(See 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
NO EMPLOYEES PAID IN 2001		0	0	0
Total number of other employees paid over \$50,000	0			

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

(See 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
HATLEY & STONE		
RALEIGH, NORTH CAROLINA	LEGAL SERVICES	1,100,000
MOORE & VAN ALLEN		
RALEIGH, NORTH CAROLINA	LEGAL SERVICES	852,952
PIEDMONT HEALTH ALLIANCE		
RALEIGH, NORTH CAROLINA	HEALTH SERVICES	240,000
PIPKINKNOTT & ASSOCIATES		
RALEIGH, NORTH CAROLINA	LEGAL SERVICES	215,000
IRON MOUNTAIN		
RALEIGH, NORTH CAROLINA	RECORDS DIST & STRG	120,840
Total number of others receiving over \$50,000 for professional services	9	

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

Schedule A (Form 990 or 990-EZ) 2001

Part III Statements About Activities (See instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ 0 (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		X
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.) SEE STATEMENT 11		
a Sale, exchange, or leasing of property?	X	
b Lending of money or other extension of credit?	X	
c Furnishing of goods, services, or facilities?	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE FORM 990, PART V	X	
e Transfer of any part of its income or assets? SEE STATEMENT 12		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)		X
4 Do you have a section 403(b) annuity plan for your employees?	X	

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

Part IV Reason for Non-Private Foundation Status (See instructions)The organization is not a private foundation because it is (please check only **One** applicable box)

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

Provide the following information about the supported organizations (See instructions)

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

- 14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See 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) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total			
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)								
16 Membership fees received								
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	13,109,443	189,307,514	219,365,188	209,609,623	631,391,768			
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	5,148,139	3,023,587	3,858,120	2,274,918	14,304,764			
19 Net income from unrelated business activities not included in line 18								
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf								
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.								
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.								
23 Total of lines 15 through 22	18,257,582	192,331,101	223,223,308	211,884,541	645,696,532			
24 Line 23 minus line 17	5,148,139	3,023,587	3,858,120	2,274,918	14,304,764			
25 Enter 1% of line 23	182,576	1,923,311	2,232,233	2,118,845				
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24 N/A							
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 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.								
c Total support for Section 509(a)(1) test. Enter line 24, column (e)								
d Add Amounts from column (e) for lines	18	19						
	22	26b						
e Public support (line 26c minus line 26d total)								
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))								
27 Organizations described on line 12:								
a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' 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.								
(2000) 0 (1999) 0 (1998) 0 (1997) 0								
b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.								
(2000) 0 (1999) 0 (1998) 0 (1997) 0								
c Add Amounts from column (e) for lines	15	16						
	17 631,391,768	20	21					
d Add Line 27a total	0	and line 27b total	0					
e Public support (line 27c total minus line 27d total)								
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)								
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))								
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))								

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, 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 instructions.)
(To be completed only by schools that checked the box on line 6 in Part IV)

N/A

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?**31**

If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement.)

32 Does the organization maintain the following**a** Records indicating the racial composition of the student body, faculty, and administrative staff?**32a****b** Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?**32b****c** Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?**32c****d** Copies of all material used by the organization or on its behalf to solicit contributions?**32d**

If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement.)

33 Does the organization discriminate by race in any way with respect to**a** Students' rights or privileges?**33a****b** Admissions policies?**33b****c** Employment of faculty or administrative staff?**33c****d** Scholarships or other financial assistance?**33d****e** Educational policies?**33e****f** Use of facilities?**33f****g** Athletic programs?**33g****h** Other extracurricular activities?**33h**

If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement.)

34a Does the organization receive any financial aid or assistance from a governmental agency?**34a****b** Has the organization's right to such aid ever been revoked or suspended?**34b**

If you answered 'Yes' to either 34a or b, please explain using an attached statement

35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If 'No,' attach an explanation**35**

Part VI-A Lobbying Expenditures by Electing Public Charities (See 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)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount Enter the amount from the following table —		
If the amount on line 40 is —		
Not over \$500,000		
Over \$500,000 but not over \$1,000,000		
Over \$1,000,000 but not over \$1,500,000		
Over \$1,500,000 but not over \$17,000,000		
Over \$17,000,000		
The lobbying nontaxable amount is —		
20% of the amount on line 40		
\$100,000 plus 15% of the excess over \$500,000		
\$175,000 plus 10% of the excess over \$1,000,000		
\$225,000 plus 5% of the excess over \$1,500,000		
\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	
Caution If there is an amount on either line 43 or line 44, 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)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable 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 instructions)

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

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

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	

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

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KAISER FOUNDATION HEALTH PLAN OF NORTH
CAROLINA

56-1421313

11/04/02

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STATEMENT 1
FORM 990, PART I, LINE 20
OTHER CHANGES IN NET ASSETS OR FUND BALANCES

UNREALIZED GAIN ON MARKETABLE SECURITIES

TOTAL	\$	381,969
	\$	<u>381,969</u>

STATEMENT 2
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
BUSINESS TAXES & LICENSE	18,700	18,700		
CONSULTING FEES	1,182,964	1,182,964		
MANAGEMENT FEES	415,008	415,008		
MISCELLANEOUS EXPENSE	60,272	60,123	149	
NON-MEDICAL PURCHASE/CONT	73,457	73,457		
PROPERTY INSURANCE PREMIUM	47,045	47,045		
PROPERTY, SALES & INCOME TAX	87,841	87,841		
PURCHASED MEDICAL SERVICE	804	804		
SERVICE/FACILITY RECHARGE	467,636	467,636		
TOTAL	\$ <u>2353727</u>	\$ <u>2353578</u>	\$ <u>149</u>	\$ <u>0</u>

STATEMENT 3
FORM 990, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE

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

HEALTH PLAN IS A SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC AN ORGANIZATION ALSO EXEMPT FROM TAX UNDER INTERNAL REVENUE CODE SECTION 501(C) (3) HEALTH PLAN CONTRACTED WITH KAISER FOUNDATION HOSPITALS AND THE CAROLINA PERMANENTE MEDICAL GROUP, P A TO PROVIDE OR ARRANGE HOSPITAL AND MEDICAL SERVICES TO MEMBERS CONTRACT PAYMENTS TO THE MEDICAL GROUP AND HOSPITALS REPRESENTED A SUBSTANTIAL PORTION OF THE EXPENSES FOR MEDICAL AND HOSPITAL SERVICES REPORTED IN PRIOR REPORTING PERIODS

DURING 1999 THE BOARD OF DIRECTORS OF THE ORGANIZATION ADOPTED A PLAN OF DIVESTITURE UNDER WHICH THE ORGANIZATION CEASED HEALTH PLAN OPERATIONS DURING 2000 THE ORGANIZATION ARRANGED FOR CONTINUATION OF HEALTH CARE SERVICES FOR ITS FORMER MEMBERS DURING 2000 AND 2001 THE ORGANIZATION HAS ALSO CARRIED OUT THE PLAN OF LIQUIDATION WITH THE ORDERLY DISPOSITION OF ASSETS AND THE SETTLEMENT OF OBLIGATIONS AND CLAIMS AGAINST THE ORGANIZATION THE STATE REGULATORY AGENCIES RESPONSIBLE FOR HEALTH MAINTENANCE ORGANIZATIONS IN THE STATE HAVE GIVEN APPROVAL TO THE PLAN OF DIVESTITURE AND LIQUIDATION OF THE CORPORATIONS ASSETS AND SETTLEMENT OF OBLIGATIONS

REVENUE RECEIVED DURING THIS PERIOD OF TIME HAS BEEN FROM THE RESOLUTION OF PRIOR PERIOD CONTRACTS AND OTHER SETTLEMENTS EXPENDITURES HAVE BEEN FOR THE PRESERVATION OF ASSETS AND RESOURCES OF HEALTH PLAN AND IN SETTLEMENT OF CLAIMS AND OBLIGATIONS WHICH AROSE FROM THE HMO OBLIGATIONS OF HEALTH PLAN

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STATEMENT 4
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY		BASIS	ACCUM DEPREC.	BOOK VALUE
BUILDINGS		\$ 210,090	\$ 210,090	\$ 0
	TOTAL	\$ 210,090	\$ 210,090	\$ 0.

STATEMENT 5
FORM 990, PART IV, LINE 58
OTHER ASSETS

INTERCOMPANY ACCOUNTS - NET	\$ 26,477,399
PENSION FUNDING - LONG TERM	6,784,888
TOTAL	<u>\$ 33,262,287</u>

STATEMENT 6
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

DUE TO RELATED ENTITIES	\$ 3,097,293
RESERVE FOR LOSS CONTRACTS	16,009,522
RESERVE FOR UNCLAIMED PROPERTY	128,164.
SELF-INSURED RISKS LIABILITY	7,600,000
TOTAL	\$ 26,834,979

STATEMENT 7
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

[illegible]

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

LENDER: KAISER FOUNDATION HOSPITALS
ORIGINAL AMOUNT: 170,056,431.
REPAYMENT TERMS: LOAN PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE
SECURITY PROVIDED: UNSECURED INTER-ENTITY LOAN
PURPOSE OF LOAN: WORKING CAPITAL
DESCRIPTION AND FMV WORKING CAPITAL ADVANCES FURNISHED IN CASH AND/
OF CONSIDERATION: OR BY CHARGES FOR STRATEGIC OPERATING SERVICES

BEGINNING BALANCE DUE	278,133,178.
ENDING BALANCE DUE	276,261,335.

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	278,133,178.
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TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	276,261,335.
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KAISER FOUNDATION HEALTH PLAN OF NORTH
CAROLINA

56-1421313

10/25/02

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STATEMENT 8
FORM 990, PART V, LINE 75
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND
 RELATED ORGANIZATION

SEE STATEMENT 19
 SEE STATEMENT 19

STATEMENT 9
FORM 990, PART VI, LINE 79
LIQUIDATION, DISSOLUTION, TERMINATION, ETC.

DURING 1999 THE BOARD OF DIRECTORS ADOPTED A PLAN OF DIVESTITURE TO DISCONTINUE THE OPERATIONS OF THE HEALTH PLAN SERVICES OFFERED TO MEMBERS OF THE COMMUNITY THE ASSETS OF THE ORGANIZATION ARE BEING SOLD IN AN ORDERLY MANNER AND THE OBLIGATIONS OF THE ORGANIZATION ARE BEING SETTLED ANY REMAINING NET PROCEEDS WILL BE DISTRIBUTED TO APPROPRIATE ORGANIZATIONS QUALIFIED UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) AND AS APPROVED BY THE APPROPRIATE STATE REGULATORY DEPARTMENTS

STATEMENT 10
FORM 990, PART VI, LINE 80B
RELATED ORGANIZATIONS

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
SEE STATEMENTS 15 & 16		X
SEE STATEMENTS 15 & 16	X	

STATEMENT 11
SCHEDULE A, PART III, LINE 2
TRANSACTIONS WITH TRUSTEES, DIRECTORS, ETC.

IN THE ORDINARY COURSE OF CARRYING OUT THE EXEMPT PURPOSE AND IN THE PROCESS OF WINDING UP THE AFFAIRS OF THE ORGANIZATION, HEALTH PLAN HAS ENGAGED IN NUMEROUS COMMERCIAL TRANSACTIONS WITH OTHER ORGANIZATIONS WHOSE DIRECTORS AND/OR OFFICERS MAY ALSO BE DIRECTORS OR OFFICERS OF THIS ORGANIZATION ALL OF THESE COMMERCIAL RELATIONSHIPS ARE ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND MAY INVOLVE TRANSACTIONS OF THE KIND REFERRED TO IN (A) THROUGH (D) OF QUESTION 2, PART III, SCHEDULE A, FORM 990, AT RATES GENERALLY PREVAILING IN THE AREA AT THE TIME FOR EQUIVALENT GOODS, SERVICES AND FACILITIES

THE ORGANIZATION DID NOT PAY ANY EMPLOYEES, OFFICERS OR DIRECTORS DIRECTLY DURING THE YEAR THOSE EMPLOYEES, OFFICERS AND DIRECTORS WORKING ON WINDING UP THE AFFAIRS OF THE ORGANIZATION ARE EMPLOYEES OF AN AFFILIATED ORGANIZATION THE PAYING ENTITY PAID COMPENSATION TO SUCH INDIVIDUALS FOR THEIR SERVICES AND REIMBURSED THEM FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES TO HEALTH PLAN SEE PART V, FORM 990 FOR SCHEDULE OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENTS PROVIDED TO OFFICERS AND DIRECTORS FOR THEIR SERVICES TO THE ORGANIZATION

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KAISER FOUNDATION HEALTH PLAN OF NORTH
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STATEMENT 11 (CONTINUED)
SCHEDULE A, PART III, LINE 2
TRANSACTIONS WITH TRUSTEES, DIRECTORS, ETC.

SEE STATEMENT 19

STATEMENT 12
SCHEDULE A, PART III, LINE 3
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS

HEALTH PLAN GENERALLY IS NOT A GRANT MAKING ORGANIZATION AND MADE NO SUCH GRANTS AS CONTEMPLATED BY THIS SECTION DURING THE YEAR. MOST OF HEALTH PLAN'S EXPENDITURES HAVE RELATED TO PROVIDING HEALTH CARE SERVICES TO ITS MEMBERS INCLUDING OPERATING EXPENSES AND CAPITAL EXPENDITURES INCURRED IN FURTHERANCE OF THIS ACTIVITY. HOWEVER, DURING THIS REPORTING PERIOD THE EXPENDITURES HAVE MOSTLY BEEN IN SETTLEMENT OF OBLIGATIONS OF THE ORGANIZATION AND PRESERVATION OF ITS ASSETS DURING LIQUIDATION.

**KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA
FORM 990 TAX YEAR 2001**

56-1421313

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

Description of Assets Sold	Date Acquired	Date of Disposal	Sales Price	Expense of Sale	Cost	Accum Deprec	Gain or (Loss)
<u>GAIN/(LOSSES) ON SALES OF FIXED ASSETS</u>							
<u>Sale</u>							
40 Acres in Gaston County	Various	12/20/00	410,000	43,820	707,234	0	(341,054)
3100 Duraleigh Rd, Raleigh	Various	03/01/01	9,525,000	402,675	12,999,548	4,353,010	475,787
3116 North Duke St., Durham	Various	08/15/01	1,700,000	72,100	3,965,561	1,194,104	(1,143,557)
Total Sales			11,635,000	518,595	17,672,343	5,547,114	(1,008,824)
<u>GAIN/LOSSES ON OTHER DISPOSALS OF FIXED ASSETS</u>							
<u>Lease Terminated</u>							
2709 Blue Ridge	Various	07/25/01	0	23,249	899,722	771,908	(151,063)
East Charlotte	Various	10/31/01	0	0	4,281,110	1,764,471	(2,516,639)
Total Lease Terminations			0	23,249	5,180,832	2,536,379	(2,667,702)
Other Basis Adjustments						(169,218)	(169,218)
TOTAL DISPOSALS & SALES OF FIXED ASSETS			11,635,000	541,844	22,853,175	7,914,275	(3,845,744)
<u>SUMMARY OF NET GAIN/(LOSS)</u>							
Original Cost of Fixed Assets and Expense of Sale					22,853,175		
Accumulated Depreciation					7,914,275		
Net Book Value - Adjusted Tax Basis					14,938,900		
Gross Sales Proceeds			11,635,000				
Less Expenses of Sales			(541,844)		11,093,156		
Net Gain/(Loss) from Fixed Assets					(3,845,744)		
Net Gain/(Loss) from Sale of Investments							
Net Gain/(Loss) from Sale of Assets Other Than Inventory					(3,845,744)		

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.**

	COST		ACCUMULATED DEPREC/AMORT		2001 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	4,234,597	0	0	0	0
LAND IMPROVEMENTS	0	0	0	0	0
BUILDINGS	17,718,855	210,090	7,132,265	210,090	0
LEASEHOLD IMPROVEMENTS	1,109,813	0	870,162	0	121,937
EQUIPMENT	0	0	0	0	0
CAPITALIZED SOFTWARE	0	0	0	0	0
CAPITALIZED LEASES	0	0	0	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0
TOTALS TO					
PART IV, LINE 57(A)	23,063,265	210,090			
PART IV, LINE 57(B)			8,002,427	210,090	
PART IV, LINE 57(C)	15,060,838	0			
PART II, LINE 42 COLUMN (B)					121,937

ATTACHMENT FOR:
FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES
AND/OR
FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5

KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2001

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 SECTION 501(C)(3)		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	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%
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, INC	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	100%
22-2973489	UPSTATE COMMUNITY SERVICES, 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 OF NORTH CAROLINA
FORM 990 TAX YEAR 2001**

56-1421313

**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 (LLC)	*(2)	N/A
94-3289704	KAIVEST I, LLC	*(2)	N/A
91-2166347	KP ONCALL, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%

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

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

NOTE *(3) **KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT PROPERTY AND CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK IS OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS**

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**

**CONSENT TO APPORTIONMENT PLAN FOR TAXABLE INCOME BRACKETS
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF TAX BRACKETS		
			FIRST \$50,000	NEXT \$25,000	NEXT \$9,925,000
<u>KAISER FOUNDATION HEALTH PLAN GROUP.</u>					
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$50,000	\$25,000	\$9,925,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE	NONE	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE	NONE	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE	NONE	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE
52-0954463	KAISER FOUNDATION HP OF THE MID-ATLANTIC STATES, INC	990-T	NONE	NONE	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE	NONE	NONE
93-0480268	OHP	990-T	NONE	NONE	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE	NONE	NONE
03-0329760	OAK TREE ASSURANCE LTD	1120-PC	NONE	NONE	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN INC	1120	NONE	NONE	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE	NONE	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE	NONE	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE	NONE	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE	NONE	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE	NONE	NONE
<u>KAISER FOUNDATION HOSPITALS GROUP.</u>					
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE
68-0444615	CARETOUCH, INC	1120	NONE	NONE	NONE
94-3289704	KAIVEST I, LLC	1065	NONE	NONE	NONE
91-2166347	KP ONCALL LLC	1065	NONE	NONE	NONE
TOTAL OF EACH BRACKET ALLOCATED			\$50,000	\$25,000	\$9,925,000

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS

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

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES



DEBORAH STOKES VICE PRESIDENT AND CONTROLLER OF
KAISER FOUNDATION HEALTH PLAN INC AND OF KAISER FOUNDATION HOSPITALS
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

**CONSENT TO APPORTIONMENT PLAN FOR ALTERNATIVE MINIMUM TAX EXEMPTION
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
<u>KAISER FOUNDATION HEALTH PLAN GROUP.</u>			
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE
66-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES IN	990-T	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE
93-0480268	OHP	990-T	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	1120	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE
<u>KAISER FOUNDATION HOSPITALS GROUP.</u>			
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE
68-0444615	CARETOUCH, INC (LLC)	1120	NONE
94-3289704	KAIVEST I, LLC	1065	NONE
91-2166347	KP ONCALL, LLC	1065	NONE

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF
APPORTIONMENT AS LISTED ABOVE IS

c/o KAISER FOUNDATION HEALTH PLAN, INC
PROGRAM OFFICE CONTROLLER'S DEPARTMENT-TAX
ONE KAISER PLAZA, 1550 ORDMAN
OAKLAND, CA 94612

CONSENT AND AUTHORIZATION FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES



DEBORAH STOKES VICE PRESIDENT AND CONTROLLER OF
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

COMPENSATION, BENEFITS AND EXPENSES OF DIRECTORS AND OFFICERS

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

(A) NAME	(B) TITLE	(C) COMPENSATION		(D) BENEFITS		(E) REIMBURSEMENT OF EXPENSES	
		TOTAL	ALLOCATE TO KFHP NC	TOTAL	ALLOCATE TO KFHP NC	TOTAL	ALLOCATE TO KFHP NC
<u>DIRECTORS.</u>							
BERNARD J TYSON	DIRECTOR & CHAIRMAN	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
WILLIAM A GILLESPIE, MD	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
KIRK E MILLER	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
TIMOTHY E SULLIVAN	DIRECTOR	497,262	0	26,797	0	2,100	0
SUBTOTAL DIRECTORS		497,262	0	26,797	0	2,100	0
<u>OFFICERS & KEY EMPLOYEES.</u>							
BERNARD J TYSON	GROUP PRESIDENT	706,674	12,567	25,011	444	0	0
L DALE CRANDALL	EXECUTIVE VICE PRESIDENT	1,397,022	21,006	34,612	505	2,100	17
WILLIAM A GILLESPIE, MD	EXECUTIVE VICE PRESIDENT	1,149,373	21,836	28,953	550	800	15
KIRK E MILLER	SENIOR VICE PRESIDENT	775,917	11,833	27,273	416	2,100	32
HERMAN M WEIL	VICE PRESIDENT	307,704	11,693	24,999	950	0	0
PETER J HOHL	VICE PRESIDENT	282,618	53,735	21,304	4,048	1,900	361
VICTORIA B ZATKIN	ASSISTANT SECRETARY	138,028	1,832	23,811	333	1,805	25
JULIE R FORTIN	ASSISTANT SECRETARY	139,750	6,988	22,130	1,107	0	0
SUBTOTAL OFFICERS AND KEY EMPLOYEES		4,900,296	141,622	708,093	8,353	8,705	451
TOTAL DIRECTORS, OFFICERS AND KEY EMPLOYEES		5,397,549	141,622	734,890	8,353	10,805	451

NOTE 1. THIS ORGANIZATION IS ONE OF THE CORPORATE ENTITIES LISTED ON THE STATEMENT "RELATED AND CONTROLLED ENTITIES" INCLUDED AS A PART OF THIS RETURN. THIS ORGANIZATION IS A PARTICIPATING MEMBER OF THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS "THE KAISER PERMANENTE MEDICAL CARE PROGRAM" (MEDICAL CARE PROGRAM).

NOTE 2. COMPENSATION, BENEFIT CONTRIBUTIONS, AND REIMBURSEMENT FOR CERTAIN EXPENSES OF DIRECTORS, OFFICERS AND KEY EMPLOYEES ARE PAID BY KAISER FOUNDATION HEALTH PLAN, INC. (HEALTH PLAN) AS COMMON DISBURSEMENT AGENT FOR PARTICIPATING MEMBER ORGANIZATIONS. CERTAIN DIRECTORS, OFFICERS AND KEY EMPLOYEES PERFORM SERVICES FOR SEVERAL OF THE MEDICAL CARE PROGRAM MEMBER ORGANIZATIONS.

BASED ON MANAGEMENT ANALYSIS AND CONSISTENT WITH THE ALLOCATION OF OTHER COMMON EXPENSES, A COMPOSITE ALLOCATION OF COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSES ARE ALLOCATED TO KAISER FOUNDATION HOSPITALS. SPECIFIC ALLOCATIONS ARE THEN MADE TO CERTAIN OTHER PARTICIPATING ORGANIZATIONS BASED ON REASONABLE CONSIDERATIONS. THE BALANCE OF COMPENSATION, ETC. IS THEN ALLOCATED TO KAISER FOUNDATION HEALTH PLAN, INC. AND ITS SUBSIDIARY REGIONAL HEALTH PLANS BASED ON THE PERCENTAGE OF REGIONAL HEALTH PLAN MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL HEALTH PLAN ENTITIES COMPRISING THE MEDICAL CARE PROGRAM.

FOR THOSE INDIVIDUALS ASSIGNED TO A SPECIFIC ENTITY OR SUB-GROUP OF ENTITIES, THEIR COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSE ARE ALLOCATED DIRECTLY TO THE ENTITY AND/OR BASED ON A RATIO OF THE MEMBERSHIP OF THE ENTITY TO TOTAL MEMBERSHIP OF THE SUB-GROUP OF ENTITIES FOR WHICH THE INDIVIDUAL HAS ASSIGNED RESPONSIBILITIES.

NOTE 3. THE AMOUNTS REPORTED ABOVE FOR REIMBURSEMENT OF EXPENSE DO NOT INCLUDE SUCH ORDINARY AND NECESSARY EXPENSES AS TRAVEL, TRANSPORTATION, LODGING, MEALS, BUSINESS MEETINGS, CONFERENCES AND OTHER ROUTINE EXPENDITURES FOR WHICH THE INDIVIDUAL ACCOUNTS TO THE EMPLOYER ORGANIZATION. THESE ITEMS ARE REIMBURSED ON A SPECIFIC EXPENDITURE BASIS CONSISTENT WITH ADOPTED POLICIES AND PROCEDURES BASED ON PRUDENT FIDUCIARY RESPONSIBILITIES AND STANDARDS. THE POLICIES UNDER WHICH THESE INDIVIDUALS ACCOUNT TO THE EMPLOYER MEET THE REQUIREMENTS OF INTERNAL REVENUE CODE SECTION 274 SUBSTANTIATION REQUIREMENTS.

NOTE 4. THE ABOVE LISTED INDIVIDUALS ARE SCHEDULED TO WORK A MINIMUM OF 40 HOURS PER WEEK IN THEIR RESPECTIVE POSITIONS.

NOTE 5. THE ABOVE LISTED INDIVIDUALS CAN BE CONTACTED C/O
KAISER FOUNDATION HEALTH PLAN, INC.
ONE KAISER PLAZA, 1550 ORDMAN
OAKLAND, CA 94612



COMMUNITY BENEFIT REPORT
for
KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA
FY 2001

For Attachment to the
Internal Revenue Service Form 990
Return of Organization Exempt from Income Tax
(rev 10/01/2002)



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INTRODUCTION

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

Kaiser Permanente is an integrated health care delivery system that in 2001 served over 8 million people in 11 states (California, Colorado, Georgia, Hawaii, Kansas, Maryland, Missouri, Ohio, Oregon, Virginia and Washington) and the District of Columbia. It is the largest private non-profit health care program in the United States with over 120,000 employees and over 11,000 full-time equivalent contracting physicians.

In December 1996, the Boards of Directors of Health Plan and of Hospitals approved the Direct Community Benefit Investment (DCBI) Policy to assist Hospitals and Health Plan to achieve our collective social purpose to improve the health of our members and the communities we serve. The Direct Community Benefit Investment Policy is as follows:

"Each year, we will devote 3% of revenue, but no more than 50% of net income based on a rolling multi-year average, as our national goal for direct community benefit investments. The "50% of net income" standard will be implemented subject to management discretion.

Based upon the needs of the communities we serve and our ability to impact these needs, we will focus our investments on three overlapping areas of priority:

- *Improving the health of children*
- *Improving the health of the uninsured through subsidized coverage or care*
- *Advancing medical knowledge through clinical and health services research*

This report describes the structure of Kaiser Permanente and documents the community benefit provided by Health Plan in North Carolina, as well as the national community benefit activities of Kaiser Foundation Health Plan, Inc. and its other subsidiary health plans and Hospitals.

KAISER PERMANENTE

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

In North Carolina, Kaiser Permanente is conducted by three separate legal organizations: Health Plan, a North Carolina nonprofit corporation, which is a federally qualified health maintenance organization ("HMO") exempt from federal income tax under Internal Revenue Code §501(c)(3), Hospitals, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3), and the Carolina Permanente Medical Group, P.A., an independent multi-specialty group of physicians organized as a professional corporation.

Persons enroll in Kaiser Permanente through Health Plan through a group or individual contract under which Health Plan undertakes to arrange comprehensive health care services for members on a predominantly prepaid basis. Health Plan fulfills its contractual obligations to members by contracting with Hospitals and the Permanente Medical Group to provide the required health care services.

Members receive physician services from the Permanente Medical Group. The Permanente Medical Group accepts responsibility for professional care of Health Plan members, is responsible for their own physician recruitment, selection and staffing, and is independent from Health Plan and Hospitals. The Permanente Medical Group treats members in facilities owned or leased by the Health Plan. Hospitals contract with community hospitals to provide hospital services to members.

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

COMMUNITY BENEFIT PROVIDED BY HEALTH PLAN

Health Plan's primary social mission is the organization and provision of comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because Health Plan is a nonprofit organization, revenues that exceed the cost of operations and the provision of care are used to benefit the members through improved facilities and service, increased benefits and affordable rates, not to

pay dividends to stockholders. Providing low-cost, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to prevent medical indigence and contributes to the quality of life in the communities we serve. Health Plan has incorporated the following elements that support and facilitate the attainment of its social mission into its operations:

- **Integrated services and facilities** – Health Plan has organized and integrated the professional and physical resources required to provide comprehensive health care, this primarily occurs at medical office buildings owned or leased by Health Plan. Our members typically have available in one place all the services and professional care they require, which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high technology services such as cancer treatment are centralized, as well as podiatry, optometry, and a sleep clinic, facilitating the development and transfer of best clinical practices among all Permanente providers. Duplication of facilities, equipment and personnel are avoided or minimized.
- **Group practice** – The Permanente Medical Group is organized into a large multi-specialty group practice that takes responsibility for providing comprehensive care to a defined population in facilities owned or leased by Health Plan. The Permanente Medical Group and Health Plan exclusively contract with each other to provide medical services to Health Plan members. Group practice enhances the quality and appropriateness of care for members and for the community by facilitating the development and sharing of "best clinical practices" throughout the community and across the nation. The income that the Permanente Medical Group and its physicians receive is solely in consideration of their professional medical and related services. The amount paid to the Permanente Medical Group is negotiated annually at arms' length. By altering the straight-line relationship between service performed and income received, Health Plan removes incentives to perform unneeded services, encouraging use of the most appropriate services.
- **Prepayment** – Health Plan pays the Permanente Medical Group a per capita payment that does not vary with the amount of service provided. Permanente Medical Group physicians are not compensated on a fee-for-service basis.
- **Comprehensive Benefits** – Health Plan provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. Enrollees pay limited copayments, which protect members from substantial out-of-pocket costs. Comprehensive, prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection, and treatment of disease. Health Plan actively encourages members to maintain their health through regular preventive care services such as well-baby check-ups, immunizations and screening tests. This reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.
- **No Pre-Existing Condition Exclusions** – Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that preceded enrollment with the carrier. Health Plan imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at the time of enrollment. Health Plan 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** – Nationally, Kaiser Permanente has participated in Medicare since its implementation in 1965.

COMMUNITY BENEFIT PROGRAM

In addition to the above, Kaiser Permanente has a wide variety of community benefit programs. This report highlights examples of Kaiser Permanente's national Direct Community Benefit Investment Policy ("DCBI"). Consistent with our DCBI Policy, based upon the needs of the communities we serve and our ability to impact these needs, Kaiser Permanente is focusing its investments on three overlapping areas of priority:

- Improving the health of children
- Improving the health of the uninsured through subsidized coverage or care
- Advancing medical knowledge through clinical and health services research

Community benefit programs, while consistent in nature, will differ in amount and scope from year to year, based on the resources and objectives of Kaiser Permanente nationally and locally.

In 2001, Kaiser Foundation Health Plan, Inc., its subsidiaries, and Hospitals spent approximately \$349 million, or approximately 1.7% of revenue, on DCBI activities across the nation in the communities we serve. The following charts summarize 2000 DCBI expenditures nationally. The expenditures reflected in the chart are unaudited estimates calculated in accordance with Kaiser Permanente's DCBI Accounting Policy.

2001 DCBI Expenditures for National Program

DCBI CATEGORY	NATIONAL DCBI TOTAL	NATIONAL HOSPITALS TOTAL	NATIONAL HEALTH PLANS TOTAL
Dues Subsidy	\$36,540,132	\$8,177,106	\$28,363,026
Medicaid Shortfalls	\$201,204,002	\$62,618,916	\$138,585,086
Other Publicly Subsidized Programs	\$1,662,171	\$396,207	\$1,265,964
Charitable Care	\$15,121,244	\$10,621,244	\$4,500,000
Graduate Medical Education	\$27,233,578	\$26,514,928	\$718,650
Health Professional Training Programs (non-MD)	\$5,453,665	\$5,097,995	\$355,670
Continuing Medical Education	\$7,133,586	\$7,103,928	\$29,658
Health Education Activities	\$2,180,439	\$1,531,990	\$648,449
Community Health Care Services	\$5,235,651	\$5,143,439	\$92,212
Educational Symposiums	\$838,914	\$838,914	0
Grants\Donations – Health Care	\$10,481,301	\$8,765,412	\$1,715,889
Grants\Donations – Non Health Care	\$270,912	\$85,325	\$185,587
Medical Research	\$9,013,299	\$7,810,128	\$1,203,171
Medical Libraries	\$6,296,969	\$6,296,969	0
Tumor Board & Registries	\$3,611,978	\$3,438,578	\$173,400
Educational Theatre	\$4,971,712	\$4,013,560	\$958,152
Youth\Other Employment Programs	\$1,504,288	\$1,401,948	\$102,340
Board of Directors Fund	\$887,233	\$887,233	0
Other Community Service	\$3,230,520	0	\$3,230,520
TOTAL	\$342,871,594	\$160,743,820	\$182,127,774

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

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

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	56-1421313
	Number, street, and room or suite no. If a P.O. box, see instructions	For IRS use only
	ONE KAISER PLAZA, 1550 ORDWAY	
	City, town or post office, state, and ZIP code For a foreign address see instructions	
	OAKLAND CA 94612	

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

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

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

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

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 2002
- 5 For calendar year 2001, or other tax year beginning _____, 20____ and ending _____, 20____
- 6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ NONE
- c Balance Due. Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ 0

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 Seider* Title VICE PRESIDENT/CONTROLLER Date 7/29/2002**Notice to Applicant — To Be Completed by the IRS**

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

Director _____ By _____ Date _____

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

EXTENSION APPROVED

Type or print	Name	
	Number and street (include suite, room, or apt. no.) Or a P.O. box number	<u>AUG 13 2002</u>
	City or town, province or state, and country (including postal or ZIP code)	LINDA WEISKOPF, FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN

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

OMB No 1545-1709

▶ File a separate application for each return

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

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

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

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	56-1421313
	Number, street, and room or suite no. If a PO box, see instructions ONE KAISER PLAZA, 1550 ORDWAY	
	City, town or post office, state and ZIP code. For a foreign address, see instructions OAKLAND CA 94612	

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

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

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

- 1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 20 02, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- ▶ ☒ calendar year 20 01 or
- ▶ ☐ tax year beginning _____, 20 _____, and ending _____, 20 _____

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

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions

\$ 0

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit

\$ _____

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions

\$ 0.00**Signature and Verification**

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

Signature ▶ [Signature]

Title ▶ VICE PRESIDENT/CONTROLLER

Date ▶ 5/ 8 /2002

For Paperwork Reduction Act Notice, see Instruction

Form **8868** (12-2000)